**Fortis Healthcare Limited**
Tower-A, Unitech Business Park, Block-F,
South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)
Tel : 0124 492 1033
Fax : 0124 492 1041
Emergency : 105010
Email : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

**FHL/SEC/2019-20** **August 30, 2019**

**The National Stock Exchange of India Ltd.**
**Corporate Communications Department**
**"Exchange Plaza", 5th Floor, Bandra-Kurla Complex,**
**Bandra (East), Mumbai – 400051**

**Scrip Symbol: FORTIS**

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

**Scrip Code:532843**

**Sub: Notice of 23rd Annual General Meeting along with Annual Report**

Dear Sirs,

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the notice for convening 23rd Annual General Meeting along with Annual Report of Fortis Healthcare Limited, scheduled to be held on Thursday, September 26, 2019 at 12:00 Noon at National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali.

This is for your information and records please.

Thanking you,
Yours faithfully,
For **Fortis Healthcare Limited**

SUMIT GOEL
Digitally signed by SUMIT GOEL
Date: 2019.08.30 15:25:00 +05'30'

**Sumit Goel**
**Company Secretary**
**ICSI Membership: FCS6661**

# FORTIS HEALTHCARE LIMITED

**CIN:** L85110PB1996PLC045933
**Registered Office:** Fortis Hospital, Sector 62, Phase – VIII, Mohali, Punjab - 160062
**Tel.:** +91-172-5096001, **Fax:** +91-172-5096221
**Email:** secretarial@fortishealthcare.com, **Website:** www.fortishealthcare.com

## NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of Fortis Healthcare Limited will be held on **Thursday, September 26, 2019 at 12:00 noon at National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062,** to transact the following business:

**ORDINARY BUSINESS:-**

1. To consider and adopt the Audited Standalone Financial Statements of the Company together with Reports of the Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Auditors' Report thereon for the financial year ended on March 31, 2019.

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

"**RESOLVED THAT** pursuant to provisions of Section 139 and other applicable provisions of the Companies Act, 2013, if any, and rules made thereunder (including any statutory modification(s), amendments(s) or re-enactment thereof for the time being in force) and such other approvals, consents, permissions of appropriate authorities as may be required, approval of the Members be and is hereby accorded for the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W- 100022), who has given its consent along with certificate under Section 141 of the Companies Act, 2013 and certificate issued by the Peer Review Board of ICAI, as Statutory Auditors of the Company and who shall hold office of the Statutory Auditors from the conclusion of Twenty Third (23rd) Annual General Meeting until the conclusion of Twenty Eight (28th) Annual General Meeting to be held in the year 2024, and shall conduct the Statutory Audit for the financial years commencing from April 1, 2019 to March 31, 2024, at such remuneration plus out of pocket expenses and applicable taxes and other terms and conditions as may be mutually agreed with the Statutory Auditors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers to negotiate, finalize, sign and execute all necessary agreements, documents, deeds, papers, and any modifications and supplements, as may be required in this regard and to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**SPECIAL BUSINESS:-**

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Companies (Cost Records and Audit) Rules, 2014, remuneration of ₹ 3,50,000 plus out of pocket expenses and taxes, being paid to M/s. Jitender, Navneet & Co., Cost Auditor appointed by the Board of Directors, to conduct the audit of the cost records of the Company, for the Financial Year ended March 31, 2019, be and is hereby ratified and confirmed.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Dr. Tan See Leng (DIN: 03321168) be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Dr. Chan Boon Kheng (DIN: 08268826) be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Mr. Low Soon Teck (DIN: 01880497) be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Mr. Chintamani Aniruddha Bhagat (DIN: 07282200) be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Mr. Shirish Moreshwar Apte (DIN: 06556481) be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, Dr. Ashutosh Raghuvanshi (DIN: 02775637) be and is hereby appointed as Director of the Company, not liable to retire by rotation.

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

**10.** To consider and if thought fit, to pass, the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V (Section II(B) of Part II) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force) and Articles of Association of the Company, basis the recommendation of the Nomination and Remuneration Committee and the Board of Directors and all other applicable statutory/regulatory approvals, consents and permissions as may be necessary in this regard and such conditions as may be imposed by any authority while granting such approval(s), consent(s) and permission(s) and as may be agreed to by the Board of Directors of the Company (which term shall be deemed to include any Committee constituted/to be constituted by the Board, or any director/officer authorized by the Board of Directors/ Committee for this purpose), consent of the Members of the Company be and is hereby accorded for the appointment of Dr. Ashutosh Raghuvanshi (DIN:02775637), as Managing Director (designated as 'Managing Director & CEO') of the Company, with effect from March 19, 2019 for a period of 3 (three) years, not liable to retire by rotation, on the following terms and conditions:

**(a)** **Salary, Perquisites and Allowances per annum:** Upto ₹ 7,00,00,000 (Rupees Seven Crore only) per annum, with authority to the Board of Directors/ Nomination and Remuneration Committee or such other committee as may be constituted from time to time to vary/alter the remuneration in terms of Schedule V and other applicable provisions if any, of the Companies Act, 2013.

The aforesaid perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Besides above, Dr. Ashutosh Raghuvanshi shall also be entitled to the following facilities which shall not be included in the computation of above-mentioned ceiling on total remuneration subject to the Company's Policy in this regard from time to time:

(i) Provision of Company maintained Car(s)
(ii) Encashment of Earned Leave at the end of the tenure
(iii) Entitlement for travel (Class / Mode) shall be as per the Company Policy from time to time, expenses for which will be borne by the Company on actual cost basis.

Further, Dr. Ashutosh Raghuvanshi shall be eligible for such other facilities and benefits etc. as per rules/policy of the Company from time to time.

**(b)** Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus/ performance linked incentive, payable to Dr. Ashutosh Raghuvanshi, shall be determined by the Board of Directors/ Nomination and Remuneration Committee of the Board, in terms of the policy of the Company and applicable provisions of the Companies Act, 2013 in addition to the aforesaid remuneration.

**(c)** It is clarified that employees stock options, if any, granted to Dr. Ashutosh Raghuvanshi, from time to time, shall not be considered as a part of perquisites under (a) above and that the perquisite value of stock options exercised shall be in addition to the remuneration under (a) above.

**(d)** **Reimbursement of Expenses:** Business related expenses including expenses incurred for travelling, board and lodging shall be reimbursed at actuals and not considered as perquisites.

**(e)** **Sitting Fee**: Dr. Ashutosh Raghuvanshi shall not be eligible to any sitting fee for attending Meetings of the Board and/or any of its Committee(s).

**(f)** **General**:

**(i)** Subject to the superintendence, control and direction of the Board, Dr. Ashutosh Raghuvanshi shall perform such duties and functions as would be commensurate with his position and as may be delegated to him by the Board from time to time.

**(ii)** He shall adhere to such other policies, service conditions, rules and regulations of the Company, as applicable from time to time

**(iii)** If, at any time, Dr. Ashutosh Raghuvanshi ceases to be the Director of the Company for any reasons whatsoever, his office to the extent as Managing Director shall forthwith be terminated

Notwithstanding anything to the contrary contained herein above or in accordance with the terms and conditions of his appointment, Dr. Ashutosh Raghuvanshi will be paid, current remuneration (including fixed salary, incentives, increments & other allowances thereto and retirement benefits) and as may be further decided by the Board of Directors/ Nomination and Remuneration Committee, as minimum remuneration subject to necessary approvals and compliances as per the applicable provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or any Committee thereof, be and is hereby authorised to do all acts, deeds and things and to sign, execute and file and/or modify all such forms, papers and documents as may be considered necessary and take all such steps as may be proper or expedient to give effect to this resolution."

**By Order of the Board**
For **Fortis Healthcare Limited**
**Sd/-**
**Sumit Goel**
**Company Secretary**

**Date**: August 6, 2019
**Place**: Gurugram

**NOTES:**

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

   Pursuant to the provisions of Companies Act, 2013 and the rules thereunder, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholders.
3. Pursuant to provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and secretarial standards, the particulars of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed to the Notice.
4. The cut-off date for the purpose of remote e-voting and for physical voting is September 19, 2019. The E-voting facility will be available from September 23, 2019 (from IST 0900 Hours) to September 25, 2019 (till IST 1700 Hours) after which the e-voting facility will not be available.

5. The Members are requested to bring their copy of Annual Report to the Meeting.

6. Members / Proxies are requested to bring their Attendance slip/proxy form duly filed in, sent herewith alongwith the Notice of the AGM at the Meeting. The members who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement/ Delivery Instruction Slip reflecting their Client ID and DP ID No. for easier identification of attendance at the meeting.

7. Members are requested to notify any changes of address:

   a. To their depository participants in respect of shares held in dematerialized form, and

   b. to Company/Registrar and Transfer Agent ("Karvy") in respect of shares in physical form, under their signatures and quoting folio number (including for change of residential status/ e-mail id, bank details etc.)

8. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.

9. Corporate members are requested to send a duly certified copy of the Board Resolution/power of attorney authorizing their representative to attend and vote at the Annual General Meeting and to the scrutinizer at e-mail id: rastogiassociates7@gmail.com.

10. For security reasons, no article/baggage will be allowed at the venue of the meeting. The Members/attendance are strictly requested not to bring any article/baggage, etc. at the venue of the meeting.

11. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized.

12. Members may avail the nomination facility as provided under Section 72 of the Companies Act, 2013.

13. Non-Resident Indian Members are required to inform Registrar and Transfer Agent- Karvy Fintech Private Limited ("Karvy") immediately of:

   (a) Change in their residential status on return to India for permanent settlement, and

   (b) Particulars of their bank account maintained in India with complete name, branch account type, account number and address of the bank with pin code number, if not furnished earlier.

14. Members desiring any information as regards the Accounts are requested to write to the Company Secretary, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to reply at the Meeting.

15. The Notice of Annual General Meeting will be sent to those members/ beneficial owners whose name will appear in the register of members/list of beneficiaries received from the depositories as on August 16, 2019. A member who is not a member as on the cut-off date i.e. September 19, 2019 should treat this Notice for information purpose only.

16. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliance by companies. Also, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, permits companies to send soft copies of Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiatives by registering / updating their e-mail address for receiving electronic communications. The Notice for Annual General Meeting along with the Annual Report of the Company will be made available on the Company's website –www.fortishealthcare.com.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Karvy.

18. Members who have not registered their e-mail address are requested to register their e-mail address for receiving all communications including Annual Report, Notice, Circulars, etc. from the Company electronically.

19. Electronic copy of the Notice is being sent to all members whose email IDs are registered with the Company/ Depository Participants for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice is being sent in the Permitted mode.

20. All Statutory Registers, documents referred to in the Notice and the explanatory statement will be available for inspection at the Company's registered office and/or corporate office during normal business hours between 10:00 a.m. to 12.00 noon on the working days (except Saturday) upto the date of Annual General Meeting.

21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (substituted by Companies (Management and Administration) Amendment Rules, 2015) and other applicable provisions, if any, of the Companies Act, 2013 and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the assent or dissent of the shareholders in respect of the resolutions contained in the Annual General Meeting Notice is also being taken through e-voting facility provided through Karvy.

22. The e voting event number, User ID and Password along with the detailed instruction for remote e-voting are provided in the notice of remote e-voting, being sent along with the Notice of Annual General Meeting.

23. The results on resolutions shall be declared on or before closing business hours i.e. 06:00 p.m. on Friday, September 27, 2019 at the registered office of the Company and the same along with the scrutinizer's report shall also be available on the website of the Company and on the website of Karvy and that of BSE & NSE. The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favor of the resolutions.

24. Route map of the venue of the meeting along with the landmark forms part of this notice.

25. The Shareholders can opt for only one mode of voting i.e. remote or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the meeting.

26. The Board of Directors has appointed Mr. Ramit Rastogi, Company Secretary in Whole time Practice (C.P. No. 18465) as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.

**EXPLANATORY STATEMENT**

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

**Item No. 2**

Pursuant to the resignation of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company, the Members, on the recommendation of the Audit and Risk Management Committee and the Board of Directors, approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company to conduct the statutory audit for the period ended March 31, 2019.

Further, the Board on the recommendation of Audit and Risk Management Committee, hereby recommends the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company for a period of five years to conduct the statutory audit for the financial years commencing from April 1, 2019 to March 31, 2024. The Board took into consideration the credibility of the proposed audit firm being one of the largest audit firms having presence across the country & affiliates around the globe and has a pool of trained & qualified resources in various domains, suitable for the audit assignment as required for a Company of our size. Accordingly, the proposed auditors shall hold the office of Statutory Auditor from the conclusion of ensuing Twenty Third (23rd) Annual General Meeting until the conclusion of Twenty Eight (28th) Annual General Meeting to be held in the year 2024. The details of the remuneration of the Statutory Auditors forms part of the Annual Report.

M/s. B S R & Co. LLP have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

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

The Board of Directors recommends the Resolution as set out at Item No. 2 for the approval of members as an Ordinary Resolution.

**Item No. 3**

The Board of Directors, on the recommendation of the Audit and Risk Management Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of cost records of the Company, for the Financial Year ended March 31, 2019 as per the following details:

| Name of the Cost Audit Firm | Amount (In Rupees) |
|---|---|
| M/s. Jitender, Navneet & Co. | 3,50,000 (plus out of pocket expenses and taxes) |

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

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the Financial Year ended March 31, 2019.

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

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

**Item Nos. 4 to 8**

The Board of Directors of your Company on the recommendation of Nomination and Remuneration Committee, had co-opted Dr. Tan See Leng, Mr. Low Soon Teck, Dr. Chan Boon Kheng and Mr. Chintamani Aniruddha Bhagat as Additional Non-Executive Directors w.e.f. November 13, 2018 and Mr. Shirish Moreshwar Apte as Additional Non-Executive Director w.e.f. December 31, 2018, in terms of Section 161 of the Companies Act, 2013 (hereinafter referred to as "the Act"). Further, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, at its meeting held on May 24, 2019, recommended for the approval of Members, the appointment of aforesaid directors as Non-Executive Directors of the Company as set out in the Resolutions relating to their appointment.

The Company has received requisite notice(s) in writing in terms of Section 160 of the Act, proposing their candidature for the office of Non-Executive Non Independent Directors of the Company, liable to retire by rotation. Further, none of the above-mentioned directors is disqualified from being appointed as Director in terms of Section 164 of the Act and have given their consent to act as Director of the Company. It is hereby confirmed that none of the above-stated Directors, as on date, are related to one another.

A brief profile of the aforementioned directors alongwith requisite details pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings is given below:

(A) Dr. Tan See Leng

Dr. Tan See Leng, aged 54 years, was appointed the Managing Director and Chief Executive Officer of IHH Healthcare Berhad ("IHH") in January 2014 after serving as an Executive Director on the IHH Board for two years. Dr. Tan is also the Group CEO and Managing Director of Parkway Pantai Limited, a position he assumed in 2011. He also serves on the Boards of IHH subsidiaries, namely Parkway Pantai Limited and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group and a Board Committee of ASYH.

Prior to this, Dr. Tan was the CEO of Parkway Holdings Limited from April 2010, a position he rose to fairly quickly after he joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. As a young entrepreneur, Dr. Tan founded a private primary healthcare group at the age of 27 and subsequently developed it into the second largest primary healthcare group in Singapore before successfully selling the company to one of the leading global health-plan providers.

With over 27 years of healthcare experience, Dr. Tan has served as an active member of various medical committees such as Singapore Ministry of Health's MediShield Life Review Committee. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for the period until 2019. He also serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University and on the Board of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited.

Dr. Tan holds a Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore and Master of Medicine (Family Medicine), National University of Singapore.

**Directorships held in other Companies as on date (Excluding foreign companies)**

| S. No. | NAME OF THE COMPANIES | NATURE OF INTEREST OR CONCERN |
|---|---|---|
| 1 | SRL Limited | Additional Director |

**Memberships/ Chairmanships of committees of other companies as on date (considered only Audit Committee and Stakeholders Relationship Committee)**- NIL

As on the date of appointment i.e. November 13, 2018, he does not hold any shares or any other convertible instrument in the Company, either in his individual capacity or on a beneficial basis for any other person.

(B) Dr. Chan Boon Kheng

Dr. Chan Boon Kheng, aged 51 years, is Group Head, Strategic Planning & Business Development (Merger & Acquisition) of IHH Healthcare Berhad and CEO, SEA Operations of Parkway Pantai Limited. A trained doctor with a Master of Business Administration (Honours) from the University of Chicago, Dr. Chan has over 15 years of healthcare management and consultancy experience across SEA and the Middle East. He was advisor to healthcare companies as well as private equity funds on mergers and acquisitions. From 2010 to early 2017, he was the Group President of Sasteria Pte Ltd, a privately held healthcare investment company while concurrently serving as the Group President of Thomson Medical & Executive Director of TMC Life Sciences Limited.

**Directorships held in other Companies as on date (Excluding foreign companies)**

| S. No. | NAME OF THE COMPANIES | NATURE OF INTEREST OR CONCERN |
|---|---|---|
| 1 | SRL Limited | Additional Director |

**Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee)**- NIL

As on the date of appointment i.e. November 13, 2018 he does not hold any shares or any other convertible instrument in the Company, either in his individual capacity or on a beneficial basis for any other person.

(C) Mr. Low Soon Teck

Mr. Low Soon Teck, aged 54 years, is the Group Chief Financial Officer of IHH Healthcare Berhad ("IHH"). He brings with him over 20 years of experience in finance, legal and general management in leadership roles.

Prior to joining IHH, Mr. Low served with the RCMA Group, a commodities supply chain management company, as its Chief Financial Officer between 2013 and 2015. From 1994 to 2013, he was employed in the Kuok/ Kerry Group, holding various senior positions in diverse businesses within the group in Hong Kong and Singapore. His last position in the group was as Chief Financial Officer of PACC Offshore Services Holdings Group, the offshore marine arm of the Kuok/Kerry Group. Prior to this, Mr. Low served as Group Treasurer at Wilmar International Limited, after its merger in 2006 with Kuok Oils and Grains where he had served as Group Financial Controller following his relocation from Hong Kong to Singapore in 2005.

Whilst Mr. Low was based in Hong Kong from 1994 to 2005, he held various positions within the Kerry Group including that of Director of China Operations at SCMP Group, publisher of the South China Morning Post. In this role, he was responsible for business development, newspaper publishing and circulation operations as well as managing a chain of retail convenience stores.

Mr. Low began his career as a solicitor in Singapore at a boutique law firm from 1991 to 1993, focusing on corporate and banking laws. He holds Master of Business Administration, University of Chicago.

**Directorships held in other Companies as on date (Excluding foreign companies)**

| S. No. | NAME OF THE COMPANIES | NATURE OF INTEREST OR CONCERN |
|---|---|---|
| 1 | Continental Hospitals Private Limited | Alternate Director |

**Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee)**- NIL

As on the date of appointment i.e. November 13, 2018 he does not hold any shares or any other convertible instrument in the Company, either in his individual capacity or on a beneficial basis for any other person.

(D) Mr. Chintamani Aniruddha Bhagat

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2016, Mr. Chintamani Aniruddha Bhagat, aged 50 years, is currently the overseeing Executive Director for the Healthcare sector of the Investments Division of Khazanah Nasional Berhad ("Khazanah") and concurrently leads Khazanah's India operations. He also serves on certain Boards and Board Committees of IHH subsidiaries under Acibadem Saglik Yatirimlari Holding A.S. Group.

Prior to joining Khazanah, Mr. Bhagat spent 14 years at McKinsey & Company in Singapore, including six years as Managing Partner for the Singapore office. He was a leader in the healthcare practice, serving hospital systems across Asia; as well as a leader in the Principal Investor practice, serving several sovereign wealth funds, private equity firms, and family owned businesses. He also founded and led McKinsey's corporate governance service line. Preceding his time in McKinsey, Mr. Bhagat held various positions at an engineering and construction firm in India, which culminated in his role as the Chief Executive Officer for the firm. He is also a qualified architect.

**Directorships held in other Companies as on date (Excluding foreign companies)**

| S. No. | NAME OF THE COMPANIES | NATURE OF INTEREST OR CONCERN |
|---|---|---|
| 1 | IDFC Limited | Nominee Director |
| 2 | Khazanah India Advisors Private Limited | Whole-time Director |

**Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee)**

| S. No. | Name of Company | Name of Committee | Designation (Chairman/Member) |
|---|---|---|---|
| 1 | IDFC Limited | Audit Committee | Member |
| | | Stakeholder Committee | Chairman |

As on the date of appointment i.e. November 13, 2018 he does not hold any shares or any other convertible instrument in the Company, either in his individual capacity or on a beneficial basis for any other person.

(E) Mr. Shirish Moreshwar Apte

Mr. Shirish Moreshwar Apte, aged 66 years, was appointed to the board of IHH Healthcare Berhad in September 2014. He is currently also the Independent Non-Executive Chairman of Pierfront Mezzanine Fund Pte Ltd. He concurrently serves on several boards of directors including Commonwealth Bank of Australia, the Supervisory Board of Bank Handlowy, Poland and Fullerton India Credit Company Limited. Prior to his retirement from Citigroup in 2014 as Chairman of Asia Pacific Banking, Shirish had built up an impressively extensive 32-year career with Citibank/Citigroup. He held numerous positions with Citibank/ Citigroup serving in Singapore (2011-2013), Hong Kong (2009-2011), London (2003-2009), Poland (1997-2003) and London (1993-1997). He also supervised operations in the emerging markets covering Central and Eastern Europe, Middle East, Africa ("CEEMEA") and Asia Pacific. He was appointed head of Citi's Corporate and Investment bank in India, Chief Executive Officer ("CEO") for Citibank Poland, and regional CEO first for CEEMEA and then Asia Pacific. Shirish was also a member of Citigroup's Executive and Operating committees from 2008-2012 and the Group's Business Practices committee. He began his career in the banking division of Citibank India in 1981.

Shirish holds a Bachelor of Commerce from Calcutta University and Master of Business Administration from London Business School majoring in finance. He is a Chartered Accountant from the Institute of Chartered Accountants of England & Wales.

**Directorships held in other Companies as on date (Excluding foreign companies)**

| S. No. | NAME OF THE COMPANIES | NATURE OF INTEREST OR CONCERN |
|---|---|---|
| 1 | Fullerton India Credit Company Limited | Director |

**Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee)**- NIL

As on the date of appointment i.e. December 31, 2018 he does not hold any shares or any other convertible instrument in the Company, either in his individual capacity or on a beneficial basis for any other person.

Except Dr. Tan See Leng, Mr. Low Soon Teck, Dr. Chan Boon Kheng, Mr. Chintamani Aniruddha Bhagat and Mr. Shirish Moreshwar Apte, being the appointee, for their respective items, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, in the said resolutions, except to the extent of their shareholding, if any.

The number of Board meetings attended during the Financial Year 2018-19, of aforesaid Directors are given in Corporate Governance Report forming part of Board's Report.

The Board of Directors recommends the resolutions as set out at Item Nos. 4 to 8 for approval of the members as ordinary resolution.

**Item Nos. 9 and 10**

The Board of Directors of your Company on the recommendation of the Nomination and Remuneration Committee ('the Committee'), approved the appointment of Dr. Ashutosh Raghuvanshi as an Additional Director, in terms of Section 161 of the Companies Act, 2013 and further subject to the approval of the Members, as Managing Director of the Company (designated as Managing Director and CEO) w.e.f. March 19, 2019 on the remuneration stated in the resolution above.

Further, the Board on the recommendation of Nomination and Remuneration Committee, at its meeting held on May 24, 2019, recommended for approval of the Members, the appointment of Dr. Raghuvanshi as a Director and also as Managing Director of the Company, as set out in the Resolution relating to his appointment.

He is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director of the Company. It is hereby confirmed that, as on date, he is not related to any other director of the Company.

It is proposed to appoint Dr. Ashutosh Raghuvanshi as Managing Director of the Company (designated as 'Managing Director & CEO) for a period of three years w.e.f. March 19, 2019, at a remuneration as detailed out in Item No. 10.

The above may be treated as written memorandum setting out the terms of appointment of Dr. Ashutosh Raghuvanshi under Section 190 of the Companies Act, 2013.

The Board of Directors recommends the resolutions as set out at Item No. 9 (Ordinary Resolution) and Item No. 10 (Special Resolution) for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Dr. Ashutosh Raghuvanshi himself, is/are in any way, concerned or interested, financial or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any.

A brief profile of the Dr. Raghuvanshi alongwith requisite details pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Part II of Schedule V of the Companies Act, 2013 and the Secretarial Standard on General Meetings is given below:

**I. General Information**

**(i) Nature of Industry**: Business of providing healthcare services and running multi-specialty hospitals.

**(ii) Date or expected date of commencement of commercial production**: The Company was incorporated on February 28, 1996.

**(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**: NOT APPLICABLE

**(iv) Financial performance (on standalone basis) based on given indicators as per Audited Financial Results for the year ended March 31, 2019**:

(Amount in ₹ lacs)

| **Particulars** | **For the year ended 31.03.2019 (Audited)** |
|---|---|
| Turnover and other income | 118,098.41 |
| Net profit after tax | 12,308.38 |

**(v) Foreign investments or collaborations, if any**: As of March 31, 2019, Fortis Healthcare International Limited was a direct foreign subsidiary of the Company, details of investment whereof is provided in Notes to Account

**II. Information about the appointee**

**(i) Experience and Background details:**

Dr. Ashutosh Raghuvanshi, aged 57 years is a cardiac surgeon turned management leader. After completing his MBBS and MS in general surgery from Mahatma Gandhi Institute of Medical Sciences, Dr. Ashutosh went on to do MCH in Cardiac surgery from the University of Bombay. Over the last 26 years, he has been associated with the Bombay Hospital, Apollo Hospitals, Vijaya Heart foundation and Manipal Heart Foundation. He is credited with the establishment of Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata, where he joined as Director in 2000 and is today one of the largest Multispecialty Hospitals in Eastern India.

Before joining Fortis, he was last working with Narayana Health as Vice Chairman, Managing Director & Group CEO and was responsible for the operations of all the group hospitals across India and internationally.

**(ii) Past remuneration drawn:** ₹ 11.66 Crore (in his capacity as Vice Chairman, Group CEO and Managing Director of Narayana Hrudayalaya Limited)

**(iii) Recognition and Awards/Achievements:**

He was honoured as the "CEO of the Year" in Health Care Leadership Awards, 2015 organised by Stars Group

**(iv) Job profile and suitability:**

As the Managing director of the Company, he is inter-alia responsible for the following activities:

- Providing guidance for creation of the annual operating plan for the organization
- Working with the Board to define & execute strategies, to implement and develop the business plan

- Talent Strategy & Optimization
- Promoting an organization wide culture that reflects organization values, encourages meritocracy through recognizing performance and rewarding achievement
- Overseeing the operations of the organization and ensure compliance with legal and statutory requirements
- Managing company wide resources within budget guidelines
- Proving information to Board so that they are appropriately informed of the company's financial position
- Developing and maintaining relations with other relevant commercial or institutional bodies in the medical, pharmaceutical, international development and community health fields
- Overseeing company's expansion and growth plans, and evaluate synergies through a detailed due diligence exercise
- Ensuring representation at several industry forums and promote organizational brand building among various stakeholder groups.

Dr. Ashutosh will be responsible for the day-to-day management decisions of Fortis Healthcare Limited, and for implementing the Company's long and short term plans. He is expected to provide the necessary leadership and strategic direction to the management team in achieving the company's short-term profitability and long-term growth objectives, aligned to the vision, mission and core values of the Fortis Group. His qualifications and experience makes him a suitable person for the said position.

**(v) Remuneration proposed:**

As provided in the resolution.

**(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Though direct comparable data could not be obtained, however, as a normal industry trend, the proposed remuneration of Dr. Ashutosh Raghuvanshi, who is a professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

**(vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any**:

Except proposed remuneration as stated above, Dr. Raghuvanshi does not have any other pecuniary relationship with the Company and its managerial personnel.

**(viii) Companies (other than Fortis Healthcare Limited, Foreign Companies and Section 8 Companies) in which Dr. Raghuvanshi holds Directorships (as on date):**

| S. No. | Name of the Company |
|---|---|
| 1. | SRL Limited |
| 2. | Fortis Hospotel Limited |

**(ix) Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies):**

| S. No | Name of Company | Name of Committee | Designation (Chairman/ Member) |
|---|---|---|---|
| 1 | SRL Limited | Share Allotment and Shareholders'/ Investors' Grievance Committee | Chairman |

*Includes Audit Committee and Shareholder's/ Investor Grievance Committee only

Shareholding in the Company: NIL

Original date of appointment: March 19, 2019

During the Financial Year 2018-19, Dr. Ashutosh Raghuvanshi has attended 1 Board Meeting of the Company (only one meeting was held post his induction to the Board).

**III. Other information:**

**(i) Reasons for loss or inadequate profits:**

The Indian healthcare industry has witnessed some headwinds in the recent past as a result of certain regulatory challenges which have impacted a number of large healthcare organizations including the Company. Healthcare per-se is also an industry with long gestation periods and it takes a considerable amount of time for facilities to breakeven and start generating adequate returns.

Specifically, the performance of the Company was due to the significant internal challenges that the Company had faced including amongst other things matters related to management focus and a liquidity crunch which impeded investment and capital expenditure in the business. Both internal and external factors have hence impacted the Company's growth and profitability.

With the above, it is also pertinent to re-iterate that the healthcare industry continues to provide an attractive long term growth potential for Indian healthcare organizations such as the Company. The demand supply imbalance in terms of healthcare infrastructure, lack of access to good quality healthcare, increasing healthcare insurance penetration and the rising burden of chronic diseases remain some of the strong growth drivers for the industry. The Company is today relatively well positioned to capitalize on this opportunity.

**(ii) Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

The Company has begun to witness signs of recovery, stabilization and growth. With the primary infusion of capital by IHH Healthcare Berhad, a leading global healthcare organization – the Company today has a significantly strengthened Balance Sheet allowing it to improve its liquidity and as a result plans for investment and capital expenditure for growth have been reinitiated. Amongst the key initiatives that have already seen results are a lower cost of borrowing, an improved credit rating, acquisition of the RHT portfolio of assets and an improving occupancy in the hospital business.

Along with the above, there is also a steadfast focus on specific actions to reduce costs across functions and businesses and re-organize the existing corporate and organization structure to ensure efficiency across the network and business. Costs in the areas of manpower deployment, IT Infrastructure and services and supply chain / procurement are being reviewed to align with industry norms. In order to further improve cash generation, there is a concerted effort on optimizing working capital and unlocking value from certain non-core assets. Alignment with a global healthcare organization such as IHH will also over a period of time bring in certain synergistic benefits that will further help the Company to add value to its business.

The Diagnostics business of the group has also begun to witness an improvement in performance and select strategic actions for increasing volumes and utilization viz-a-viz optimizing the collection center network, focusing on product lifestyle tests, preventive care packages and select marketing and digital initiatives will continue to gain momentum.

The Company's hospital business expansion strategy will largely be that of brownfield expansion. With the exception of one greenfield facility that it expects to commission shortly; the Company will expand in a calibrated manner so as to increase utilization of existing beds and ensure that it has a well-balanced product mix in tertiary / quaternary care healthcare delivery. This will result in faster profitability as gestation periods will be significantly shorter and involve lesser initial costs.

Some of the Company's key facilities are renowned in select medical specialties and the Company plans to further bolster the performance of these so as to have them contribute meaningfully to overall performance going forward. Along with a cost focus, plans to increase business from such key facilities are expected to largely be a result of expanding current medical programs such as transplants, oncology, etc, introducing new medical specialties and deploying state of the art medical technology so as to provide patients with a superlative experience in their treatment and care.

All these efforts have seen a relative enhancement in performance over the previous period and as they continue to gain momentum; are expected to further lead to a progressively improving profitability for the Company. Over the long term the Company's dedicated focus on the Indian market, its positioning as a premier tertiary care healthcare delivery organization with world class clinical capabilities and an experienced leadership team should expectedly result in the Company setting industry benchmarks in terms of performance, profitability and stakeholder value.

**IV Disclosures**- General disclosures are given under Corporate Governance Report forming part of Board Report.

**By Order of the Board**
For **Fortis Healthcare Limited**
**Sd/-**
**Sumit Goel**
**Company Secretary**

**Date**: August 6, 2019
**Place**: Gurugram

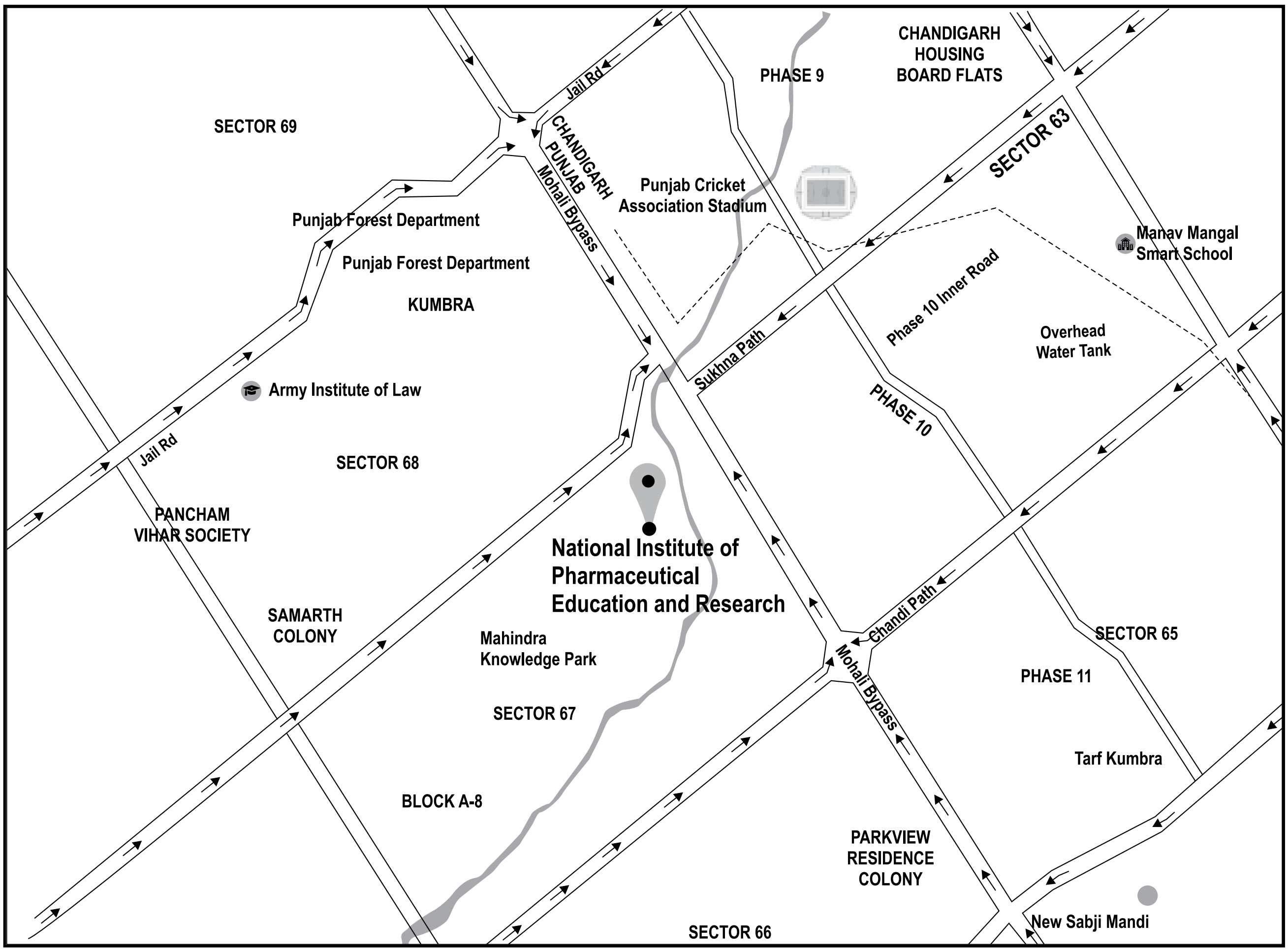
# Route Map of the venue for the 23rd Annual General Meeting of Fortis Healthcare Limited

**Day** : Thursday

**Date** : September 26, 2019

**Time** : 12:00 noon

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



# A NEW DAWN
# A NEW DAY
# A NEW LIGHT

ANNUAL REPORT 2018-19

# **Company** Information

## Board of Directors

**CHAIRMAN**
Mr. Ravi Rajagopal

**VICE-CHAIRMAN**
Mr. Shirish Moreshwar Apte

**MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**
Dr. Ashutosh Raghuvanshi

**NON-EXECUTIVE DIRECTORS**
Dr. Chan Boon Kheng
Mr. Chintamani Aniruddha Bhagat
Mr. Indrajit Banerjee
Mr. Low Soon Teck
Ms. Suvalaxmi Chakraborty
Dr. Tan See Leng

**CHIEF FINANCIAL OFFICER**
Mr. Vivek Kumar Goyal

**COMPANY SECRETARY AND COMPLIANCE OFFICER**
Mr. Sumit Goel

**AUDITORS**
M/s B S R & Co. LLP
Chartered Accountants, Gurgaon

**FORTIS HEALTHCARE LIMITED**
CIN: L85110PB1996PLC045933
Registered Office:
Fortis Hospital, Sector - 62
Phase - VIII, Mohali, Punjab - 160062
Tel: +91 172 5096001
Fax: +91 172 5096221
Website: www.fortishealthcare.com

**REGISTRAR AND TRANSFER AGENT**
Karvy Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal
Hyderabad-500032
Tel: +91 40 6716 2222
Fax: +91 40 23420814
Website: www.karvyfintech.com

# A NEW DAWN
# A NEW DAY
# A NEW LIGHT

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# **MESSAGE FROM**
# THE CHAIRMAN

We have moved forward with sustained stability and aim to bring into play a new realm of service delivery in India. The Company has witnessed a significant change in its governance structure in order to shed its past challenges and give a renewed focus on business.

**Ravi Rajagopal**

*Dear Shareholders,*

It gives me great pleasure to connect with you all through the Annual Report for the year 2018-19. I warmly acknowledge the trust reposed in the new Board by our valued shareholders without whose support our Company would not be where it is today. When the reconstituted Board began work last year, we had a huge responsibility on our shoulders to work closely with the management and bring back the focus on our healthcare objectives and business. What we have seen during this period is that our Company's commitment to patient care carries great repute and this is what we need to continue to build on, this year too.

According to the India Brand Equity Foundation 2019, the healthcare market in India is expected to touch USD 372 billion by 2022 owing to rising incomes, increased access to insurance, lifestyle diseases and greater awareness. This means we have a lot to do in the business of therapy and cure, guided by some remarkable specialists. As a brand, Fortis has several facets. While it has been through some tough times in the last one and a half years, we stand for much more. Our focus and investment in clinical excellence over the years has made sure that we excel and deliver on the clinical and operational side. Our teams too believe this and have stood by us through this difficult period. I sincerely thank our specialists, clinicians, nurses, paramedics, technicians and all the staff at Fortis who have continued to deliver despite all the odds. I foresee a very bright future for the Company.

We have now moved forward with sustained stability and aim to bring into play a new realm of service delivery in India. The Company has witnessed a significant change in its governance structure in order to shed its past challenges and give a renewed focus on business. We continue to take appropriate measures and legal recourse in critical matters and have ensured full cooperation in all legal and regulatory matters with relevant authorities.

Fortis has also, over the past year, successfully managed to transparently and efficiently bring in significant and reputed strategic investors into the company. With the IHH coming in as the single largest shareholder, we are witnessing one of the biggest and most remarkable alliances that the healthcare industry in India has ever seen before. It represents the transformational association of two healthcare giants to achieve synergy in promoting patient-centric healthcare. This partnership allows India to step onto the global platform, foster exchange of knowledge and learnings from best practices. IHH brings to us the potential for a stronger and wide network of partners, patients, best-in-class medical technology and other innovations that will help Fortis stay ahead of the curve.

The successful closure of the RHT Health Trust (RHT) buy-back in the last quarter of the Financial Year was a historic event in Company's journey, as it provides huge annual saving of funds that can now be ploughed back into the system for operational excellence and critical projects. This certainly augurs well for the future of the Company.

I look forward to working with you all in the coming months.

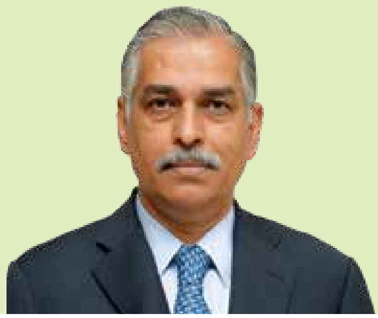
Thank you,

**Ravi Rajagopal**
Independent Director, Chairman

# **BOARD OF** DIRECTORS

Ravi Rajagopal
Independent Director, Chairman

Shirish Moreshwar Apte
Non-Executive Vice-Chairman



Dr. Ashutosh Raghuvanshi
Managing Director &
Chief Executive Officer

Dr. Chan Boon Kheng
Non-Executive Director

Chintamani Aniruddha Bhagat
Non-Executive Director

Indrajit Banerjee
Independent Director

Low Soon Teck
Non-Executive Director

Suvalaxmi Chakraborty
Independent Director

Dr. Tan See Leng
Non-Executive Director

# MESSAGE FROM
# THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

With patients at the centre of all our decisions, we aim to further bulwark our systems by enhancing efficiencies and strengthening our processes. Clinical excellence is – and will remain – the single most important differentiator.

Dr. Ashutosh Raghuvanshi

*Dear Shareholders,*

As Fortis embarks on a new, exciting journey, it gives me immense pleasure to share with you the Annual Report for the Financial Year 2018-19. At the very outset, I would like to express my gratitude towards all our patients, shareholders, vendors, employees and other stakeholders for their continued confidence in us and this truly energises us to give our best, every day.

Having been a part of the healthcare delivery industry for over three decades; I can say with unflinching certainty that quality healthcare is a universal need and the demand for it is only going to grow over time. The healthcare delivery space in India has been consistently expanding over the past few years, with the entry of several private hospital chains that have revolutionised the very concept of healthcare delivery. Indian hospitals now offer world-class clinical expertise along with superlative supportive care, which was once available only to those who could afford to travel abroad.

Fortis has been a pioneer in the healthcare space and continues to be a trend-setter. Entrusted with the responsibility of taking the Company forward, I would strongly be reinforcing our position as a premier tertiary healthcare delivery organisation in India led by our core belief that providing world-class healthcare delivery and exceptional patient care have to be the cornerstones of our success. This is what we shall endeavour to imbibe by in word and spirit.

Having said that, the healthcare sector – and indeed the entire business landscape in India – is going through a period of tectonic realignment in the wake of multiple regulatory changes ushered in over the past few years. In spite of severe headwinds due to various factors acting in concert, I do believe that Fortis has done reasonably well through the year. In this new phase for the Company, I believe that my experience as a clinician along with having led a healthcare organisation in my past role and responsibility; will expectedly help me steer the organisation on the right path.

One of the most significant events undoubtedly, was IHH's investment of ₹ 4,000 Crore in Fortis. This was a result of a prolonged, multi-step value discovery process, carried out in a highly transparent and impartial manner. With IHH now as our single largest shareholder, I'm excited at the opportunities that present themselves. Our clinicians will have the potential to obtain access to a stronger and wider network of partners, patients, colleagues and growth opportunities in addition to best-in-class medical technology and other innovations, thus enabling them to offer a superior patient experience. We have a fantastic team of doctors, nurses, paramedics and administrative staff that delivers one of the finest healthcare services to massive number of patients from India and abroad, every day and command remarkable respect and trust. They undoubtedly, form the bedrock of our patient-centric business model.

We have already, to an extent, benefitted from the fund infusion made by IHH in November 2018 which has allowed business operations to stabilise and enabled the management to focus on a build-back plan. Additionally, we look forward to further improve and strengthen our operations so as to enable us to invest for future growth, look at filling gaps in our product and speciality mix and judicious deployment of our resources.

With most of the legacy issues behind us, we now look forward to sail full steam ahead. In many ways, we are at a point of resetting the course for the future. However, what will not change ever is our commitment to our patients, who are our primary stakeholders.

With patients at the centre of all our decisions, we aim to further bulwark our systems by enhancing efficiencies and strengthening our processes. Clinical excellence is – and will remain – the single most important differentiator. Towards that end, we plan to strengthen our core specialities such as Cardiac Science, Neuro Sciences, Gastro Sciences, Renal Sciences, Orthopaedics and Oncology, to name a few, across our facilities. Nurturing and investing in clinical talent will therefore be a strong thrust area.

Enhancing and optimising utilisation of our facilities is another key focus area. We intend to build further on the gains achieved so far by eliminating costs wherever possible and improving care delivery whilst providing an improved patient experience. We are in the process of rolling out an organisation-wide Hospital Information System to enhance operational effectiveness and efficiencies, enabling excellence in every sphere of patient care. Digital unification, embracing emergent medical technologies and making incremental upgrades to our existing facilities in order to further enhance patient experience are some of the fundamental areas that we will be focusing on in the year ahead.

In conclusion, I would like to reiterate that today, there is an increased demand for quality healthcare delivery services led by greater awareness and expectations for advanced and modern treatment. Your Company is striving to meet this by continuing to focus on building our clinical expertise, improving infrastructure and strengthening core specialities to serve patients with unfettered zeal and enthusiasm. I have no doubt that we can achieve the previous performance and profitability metrics that we had witnessed a couple of years back and further strengthen from there to meet the best in class industry standards.

I wish to thank all our stakeholders, investors and partners for their continued faith in us. I am confident that our strengths in patient-centric healthcare delivery, strong associations and the credibility within the medical fraternity will propel Fortis to the next level of growth.

Ashutosh

**Dr. Ashutosh Raghuvanshi**
Managing Director and Chief Executive Officer

# **BOARD OF**
# DIRECTORS - SRL

Ravi Rajagopal
Independent Director, Chairman

Dr. Ashutosh Raghuvanshi
Non-Executive Director

Dr. Chan Boon Kheng
Non-Executive Director

Praneet Singh
Nominee Director

Srinivas Chidambaram
Nominee Director

Suvalaxmi Chakraborty
Independent Director

Dr. Tan See Leng
Non-Executive Director

# MESSAGE FROM
## THE CHIEF EXECUTIVE OFFICER - SRL

We believe in building trust in each interaction with our customers by providing affordable and accessible quality diagnostic services to our patients.

Arindam Haldar

*Dear Shareholders,*

During the last fiscal 2018-19, we continued to build our capabilities – people, services and reach – to serve our customers better and enhance the value we deliver to them. Today, in many respects, the diagnostics industry is at a crossroad, where on one side, the launch of Ayushman Bharat opens up a plethora of opportunities for diagnostics players like ours, while on the other hand, there are possibilities of price capping through various policy interventions, which may impact profitability. Amongst the number of challenges being faced by the healthcare sector in India, improving financial performance and operating margins is the top issue today. However, your Company continues to grow the business profitably.

Your Company strongly believes that India needs a new healthcare model, a model that is based on preventive care and on detecting and treating conditions way before they occur. India is a country where merely 9.6% of overall healthcare expenditure is spent on preventive healthcare. In other words, more than 90% of overall healthcare expenses go into treating diseases and its complications amounting to more than ₹ 3.6 lakh crores a year. Furthermore, close to 50% of such expenses goes towards in-patient beds for lifestyle diseases, especially in urban and semi-urban pockets. Non-communicable diseases (NCD) can be prevented more easily than communicable ones – namely Malaria, TB, pneumonia or dengue. Yet NCDs are responsible for 7 of every 10 deaths worldwide, reports the World Health Organisation in its September 2017 release note, while as much as 61% of deaths in India occur due to non-communicable diseases. As NCD ratio is on the rise, it's time for our nation to adopt a preventive mindset as these diseases can be invariably tackled first just by adopting a healthy lifestyle and by regularly monitoring health parameters. Therefore, after months of research and careful planning, our Marketing Team launched a set of customised health-check plan under the brand name 'SRL Care' based on an individual's age, gender, lifestyle, health history and life-stage.

We have been able to enhance our customer centric programmes, such as Home Collection of samples, which has seen huge growth over last year along with an exponential growth in the usage and downloads of our newly revamped mobile app. This year also saw the launch of our consumer loyalty programme – Club SRL, which is a unique membership programme that rewards SRL Diagnostics customers with special privileges, reward points and members' only discounts.

Your Company has seen a moderately positive performance in the financial year. While the revenue growth was a bit soft, owing to the closure of a few government and other multi-lateral projects and the impact of heavy competitive forces, your Company made superlative improvement in the margins earned. Multiple initiatives focussed on process optimisation and cost negotiations yielded positive results, resulting in an increase of 11% in EBITDA and an increase of 16% in PAT.

Being in healthcare, we are often humbled when we see the impact that our work has on people across the country. It is our inherent belief that every life is invaluable and what we do is more than just a job, but a calling or a duty. It is for this reason that your Company has instilled four pillars that are strictly followed – Accuracy, Empathy, Innovation and Transparency. For over two decades, SRL's purpose has remained focussed on helping people on their path to better health in extraordinary ways. In FY 2018-19, your Company continued this tradition by bringing quality healthcare closer to the masses, be it through our PPP partnerships in Himachal Pradesh and Jharkhand or through projects like UNICEF we have been able to positively impact customers at the bottom of the pyramid. And now with our recent lab opening in Tirupati, we are able to serve millions of pilgrims that visit this holiest of places every year.

SRL is privileged to have many large Private and Public Hospitals, as its esteemed and largest customers. SRL labs exist in more than 120 hospitals, the highest in the country, reflective of the trust that your Company commands amongst doctors. There is also a seamless interface with the hospitals with the intent of enhancing patient care and providing the highest standards of service, which also allows SRL to continuously optimise and innovate its test menu by bringing in novel tests, especially in the realm of Critical Care and core speciality areas of Oncology, Gastrointestinal (GI) Pathology, Nephro-pathology and Cardiology, among others.

Your Company is committed to bringing world-class diagnostic facilities to ensure early detection. In November, we launched Liquid Biopsy test, one of the super-specialised test to help Oncologists monitor on-point Cancer genetics through blood samples. We also partnered with Microsoft, to jointly work on developing Artificial Intelligence (AI) based solutions for clinical diagnostics – almost becoming like the flag-bearers of AI in Clinical diagnostics in India. Today, AI is already being applied in analysing next-generation sequencing data from the human genome and for tailoring therapy for individuals as per their genetic makeup, especially in cancer treatment. Talking about blood and bone marrow transplants, for instance, nearly 50,000 patients worldwide receive blood stem cell transplants each year, and their fate may well lie in how quickly clinicians are able to find them a well-matched donor through HLA testing. In many cases finding that perfect match is far from easy – it requires timely and accurate analysis of a highly complex and variable region of the human genome. Fortunately, the Centre of Excellence (HLA) at Gurgaon has been the fore-runner in the country. In FY 18-19, we also launched Lung cancer profiler Next and CRC Profiler Next, the two NGS based genetic panels for organ specific cancer touching lung and colorectal cancer. These tests are launched to help oncologists take informed personalised therapy decisions for the patients.

Your Company is duty bound to serve the needs of the healthcare sector in an accurate and efficient manner with around 45 accredited labs, where the industry is highly unorganised with only about 1% of total labs being accredited. Your Company's commitment to quality has been duly recognised by the College of American Pathologists (CAP) and the National Accreditation Board for Testing and Calibration of Laboratories (NABL). Your Company has implemented an extensive quality assurance framework, which we call three-levelled quality defence, to ensure complete quality compliance. Your Company has also invested in the latest technology platforms and process efficiency tools to facilitate automation to provide superior services and quick turnaround to our customers and be abreast of advancements in the diagnostics industry.

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

**Arindam Haldar**
Chief Executive Officer - SRL

## JCI RE-ACCREDITATION

Fortis Hospital, Mulund, earned the JCI re-accreditation for the fifth time in a row.

## BUSINESS PROCESS MANAGEMENT (BPM) ASIA MASTER AWARD

Fortis Healthcare won the 'Business Process Management (BPM) Asia Master Award' for the Enterprise level at the BPM Asia Star Championship 2018 organised by CII.

## FICCI HEALTHCARE EXCELLENCE AWARDS 2018

Fortis Healthcare received the prestigious FICCI Healthcare Excellence Awards 2018 in the Social Initiative category for the 'Umeed Dhadkan' programme.

## MORETOGIVE

Fortis Healthcare's MORETOGIVE ad film won a Bronze at the Indian Content Marketing Awards.

# AWARDS & ACCOLADES

## MEDICAL TRAVEL QUALITY ALLIANCE (MTQUA)

Fortis Hospital, BG Road, Bengaluru, was ranked by the Medical Travel Quality Alliance (MTQUA) as one of the Top 10 World's Best Hospitals for Medical Tourism for 2018.

## BEST HOSPITAL IN INDIA DIABETIC CARE

For the fifth consecutive year, Fortis C-DOC, New Delhi, was named the 'Best Hospital in India Diabetic Care' recognition at the Current Index of Medical Specialities Healthcare Excellence Awards 2018.

## NATIONAL AWARDS FOR EXCELLENCE IN ENERGY MANAGEMENT

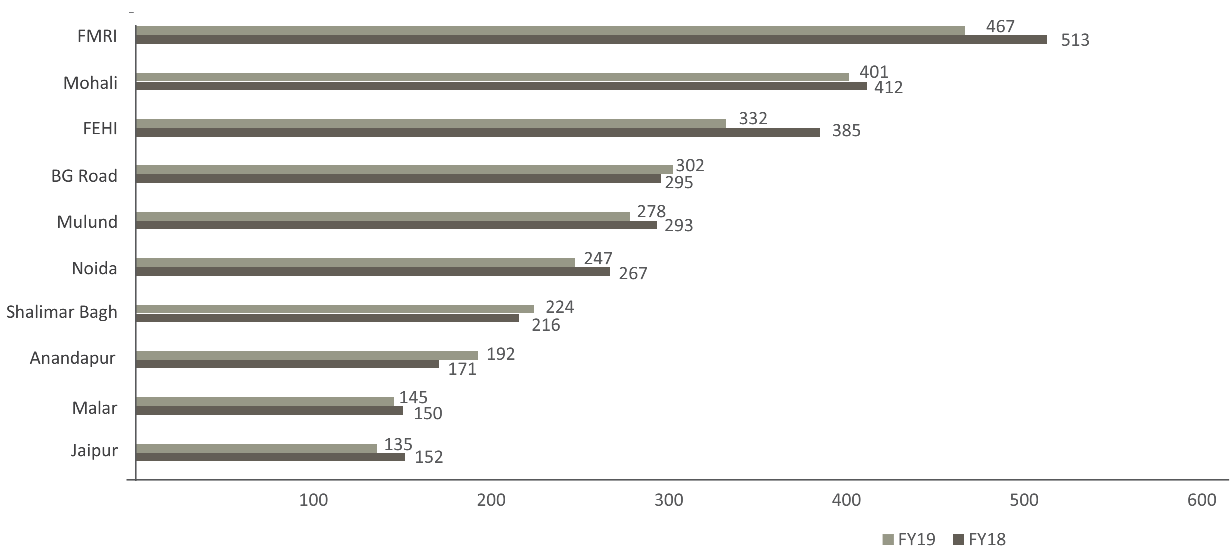
Fortis Hospital, Mohali, and Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, won the second prize at the CII 19th National Awards for Excellence in Energy Management in the Building Category.

## MEDICAL VALUE TRAVEL AWARDS 2018

Four Fortis hospitals - Fortis Escorts Heart Institute, New Delhi, Fortis Malar Hospital, Chennai, Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, and Fortis Memorial Research Institute, Gurugram – won laurels at the Advantage Healthcare India - Medical Value Travel Awards 2018.

# **OPERATIONS**
REVIEW

## TOP 10 HOSPITALS' REVENUE




Key Hospital-wise revenue performance (in ₹ Crores)

## FINANCIAL PERFORMANCE

The Company witnessed muted financial performance during the Financial Year 2018-19. Factors that impacted the performance include (i) regulatory changes with respect to pricing on certain medical consumables (ii) management bandwidth constraints due to the Group's and ex-promoter related issues (iii) prolonged transaction and due diligence process and (iv) funding constraints, which led to a less than optimal CAPEX spend resulting in delay of key business initiatives and also impacted the working capital cycle.

For FY 2018-19, the Company recorded an audited consolidated revenue from operations of ₹ 4,469 Crore compared to ₹ 4,561 Crore reported during the previous year. The Operating EBITDAC, that is, Earnings before interest, tax, depreciation and amortization (EBITDA), before the net costs related to the Business Trust, stood at ₹ 541 Crore, representing a margin of 12.1% versus 14.4% in the previous financial year. Operating profit/operating EBITDA (excluding other income and before exceptional item) from the operations for the year stood at ₹ 326 Crore compared to ₹ 389 Crore in the previous year. The Net Profit after Tax for FY 2018-19 stood at ₹ (299) Crore as against ₹ (1,009) Crore for the corresponding previous year. FY19 and FY18 had exceptional losses due to impairment of investments/ goodwill/ assets and one-off expenses for FY18. Exceptional losses also include one offs for certain provisions taken. FY19 Profit After Tax and Minority Interests (PATMI) also includes significant share in associate mainly due to RHT's profit related to divestment of assets to Fortis in January 2019.

## INDIA HOSPITAL BUSINESS

The India Hospital business witnessed muted performance with FY 2018-19 net revenue of ₹ 3,527 Crore compared to ₹ 3,683 Crore reported in the previous year. The Operating EBITDAC i.e. EBITDA before the costs related to the Business Trust stood at ₹ 336 Crore, representing a margin of 9.5% compared to 13.6% margin reported in the previous financial year.

International patient revenues for the hospital business during the year stood at ₹ 397 Crore representing 11.3% of overall hospital business revenue, compared to ₹ 402 Crore reported in the previous financial year.

For FY 2018-19, the Average Revenue Per Occupied Bed (ARPOB) stood at ₹ 1.51 Crore compared to ₹ 1.49 Crore in FY 18. Average Occupancy across the Fortis network stood at 67% compared to 70% during the previous year. Average Length of Stay (ALOS) stood at 3.39 days compared to 3.48 days in the previous financial year.

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

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

### FINANCIALS OF DIAGNOSTICS BUSINESS (SRL LIMITED)

For the Financial Year 2018-19, SRL Ltd. reported net revenues of ₹ 877 Crore (net of inter-company sales) compared to ₹ 854 Crore reported during the Financial Year 2017-18, a growth of 2.7%. The Company operating EBITDA for the year stood at ₹ 180 Crore, representing a margin of 20.6% compared to margin of 18.9% reported during the previous financial year. On a standalone basis, SRL's gross revenue grew at 2.1% to ₹ 1,010 Crore compared to ₹ 990 Crore reported in FY18.

While the top-line remained muted, SRL's initiatives on the cost side resulted in (1) a reduction in direct costs as an outcome of improving lab efficiency and vendor costs negotiations and (2) savings in manpower costs as a result of lab rationalisation and staffing optimisation.

As of March 31, 2019, SRL had a network of 401 labs, 1,026 collection points and over 7,100 direct clients.

## HOSPITALS

### Fortis Memorial Research Institute, Gurugram

Fortis Memorial Research Institute (FMRI), Gurugram, the flagship hospital of Fortis Healthcare, completed six years of operation in May 2019. In the short span, the hospital has become synonymous with world-class clinical excellence and compassionate patient care.

Many new clinical benchmarks were established at FMRI during the year. The Liver Transplant Team successfully performed the rare 'dual lobe living donor liver transplant.' The Gynae-Oncology Team completed 225 advanced robotic surgeries in record time, which was a first in Northern India. The team also commenced Heated Intra Peritoneal Chemo Therapy (HIPEC) procedure. The Haemato-Oncology & Bone Marrow Transplant (BMT) Team completed 200 BMT procedures during the year.

FMRI launched a first-of-its-kind initiative by a hospital, the 'Super Starter Inc. - A Healthcare Challenge.' For its first edition, FMRI received 50 entries from across the globe, where ideas from entrepreneurs in the medical technology space were showcased. The winners were decided after multiple rounds of scrutiny and final presentation by the shortlisted teams.

To offer better patient care, FMRI brought together all Oncology-related departments - Medical Oncology, Surgical Oncology, Radiation Oncology, Gynae Oncology, Nuclear Medicine and BMT – under one umbrella. A dedicated learning centre for autistic children was inaugurated and a specialised Anaemia Clinic was launched. Support group activities for kidney patients and oncology patients were organised to raise awareness.

The hospital won several awards and accolades during the year. These included the 'Best Hospital to Work For' recognition from Association of Healthcare Providers (India), 'Central Sterile Services Department (CSSD) Centre of Excellence Award,' instituted by the Asia Pacific Society of Infection Control (APSIC) and the 'Pharmacie de Qualite' certification for excellence in procurement, stocking and sale of pharmaceutical products, to name a few.

### Fortis Hospital, Mohali

Established as the first hospital of Fortis Healthcare Limited, Fortis Mohali continues to retain its laser-sharp focus on clinical excellence. The hospital runs

highly successful programmes in Cardiac Sciences, Orthopaedics & Joint Replacement, Oncology, Transplants, Critical Care, Neurosciences and Vascular Surgery among others.

In July 2014, the hospital added Fortis Cancer Institute (FCI) to its fold, offering the latest, most technologically advanced and comprehensive cancer treatment in the region. The facility houses an array of modern equipment and has expertise in Gynae-Onco, Uro-Onco, Paediatric-Onco, Ortho-Onco, Haemato-Onco, Neuro-Onco and Breast-Onco, besides capabilities to treat endocrine, liver, oral and ocular cancers as well as colorectal cancers. FCI continues to gain the trust of patients from all over the region and has become one of the most sought-after cancer treatment facilities in North India.

In 2018-19, Fortis Hospital, Mohali, became the first centre in the region to perform Trans-catheter Aortic Valve Replacement (TAVR). For patients with high surgical risk, such as patients of critical aortic stenosis, Percutaneous Aortic Valve Replacement is a new treatment option. Non-surgical aortic valve replacement comes as a boon to such patients. This has further reinforced the hospital's position as a leading centre of excellence in Cardiac Sciences.

In 2017-18, Fortis Mohali introduced robotic surgery to the region, becoming the first hospital to conduct surgeries with the Da Vinci Xi robotic system. The surgical robot eliminates hand tremors and provides a magnified view for surgeons to operate upon, resulting in extremely precise surgeries. This surgical precision is needed for complicated cancer surgeries where complete excision of cancerous tissue can drastically slow down the progress of the dreaded disease. Robotic surgeries are fast emerging as treatment of choice and an increasing number of patients are opting for such operations. In the year gone by, Robotic Head & Neck Cancer surgeries were added to the hospital's repertoire of complex surgical procedures.

In the fields of Interventional Neuro Radiology and Interventional Radiology, Fortis Mohali has continued to strengthen its position as a Centre of Excellence, by successfully saving many patients who reach the hospital even after 24-hours of having a brain stroke. Gastro and liver cancer patients have also greatly benefitted from the Interventional Radiology Department.

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

The hospital won several awards during the year, including the prestigious 'Green Hospital' award at Association of Healthcare Providers (India) Healthcare Excellence Awards, Quality Council National Award 2018 for Neonatal Intensive Care, North West Qual Tech Quality Innovator Award and the prestigious 'Pharmacie de Qualite' certification, to name a few.

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

### Fortis Escorts, Okhla Road

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

During the year, Fortis Escorts introduced Impella and MitraClip procedures for the first time in India. In 2015-16, Fortis Escorts had added a programme in Liver & Digestive Diseases with the launch of the Fortis Escorts Liver & Digestive Diseases Institute. Extending its ambit of medical services further, the hospital added two new institutes in 2016-17, namely the Fortis Escorts Kidney and Urology Institute (FEKUI) and the Fortis Bone & Joint Institute (FBJI).

In the year 2018-19, Fortis Escorts achieved significant volumes in the existing as well as the newly introduced medical specialities. During this period, 19 Trans-catheter Aortic Valve Replacements (TAVRs), 42 liver transplants, 16 kidney transplants, 3 heart transplants, 4 Impella and 1 MitraClip procedures were conducted.

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

Fortis Escorts, Okhla Road, received many prestigious awards in 2018-19. These include the 'Best Cardiology Hospital in Delhi NCR' title at the Times Health Care Achievers Awards 2018, 'Best Cardiology Hospital in India (Private)' recognition in The Week Magazine Survey 2018, 'Best Place to Work for in Healthcare Industry' recognition at the Association of Healthcare Providers (AHPI) Awards 2018 and 'Best Hospital for Cardiology' at the Advantage Healthcare Awards 2018, among several others. The hospital has also received the Green OT certification.

### Fortis Hospital, BG Road

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

Several new clinical programmes were launched in the course of the year. These include the heart failure and heart transplant programme, robot-assisted surgeries, Onco-Gynaecology, Radiation Oncology and Nuclear Medicine. Advanced and complex procedures including the first robotic Mitrafanoff with Malone Antegrade Continence Enema (MACE) procedure, Trans-catheter Aortic Valve Implantation (TAVI), Leadless Pacemaker and 3D Mapping Guided Radiationless Ablation of Atrioventricular Nodal Re-entry Tachycardia (AVNRT) were also conducted.

Fortis BG Road won several recognitions through the year. Prominent among these were the Breastfeeding Promotion Network of India (BPNI) Certificate of Appreciation for 'Contribution towards celebration of World Breastfeeding Week – World Alliance for Breastfeeding Action (WABA) 2018,' Conference of Consortium of Accredited Healthcare Organisations (CAHOCON) Award 2018 for 'Risk stratification of Surgical Site Infections (SSI) in a tertiary care hospital and for Quality Improvement Plan (QIP) on prevention and control of SSI' and CAHOCON Award 2019 for video presentation on 'Antenatal care (Lamaze exercises).'

Fortis Hospital BG Road was ranked 9th amongst the world's best hospitals for medical tourists by Medical Travel Quality Alliance (MTQUA).

### Fortis Hospital, Mulund

Fortis Hospital, Mulund, the first hospital in Western India to receive the coveted Joint Commission International (JCI) accreditation five times in a row, is known for its clinical excellence in multiple specialities, including Cardiac Sciences, Orthopaedics, Oncology and Neurosciences among others. The hospital has carved a niche for itself in the organ transplants space, with 102 heart transplants inclusive of seven heart and lung transplants being conducted so far.

The hospital notched up several clinical successes during the year. The hospital has successfully conducted four Trans-catheter Aortic Valve Implantation (TAVI) procedures. A foreign patient was treated for a difficult tracheo-esophaegeal repair.

Fortis Hospital, Mulund, also installed Da Vinci Xi Robotic Surgical system, the most advanced robotic surgery technology. The four-armed surgical robotic system is being used for the specialities of Urology, Oncology, Gynaecology, Head & Neck and Gastrointestinal surgery.

The facility continued its journey as a centre for academic excellence with multiple DNB and other Fellowship programmes.

The Nursing Team kept the flag flying high by participating in various local, state, national and international seminars and conferences. On various occasions, the team members were recognised for their papers and posters on innovative clinical practices.

The facility was recognised for its excellent clinical and nursing capabilities at various fora. Fortis Mulund was honoured with the Best Cardiology Services Award at the Times Healthcare Achievers Awards, held in Mumbai. The Nursing Team won the first prize at the 7th Infusion Nurses Society Conference, the Neonatal Nursing Conference and Conference of Consortium of Accredited Healthcare Organisations (CAHOCON). The hospital also received the Best Paper award at the at the International Conference on Emergencies.

### Fortis Hospital, Noida

Fortis Hospital, Noida, is a 206-bed super speciality having excellent clinical capabilities in Liver Transplant, Kidney Transplant, Cardiac Sciences, Neurosciences, Orthopaedics, Oncology including Medical, Surgical, Radiation and Haematological Oncology, and Critical Care. Fortis Noida is National Accreditation Board for Hospitals & Healthcare Providers (NABH), NABH (Blood Bank) and National Accreditation Board for Testing and Calibration of Laboratories (NABL) accredited. The hospital is spread across a 5-acre land, which allows for better flexibility to adapt and accommodate future requirements of patient care.

Fortis Hospital, Noida, was one of the first facilities in the State of Uttar Pradesh to carry out liver and bone marrow transplants. The hospital is known for its highly successful liver transplant and kidney transplant programmes. It addresses a wide range of healthcare needs and prides itself in performing many first procedures in Uttar Pradesh. For instance, Fortis Noida was among the first private hospitals to perform liver transplants and ABO (blood group) incompatible kidney transplants. In view of the importance of its Transplant Programme, a full-fledged Transplant Block is being set up to include out-patient departments, operation theatres, intensive care units and rooms for patients. The hospital conducted 114 liver transplants and 54 kidney transplants in FY 2018-19.

During the same period, Fortis Noida has done 569 joints replacements, 1,478 urological surgeries, 1,521 cardiology procedures and cardiac surgeries and 701 neuro surgeries.

The hospital received the Green OT certification, underscoring its sustainable and environment-friendly approach towards healthcare. In line with its commitment to patient care, Fortis Noida has one of the fastest and most powerful CT scanners and state-of-the-art MRI equipment. The hospital was recognised as the ‘Comprehensive Neurosciences Service Provider Company of the Year’ by Frost & Sullivan in 2015.

Commitment towards patient welfare and providing quality healthcare is reflected in the unique design attributes of the hospital. The facility won top honours at the National Energy Conservation Awards instituted by the Government of India for several consecutive years. The Society for Emergency Medicine, India, named Fortis Noida as a Centre of Excellence in 2015. The Week Magazine recognised Fortis Hospital, Noida, as the third best hospital in Delhi-NCR under the multi-speciality hospital category in 2018.

### Fortis Shalimar Bagh, New Delhi

Fortis Hospital, Shalimar Bagh, (FHSB) New Delhi, a green field facility, completed eight years of operations in December 2018. The 262-bed hospital has received accreditations from National Accreditation Board for Hospitals & Healthcare Providers (NABH) and National Accreditation Board for Testing and Calibration of Laboratories (NABL). It has been certified by NABH for Nursing Excellence. The hospital offers multi-speciality and tertiary care in a wide range of specialities and has Centres of Excellence in Cardiac Sciences, Neurosciences, Orthopaedics & Joint Replacement, Mother & Child Care, Oncology, Gastroenterology, Gastrointestinal Surgery & Minimal Access Surgery, Renal Sciences & Critical Care. Besides, FHSB is also a leading centre for gender reassignment surgeries.

The Fortis Cancer Institute at FHSB is a comprehensive Oncology set-up, complete with Medical, Surgical and Radiation Oncology facilities.

Many clinical benchmarks have been set at FHSB during recent years. In its journey of clinical excellence, the unit has a record of having done over 9,000 angiographies, 4,100 angioplasties, 1,800 joint replacements; 878 bariatric surgeries; 7,500 deliveries, 85,000 dialysis procedures, 13,000 Oncology procedures, close to 1,000 Positron Emission Tomography–Computed Tomography (PET CT) scans and over 100 Endobronchial Ultrasound (EBUS) procedures so far.

The hospital has a robust academic programme. It is accredited by the National Board of Examination for Diplomate of National Board (DNB) courses in seven clinical specialities. It is also recognised by the Indian Society of Critical Care Medicine for Indian Diploma in Critical Care Medicine (IDCCM) and Certificate in Critical Care Medicine (CTCCM) courses for doctors as well as IDCCM courses for nurses. The Indian Academy of Paediatrics and the National Neonatology Forum has recognised the Neonatal Intensive Care Unit (NICU) for conducting Fellowships in Neonatology.

The hospital has won several accolades during these years. These include the Federation of Indian Chambers of Commerce & Industry (FICCI) Heal Award (Poster Presentation) in 2014, Best Poster Presentation award at the first national Conference of Consortium of Accredited Healthcare Organisations (CAHOCON) in 2015, the Green OT Certification and the 'Pharmacie de Qualite' certification, to name a few. The hospital has also received rich accolades on various prestigious forums for its energy efficiency initiatives.

### Fortis Hospital, Anandapur

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

During the year, Fortis Anandapur became the first in Eastern India to successfully conduct a heart transplant. The Department of Cardiac Sciences conducted Trans-catheter Aortic Valve Implantation (TAVI) procedure with Indian-made aortic valve implant for the first time in Eastern India. The Department of Respiratory Medicine along with the Department of Paediatrics at the hospital conducted Endobronchial Ultrasound (EBUS) on an eight-year-old child, who is reportedly the youngest ever child in India to undergo the procedure. The Department of Paediatrics also saved the life of an eight-year-old patient with multi-organ failure post 35 days of hospitalisation. The Department of Renal Care also successfully conducted the first ABO Incompatible Renal Transplant at the unit.

The hospital continued the impetus on research and medical education, conducting multiple projects in the areas of Respiratory Medicine, Cardiology, Neurology, Gastroenterology, Nephrology and Endocrinology.

In 2018, Fortis Hospital, Anandapur, became the first hospital in Kolkata to receive the Gold Level 'Pharmacie de Qualite' certification from Bureau Veritas. The Anandapur unit also received National Board of Examinations (NBE) accreditation for DNB Cardiology Programme. Green OT certification for Fortis Anandapur was renewed during this year. International Patient Safety Goals (IPSG) were also implemented at the unit.

Five DNB courses in Cardiology, Respiratory Medicine, Genito-Uro Surgery (Urology), Emergency Medicine and Anaesthesiology are running at Fortis Hospital, Anandapur, in association with NBE. Diploma courses in Dialysis Technology, Cath Lab Technician, Medical Laboratory Technician and Radiology are being offered in association with the State Medical Faculty of West Bengal. Apart from these, a diploma course in Respiratory Technician is also conducted at Fortis Anandapur in association with Jadavpur University and a Master's degree in Emergency Medicine (MEM) is offered in association with Society for Emergency Medicine of India (SEMI) apart from Indian Diploma in Critical Care Medicine (IDCCM).

### Fortis Malar, Chennai

Founded in 1989, Fortis Malar Hospitals (earlier known as Malar Hospitals), was brought into the Fortis family in early 2008. It is now well established in Chennai as a premier corporate hospital, providing quality super-speciality and multi-speciality healthcare services.

Fortis Malar has created a name for itself as a premier cardiac transplant centre, having achieved the unique distinction of successfully completing around 293 heart, lung and combined heart and lung transplants as on March 31, 2019. In addition, 15 Left Ventricular Assisted Device (LVAD) surgeries have also been done in the last two years by the cardio-thoracic team. During the year, more than 100 knee and hip replacements were performed by the Orthopaedic team – several of them being single sitting bi-lateral Total Knee Replacement (TKR) procedures.

During the year, the hospital also got itself accredited with National Accreditation Board for Hospitals & Healthcare Providers (NABH) after fulfilling all entry level requirements.

### Fortis Escorts Hospital, Jaipur

Fortis Escorts Hospital, Jaipur, Rajasthan's first National Accreditation Board for Hospitals & Healthcare Providers (NABH) accredited hospital and a proud recipient of NABH certification for Blood Bank, Laboratories and Nursing Excellence accreditation, completed 12 years of its glorious existence this year. With the aim of bringing world-class healthcare service within the reach of every individual in the State, the hospital is committed to maintaining its high standards of clinical excellence, research and academic programmes.

With 49 specialities, state-of-the-art technology and perfect blend of experience and innovation, Fortis Jaipur has built world-class capabilities in high-end procedures such as complex kidney transplant, congenital heart defect, complex cardiac surgery, gastrointestinal and bariatric surgery, minimally invasive surgery, computer-aided neuro surgery, robotic joint replacement, trauma and critical care to name a few.

The hospital has won many coveted recognitions over the years, including the Silver, Gold and Platinum awards at the national level from Quality Council of India for six consecutive years. Fortis Jaipur has also won Federation of Indian Chambers of Commerce & Industry (FICCI) awards for clinical excellence, patient friendliness and for various patient safety and quality improvement projects. Fortis Jaipur is the only hospital in Rajasthan to be certified with Green OT certification.

Fortis Jaipur has been accredited for various academic programmes, including the National Board of Examination (NBE) for various Diplomate of National Board (DNB) courses in specialities such as Internal Medicine, Paediatrics, Gastroenterology and Anaesthesia. The hospital has also been accredited by Indian Society of Critical Care Medicine (ISCCM) for offering Critical Care Medicine Certificate course for nurses and doctors. The hospital also runs courses such as Post Graduate Diploma in Hospital and Health Management (PGDHHM), Certificate Course in Healthcare Waste Management (CHWM) and Certificate Course in Home Based Health Care (CHBHC).

## FORTIS LA FEMME

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

### La Femme Vision, Mission & Values

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

### Fortis La Femme Positioning

Across the country, most women and child centres are seen primarily as birthing centres with negligible focus on other specialities. Fortis La Femme breaks that stereotype and is positioned as an all-encompassing 'Women's Health' provider. The addressable target group spans women in the age group of 15 to 65 years. The new positioning for Fortis La Femme has been conceptualised to provide a comprehensive; tailor-made, clinical and holistic care offering designed just for women; caring for their complete health and wellness needs, in warm and nurturing spaces.

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

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

### Fortis La Femme, Greater Kailash, New Delhi

FY 2018-19 saw La Femme GK II, New Delhi, receive recognitions for its commitment to clinical excellence and patient care. The facility received the 'Most Trusted Hospital Award in Gynaecology' from Readers Digest and was also named the 'Radio City Icon.' The facility successfully underwent an NABH surveillance audit. The hospital also started its in-house pharmacy for in-patients, which also dispenses IVF drugs.

The first batch of Federation of Obstetrics & Gynaecological Societies of India (FOGSI) Gynae Endoscopy Programme successfully completed the course, giving a further fillip to patient care capabilities.

### Fortis La Femme, Richmond Road, Bengaluru

The second La Femme standalone hospital, a 72-bed greenfield project in Bengaluru, now offers the entire gamut of medical services such as Minimal Access Surgery, Bariatric Surgery, Cosmetology, Plastic Surgery, Dermatology, Surgical Oncology, ENT, Uro-Gynaecology, Urology, Clinical Psychiatry, Clinical Psychology, Antenatal & Postnatal Physiotherapy and Massage, Yoga, Lamaze Classes and Reflexology, Weight Loss and Nutrition counselling apart from the core specialties like Obstetrics & Gynaecology, Neonatology and Paediatrics along with sub-specialities such as Paediatric Cardiology, Paediatric Surgery and Paediatric Orthopaedics, Foetal Medicine, General Surgery, Internal Medicine, Endocrinology, Comprehensive and Preventive Health Check programme, Medical Gastroenterology, Medical Intensive Care (MICU), Tertiary Level 3 Neonatal Intensive Care (NICU) and Paediatric Intensive Care services (PICU).

The hospital also houses Amaara Human Milk Bank which was launched in October 2017, the only not-for-profit human breastmilk bank in Karnataka. The hospital also launched speciality clinics such as Adolescent Obesity Clinic, Polycystic Ovary Syndrome (PCOS) Clinic, Menopause Clinic and Breast Clinic under the banner of #Priority Health. The hospital is set to launch In-Vitro Fertilisation (IVF) facility shortly along with an Andrology Clinic.

La Femme has been recognised as the 'Best Women's Health Brand 2018' at the India Health & Wellness Summit and Awards. La Femme Bengaluru was also nominated in the 'Best Women's Healthcare Centre' category for the Times Healthcare Achiever's Award, Bengaluru 2018.

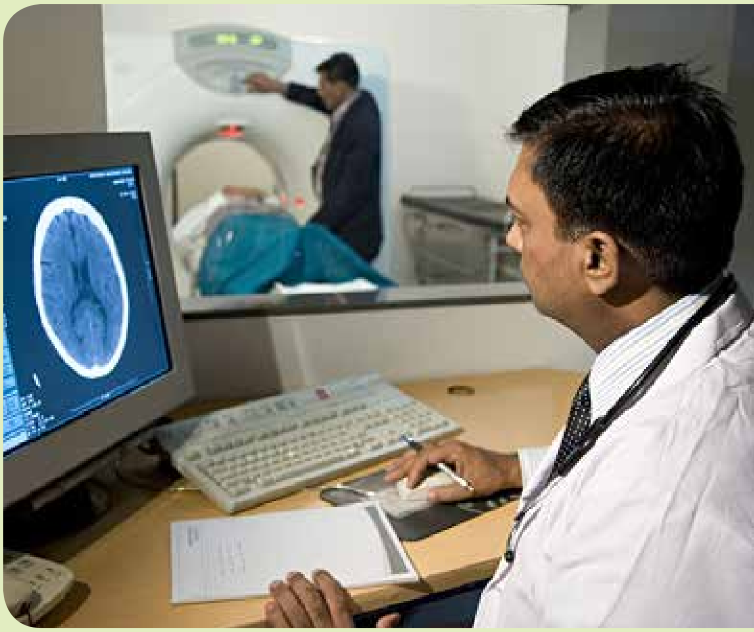
The hospital has applied for National Accreditation Board for Hospitals & Healthcare Providers (NABH) accreditation. All the necessary documents have been submitted to the NABH secretariat. It is also planning to start the Diplomate of National Board (DNB) and Member of Royal College of Obstetricians and Gynaecologists (MRCOG) courses in Obstetrics & Gynaecology.

### Fortis La Femme Box-in-Box: Shalimar Bagh and Jaipur

The La Femme box-in-boxes have been able to focus on women's health and keep the promises of exemplary service, priority on patient privacy and clinical excellence, leading to an improved patient experience. FY 2018-19 saw the box-in-boxes registering revenue and profitability upside, by way of attracting new clinicians with strong caregiver engagement and innovative business models.

### Measuring Clinical Outcomes

This year marks the commencement of institutionalising systematic capturing of clinical outcomes at La Femme. Clinical outcomes for caesarean section and hysterectomy have been designed and implemented in all units across La Femme. The outcome data is currently being captured and validated. La Femme intends to



publish this data online next year after benchmarking and cross-validation.

## CORPORATE FUNCTIONS

### Medical Strategy & Operations Group

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

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

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

### Medical Programme and Clinical Talent Management

In the Hospital and Healthcare delivery sector, Clinical Talent, Medical Technology and Infrastructure continue to be the driving force for deriving superior clinical outcomes.

The Medical Operations Group at Fortis is instrumental in establishing appropriate Medical programmes as well as recruiting senior clinicians at hospitals in line with the organisation's overall strategy.

In addition to their clinical expertise, many senior clinicians are members of medical councils, which are advisory bodies supporting Fortis Healthcare's mission of clinical excellence, distinctive patient care, research and education. These medical councils are utilised as platforms for strengthening collaborative links with clinicians as well as to harness their years of collective wisdom and experience to achieve Fortis's vision and mission. Our apex committee, the Fortis Medical Council, has eminent senior clinicians, the MD & CEO and senior administrators as members. This council deliberates on policy matters which impact Pan Fortis hospitals.

### Medical Equipment

One of the major areas of interest for us is the planning of key medical equipment at hospitals in order to complement our medical programmes. Post installation, the Medical Operations Team continuously monitors their utilisation rates to identify areas of sub-optimal performance and suggest appropriate remedy. For instance, a robotic surgical system is being transferred from a National Capital Region (NCR) hospital to Mumbai on account of greater value proposition being offered on relocation of the equipment.

### Clinical Outcomes

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

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

Since 2016, Fortis has partnered with Vital Health (an ICHOM Certified Software Provider) for the use of Quest ManagerTM software to ensure complete compliance with respect to ICHOM norms. All Fortis hospitals continue to record clinical outcomes data for major specialties. This data is periodically reviewed and deliberated upon by senior clinicians as well as management personnel.

At present 11 clinical outcomes are being tracked across the Fortis network which spans to the specialities/ procedures of CAD [Coronary Artery Bypass Graft (CABG), Percutaneous Coronary Interventions (PCI)], Transplant outcomes (Kidney, Heart and Liver), Total Knee Replacement (TKR), Endoscopic Retrograde Cholangio-Pancreatography (ERCP), Radiation oncology, Obstetrics and Gynaecology (Hysterectomy, Caesarean section), Mental health (Depression and Anxiety).

A Heart Failure registry has also been designed and rolled out at our Delhi NCR hospitals. Improved recording of Patient Reported Outcomes Measure (PROM) for Coronary Artery Disease patients marks a major milestone that measures patient experience along with clinical outcomes.

Fortis has been selected as one of the global sites for prestigious project (CAD Value Community) initiated by ICHOM that aims at 'measuring' CAD outcomes and the 'cost' of care by using standard methodology. It will help set up foundation for learning and quality improvement opportunities around both outcomes and costs and enable the community to understand variations in value delivery.

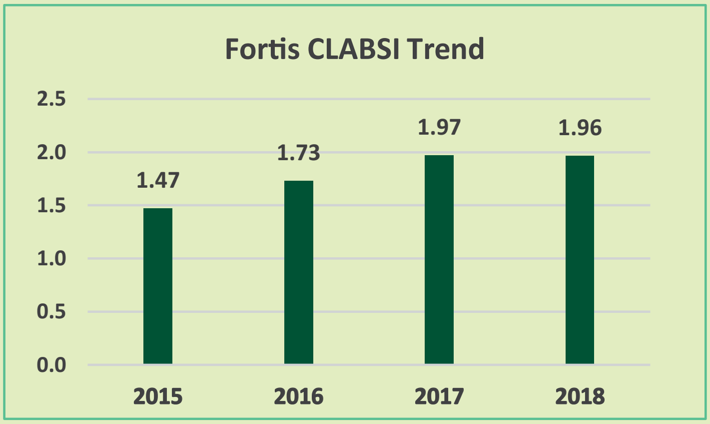
Fortis clinical outcomes can be viewed through below mentioned link,
http://www.fortishealthcare.com/clinical-outcomes

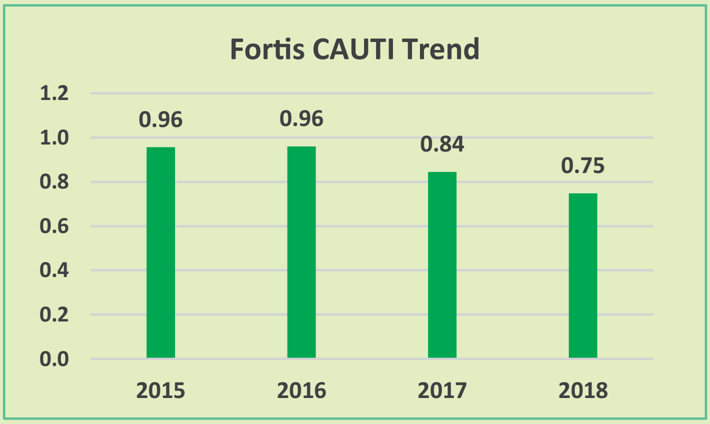
### Quality and Patient Safety Report

Patient safety is the cornerstone of high-quality health care. Fortis firmly believes in 'Primum non nocere,' meaning 'first, do no harm,' and thus lays special emphasis on patient safety measures. Patient safety and infection prevention and control are key performance indicator in the Fortis network of hospitals to bring about desired patient outcomes. Sustained and continuous monitoring at Fortis hospitals has led to improvements in patient safety standards and quality, such as reductions in hospital-acquired infections.

- Clinical Excellence Scorecard (CESC): Key quality parameters are monitored across the Fortis network through monthly Clinical Excellence Scorecard (CESC). Currently, 18 parameters are tracked as part of the CESC, including infection rates, medication errors and patient safety parameters. Data for key quality indicators is collected every month, analysed and shared with relevant stakeholders.

  Fortis hospitals continue to perform well against the indicators, confirming the high level of quality care being provided to our patients. As an important step, Fortis has initiated Internal




Benchmarking process for key CESC parameters. [see graphs, 'CAUTI Trend' and 'CLABSI Trend'].

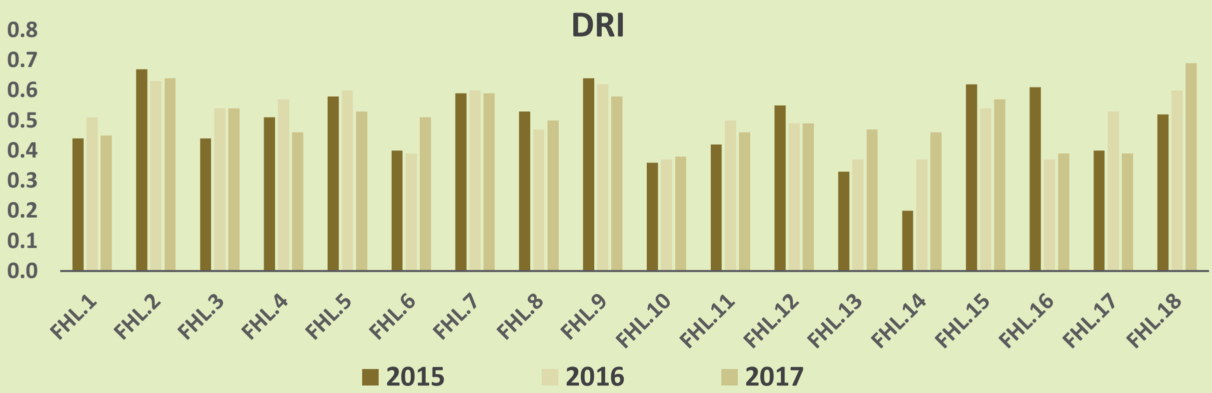
- Antimicrobial Stewardship (AMS): Antimicrobial resistance has been identified as a global emergency. Although antimicrobial resistance is a natural feature of bacterial evolution, inappropriate use of antimicrobials increases the potential for resistance. Inappropriate prescribing of antimicrobials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

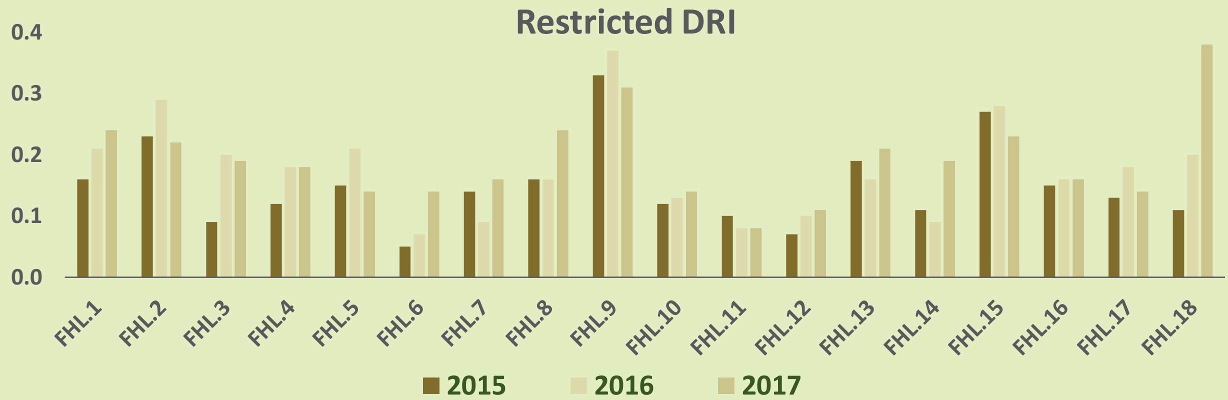
  Fortis runs a coordinated AMS programme in order to address the growing menace of microbial resistance. Antibiograms are prepared hospital wise and clinicians and hospitals are continuously encouraged towards appropriate use of antimicrobials (including antibiotics), reducing microbial resistance and infection rates especially for multidrug-resistant organisms thereby improving patient outcomes.

  Morbidity and mortality increase in patients infected with antimicrobial-resistant organisms and such patients are more likely to have longer, more expensive hospital stays and may be more likely to die as a result of such infection.

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

  For the past five years, Fortis has been calculating its own Drug Resistance Index using it as a monitoring and analysis tool for antimicrobial




harm to patients by learning from errors and identifying hazards.

All incidents are subjected to robust investigation to identify system/process deficiencies and careful monitoring of the associated action plan is done. Adverse clinical events are monitored and reviewed, with detailed reports indicating the root cause and the necessary action to be taken. The opportunities for improvement thus identified and shared with all stakeholders and form an important part of the process review mechanism to ensure prevention of occurrences of similar events in future.

- Accreditation and Certifications:

  Fortis Healthcare Accreditation & Certifications Accreditation/

**Fortis Healthcare Accreditation & Certifications**

| Accreditation/ Certification | JCI | NABHHCO/ SHCO Accreditation | NABH Entry Level | NABH Blood Bank | NABH Emergency | Nursing Excellence | NABH Safe I | NABL | Green OT Certification by ABBOT | Pharmacy Certification by ABBOT | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of Hospitals | 4 | 20 | 7 | 10 | 4 | 23 | 4 | 18 | 9 | 9 | 108 |

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

Medical Process Assurance (MPA): A robust and structured audit programme, conceptualised to enhance the organisation's governance mechanism through continuous improvement pertaining to clinical and para-clinical fields. MPA supports the Medical and HR functions in assessing risks and compliance towards laid down protocols. Importantly, as an independent assurance mechanism, MPA reviews the design and operating effectiveness of the organisation's management control framework.

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

### Academics and Training:

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

Affairs initiated specialised training programmes for medical doctors from Africa. Under this initiative, 75 African doctors were trained successfully in FY18-19. In FY19-20 100 African doctors would be trained in two batches comprising 50 doctors each. The candidates would represent countries such as Tanzania, Republic of Niger, Zimbabwe, Malawi, Algeria, Ethiopia, Kenya, Egypt, etc. and will be stationed across our network hospitals in various specialties to enhance their skills.

- Fortis Certified Clinical Observership & Fellowship Programmes: Fortis received 66 candidates for the observership programme in specialties like Gastroenterology, Cardiology, Psychiatry, etc. Candidates represented countries such as Cambodia, Afghanistan, Bangladesh, Uzbekistan and Iraq amongst others.

  1. DNB Programme: SKYPE tutorials, across network hospitals were initiated for DNB students in the fields of Cardiology, Anaesthesiology and Orthopaedics. The classes are running regularly and successfully.

  2. NBE Course Status:

- Exit FY18: DNB+FNB Courses – 31 Specialities & 277 Students

- Exit FY19: DNB+FNB Courses – 31 Specialities & 384 Students

### Clinical Research

Fortis has majorly expanded its research related activities over the last one year. Currently, Drug Controller General of India (DCGI) approved Ethics Committees are active in 17 Fortis hospitals, to oversee the research activities. To ensure quality of research and processes, all these 17 sites are being accredited with National Accreditation Board for Hospitals & Healthcare Providers (NABH) for Research. Five have already achieved NABH accredited status. Improved systems and processes have been put in place to position Fortis as the preferred destination for clinical research. As a consequence, Fortis has been awarded 49 new research projects, worth ₹ 13. 5 Crore (estimated), this year. Currently 143 Clinical Research studies are ongoing at Fortis and 60 were completed this year.

### Nursing

Nursing as a practice and profession has progressed in many ways despite various challenges. The key focus areas for the year 2018-19 have been patient safety and satisfaction, nursing engagement, training and development with obvious positive outcomes. Through this eventful year, our nurses rose to the challenge of patient-centric care and left their mark in significant ways. They were well supported by Nursing leadership with consistent nursing engagement activities.

### Highlights of the year

Nursing Quality: 10 units across India have received Nursing Excellence re-certification from the National Accreditation Board for Hospitals & Healthcare Providers (NABH). This certification assesses nursing services on seven standards related to nursing resource management, care of patients, management of medication, infection control, nursing empowerment, patient education, guidance and communication, and quality indicators to continuously improve patient care.

Quality improvement projects were undertaken in most of the units based on their current challenges with measurable outcomes e.g. Stop Stick Campaign to reduce needle stick injuries promoting staff safety.

Nursing Operating System: NOS was restructured based on Donabedian Model of 'Structure, Process & Outcome' which provides a framework for examining health services and evaluating quality of nursing care. A total of ten NOS parameters are analysed on monthly basis to monitor overall health of nursing function across the regions. This comprehensive tool helps us to strategies further plan of action and develops target-oriented interventions in key areas. Overall improvement is evident in the Patient Satisfaction Score (which rose from 73.7% to 82.8%), Nurse training hours (increased from 6.6 to 8.8 per month), Nurse practice compliance (improved from 97.2 to 98.7%). In spite of all the gains achieved in this year, nursing attrition still remains an area to conquer, although rigorous efforts are on in all the regions.

Skill Enhancement: Structured Induction & Orientation Programme incorporating OSCE continues to function

well in improving nursing skills for key procedures. Simulation Labs are being utilised for fresh nurses to enable them to be patient ready. This is also used to build on the existing nurses' knowledge and skills related to hands on clinical procedures in critical care. A comprehensive three-day programme, 'Communicating Care is delivering Care' (CCDC) was introduced in the last year. This is facilitated by HR, emphasising on developing soft skills to resolve patient conflict and improving nursing handover. The effectiveness of training is monitored through post training feedbacks and practice audits. Peer exchange programme launched for the Nursing function wherein Unit level CNOs learnt from the experiences of their significant counterparts. Nurturing Front Runners Programme is planned for year Implementation of Nurse Leadership Programme is a strategic 2019-20 targeting mid-level nurses.

Nurse Engagement Strategies: Certification courses for professional development and career pathway are running successfully in various regions. These include Critical Care Nursing Programme, Oncology Nursing and Ortho Nursing Programme, Paediatric Cardiac Critical Care Programme, Comprehensive Operating Room Nursing, Dialysis Nursing Programme, IV Therapy Certificate Course, Medication Management Certificate Course, Pressure Ulcer Management Certificate Course and Heart Failure Certificate Programme. This is followed by Competency Assessment Test. A Training Effectiveness Monitoring Tool has also been developed and implemented to strengthen our training process. Nurses Week was celebrated with great fanfare and nurses were awarded based on their performances.

Awards & Accolades: Our nurses received numerous awards and accolades from various institutions. For instance, Mohali received AHPI award for reducing VAP in Neonatology, Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi, received the prestigious award for Nursing Excellence recognised by Association of Healthcare Providers of India (AHPI). Fortis Mulund received award from INS on paper presentation titled 'Can you remove sting from IV', and best project award on 'Emergency Preparedness Be Aware.' FMRI also receive AHPI's 'Best Hospital to Work With' recognition. Fortis Anandapur won the second prize for 'Safety Initiative' from Infusion Nurses Society and the first prize for a project titled 'An evidence-based approach to reduce unplanned transfer of ICU patient' from Confederation of Indian Industry.

### Human Resources

2018 was a defining year for us at Fortis Healthcare. All Fortisians irrespective of the employee segments, role, geographies not only displayed exemplary courage and resilience in face of difficult and turbulent times but also demonstrated faith and lived our core values. As we embark on a new era of excellence, we continue to put our focus on our most valued resource, our employees. Through a distinctive set of integrated policies, initiatives, programmes and practices, people's capabilities were consistently leveraged and developed. Our committed and engaged talent continued driving excellence and delivering value to our patients, stakeholders and the community.

### Year of building synergies

IHH on-boarding and subsequent integration heralded a new future and synergies to deliver healthcare excellence in India. Understanding the significance of an engaged workforce during this critical transition phase of the organisation's journey- 'Inspiration and Connection' were at the heart of the people integration strategy. Leveraging varied formats like town halls, socials, mailers, newsletter, and leadership engagement sessions, HR engaged with employees all across Fortis. Special town halls were conducted in all cities by senior leadership teams of IHH and Fortis. Acknowledging and addressing employee concerns, understanding and sharing of perspectives, outlining the vision and the way forward, helped instil confidence and propelled alignment to the 100-day plan. The subsequent buy-back of Religare Health Trust (RHT) and engagement plan helped incorporate the strength and diversity of RHT talent into the organisation.

### Putting people first

In line with our people-centred approach we continued to strengthen our employee communication and collaboration platforms. Varied platforms such as Hum Tum Milenge (HTML), Townhall, Coffee with HR Head, Fortis Swachh Abhiyaan, Sparkle, Long Service Awards were optimized. 'Workplace by Facebook,' our digital platform, also facilitated inter-departmental and cross-geographical information flows and collaboration.

Our business leaders played a key role in engaging with teams and keeping them abreast with the developments. The open communication channels, consistent two-way communication across all levels of the enterprise ensured that despite prevailing uncertainties, the Fortisian spirit never waned.

### Looking within for driving efficiencies

Reviewing and reflecting on our fundamental ways of working, SOPs, policies, systems controls related system automations paved the way for driving efficiencies. People analytics capabilities were augmented including informed and predictive business decisions. 'Looking within' to build efficiencies poises us now for the next level of transformational strategic business partnering.

### Talent management

Optimising the organisation design to create a higher performing workforce was undertaken. This is work in progress with many changes made at corporate office level. Talent retention did turn challenging however the strong brand value supported us to engage with key potential hires. Focus on enhancing our Employee Value Proposition throughout the employee life cycle helped to attract and engage the best of our talent. Attritions levels took a slight dip from previous year. Our resolve in developing capabilities of our employees to reach their potential remained steadfast with development initiatives being made available to all segments of the workforce.

### Nursing

We recognise and salute the commendable contribution of our nurses in providing 'high quality nursing services' which continue to be a differentiator and an enabler in positioning Fortis as a leading integrated healthcare delivery service provider.

'Communicating Care is Delivering Care' our flagship Learning & Development programme for new nurses focusses on imparting, skilling and reinforcing patient centric service behaviours. The programme launched as part of Nursing Induction Training is conducted

jointly by nurse educators, senior nursing team members, clinicians, unit leadership and the Learning & Development Team. Over 2,000 new nurses were covered as part of the initiative, garnering positive feedback from their managers for their display of patient centric behaviours. Other key metrics impacted were Patient Appreciation (164% increase over the year) and lower attrition (17% less for attrition for trained nurses versus untrained).

Nursing leadership programmes were conducted for 39 senior nursing personnel. The programme focussed on enhancing their Operational Excellence, People Management, Business Orientation acumen. The initiative further strengthened our talent pipeline for leadership roles.

### Continued focus on Service Excellence Training

Over 80,000 training hours were spent on all front facing employees (including contractual employees) to further enhance our service capability. 11,000 one-on-one feedback & on floor guidance session were conducted to enhance capability of all patient facing empoyees to provide superior patient care experience.

### Fortifying Patient Experience Programme

Intensive skill building programme was conducted for 46 Patient Relationship Officers (PROs). The programme focussed on enhancing connect with patients & abilities to provide faster and empathetic solutions for patient concerns. Threefold rise in patient appreciations Going Extra Mile (GEM) stories, along with increase in Net Promoter Score & Patient Satisfaction scores were reported.

### Peer Exchange Programme

The exchange programme conducted by pairing functional leaders across Fortis enabled them to shadow, observe and mutually learn by drawing on each other's expertise and experiences. The programme provided a structured platform to share high-performance workplace practices for providing patient experience and seamless operational excellences. Successful implementation of efficient processes, practices, ways of working were reported across the organisation.

Individual Development Planning (IDP) based e-learning certification courses from premium institutes were provided to 94 management executives

(Band 1 & 2). The programmes enhanced functional capabilities, people management and leadership skills, as appropriate.

### Climate of learning

A number of initiatives to catalyse application, stabilisation and sustaining of new behaviour/learnings on the job were conducted. 680 Learning Forums provided a 'non-formal' space for employees to share experiences, practices, challenges, explore solutions post attending a learning intervention. Focus on transfer of learning on the job continued with 11,000 on-floor observations/guidance sessions conducted on service excellence behaviours for front facing employees. Training Effectiveness Index, which measures the extent to which the programme objectives have been accomplished by the participants, recorded 81% as against 75% annual target.

### Information Technology

Fortis focus is to use best-in-class technology that empower clinicians and other support staff to deliver patient safety, clinical outcome, regulatory interventions and financial results. Further, in order to ensure that we deliver Clinical Excellence and Distinctive Patient Care in a seamless and consistent environment across our chain of hospitals, technology and process standardisation is key.

To standardise the processes across locations, Fortis embarked on a journey to replace legacy de-centralised Hospital Information System with technologically advanced and centralised system (named as OneFortis HIS). We migrated five hospital units to new platform within remarkable time of eight months. OneFortis HIS platform is state-of-the-art, functionally rich, scalable and technologically robust. The rollout methodology/ model has matured enough to deliver one hospital unit every month, going forward. We have taken the next steps towards adoption of clinical initiatives like Blood Bank and Outpatient Clinical Record.

Advanced clinical image system was implemented at Fortis BG Road, Bengaluru, to take advantage of new technology and improve outcomes. The plan is to integrate imaging system with HIS, thus saving on image distribution costs incurred to internal patient care givers.

Fortis made a significant amount of difference by focusing on revenue numbers and that has led to greater visibility and faster decisions being made at operational levels for the organisation.

The entire year was spent with a strong thrust on building greater controls across the three domains of ERP implementation. Many changes were completed and the formal study by certified third party partner have commenced to close all possible controls needed in the system.

The organisation is focussed on the cloud journey. All new IT initiatives and existing systems migration are planned only with the cloud hosting. New HIS system 'OneFortis' is completely getting rolled out on cloud, as it has better security and compliance maintained by the service provider. Major enterprise IT systems and new HIS OneFortis on cloud are enabled to meet business agility and scalability along with cost optimisation.

Patient portal mobile app project is continuing to focus on regular improvement of features such as Doctor appointment app and Preventive Health Check-up appointment app. These features help patients know about the availability of doctors and book their appointment accordingly. A special mobile application for doctor is also being rolled out to help doctors view their patient appointment schedule and plan their day accordingly. The app has been designed to help doctors and patients to know schedule changes in real-time and reduce waiting time for patients.

We continue to work with start-ups in India by incubating and piloting innovative ideas thereby building and enriching the healthcare technology ecosystem. On these lines, Fortis conducted 'Fortis Superstarters Healthcare Start-up Challenge' wherein several national and international start-ups participated with innovative ideas.

# CORPORATE SOCIAL RESPONSIBILITY

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

The CSR initiatives for Fortis Healthcare Limited are led through Fortis CSR Foundation, a special Purpose Vehicle designated to carry out CSR activities on behalf of the Company. Fortis CSR Foundation ('FCSRF') is a wholly owned subsidiary of Fortis Healthcare Limited, a Company limited by shares not-for-profit, registered under Section 8 of the Companies Act, 2013.

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

Working with a dedicated team of employees and Volunteers, FCSRF focuses on four programmes namely: AANCHAL, CHHAYA, SAVERA and SEWA. These programmes work towards:

- Supporting treatment of underprivileged children suffering from congenital heart defect under its Umeed-Dhadkan initiative (AANCHAL)
- Supporting access to medical care through charitable dispensaries, outreach clinics and health camps (CHHAYA)
- Designing models on health information dissemination to reach to vulnerable sections of the community and drive awareness on preventive and remedial healthcare through different channels of communication (SAVERA)

- Providing timely medical relief to people affected in the event of natural disasters (SEWA)

Fortis Malar Hospitals and Hiranandani Healthcare Private Limited support SAVERA programme which focuses on preventive health and health education under Section 135 of the Companies Act, 2013.

SRL Limited supports CHHAYA programme which focuses on providing primary and basic healthcare services through charitable medical infrastructure and health camps under Section 135 of the Companies Act, 2013.

Fortis Healthcare Limited also supports the disaster relief initiative SEWA through its volunteer base and contributing donations in the event of disasters.

ABOUT SAVERA PROGRAMME

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy population live longer and are more productive. The key to a healthy life is awareness/knowledge of how to stay healthy.

In line with India's Sustainable Development Goal of 'good health and well-being,' SAVERA programme seeks to provide a platform to create awareness on health issues and leverage on different channels of communication. The objective is to design models on health information dissemination to reach the vulnerable sections of the community.

SAVERA, which focuses on 'Health Education and Preventive Healthcare,' has identified two target intervention areas on preventive health and health education:

- First Aid and Basic Life Support (BLS) Training

  Emergency needs are critical. Timely action of providing first-aid is crucial in preventing or minimising further suffering. Knowledge of addressing emergency needs is important for the community. The objective is to raise the level of basic knowledge about First Aid response and increase the number of people who can help.

- Awareness of health and hygiene amongst children

  The objective is to raise the awareness on health and hygiene among children by developing illustrated knowledge material and equip the capacity building of stakeholders working with underprivileged children

(a) First Aid And Basic Life Support Training

Under this initiative, training on First Aid and Basic Life Support (BLS) is provided to beneficiaries enabling them to become first responders to handle mishaps that can be tackled with simple yet effective first aid, thereby saving lives in case of emergency situations. Some of the key topics covered under the 2.5 hours training programme are choking, nose bleeding, fainting, insect bites, bruises, cuts and wounds, and Cardiopulmonary Resuscitation (CPR). The participants are provided First-Aid Guide and a First Aid Kit along with certification.

*Fortis Malar Hospitals Limited supported the following:*

Training on First Aid and Basic Life Support training was provided to 1,531 beneficiaries in Tamil Nadu. Target groups were:

(a) 'School Safety First': Making schools safer with First Aid and BLS training programme to 1,153 Govt. Higher Secondary School students and teachers. Youth being future of the society, awareness was provided with the theme: 'Learn First Aid, Be A Hero'.

(b) Anganwadi: In Integrated Child Development Centres, training on First Aid and BLS was provided to 138 Anganwadi workers and helpers who are key personnel handling the children.

(c) Non-Government Organisations: First Aid and BLS training was provided to 181 Social workers and volunteers of NGO who work with the community.

(d) Road Safety: First Aid and BLS training was provided to 59 truck drivers as their early intervention can save lives or decrease the impact of injuries, leading to quicker recovery or fewer injuries for the victims.

Hiranandani Healthcare Private Limited (A Fortis Network Hospital) supported the following:

Training on First Aid and BLS was provided to 359 beneficiaries in Maharashtra. Target group benefitting from this programme included Govt. Higher Secondary School students and teachers; Anganwadi workers and helpers; bus drivers and conductors; and construction workers.


First Aid and BLS training has enabled the beneficiaries to be equipped with the knowledge to address emergency healthcare needs.

**(b) Children's Health Education And Awareness Of Health & Hygiene**

This programme works in collaboration with NGO partners, corporates and District Child Centres, and is targeted at underprivileged children. The method adopted to raise awareness on the nutritional needs and hygiene aspects of young children is by developing illustrative books which involves art therapy and storytelling session, specifically for the not so privileged community as storytelling and creative art work encourages active participation thereby increasing their willingness to apply the learning in their daily life.

Fortis Malar Hospitals Limited in FY 18-19 supported the following:

Awareness created amongst over 9,500 children (street children, children in shelter homes, children in adopted village schools and communities) in Tamil Nadu through distribution of illustrative art and storytelling books on health and hygiene to eight NGO partners and three corporates (including their Foundations, working with the community children). NGO partners catered to the awareness needs of 6,540 children and Corporates & Foundations reached to 2,989 children.

Hiranandani Healthcare Private Limited (A Fortis Network Hospital) supported the following:

Awareness spread to over 1,700 children (street children, children in shelter homes, children in adopted village schools and communities) in Maharashtra through distribution of illustrated art and storytelling books on health and hygiene through NGO partners and corporates (including their Foundations working with the community children).

Fortis Escorts Heart Institute and Research Centre Limited

Awareness created amongst over 2,400 children (street children, children in shelter homes, children in adopted village schools and communities) in Delhi, Uttar Pradesh, Bihar, Haryana, Punjab through distribution of previous year's illustrated art and storytelling books on health and hygiene through NGOs and corporates (including their Foundations working with the community children). Also, awareness on First Aid spread through distribution of previous year's First Aid Guide to 220 children from different NGOs and community schools, who participated in Khel Yatra event, Delhi.

**ABOUT CHHAYA**

CHHAYA programme is designed to provide primary and basic healthcare services to people in need. The treatment is provided through charitable clinics and outreach clinics set up across different regions and health camps.

**(a) CHARITABLE DISPENSARIES**

CHHAYA programme supports access to medical care through charitable dispensaries and health camps. The initiative runs seven charitable dispensaries and three outreach clinics. Each dispensary has a doctor, nurse and paramedic staff. The dispensaries provide free access to primary healthcare services for routine ailments and are open for six days of the week.

Fortis CSR Foundation has treated over 67,000 people through its charitable dispensaries in the 1st October 2018 to 31st March 2019 period.

1. Golden Temple Dispensary, Amritsar
- All India Women Conference (AIWC)
2. Birla Mandir Dispensary, New Delhi
3. Durgiana Temple Dispensary, Amritsar
- Rag Pickers School, Amritsar
4. Aggarwal Dharamshala Dispensary, Bhogal, New Delhi
5. Ramakrishna Ashram Dispensary, Dehradun
- Purukul School for Underprivileged, Dehradun
6. Anubhavi Ashram Dispensary, Haridwar
7. Gurudwara Sach Khand Darbar Dispensary, Udaipur

**(b) HEALTH CAMPS**

The initiative collaborates with several like-minded partners to conduct health camps for economically weaker sections of society.

Number of patients who benefited through charitable dispensaries in FY 2018-19: 1.23 lakhs

**ABOUT SEWA PROGRAMME - DISASTER RELIEF INITIATIVE**

India is vulnerable to natural disasters with floods, cyclones, earthquakes and landslides being a recurrent phenomenon. In the event of a disaster, thousands of lives are affected and livelihoods worth millions are destroyed. The urgent need in such situations is access to medical care. SEWA is a Disaster Relief Initiative that aims to provide emergency medical relief services in an organised and time sensitive manner to people affected by natural disasters. SEWA's core commitment is to support the government's efforts in providing medical relief during a calamity.

When Kerala was ravaged by the century's worst flood last year, a 21-member SEWA Volunteer Team drawn from various Fortis hospitals across India (including doctors, nurses, paramedics and counsellor) reached out to 2,774 beneficiaries and conducted medical relief operations in Wayanad and Alappuzha, Kerala.

Key drivers of Kerala - Disaster Relief Initiative are:

- Volunteerism
- Payroll giving and donation programme
- Partnerships with NGOs and Health Department, Kerala
- Powerful communication engine that helps build a culture of giving

Fortis units across India, raised donation from 4,506 employees for the disaster affected population. The employees of Fortis (including doctors, nurses, paramedics and counsellor) contributed to 2,175 volunteer hours during on ground medical relief operations in Wayanad and Alappuzha, Kerala.


family

# CLINICAL EXCELLENCE

First in India - **Doctors at Fortis Escorts, Okhla Road**, used artificial lung support (ECMO) to treat pregnant Swine Flu patient; saved both mother and unborn child.

A team of **doctors at Fortis Memorial Research Institute, Gurugram**, conducted a laparoscopic left lateral hepatectomy on a 23-year-old Iraqi woman who donated a part of her liver to her ailing son.

**Doctors at Fortis Noida** performed a complex lifesaving surgery to remove a large metallic machine fragment from the heart of a 32-year-old male factory worker.

An 8-year-old boy from Iraq suffering from a rare bone cancer, Ewing's Sarcoma, got a fresh lease of life at **Fortis Hospital, Mulund**.

**Doctors at Fortis Hospital, BG Road, Bengaluru** conducted its maiden complex paediatric heart transplant to save a 13- year-old boy from Karnataka who was suffering from dilated cardiomyopathy.

**Fortis Escorts Heart Institute, New Delhi**, performed India's first 'Protected Angioplasty and Stenting Procedure' with the support of an Impella Heart Pump on an 86-year-old patient suffering from life threatening heavily calcified triple vessel and left main artery blockages.

**Doctors at Fortis Hospital, Shalimar Bagh**, removed 14 live round worms, measuring 15-20 cm each, from a 38-year-old patient's bile duct.

A multidisciplinary team at **Fortis Hospital, Mulund**, removed a complex tumour (Renal Cell Carcinoma) that had engulfed major abdominal organs and extended right up to the heart of a 55-year-old patient.

# SRL Key Highlights:
## 2018-19

SRL is the Most Doctor Preferred Lab across key markets, and is well poised to take the next leap of growth.

India's thriving economy is driven by urbanisation and development of an expanding middle class, with rising disposable incomes to spend on healthcare. While currently only a small portion (~15%) is managed by national and regional diagnostic chains, it is expected to become much more organised and consolidated with a lot of small and independent laboratory players becoming franchisees for the larger players. Being established in the industry for over two decades now, your Company has made a name as one of India's largest diagnostic companies. Founded in 1995, your Company has an impressive reach, providing superior quality diagnostics services to its customers through an efficient network of labs and collection points. The vision to create SRL Diagnostics was driven by the philosophy to provide high quality accurate tests at affordable prices to the masses. Having been committed to delivering quality services, your Company has, since its inception, had a strong desire to achieve high quality standards and a well-established quality assurance programme in place. With its state-of-the-art research and development, highly skilled physicians and a proven heritage, your Company has stood the test of time and won the trust of generations.

Your Company enjoys the leadership position in the diagnostics industry in terms of its size and reach to the customers, present across the range of diagnostics services of pathology and radiology. Your Company enjoys being the largest player in terms of its laboratory footprint in the industry, with 401 labs and wellness centres. In addition to these, your Company has 1,026 collection centres and 7,197 sample pick-up points, which are the direct clients. The international presence of your Company spans across multiple countries with three international labs and 76 collection centres. The collection points serve to pick samples across India and feed satellite and reference labs through a robust logistics channel. Your Company's association with the Fortis hospitals gives it that cutting-edge expertise in the managing of Labs inside the hospitals. Your Company manages and operates 124 hospital labs, both private and government, within and outside the country. Expanding the reach, your Company also launched its first laboratory in Tirupati, Andhra Pradesh, in February 2019. The new lab will offer the services at subsidised rates to about a million of pilgrims that visit one of the holiest pilgrimage sites in the country as well as the residents in surrounding areas.

In FY 18-19, your Company partnered with United Nations Children's Fund's (UNICEF) for the Comprehensive National Nutrition Survey (CNNS). The purpose of CNNS, supported by the MoHFW, Government of India, in partnership with UNICEF, was to conduct a nationally representative and comprehensive nutritional profiling of pre-schoolers, school-age children, and adolescents. Despite some extreme challenging environments, your Company not just collected samples of these children but also dispatched their reports back to these villages. We are proud to say that the task we started in 2015 was completed successfully this year.

An interesting initiative that SRL undertakes, something that is gaining popularity within the Nephrologists community is 'Plant for Transplant'. As a part of this initiative, our Marketing Team is planting a tree for each life saved after a successful organ transplant. So far, more than 1,700 trees have been planted under this initiative that was commenced in June 2018.

Your Company is deeply committed to the healthcare needs of this nation, with focusing on the preventive care segment. Your Company has launched a separate preventive test packages division, SRL Care, which is a series of specially designed preventive test packages by the R&D Team which are customised basis your lifestyle, demographics and health condition. The packages are the highest growing products across all our divisions, across the regions.

Over the past 24 years, SRL has incredibly strengthened its technical/medical prowess and has become a knowledge powerhouse in diagnostics. We are what we are, for our incredible technical staff and the doctors / PhDs. In the last fiscal, we were conferred with numerous awards and accolades. We won the 'Best Brand in Diagnostic Services in Pathology and Radiology' award at The Economic Times Best Brands Awards-2019. We bagged the 'Best Diagnostics Centre' award at the CNBC-TV18's prestigious India Healthcare & Wellness Awards 2017-18 held in Mumbai. We also got felicitated by MVIRDC World Trade Centre, Mumbai, at the 8th Global Economic Summit for our pioneering efforts in the field of medical diagnostics.

# DIRECTORS' **REPORT**

Dear Members,

Your Directors have pleasure in presenting here the Twenty Third Annual Report of your Company along with the Audited Standalone and Consolidated Financial Statements and the Auditors' Report thereon for the Year ended March 31, 2019.

**FINANCIAL RESULTS**

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

(₹ in Lacs)

| **Particulars** | **Consolidated** | |
|---|---|---|
| | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
| **Continuing Operations** | | |
| 1. Operating Income | 446,936 | 456,081 |
| 2. Other Income | 9,240 | 13,973 |
| **3. Total Income (1+2)** | **456,176** | **470,054** |
| 4. Total Expenditure (Excluding finance cost, depreciation & tax expenses) | 424,414 | 428,769 |
| **5. Operating Profit (EBITDA) (3-4)** | **31,762** | **41,285** |
| 6. Finance Charges, Depreciation & Amortization | 56,975 | 49,675 |
| **7. Loss before exceptional items and tax (5-6)** | **(25,213)** | **(8,390)** |
| 8. Exceptional items | (22,238) | (88,103) |
| **9. Loss before tax (7+8)** | **(47,451)** | **(96,493)** |
| 10. Tax Expenses | 11,361 | 2,265 |
| **11. Net Loss for the year (9-10)** | **(58,812)** | **(98,758)** |
| 12. Share in profits of associate companies | 36,441 | 5,316 |
| **13. Loss for the year from continuing operations (11+12)** | **(22,371)** | **(93,442)** |
| **14. Discontinuing Operations** | | |
| Profit/ (Loss) before tax from discontinuing operations | - | - |
| Tax expense of discontinuing operations | - | - |

(₹ in Lacs)

| Particulars | Consolidated | |
|---|---|---|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Profit/ (Loss) after tax and before minority interest from discontinuing operations | - | - |
| Share in profits/ (losses) of associate companies | - | - |
| Profit for the year from discontinuing operations | - | - |
| **15. Loss for the year (13+14)** | **(22,371)** | **(93,442)** |
| Loss for the year attributable to: | | |
| Owners of the Company | (29,893) | (100,921) |
| Non-controlling interests | 7,522 | 7,479 |
| **Loss for the year before other comprehensive income** | **(22,371)** | **(93,442)** |
| 16. Other comprehensive income | (4,517) | 367 |
| **17. Total comprehensive income (15+16)** | (26,888) | (93,075) |
| Total comprehensive income for the year attributable to: | | |
| Owners of the Company | (34,449) | (100,541) |
| Non-controlling interests | 7,561 | 7,466 |

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

(₹ in Lacs)

| Particulars | Standalone | |
|---|---|---|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| **Continuing Operations** | | |
| 1. Operating Income | 65,649 | 65,948 |
| 2. Other Income | 52,449 | 13,789 |
| **3. Total Income (1+2)** | **118,098** | **79,737** |
| 4. Total Expenditure (Excluding finance cost, depreciation & tax expenses) | 78,192 | 69,710 |
| **5. Operating Profit (EBITDA) (3-4)** | **39,906** | **10,027** |
| 6. Finance Charges, Depreciation & Amortization | 21,941 | 9,262 |
| **7. Profit before exceptional items and tax (5-6)** | **17,965** | **765** |
| 8. Exceptional items | - | (6,795) |
| **9. Profit / (Loss) before tax (7+8)** | **17,965** | **(6,030)** |
| 10. Tax Expenses | 5,656 | 343 |

(₹ in Lacs)

| Particulars | Standalone | |
|---|---|---|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| **11. Net Profit for the year (9-10)** | **12,309** | **(6,373)** |
| 12. Share in profits of associate companies | - | - |
| **13. Profit/ (Loss) for the year from continuing operations (11+12)** | **12,309** | **(6,373)** |
| **14. Discontinuing Operations** | | |
| Profit/ (Loss) before tax from discontinuing operations | - | - |
| Tax expense of discontinuing operations | - | - |
| Profit/ (Loss) after tax and before minority interest from discontinuing operations | - | - |
| Share in profits/ (losses) of associate companies | - | - |
| Profit for the year from discontinuing operations | - | - |
| **15. Profit / (Loss) for the year (13+14)** | **12,309** | **(6,373)** |
| 16. Other comprehensive income | 22 | 32 |
| **17. Total comprehensive income (15+16)** | 12,331 | (6,341) |

## STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

For the fiscal year 2018-19, the financial performance of the company was muted. Factors that impacted the performance include i) Regulatory changes with respect to pricing on certain medical consumables, ii) Management bandwidth constraints due to the Group's and ex-promoter related issues, iii) Prolonged transaction and due diligence process and iv) Funding constraints, which led to a less than optimal CAPEX spend resulting in delay of key business initiatives and also impacted the working capital cycle.

For FY2018-19, the Company recorded an audited consolidated revenue from operations of ₹ 4,469 Crore compared to ₹ 4,561 Crore reported during the previous year. The Operating EBITDAC i.e. EBITDA before the net costs related to the Business Trust, stood at ₹ 541 Crore, representing a margin of 12.1% vs 14.4% in the previous financial year. Operating profit/operating EBITDA (excluding other income and before exceptional item) from the operations for the year stood at ₹ 326 Crore compared to ₹ 389 Crore in the previous year. The Net Profit after Tax for FY 2018-19 stood at a loss of ₹ 299 Crore as against loss of ₹ 1,009 Crore for the corresponding previous year. FY19 and FY18 had exceptional losses due to impairment of investments / goodwill/ assets and one-off expenses; for FY18. exceptional losses also include one-offs for certain provisions taken. FY19 PATMI also includes significant share in associate mainly due to RHT's profit related to divestment of assets to Fortis in January 2019.

Your Company accords the highest priority to providing world-class quality and affordable healthcare services to all patients. Your company's stringent medical processes and protocols are designed to deliver superior clinical outcomes and enhance patient satisfaction. During the year, your Company commenced several new medical programmes and specialities across various facilities whilst strengthening the existing medical offerings. Your Company also has a number of ambitious projects on the anvil, aimed at spurring growth and development.

The healthcare verticals of the Company primarily comprise day care specialty, diagnostics and tertiary and quaternary care. As of March 31, 2019, the Company had a network of 43 healthcare facilities (including projects under development) in India and abroad with approximately 4,000 operational beds and the potential to reach over 9,000 beds. In India, the Company is one of the largest private healthcare chains comprising a network of 39 healthcare facilities, including 31 operating facilities, 3 satellite and command centers located in public and private hospitals and 5 healthcare facility projects which are under development or are greenfield land sites.

In addition, its Indian diagnostics business has a presence in over 600 cities and towns, with an established strength of 400 laboratories including 56 self-operated laboratories (excluding labs in JV companies), 124 laboratories inside Hospitals including 27 labs located in Fortis Healthcare facilities, 42 Franchisee labs, 7 wellness centers and 3 international laboratories. It also has over 7,197 Direct clients, 1026 Collection Centers which includes 97 collection centers that are owned and 76 collection centers at International locations.

Your Company is driven by the vision of becoming a leader in the integrated healthcare delivery space and of serving the larger purpose of saving and enriching lives through clinical excellence.

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

## SIGNIFICANT MATTERS DURING THE YEAR UNDER REVIEW

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

- **Investigations initiated by the erstwhile Audit and Risk Management Committee and Regulatory Bodies**- During the Financial Year 2017-18, basis the reports in the media and enquiries from, *inter alia,* the stock exchanges received by the Company about certain inter-corporate loans given by a wholly owned subsidiary of the Company, the erstwhile Audit and Risk Management Committee of the Company carried out an independent investigation through an external legal firm. The details as to the terms of reference of the investigation are detailed in the Notes to Financial Statements forming part of this Annual Report. The investigation report ("Investigation Report") was submitted to the Board on June 8, 2018. The Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described therein are also detailed in the Notes to Financial Statements forming part of this Annual Report. The investigations initiated by Serious Fraud Investigation Officer (SFIO) and SEBI are underway. SEBI had on October 17, 2018 passed an ad-interim ex-parte order to protect the interests of shareholders of the Company and to prevent any further deterioration of funds / assets of the Company, which was subsequently revised on December 21, 2018 and March 19, 2019. Vide the said orders, the Company and Fortis Hospitals Limited (FHsL), the wholly owned subsidiary of the Company, were *inter-alia* asked to pursue the measures to recall the outstanding amount of ₹403 crore (approx.) along with due interest from the erstwhile promoters and relevant entities. SEBI, has correspondingly, also directed the erstwhile promoters and the relevant entities to repay the outstanding amount. The investigation by SEBI is presently ongoing. Updates w.r.t. ongoing regulatory investigations (viz. SEBI and SFIO), outcome of the External Investigation Report and other legal matters are also detailed in the notes to financial statement.
- **Sale of certain units held in RHT Health Trust**- In order to meet urgent cash requirement, the Company had sold 18.2 million units of RHT Health Trust (an associate of the Company) held through the wholly owned subsidiary Fortis Healthcare International Limited on May 30, 2018 for a consideration of 13.65 million Singapore Dollars.

- **Withdrawal of the Scheme of Amalgamation and Demerger amongst SRL Limited and Fortis Malar Hospitals Limited**- The Company had at its board meeting held on August 19, 2016 approved the composite scheme of arrangement and amalgamation involving (a) transfer of the hospital business undertaking of Fortis Malar Hospitals Limited ("FMHL") to the Company, as a going concern, by way of slump sale, in lieu of payment of a lump sum consideration by the Company to FMHL ("Slump Sale"), (b) transfer of the undertaking of the Company pertaining exclusively to the diagnostics business as identified in the Scheme to FMHL by way of a demerger in lieu of issuance of equity shares by FMHL to shareholders of the Company as per approved share entitlement ratio ("Demerger"); (c) the amalgamation of SRL Limited ("SRL") into FMHL and dissolution of SRL without winding up, and the consequent issue of equity shares by FMHL to the shareholders of SRL and the cancellation of equity shares of SRL held by FMHL ("Amalgamation"), and various other matters consequential or otherwise integrally connected therewith. The Company had obtained necessary approvals/ no objection from BSE Limited, National Stock Exchange of India Limited, equity shareholders and unsecured creditors of the Company. Also, the Board had through circulation on December 14, 2017, approved extension of the Long Stop Date of the Scheme from December 31, 2017 to June 30, 2018. Considering that the entire process, due to reasons beyond the Company's control, has been continuing for over 18 months without a completion, it was agreed to abort the Scheme. Accordingly, the Company at its hearing on June 15, 2018 presented the matter before NCLT and the same was duly approved. The said Scheme has thus been terminated by the Company, SRL and FMHL.

- **Preferential Allotment to IHH Healthcare Berhad**- In continuation to the bidding process started during FY 2017-18, the Board carried out a fresh, time-bound process for receiving bids from interested parties, details whereof were disclosed to the National Stock Exchange of India Limited and BSE Limited. Pursuant to the above, the Board of Directors of the Company on July 13, 2018, unanimously accepted the proposal of IHH Healthcare Berhad, which included an infusion of ₹ 4000 crore in the Company through additional equity capital. The same was duly approved by the regulatory bodies and the shareholders of the Company and consequently the share capital structure was also revised. Pursuant to this, the Board had at its meeting held on November 13, 2018, approved allotment of 23,52,94,117 Shares at a price of ₹ 170 per share for an aggregate consideration upto ₹ 4000 crore (Rupees Four Thousand Crore only) to Northern TK Venture Pte Ltd (NTK), an indirect wholly owned subsidiary of IHH Healthcare Berhad (IHH). Pursuant to the said allotment, NTK also obtained the right to appoint the majority of the directors on the board of the Company, and the board was accordingly re-constituted, details whereof are separately disclosed in this report. Accordingly, pursuant to the allotment, NTK was designated as a 'promoter' of the Company.

- **Open Offer**- The Board had at its meeting held on July 13, 2018, accepted the binding bid made by IHH Healthcare Berhad and entered into subscription Agreement for issue of 23,52,94,117 Shares at a price of ₹ 170 per share for an aggregate consideration upto ₹ 4000 crore (Rupees Four Thousand Crore only) to Northern TK Venture Pte Ltd, an indirect wholly owned subsidiary of IHH Healthcare Berhad (IHH). Pursuant to the said issue and in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, IHH made the Mandatory Open Offer for acquisition of upto 197,025,660 Equity Shares representing additional 26% of the expanded voting share capital of the Company ("Fortis Open Offer") and another Mandatory Open Offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR 10 each, representing 26% of the fully diluted voting equity share capital of Fortis Malar Hospitals Limited (Fortis Malar Open Offer).

  However, after the making of the Public Announcement, the Hon'ble Supreme Court of India had on December 14, 2018 passed an order ("Order") directing "status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained". In light of the Order, the Open Offer was put on hold until further order(s)/ clarification(s)/ direction(s) issued by the Hon'ble Supreme Court of India.

- **Re-classification of category of shareholders**- The Company is in process of seeking regulatory approvals for re-classification of Mr. Malvinder Mohan Singh, Malvinder Mohan Singh- Trust, Dr. Shivinder Mohan Singh, Mr. Harpal Singh, Mr. Abhishek Singh, Fortis Healthcare Holdings Private Limited, Malav Holdings Private Limited and RHC Holding Private Limited, from the "Promoter and Promoter Group" to the "Public" shareholding of the Company.

- **Changed Board and Key Managerial Personnel**- During the year under review, the Company received a requisition from National Westminster Bank Plc as Trustee of Jupiter India Fund (as represented by Jupiter Asset Management Limited), East Bridge Capital Master Fund Ltd. and East Bridge Capital Master Fund I Ltd., the shareholders of Company, for induction of Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee as members of the Board and removal of Mr. Harpal Singh, Ms. Sabina Vaisoha, Dr. Brian William Tempest and Lt. Gen. Tejinder Singh Shergill from the directorship of the Company. Considering the profiles of the proposed board members, the Board appointed Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee as Additional Independent Directors w.e.f. April 27, 2018. Subsequently, Mr. Harpal Singh, Ms. Sabina Vaisoha and Lt. Gen. Tejinder Singh Shergill resigned from the directorship w.e.f. May 20, 2018 and the shareholders at its meeting held on May 22, 2018, regularized the appointment of the Independent Directors and removed Dr. Brian William Tempest from directorship. Pursuant to the signing of Subscription Agreement with Northern TK Venture Pte Ltd (NTK), an indirect wholly owned subsidiary of IHH Healthcare Berhad (IHH), NTK obtained the right to appoint the majority of the directors on the board of the Company, and the Board accordingly appointed directors nominated by IHH, on the boards of the Company. Complete details of the various changes at Board level is separately disclosed in this report.

  During the year under review, the Key Managerial Personnel (Chief Executive Officer, Chief Financial Officer and Company Secretary) also underwent changes, details whereof is separately disclosed in this report.

- **Acquisition of Indian assets of RHT**- During the Financial Year 2017-18, the Board of Directors approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company and its subsidiaries. The Company and the Trustee Manager of RHT entered into an arrangement for acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately ₹ 4,650 Crore ("the Transaction"). The Transaction was duly approved by an overwhelming majority of Fortis shareholders and was duly completed on January 15, 2019. As disclosed earlier, the Transaction is expected to be beneficial and value accretive for the Company and its shareholders as it would save significant clinical establishment fees that Fortis used to pay to RHT Indian entities. In addition, it provides the Company full control over all the assets i.e. hospitals enabling direct and more focused management of the business. The Transaction is expected to result in significant improvement in the Company's operating profitability i.e. EBITDA and cash flows and also lead to interest savings that would further strengthen its performance, thereby enabling the Company to potentially provide higher value for all its shareholders.

  Further, on March 29, 2019, the Compulsory Convertible Debentures (CCDs) issued by International Hospital Limited (IHL), Escorts Heart and Super Speciality Hospital Limited (EHSSHL) and Fortis Hospotel Limited (FHTL) held by the Company were converted into Equity Shares.

- **Other key movements**- The Board terminated the employment of Mr. Malvinder Mohan Singh, erstwhile Executive Chairman who was appointed as Lead- Strategic Initiatives w.e.f. June 26, 2018. The details in this regard have been duly incorporated in the notes to financial statement.

## DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the losses for the year under review, the Board of Directors of your Company have not recommended any dividend for the Financial Year 2018-19. Accordingly, there has been no transfer to general reserves.

The Company has formulated a Policy on Dividend Distribution in terms of SEBI Circular No. SEBI/LAD-NRO/6N/2016-17/008 and the same is available on the website of the Company at https://d3frl090092vlr.cloudfront.net/FHL-Dividend-Distribution-Policy-Feb-2019.pdf.

**MATERIAL CHANGES**

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year 2018-19 and the date of this report.

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

Statutory Auditors have, in their report to the Board of Directors on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act") made the following Qualified Opinion and are categorised as "Qualified Opinion". The Directors' response to the comments of the auditors is given below:

**Qualified Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Fortis Healthcare Limited (hereinafter referred to as the "Company" or "Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies (together referred to as "the Group"), its associates and its joint venture company (jointly controlled company) as of that date.

In our opinion, except for the effects/ possible effects of the material weaknesses described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company for the year ended 31 March 2019 and this material weakness has, inter alia, affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.

**Basis for Qualified Opinion**

As explained in paragraph (a) of "Basis for Qualified Opinion" paragraph of our Audit Report on the consolidated financial statements for the year ended 31 March 2019, pursuant to certain events/transactions in earlier years, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Holding Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systemic lapses and override of controls. The report has since been submitted and is subject to limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report. Further, the investigation by different regulatory authorities in these matters is still ongoing and an overall assessment of the impact of the investigations is yet to be concluded. Pending final outcome of the regulatory investigations and enquiries, completeness of identification of deficiencies cannot be ascertained.

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

**Directors' response to comments of the statutory auditors in the Audit Report:**

With regard to the Basis for Qualified Opinion above, pertaining to the Investigation Report, it is submitted that based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018, December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, were made in previous year. Further, the Board initiated specific improvement projects during the current year to strengthen the process and control environment. The Board continues to evaluate other areas to strengthen processes. Further investigations by various regulatory authorities are yet to be completed. With regard to other comments all identified adjustments/disclosures have been made. For more details please refer to Notes 14, 29, 30, 31, 32 to financial statement.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES**

During the year under review:

- The Company has through its subsidiary- Fortis Cancer Care Limited divested its entire shareholding in Lalitha Healthcare Private Limited (79.43% equity stake) on June 29, 2018 due to recurring financial losses and infrastructure constraints; and
- Pursuant to the closure of RHT Acquisition transaction, Escorts Heart and Super Speciality Hospital Limited, International Hospital Limited, Fortis Health Management Limited and Hospitalia Eastern Private Limited, became direct/indirect wholly-owned subsidiaries of the Company effective January 15, 2019. Also, Fortis Hospotel Limited became the wholly-owned subsidiary of the Company from the same date.

Further note that your Board of Directors have adopted a policy for determining "material subsidiary" pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available at https://d3frl090092vlr.cloudfront.net/Policy-On-Material-Subsidiary-Feb-2019.pdf.

In terms of the said policy, as on April 1, 2019, Fortis Hospitals Limited (FHsL), International Hospital Limited (IHL), Fortis Healthcare International Limited, Fortis Hospotel Limited (FHTL) and SRL Limited are considered as Material Subsidiary(ies). Necessary compliances w.r.t. material subsidiaries have been duly carried out except that the Company is yet to appoint an Independent Director from the Board of Fortis Healthcare Limited on the Boards of IHL, FHsL and FHTL.

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

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

The contribution of the subsidiary/associates/joint venture companies to the overall performance of your Company is outlined in Note No. 27 of the Consolidated Financial Statements for the year ended March 31, 2019.

**LOANS/ADVANCES/INVESTMENTS/GUARANTEES**

Particulars of Loans/Advances/Investments/guarantees given and outstanding during the Financial Year 2018-19 are mentioned in Notes to the Financial Statements.

**PUBLIC DEPOSITS**

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

**UTILISATION OF FUNDS**

The details of utilization of funds raised through preferential allotment during the year are mentioned in Notes to Financial Statements.

**AUDITORS**

**Statutory Auditors**

M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company w.e.f. September 23, 2015 for a period of 5 years. They tendered their resignation as Statutory Auditors of the Company vide their letter dated December 28, 2018 with immediate effect.

Subsequently, the Board on the recommendation of Audit and Risk Management Committee, at its meeting held on December 31, 2018, appointed M/s B S R & Co. LLP, to fill the casual vacancy and hold office until the conclusion of ensuing Annual General Meeting to be held in the year 2019 for conducting the Statutory Audit for the period ended March 31, 2019. The said appointment was approved by the shareholders through postal ballot, result whereof was announced on February 6, 2019.

The Board on the recommendation of Audit and Risk Management Committee, approved appointment of M/s B S R & Co. LLP, (Registration No. 101248W/W-100022), Chartered Accountants, as Statutory Auditors of the Company for a period of five years up to the conclusion of the Annual General Meeting to be held in the year 2024. Accordingly, a resolution seeking Member's approval for the appointment of M/s B S R & Co. LLP, Statutory Auditors is included in the Notice convening the ensuing Annual General Meeting. Further, in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the proposed fees to be paid to the Statutory Auditors of the Company for FY 2019-20 is ₹ 182.15 Lacs (plus out of pocket expenses and taxes).

There is no material change in the fees payable to the new auditors from that paid to outgoing auditor except for the increase in scope of work for Group audit. The terms of appointment are same as of outgoing auditors.

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

**a)** Note 14(II) relating to outcome of income tax assessments in respect of Escorts Heart Institute and Research Centre Limited (EHIRCL), one of the subsidiaries in the Group, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.

**b)** Note 14(II) relating to the outcome of the civil suit/ arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Honorable High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.

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

Based on the advice given by external legal counsel, the likelihood of outflow in the above litigations is remote and accordingly no provision/adjustment has been considered necessary by the management with respect to the above matters in the consolidated financial statements.

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

**Qualified Opinion**

We have audited the consolidated financial statements of Fortis Healthcare Limited (hereinafter referred to as the "Company" or 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of change in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by other auditors, except for the effects/ possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraphs of our report , the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (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 Group, its associates and joint ventures as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

**Basis for Qualified Opinion**

**(a) The matters stated below were also subject matter of qualification in predecessor auditor's audit opinion on the consolidated financial statements as at 31 March 2018:**

(i) As explained in Note 31 of the consolidated financial statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systematic lapses/override of internal controls as described in Note 31 of the consolidated financial statements. The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

Additionally, different regulatory authorities are currently undertaking their own investigations, details of which are described in Note 31 and Note 32 of the consolidated financial statements and are stated below:

- SEBI has initiated an investigation in respect of the various issues. On 17 October 2018, 21 December 2018 and 19 March 2019, SEBI passed Orders ("Orders") and further investigations by regulatory authorities is continuing. In its Orders, SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Company, with certain identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting in inter alia diversion of funds from the Group for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) resulting in a misrepresentation in the financial statements of the Group in earlier period. Further, SEBI issued certain directions inter alia directing the Company and FHsL to take all necessary steps to recover ₹ 40,300 lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. It has also directed erstwhile promoter and the said entities to repay the sums due. The aforesaid ICDs were fully provided for in the books as at 31 March 2018. SEBI, in its Orders also directed erstwhile promoters and the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day to day business operations, without the prior permission of SEBI. Erstwhile promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. The initial directions issued by SEBI have been confirmed by SEBI in their order dated 19 March 2019.
- Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under Section 217(1)(a) of the Companies Act, 2013, inter alia, has initiated an investigation and has been seeking information in relation to the Company, its material subsidiaries, joint ventures and associates to which as informed to us the Company has responded.

Since, the investigation and enquiries carried out by regulators as aforesaid are currently ongoing, need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the financial statements is yet to be concluded.

Based on investigations carried out by an external legal firm, Orders by SEBI and other information available currently, as per the Management all identified/required adjustments/ disclosures arising from the findings in the Investigation Report and the Orders by SEBI, were made in the consolidated financial statements for the year ended 31 March 2018.

Matters included in the investigation report (but not limited to) and highlighted by the predecessor auditor in their audit report for the year ended 31 March 2018, are as below:

- Provisions against the outstanding ICDs amounting to ₹ 44,503 lacs (including interest accrued thereon of ₹ 4,260 lacs), provision of ₹ 5,519 lacs towards amounts paid as security deposit, advances towards lease of office space and expenditure incurred towards capital work in progress and ₹ 2,549 lacs towards property advance (including interest accrued thereon of ₹ 174 lacs) due to uncertainty of recovery of these balances (refer to Note 29 and 30 of the of the consolidated financial statements).

- The Company through its overseas subsidiaries sold its investment held in a fund at a discount. (money was received on 23 April 2018) which was recorded as a loss in the consolidated financial statements for the year ended 31 March 2018. In absence of sufficient information available, rationale to demonstrate the reasonability of the discount was not established (refer to Note 30(c) and 31(b) of the consolidated financial statements).
- Certain past transactions as mentioned in the Note 31 of the consolidated financial statements which may have been prejudicial to the Group.

No additional adjustments/ disclosures were required to be made in the consolidated financial statements for the year 31 March 2019 in respect of the above.

As explained in Note 9(5) and 31(e) of the consolidated financial statements, related party relationships prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018 were identified by the Management taking into account the information available with the Management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, the possibility cannot be ruled out that there may be additional related parties of erstwhile promoters/directors whose relationships may not have been disclosed to the Group and, hence, not known to the Management.

Further, as explained in Note 14 of the consolidated financial statements, a Civil Suit was filed by a third party against various entities including the Company relating to "Fortis, SRL and La-Femme" brands. The Company has received four demand notices aggregating to ₹ 25,344 lacs in respect to this Civil Suit. Allegations made by third party has been duly responded to by the Company denying (i) execution of any binding agreement with the third party; and (ii) liability of any kind whatsoever. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

Due to the ongoing nature of the various regulatory inquiries/investigations, we are unable to comment on the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing regulatory investigations on the consolidated financial statements including completeness/ accuracy of the related party transactions which relate to or which originated before 31 March 2018, the regulatory non-compliances, if any, and the consequential impact, if any, on the consolidated financial statements.

**(ii)** As explained in Note 29 and 30 during the year ended 31 March 2018, interest income of ₹ 4,434 lacs comprising ₹ 4,260 lacs (on the outstanding ICDs given) and ₹ 174 lacs (relating to property advance) had been recognized. A provision was however created against the entire amount in the year ended 31 March 2018 and the provision was disclosed as an exceptional item. The recognition of aforesaid interest income as at 31 March 2018 on doubtful ICDs and property advance is not in compliance with Ind AS 18 'Revenue' (as it does not meet the recognition criteria) and consequently interest income and the provision for doubtful interest disclosed as exceptional items (net) are overstated to that extent. It had no impact on loss for the year ended 31 March 2018.

**(iii)** As explained in Note 34 of the consolidated financial statements, during the year ended 31 March 2018, the Company having considered all necessary facts and taking into account external legal advice, concluded that it had paid amount aggregating to ₹ 2,002 lacs to the erstwhile Executive Chairman during his tenure (ended during the year ended 31 March 2018) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act 2013 for his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of section 197 of the Companies Act 2013. In the current year, the Company has taken requisite actions to recover this amount. Due to the uncertainty involved on recoverability of the said amounts a provision for this amount has also been recorded.

**(b)** The Group has recorded a cumulative financial liability as at 31 March 2019 of ₹ 118,000 lacs (included under "Other current financial liabilities") by debiting "Other Equity" in respect of put option available with certain non-controlling shareholders of SRL Limited (refer to Note 12(b) of the consolidated financial statements). The Group has not quantified the liability relating to previous periods and therefore, we are unable to comment on the impact of such liability for previous periods.

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

**(i)** With regard to the comments of the statutory auditors in paragraph- a (i) of the Basis for Qualified Opinion of Audit Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018, December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, were made in the previous year. Further, the Board initiated specific improvement projects during current year to strengthen the process and control environment. The Board continues to evaluate other areas to strengthen processes. Further, investigations by various regulatory authorities are yet to be completed. With regard to other comments all identified adjustments/disclosures have been made. For more details please refer to Notes 14, 29, 30, 31, 21 to financial statements.

**(ii)** With regard to the comments of the statutory auditors in paragraph- a(ii) of the Basis for Qualified Opinion of Audit Report, there was no impact on the net income for the previous year.

**(iii)** With regard to the comments of the statutory auditors in paragraph- a(iii) of the Basis for Qualified Opinion of Audit Report, pertaining to the LoA issued to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as non est the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 34 to financial statements.

**(iv)** With regard to the comments of the statutory auditors in paragraph – b, of the Basis for Qualified Opinion of Audit Report in relation to put options granted to certain non-controlling shareholders of subsidiary, due to contractual agreement, facts and circumstances of the case at that time, Group considered not to recognize this liability in the previous year.

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

**Qualifications in the Auditor's Report**

The Board of Fortis Healthcare Limited, has dealt with the matters stated in the qualifications in statutory auditor's report on the Consolidated Financial Results of Fortis Healthcare Limited ("the Parent" or "the Company") and its subsidiaries (the Parent/Company and its subsidiaries together referred to as "the Group") and its share of profit / (Loss) of its joint ventures and associates for the year ended March 31, 2019 ("the Consolidated Annual Results") included in the Statement of Consolidated Financial Results ("the Consolidated Statement") to the extent information was available with them.

**(₹ in lacs)**

| Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications)$ |
|---|---|---|---|
| 1 | Turnover / Total income | 456,176 | Not Determinable |
| 2 | Total Expenditure | 478,547 | ---Do--- |
| 3 | Net Profit/ (Loss) | (22,371) | ---Do--- |
| 4 | Earnings Per Share | (3.70) | ---Do--- |
| 5 | Total Assets | 1,195,127 | ---Do--- |
| 6 | Total Liabilities | 483,878 | ---Do--- |
| 7 | Net Worth | 711,249 | ---Do--- |
| 8 | Any other financial item(s) (as felt appropriate by the management) | - | - |

"$" for Qualifications a to b of the Auditor's Report.

**Qualification 1 of the Auditor's Report**

1. **Details of Audit Qualification:**
   As explained in basis of qualification a (i) above
2. **Type of Audit Qualification :**
   Qualified Opinion
3. **Frequency of qualification:**
   Second time
4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable
5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
   (i) **Management's estimation on the impact of audit qualification:**
   Not quantifiable.
   (ii) **If management is unable to estimate the impact, reasons for the same:**
   Please refer point no. (i) above of Director's response to comments of the statutory auditors in the Audit Report.
   (iii) **Auditors' Comments on (i) or (ii) above:**
   Due to the nature of various regulatory inquiries/ investigations, the consequential impact, if any, cannot be ascertained.

**Qualification 2 of the Auditor's Report**

1. **Details of Audit Qualification:**
   As explained in basis of qualification a (ii)
2. **Type of Audit Qualification :**
   Qualified Opinion
3. **Frequency of qualification:**
   Second time
4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Please refer point no (ii) above of Director's response to comments of the statutory auditors in the Audit Report.
5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
   (i) **Management's estimation on the impact of audit qualification:**
   No Impact in the current year 2018-19
   (ii) **If management is unable to estimate the impact, reasons for the same:**
   Not Applicable
   (iii) **Auditors' Comments on (i) or (ii) above:**
   Not Applicable

**Qualification 3 of the Auditor's Report**

1. **Details of Audit Qualification:**
   As explained in basis of qualification a (iii) above
2. **Type of Audit Qualification :**
   Qualified Opinion
3. **Frequency of qualification:**
   Second time
4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable
5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
   **(i) Management's estimation on the impact of audit qualification:**
   Not quantifiable.
   **(ii) If management is unable to estimate the impact, reasons for the same:**
   Please refer point no (iii) above of Director's response to comments of the statutory auditors in the Audit Report.
   **(iii) Auditors' Comments on (i) or (ii) above:**
   A continuing qualification from previous year as non-compliance with section 197 of the Companies Act, 2013 is pending to be regularized.

**Qualification 4 of the Auditor's Report**

1. **Details of Audit Qualification:**
   As explained in basis of qualification (b) above
2. **Type of Audit Qualification :**
   Qualified Opinion
3. **Frequency of qualification:**
   First time
4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable

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

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

Not quantifiable

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

Please refer point no (iv) above of Director's response to comments of the statutory auditors in the Audit Report.

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

In our view based on contractual agreement and facts available, the Group is required to recognize liability of this put option in earlier years.

- **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of its hospital activity is required to be audited. Your Directors had, on the recommendation of the Audit and Risk Management Committee, appointed M/s. Jitender, Navneet & Co., Cost Accountants to audit the cost accounts of the Company for the Financial Year 2018-19 at a remuneration of ₹ 3.5 lac (plus out of pocket expenses and taxes). As required under the Companies Act, 2013, the remuneration payable to the cost auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s Jitender, Navneet & Co., Cost Auditors is included in the Notice convening the ensuing Annual General Meeting. Further, in terms of the Companies (Accounts) Rules, 2014, it is confirmed that maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is applicable on your Company and accordingly such accounts and records are properly made and maintained.

- **Secretarial Auditor**

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

| S. No. | Remarks by auditors | Management Response |
|---|---|---|
| 1 | The audited financial statements/ results for the year ended on March 31, 2018 were submitted to the stock exchange(s) after a delay of 37 days against the specified period as required under Regulation 33(3)(d) of SEBI LODR. In respect thereto, necessary penal provisions were duly complied with. | The Audited Financial statements were approved by the board on July 6, 2018.<br>The same was delayed as the audit could not be completed within the defined timelines. |
| 2 | Statement on Impact of Audit Qualifications for audit report with modified opinion was submitted with the stock exchange(s) after a delay of almost 1 month against the specified period as required under Regulation 33(3)(d) of SEBI LODR. Necessary compliances including newspaper publication(s) were duly complied with. | The Financial results for the Quarter and Financial Year ended March 31, 2018, were duly submitted to stock exchanges on July 7, 2018, however, the statement on Impact of Audit Qualifications for audit report with modified opinion was erroneously submitted on August 9, 2018 instead. |

| S. No. | Remarks by auditors | Management Response |
|---|---|---|
| 3 | Prior intimation to the stock exchanges was not given for the board meeting held on July 07, 2018 for the approval of annual financial statements/ results for the year ended on March 31, 2018, which is not in compliance with Regulation 29(2) of SEBI LODR. | Since the Board Meeting was unplanned and held at a shorter notice, necessary intimation was not made. However, the stock exchanges were regularly informed on the developments. |
| 4 | Composition of Audit Committee was modified on November 13, 2018 which was not in accordance with Regulation 18 of SEBI LODR. The same was thereafter rectified on January 30, 2019. In respect thereto, necessary penal provisions were duly complied with. | The composition did not meet the necessary regulatory requirements for a span of approx. 1.5 months. The same was duly rectified before March 31, 2019. |
| 5 | No independent director(s) of the Company were appointed on the board of Fortis Hospotel Limited and Fortis Hospitals Limited, both being unlisted material subsidiaries of the Company, which is not in compliance with Regulation 24(1) of LODR. | The Board is in process of identifying the candidate for the said position(s). |
| 6 | The proceedings of Extraordinary General Meeting of the Company held on August 13, 2018 was submitted to the stock exchanges after the delay of 2 days which is not in compliance with Regulation 30 of SEBI LODR. | The outcome of the Extra Ordinary General Meeting was duly disclosed on August 14, 2018, however intimation regarding proceedings of the meeting was delayed by two days due to inadvertent omission. |
| 7 | Credit rating of the Company was revised by ICRA Limited on September 06, 2018 and the same was intimated to the stock exchanges on September 20, 2018 which is not in compliance with Regulation 30 of SEBI LODR. | This was occurred due to inadvertent omission. |
| 8 | The Company disclosed to the stock exchanges about Share subscription Agreement entered into with IHH Healthcare Berhad on July 13, 2018, however, the same was not in the format as prescribed under Para No. 5 of the SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015. | The Company has throughout the bidding process kept the stock exchanges and public at large updated on the developments. Since all the disclosures as stated in Regulation 30 w.r.t. 'Entering of an agreement' were already available in public domain, based on the legal advice, a considered view was taken that there is no requirement of making separate disclosure in this regard. |
| 9 | Necessary documentation in respect of secured loan obtained from Yes Bank amounting to ₹ 614 Crore is not yet to be completed and accordingly, the Company has not filed Form CHG-1 with Registrar of Companies, Chandigarh. | Document for creation of charge has not been executed till date and the necessary filings will thereafter be taken care of. |

| S. No. | Remarks by auditors | Management Response |
|---|---|---|
| 10 | Disclosures as required under the provisions of Section 149(7) of the Companies Act, 2013 were not placed before first meeting of board of directors held in Financial Year ended on March 31, 2019, however, same was placed at subsequent meeting of the board. | Due to paucity of time, the Board could not consider the requisite disclosures in the first meeting of the Financial Year 2018-19. A noting in this regard has been duly recorded in the minutes also. |
| 11 | Disclosures as required under the provisions of Section 184(1) of the Companies Act, 2013 were not placed before first meeting of board of directors held in Financial Year ended on March 31, 2019, however, same was placed at subsequent meeting of the board. | |
| 12 | The Company has initiated the process of performance evaluation of the Board as a whole, its Committees and Individual Directors, as per the requirements of Section 134(3)(p) of the Act read with Regulation 17(10) of SEBI Listing Regulations, 2015 and report of same is yet to be placed before the board. | The Board Evaluation process was duly completed by the date of this Board Report. |
| 13 | As reported in the secretarial audit report of Financial year ended March 31, 2018, the remuneration of ₹ 20,02,39,000/- paid to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives', in the Strategy Function, was in excess of the limits approved by the Central Government as under Section 197 of the Act. As per the management, the Company is in the process of seeking refund of such excess amount paid to him. | The Company is in process of taking necessary legal actions for recovery of the amount paid to erstwhile Executive Chairman and has filed a complaint before Economic Offences Wing. Investigation is pending. |

- **Internal Auditors**

  Upon the recommendation of the Audit and Risk Management Committee, the Board of Directors has appointed Mr. Rajiv Puri, Head Risk and Internal Audit as the Chief Internal Auditor of the Company and authorized him to engage independent firms for conducting the internal audit for the Financial Year 2018-19. Accordingly, Pricewaterhouse Coopers Private Limited was engaged to perform Internal Audit for the Company/its subsidiaries.

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

## SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During FY 18-19, there was no significant material order passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations. Updates w.r.t. ongoing regulatory investigations (viz. SEBI and SFIO) and other legal matters are detailed in Notes to the Financial Statements.

## CAPITAL STRUCTURE/STOCK OPTION

Pursuant to entering into Subscription Agreement with Northern TK Venture Pte Ltd, an indirect wholly owned subsidiary of IHH Healthcare Berhad (IHH), the Board and the shareholders at their meetings held on July 13, 2018 and August 13, 2018, respectively, approved increase in authorized share capital of the Company from ₹ 678,00,00,000/- to ₹ 928,00,00,000/- details whereof forms part of notes to financial statement. Subsequently, the Board at its meeting held on November 13, 2018, approved allotment of 23,52,94,117 Shares at a price of ₹ 170 per share to Northern TK Venture Pte Ltd.

The Company currently manages its stock options through "Employee Stock Option Plan 2007" and "Employee Stock Option Plan 2011" ("Schemes") as approved by the shareholders. The Nomination and

Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Schemes of the Company. Each option when exercised would be converted into one fully paid up equity share of ₹ 10 each of the Company. During the year under review, no option was granted by the Company. Disclosure pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 for the year ended March 31, 2019 is available at https://s3-ap-southeast-1.amazonaws.com/s3.fortishealthcare.com/ESOP+disclosure+2018-19.pdf.

During the year under review, under the terms of the "Employee Stock Option Plan 2007", 3600 stock options were exercised and under the terms of "Employee Stock Option Scheme 2011" 10,00,000 stock options were exercised.

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

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

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

Extract of Annual Return is enclosed herewith as "**Annexure – III".**

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

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

| **Particulars** | **Amount (in ₹ Crore)** |
|---|---|
| Foreign Exchange earned in terms of Actual Inflows | 7.30 |
| Foreign Exchange outgo in terms of Actual Outflows | 1.11 |

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

## CORPORATE SOCIAL RESPONSIBILITY - OUR JOURNEY THROUGH THE PAST YEAR

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

The CSR initiatives for Fortis Healthcare Limited are led through Fortis CSR Foundation, a special Purpose vehicle designated to carry out CSR activities on behalf of the company. Fortis CSR Foundation ("FCSRF") is wholly owned subsidiary of Fortis Healthcare Limited and company limited by shares not for profit registered under Section 8 of the Companies Act, 2013. During the first two quarters the CSR activities of the organisation was carried through Fortis Charitable Foundation.

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

Working with a dedicated team of employees and Volunteers, Foundation focuses on four programs namely: AANCHAL, CHHAYA, SAVERA, SEWA. These programs work towards:

- Supporting treatment of under-privileged children suffering from congenital heart defect under its Umeed-Dhadkan initiative (AANCHAL)
- Support access to medical care through charitable dispensaries, outreach clinics & health Camps (CHHAYA)
- Design models on health information dissemination to reach to vulnerable sections of the community and provide awareness on preventive and remedial healthcare through different channels of communication (SAVERA)

- Provide timely medical relief to people affected in the event of disasters (SEWA)

Fortis Healthcare Limited and its subsidiaries (except SRL Limited) supports SAVERA program which focuses on Preventive health and Health Education under Section 135 of Companies Act 2013.

SRL Limited supports Chhaya Program which focuses on providing primary and basic healthcare services through Charitable Medical Infrastructure & Health Camp under Section 135 of the Companies Act, 2013.

Fortis Healthcare Limited also supports the disaster relief initiative SEWA through its volunteer base and contributing donations in the event of disasters.

**ABOUT SAVERA PROGRAM**

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy population live longer and are more productive. The key to a healthy life is awareness/knowledge of how to stay healthy.

In line with India's Sustainable Development Goal of Good health and well-being, Savera program seeks to provide a platform to create awareness on health issues and leverage on different channels of communication. The objective is to design models on health information dissemination to reach the vulnerable sections of the community.

SAVERA which focuses on "Health Education and Preventive Healthcare" has identified two target intervention areas on preventive health and health education:

- First Aid and Basic Life Support (BLS) Training

  Emergency needs are critical. Timely action of providing first-aid is crucial in preventing or minimising further suffering. Knowledge on addressing emergency need is important for community. The objective is to raise the level of basic knowledge on First Aid Response & increase number of people who can help.

- Awareness on health and hygiene to young children

  The objective is to raise the awareness on health & hygiene among children by developing illustrative knowledge material and equip the capacity building of stakeholders working with underprivileged children

***a) FIRST AID and BASIC LIFE SUPPORT TRAINING***

Under this initiative, training on First Aid and Basic Life support are provided to beneficiaries enabling them as a first responder to handle mishaps that can be tackled with simple yet effective first-aid and also to save lives in case of emergency situations. Some of the key topics covered under the 2.5 hours training program are choking, nose bleeding, fainting, Insect bites, Bruise, cuts & wounds, Cardiopulmonary Resuscitation (CPR). The beneficiaries are provided First-Aid Guide, First Aid Kit along with certification.

*Fortis Malar Hospitals Limited supported the following*:

Training on First Aid and Basic Life Support training provided to 1531 beneficiaries in Tamil Nadu. Target groups are:

**(a)** "School Safety First": Making schools safer with First Aid and BLS training program to 1153 Govt. Higher Secondary School Students and teachers. Youth being future of the society, awareness was provided with the theme: "Learn First Aid, Be A Hero"

**(b)** Anganwadi: In Integrated Child Development Centre's, training on First Aid and BLS provided to 138 Anganwadi workers and helpers who are key personnel handling the children community

**(c)** Non-Government organizations: First Aid and BLS to 181 Social workers and volunteers of NGO who address the community at large

**(d)** Road Safety: Since drivers spend so much time on the road the incidence of injuries and accidents, they come across are high. First Aid and BLS training provided to 59 truck drivers as their early intervention can save lives or decrease the impact of injuries, leading to quicker recovery or lesser injuries for the victims

*Hiranandani Healthcare Private Limited (A Fortis Network Hospital) supported the following:*

Training on First Aid and Basic Life Support training provided to 359 beneficiaries in Maharashtra. Target group benefitted from this program are: Govt. Higher secondary school students and teachers; Anganwadi workers and helpers; Bus drivers and conductors; Construction workers

Fortis Hospotel Limited also supported the initiative of First Aid and Basic Life support Program.

The First Aid and Basic Life support training has enabled the beneficiaries to be equipped with the knowledge to address emergency medical needs.

**(b) *HEALTH EDUCATION AND AWARENESS ON HEALTH & HYGIENE TO CHILDREN***

This program works in collaboration with NGO partners, corporates, District child centres working with the underprivileged children. The method adopted to raise awareness on the nutritional needs and hygiene aspects of young children, is by developing illustrative books which involves art therapy and storytelling session, specifically for the not so privileged community as storytelling and creative art work encourages active participation thereby increasing their willingness to apply the learning in their daily life.

*Fortis Malar Hospitals Limited in FY 18-19 supported the following:*

Awareness spread to over 9500 children (Street children, children in shelter homes, children in adopted village schools and communities) in Tamilnadu through distribution of Illustrative art and storytelling books on health and hygiene to 8 NGO partners and 3 corporates (including its Foundation working with the community children). NGO partners catered to the awareness needs of 6540 children and Corporates & Foundations reached to over 2989 children

*Hiranandani Healthcare Private Limited (A Fortis Network Hospital) supported the following:*

Awareness spread to over 1700 children (Street children, children in shelter homes, children in adopted village schools and communities) in Maharashtra through distribution of Illustrative art and storytelling books on health and hygiene to NGO partner and corporates (including its Foundation working with the community children).

*Escorts Heart Institute and Research Centre Limited*

Awareness spread to over 2400 children (Street children, children in shelter homes, children in adopted village schools and communities) in Delhi, Uttar Pradesh, Bihar, Haryana, Punjab through distribution of previous year's Illustrative art and storytelling books on health and hygiene to NGO's and corporates (including its Foundation working with the community children). Also, awareness on First Aid spread through distribution of previous year's First Aid Guide to 220 children from different NGO's & community schools, who participated in Khel Yatra event, Delhi.

In addition to awareness to children, Escorts Heart Institute and Research Centre Limited also supported anti-tobacco campaign. Fortis Foundation has collaborated with Sambandh Health Foundation to increase awareness on anti-tobacco through talks and training.

*Fortis Healthcare Limited*

Fortis Healthcare Limited supported the platform to initiate and share research to create awareness on critical health issues. Under this, knowledge repository of disease related information was shared under the open platform called Gyaankari- a web portal for awareness on health issues.

**ABOUT CHHAYA**

**Chhaya is program** designed to provide primary and basic healthcare services to people in need. The treatment is provided through charitable Clinics and outreach clinics set up across different regions & Health Camps.

*SRL Limited* supported the following:

**(a) CHARITABLE DISPENSARIES**

CHHAYA program - supports access to medical care through Charitable Dispensaries and Health Camps. The initiative runs 7 charitable dispensaries and 3 outreach clinics. Each dispensary has a qualified MBBS doctor, nurse and paramedic staff. The dispensaries provide free access to primary healthcare services for routine ailments and are open for 6 days of the week.

Fortis CSR Foundation has treated over 0.67 lakhs people through its charitable dispensaries from (*1st October 2018 to 31st March 2019*).

1. Golden Temple Dispensary, Amritsar
   - All India Women Conference (AIWC)
2. Birla Mandir Dispensary, New Delhi
3. Durgiana Temple Dispensary, Amritsar
   - Rag Pickers School, Amritsar
4. Aggarwal Dharamshala Dispensary, Bhogal, New Delhi
5. Ramakrishna Ashram Dispensary, Dehradun
   - Purukul School for Underprivilege, Dehradun
6. Anubhavi Ashram Dispensary, Haridwar
7. Gurudwara Sach Khand Darbar Dispensary, Udaipur

**(b) HEALTH CAMPS**

The initiative collaborates with several like-minded partners to conduct health camps for economically weaker sections of society.

No. of Patient got benefited through charitable dispensaries in FY 2018-19 – 1.23 lacs

**ABOUT SEWA PROGRAM - DISASTER RELIEF INITIATIVE**

India has been historically vulnerable to disasters with floods, cyclones, earthquakes and landslides being a recurrent phenomenon. In the event of a disaster, thousands of lives are affected, and livelihoods worth millions are destroyed. The urgent need in such situations is access to medical care. SEWA is a Disaster Relief Initiative that aims to provide emergency medical relief services in an organised and time sensitive manner to people affected by disasters. SEWA's core commitment is to support the government's efforts in providing medical relief during a calamity.

When Kerala was ravaged by Century's worst flood, 21-member SEWA volunteer team drawn from various Fortis Hospitals across India (including doctors, nurses, paramedics and counsellor) reached to 2774 beneficiaries via medical relief operations in Wayanad and Alappuzha, Kerala.

**Key drivers of Kerala- Disaster Relief Initiative are:**

- Volunteerism
- Payroll giving and donation program
- Partnerships with NGOs and Health Department, Kerala
- Powerful communication engine that helps build a culture of giving

Fortis units across India, raised donation from 4506 employees. The employees of Fortis (including doctors, nurses, paramedics and counsellor) contributed to 2175 volunteer hours during medical relief operations in Wayanad and Alappuzha, Kerala.

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

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of the Company as on date comprises of nine directors, of which one is a Managing Director and CEO (Executive Director) and 3 are Independent Directors. Rest of the 5 directors are Non-Executive Non-independent Directors. Pursuant to Sections 149 and 152 of the Companies Act, 2013, no director is liable to retire by rotation at the ensuing Annual General Meeting. Further, Dr. Tan See Leng, Dr. Chan Boon Kheng, Mr. Low Soon Teck and Mr. Chintamani Aniruddha Bhagat, who were appointed on the Board of the Company on November 13, 2018 and Mr. Shirish Moreshwar Apte, who was appointed on the Board of the Company on December 31, 2018 are proposed to appointed in the forthcoming Annual General Meeting. Further, Dr. Ashutosh Raghuvanshi was appointed as the Managing Director and Chief Executive Officer effective March 19, 2019.

Further, the following changes took place in the directorship during the Financial Year 2018-19 and till the date of this report:

a) Mr. Rohit Bhasin was appointed as an additional independent director in the Company on April 19, 2018. He subsequently resigned on June 26, 2018;

b) Lt. Gen. Tejinder Singh Shergill was regularised as Independent Director by the shareholders w.e.f. May 5, 2018;

c) Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee were appointed as Non-Executive Independent Directors of the Company by the Board on April 27, 2018 and their appointments were regularized by the members in the extra-ordinary general meeting ("EGM") of the Company held on May 22, 2018. At the same EGM, Dr. Brian William Tempest was disassociated from his position on the basis of resolution passed by the members;

d) Mr. Harpal Singh, Lt. Gen. Tejinder Singh Shergill and Ms. Sabina Vaisoha resigned from directorship of the Company w.e.f. May 20, 2018;

e) Mr. Ravi Rajagopal was appointed as Chairman of the Board with effect from June 1, 2018;

f) Dr. Tan See Leng, Dr. Chan Boon Kheng, Mr. Low Soon Teck and Mr. Chintamani Aniruddha Bhagat were appointed as Additional Directors of the Company effective November 13, 2018 and Mr. Shirish Moreshwar Apte was appointed as Additional Director (designated as Non-Executive Vice Chairman) effective December 31, 2018; and

g) Dr. Ashutosh Raghuvanshi was appointed as Chief Executive Officer w.e.f. March 18, 2019 and as Managing Director effective March 19, 2019.

Brief resume of the directors being appointed and/or regularized at the forthcoming Annual General Meeting is separately disclosed in the Notice of the ensuing Annual General Meeting.

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

During the Financial Year 2018-19, twenty five meetings were held by the Board of Directors. The details of board/committee meetings and the attendance of Directors are provided in the Corporate Governance Report.

**Details of Key Managerial Personnel are as under:**

| Name | Designation |
|---|---|
| Mr. Bhavdeep Singh | Chief Executive Officer (Resigned vide letter dated November 8, 2018 and effective March 17, 2019) |
| Dr. Ashutosh Raghuvanshi | Managing Director and Chief Executive Officer (Appointed as CEO w.e.f. March 18, 2019 and as Director and Managing Director effective March 19, 2019) |
| Mr. Gagandeep Singh Bedi | Chief Financial Officer (Resigned vide letter dated August 30, 2018 and effective September 30, 2018) |
| Mr. Girish Kumar Gupta | Chief Financial Officer (Appointed on October 1, 2018 and resigned effective April 8, 2019) |
| Mr. Vivek Kumar Goyal | Chief Financial Officer (Appointed w.e.f April 8, 2019) |
| Mr. Rahul Ranjan | Company Secretary (Resigned effective October 1, 2018) |
| Mr. Sumit Goel | Company Secretary (Appointed w.e.f. October 1, 2018) |

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

1. Composition of Committee(s) of the Board of Director and other details;
2. Details of establishment of Vigil Mechanism;
3. Details of remuneration paid to all the Directors including Stock options; and
4. Commission received by Managing Director and/or Whole Time Director; if any.

## BOARD EVALUATION

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

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

| S. No. | Process | Remarks | Criteria for Evaluation (including Independent Directors) |
|---|---|---|---|
| 1. | Individual Self-Assessment | Duly filled in self-evaluation forms were shared by the Directors. | This includes Members Selection and Induction Process, Knowledge, skills, Diligence, participation, Leadership skills and Personnel attributes. |
| 2. | One to One discussion | Process Coordinator interacted with the Board members 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 and of Independent Directors | A compilation of the individual self-assessments and one to one discussions were placed at the meetings of the Independent Director's (ID's) and the Board of Directors (BoD) for them to review collectively. | 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 2018-19 was presented at a meeting of the Board of Directors. | NA |

## MANAGERIAL REMUNERATION

Disclosures pursuant to Rule 5 of the 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 2018-19**

| Name of the Director | Remuneration of Director (₹ in crore) | Median Remuneration of employees (₹ in crore) | Ratio |
|---|---|---|---|
| *NIL | | | |

** Dr. Ashutosh Raghuvanshi joined on 18-Mar-19 and his salary for the month of March, 2019 was paid with April 19 month's salary. Accordingly, for the Financial Year 2018-19, no remuneration was paid to any director (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. Bhavdeep Singh | Chief Executive Officer | 0% |
| [1]Dr. Ashutosh Raghuvanshi | Managing Director and Chief Executive Officer | N.A |
| [2]Mr. Gagandeep Singh Bedi | Chief Financial Officer | 0% |
| [3]Mr. Girish Kumar Gupta | Chief Financial Officer | NA |
| Mr. Rahul Ranjan | Company Secretary | 7% |
| [4]Mr. Sumit Goel | Company Secretary | N.A |

[1] Appointed as CEO effective 18-Mar-2019 and as Managing Director effective 19-Mar-2019

[2]Resigned effective September 30, 2018

[3]Appointed w.e.f. October 1, 2018 and resigned effective April 8, 2019

[4]Appointed w.e.f. October 1, 2018

*% increase in remuneration is effective 1st April 2018

**(c) The percentage increase in the median remuneration of employees in the financial year is 6.6% (8% in the last year)** (Median remuneration increase of the employees is eligible for appraisal as on 1st April 2018)

**(d) The number of permanent employees on the rolls of Company is 2610 as on March 31, 2019.**

**(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 2018-19 |
|---|---|---|
| (A) | Average percentile increase already made in the salaries of employees other than the managerial personnel | 5.4% |
| (B) | Percentile increase in the managerial remuneration | - |
| Comparison of (A) and (B) | | - |
| Justification | | 5.4% is the company average. The increment band for eligible employees was 0% to 10%. There was no increment for Sr. leadership team in Band 4. |
| Any exceptional circumstances for increase in the managerial remuneration | | NA |

**(f) Dr. Ashutosh Raghuvanshi's remuneration structure includes variable pay, however, the variable payout for Financial Year 2018-19 (his appointment dated being March 18, 2019) will be made alongwith the Financial Year 2019-20. There is no variable payment being made to any other director of the Company.**

**(g) Remuneration paid to Directors and KMPs is as per the Remuneration Policy of the Company.**

## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director etc. Details of Remuneration Policy and changes, if any, are stated in the Corporate Governance Report.

The Company has from time to time familiarised the Board of Directors with the Company's operations, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The same is governed by a template viz Board of Directors Governance Standard and it is available at https://d3frl090092vlr.cloudfront.net/Board%20of%20Directors%20Governance%20Standards.pdf.

## PARTICULARS OF EMPLOYEES

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

## RELATED PARTY TRANSACTIONS

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

The Related Party Transactions are placed before the Audit and Risk Management Committee for approval as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Prior omnibus approval of the Audit and Risk Management

Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit and Risk Management Committee for their review on a quarterly basis.

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

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the following link https://d3frl090092vlr.cloudfront.net/Related-Party-Transactions-Framework-Document.pdf.

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

## RISK MANAGEMENT POLICY

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

## POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT

Your Company has adopted a Policy for Prevention, Prohibition and Redressal of Sexual Harassment. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the Financial Year 2018-19, the Company has received 10 complaints on sexual harassment and these complaints have been resolved with appropriate action taken and hence no complaint is pending as on March 31, 2019. The same may also be read in terms of Companies (Accounts) Rules, 2014.

## DISCLOSURE REQUIREMENTS

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report with Auditors' certificate thereon and Management Discussion and Analysis Report are attached, which form part of this report.

## CODE OF CONDUCT

Declaration by Dr. Ashutosh Raghuvanshi, Managing Director and Chief Executive Officer confirming compliance with the 'Fortis Code of Conduct' is enclosed with Corporate Governance Report.

## CERTIFICATE BY STATUTORY AUDITORS FOR DOWNSTREAM INVESTMENT

A certificate from the Statutory Auditors of the Company stating that the Company has duly complied with the requirements of downstream investment made by the Company to second level entities in accordance with Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 would be placed at the Annual General Meeting for inspection by members.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures therefrom;

(b) we have assessed the selection and application of accounting policies for their consistent application and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the loss of the Company for the Financial Year ended March 31, 2019;

(c) except for the findings of the Investigation Report, including matters on internal control described in Notes 29 and 30 in the Notes to the Consolidated Financial Statements and in the notes to the Standalone Financial Statements and our inability at this juncture to make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to Luthra and their qualifications and disclaimers as described in their investigation report, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Statements have been prepared on a going concern basis for the reasons stated in Note 38 in the Notes to the Consolidated Financial Statements and Note 33 in the notes to the Standalone Financial Statements; and

(e) except for certain systemic and control lapses identified in the Investigation Report as described in Notes 29 and 30 in the Notes to the Consolidated Financial Statements and in the Notes to the Standalone Financial Statements, proper internal financial controls have been laid down and that such internal financial controls are adequate and are operating effectively;

(f) except for the matters on related parties and managerial remuneration described in Note 32(4) in the Notes to the Consolidated Financial Statements and Note 32 in the notes to the Standalone Financial Statements and certain systemic and control lapses, as detailed in Notes 29 and 30 in the Notes to the Consolidated Financial Statements and in the Notes to the Standalone Financial Statements, there are proper systems in place to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**ACKNOWLEDGEMENT**

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

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

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

**Sd/-**
**Ravi Rajagopal**
**Chairman**

**Date**: May 24, 2019
**Place**: Gurugram

## Annexure- I to Director's Report

## Form AOC-1

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

(Amount in ₹ lacs)

| S. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | | Share Capital | Reserves & surplus | Total Assets | Total Liabilities | Invest-ments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of share-holding * |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Escorts Heart Institute and Research Centre Limited | 31-Mar-19 | INR | 1.00 | 240.21 | 70,406.78 | 101,906.40 | 31,259.42 | 76,063.41 | 33,580.54 | (10,294.31) | (1,432.84) | (8,861.47) | - | 100.00% |
| 2 | Fortis Healthstaff Limited | 31-Mar-19 | INR | 1.00 | 490.00 | (1,339.33) | 267.90 | 1,117.23 | - | 101.03 | (16.23) | - | (16.23) | - | 100.00% |
| 3 | Fortis Asia Healthcare Pte. Ltd | 31-Mar-19 | USD | 69.28 | 16,219.40 | (93,513.90) | 27,250.71 | 104,545.21 | 27,219.03 | 813.25 | (4,746.37) | 3.62 | (4,749.99) | - | 100.00% |
| 4 | Fortis Healthcare International Pte. Limited | 31-Mar-19 | SGD | 50.71 | 95,168.12 | (59,006.45) | 36,531.02 | 369.35 | 16,434.74 | 912.63 | 692.23 | 109.94 | 582.29 | - | 100.00% |
| 5 | Mena Healthcare Investment Company Limited | 31-Mar-19 | AED | 18.77 | 19.82 | (909.50) | 34.44 | 924.13 | 34.44 | - | - | - | - | - | 82.54% |
| 6 | Medical Management Company Limited | 31-Mar-19 | AED | 18.77 | 32.55 | 744.56 | 896.71 | 119.59 | - | - | - | - | - | - | 100.00% |
| 7 | SRL Diagnostics FZ-LLC | 31-Mar-19 | AED | 18.77 | 87.95 | (868.31) | 1,827.65 | 2,608.01 | - | 2,899.61 | (1,485.26) | - | (1,485.26) | - | 100.00% |
| 8 | SRL Diagnostics Middle East LLC | 31-Mar-19 | AED | 18.77 | N/A | | | | | | | | | | 49.00% |
| 9 | Hiranandani Healthcare Private Ltd | 31-Mar-19 | INR | 1.00 | 400.00 | 2,131.90 | 9,810.59 | 7,278.69 | - | 9,951.73 | (678.74) | (115.05) | (563.69) | - | 100.00% |
| 10 | Fortis La Femme Limited | 31-Mar-19 | INR | 1.00 | 5.00 | (72.78) | 4.12 | 71.89 | - | - | (9.33) | - | (9.33) | - | 100.00% |
| 11 | Fortis CSR Foundation | 31-Mar-19 | INR | 1.00 | 5.00 | 7.92 | 358.45 | 345.52 | - | 117.67 | 7.15 | - | 7.15 | - | 100.00% |
| 12 | SRL Limited | 31-Mar-19 | INR | 1.00 | 7,842.55 | 94,501.40 | 114,557.18 | 12,213.22 | 39,944.69 | 72,471.31 | 9,476.73 | 3,889.38 | 5,587.35 | - | 56.90% |
| 13 | SRL Diagnostics Private Limited | 31-Mar-19 | INR | 1.00 | 395.82 | 2,913.75 | 20,293.00 | 16,983.42 | 950.88 | 28,569.48 | 4,184.47 | 1,481.73 | 2,702.74 | - | 100.00% |
| 14 | SRL Reach Limited | 31-Mar-19 | INR | 1.00 | 800.00 | (312.98) | 1,092.80 | 605.78 | - | 968.11 | (124.59) | (34.54) | (90.05) | - | 100.00% |
| 15 | Fortis Healthcare International Limited | 31-Mar-19 | USD | 69.28 | 5,632.38 | 59,191.36 | 65,634.71 | 810.97 | - | 87,288.54 | 87,525.55 | - | 87,525.55 | - | 100.00% |
| 16 | Fortis Global Healthcare (Mauritius) Limited | 31-Mar-19 | USD | 69.28 | 373.53 | (29,318.84) | 1,905.49 | 30,850.80 | - | 1,278.80 | 2,666.68 | - | 2,666.68 | - | 100.00% |
| 17 | Fortis Hospitals Limited | 31-Mar-19 | INR | 1.00 | 5,330.06 | (25,305.77) | 265,076.52 | 285,052.96 | 49,819.43 | 224,460.89 | (51,954.23) | (16,395.02) | (35,559.22) | - | 100.00% |
| 18 | Fortis Cancer Care Limited | 31-Mar-19 | INR | 1.00 | 5.00 | (3,046.83) | 711.98 | 3,753.81 | - | - | 267.61 | - | 267.61 | - | 100.00% |
| 19 | Fortis Malar Hospitals Limited | 31-Mar-19 | INR | 1.00 | 1,875.70 | 8,483.73 | 14,849.76 | 4,490.33 | 5.00 | 15,392.63 | 235.85 | 62.32 | 173.52 | - | 62.71% |

(Amount in ₹ lacs)

| S. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | | Share Capital | Reserves & surplus | Total Assets | Total Liabilities | Invest-ments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of share-holding * |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20 | Malar Star Medicare Limited | 31-Mar-19 | INR | 1.00 | 5.00 | 178.18 | 6,533.45 | 6,350.27 | - | 676.97 | 43.08 | 11.20 | 31.88 | - | 100.00% |
| 21 | Fortis Health Management (East) Limited | 31-Mar-19 | INR | 1.00 | 5.00 | (1,000.74) | 528.59 | 1,524.33 | - | 1,378.48 | (153.44) | - | (153.44) | - | 100.00% |
| 22 | Birdie and Birdie Realtors Private Limited | 31-Mar-19 | INR | 1.00 | 1.00 | (10,926.50) | 9,307.72 | 20,233.23 | - | 1.58 | (1,819.25) | - | (1,819.25) | - | 100.00% |
| 23 | Stellant Capital Advisory Services Private Limited | 31-Mar-19 | INR | 1.00 | 1,750.00 | 7,573.48 | 10,226.59 | 903.10 | 10,162.42 | 384.06 | (129.52) | (3.40) | (126.12) | - | 100.00% |
| 24 | Fortis Hospotel Limited | 31-Mar-19 | INR | 1.00 | 56,117.02 | 118,561.98 | 183,368.91 | 8,687.07 | 95,340.90 | 33,760.84 | 12,894.14 | 3,886.30 | 9,007.84 | - | 100.00% |
| 25 | RHT Health Trust Manager Pte Ltd | 31-Mar-19 | SGD | 50.71 | 609.45 | 16,198.82 | 17,916.02 | 1,107.75 | 9,666.19 | 16,236.83 | 11,952.31 | 472.85 | 11,479.46 | - | 100.00% |
| 26 | Fortis Emergency Services Limited | 31-Mar-19 | INR | 1.00 | 5.00 | (5,816.79) | 1,025.21 | 6,836.99 | - | 182.96 | (812.81) | - | (812.81) | - | 100.00% |
| 27 | Fortis C-Doc Healthcare Limited | 31-Mar-19 | INR | 1.00 | 676.77 | (2,182.79) | 962.47 | 2,468.49 | - | 2,434.79 | (348.14) | - | (348.14) | - | 60.00% |
| 28 | Escorts Heart and Super Speciality Hospital Limited | 31-Mar-19 | INR | 1.00 | 3,392.52 | 5,174.50 | 61,791.71 | 53,224.02 | 17,775.00 | 2,510.96 | (405.03) | - | (405.03) | - | 100.00% |
| 29 | International Hospital Limited | 31-Mar-19 | INR | 1.00 | 33,963.13 | 49,579.17 | 247,520.43 | 163,978.71 | 91,417.81 | 7,934.99 | (290.62) | 3,068.52 | (3,359.14) | - | 100.00% |
| 30 | Hospitalia Eastern Private Limited | 31-Mar-19 | INR | 1.00 | 5.10 | (8,719.40) | 16,189.21 | 24,903.25 | 2,859.67 | 268.28 | (339.97) | 12.47 | (352.44) | - | 100.00% |
| 31 | Fortis Health Management Limited | 31-Mar-19 | INR | 1.00 | 250.00 | (43,171.31) | 62,925.26 | 105,846.76 | 53,447.01 | 1,130.58 | (1,370.09) | - | (1,370.09) | - | 100.00% |

* The percentage of shareholding is considered on fully diluted basis and also includes indirect shareholding.

**Notes:**

1. Names of subsidiaries which are yet to commence operations-Nil

2. Names of subsidiaries which have been liquidated or sold during the year-Refer the section "details of subsidiary, Joint Venture/Associate Companies" under Board Report .

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

(Amount in ₹ lacs)

| Sl. No | Name of Associates/Joint Ventures | Latest audited Balance Sheet Date | Shares of Associate/ Joint Ventures held by the company on the year end | | | Description of how there is significant influence | Reason why the associate/ joint venture is not consolidated | Net worth attributable to Shareholding as per latest audited Balance Sheet | Profit / Loss for the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | No. | Amount of Investment in Associates/ Joint Venture | Extend of Holding % * | | | | i. Considered in Consolidation | i. Not Considered in Consolidation |
| 1 | RHT Health Trust | 31-Mar-19 | 2,521.67 | 2,596.32 | 27.82% | Associate | Not Applicable | 2,596.32 | 34,764.57 | - |
| 2 | The Medical and Surgical Centre Limited | 30-Jun-18 | 1,646.71 | 3,535.85 | 28.89% | Associate | Not Applicable | 3,535.85 | 62.56 | - |
| 3 | Lanka Hospitals Corporation PLC | 31-Dec-19 | 641.21 | 9,523.26 | 28.66% | Associate | Not Applicable | 9,523.26 | 1,134.71 | - |
| 4 | DDRC SRL Diagnostics Private Limited | 31-Mar-19 | 2.50 | 3,167.33 | 50.00% | Joint Venture | Not Applicable | 3,167.33 | 461.23 | - |
| 5 | Fortis Cauvery | 31-Mar-19 | NA, a partnership firm | | 51.00% | Joint Venture | Not Applicable | 27.44 | (3.87) | - |
| 6 | SRL Diagnostics ( NEPAL) Private Limited | 31-Mar-19 | 2.40 | 207.97 | 50.00% | Joint Venture | Not Applicable | 207.97 | 16.62 | - |
| 7 | Sunrise Medicare Private Limited | 31-Mar-18 | 0.03 | 0.31 | 31.26% | Associate | Not Applicable | 0.31 | - | - |

* The percentage of shareholding also includes indirect shareholding.

**Notes:**

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

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

## Annexure II to Directors' Report

# SECRETARIAL AUDIT REPORT
### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

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

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

**We report that:-**

a) Maintenance of secretarial records are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; &

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "SEBI LODR");

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

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

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

- *The audited financial statements/ results for the year ended on March 31, 2018 were submitted to the stock exchange(s) after a delay of 37 days against the specified period as required under Regulation 33(3)(d) of SEBI LODR. In respect thereto, necessary penal provisions were duly complied with;*

- *Statement on Impact of Audit Qualifications for audit report with modified opinion was submitted with the stock exchange(s) after a delay of almost 1 month against the specified period as required under Regulation 33(3)(d) of SEBI LODR. Necessary compliances including newspaper publication(s) were duly complied with;*

- *Prior intimation to the stock exchanges was not given for the board meeting held on July 07, 2018 for the approval of annual financial statements/ results for the year ended on March 31, 2018, which is not in compliance with Regulation 29(2) of SEBI LODR;*

- *Composition of Audit Committee was modified on November 13, 2018 which was not in accordance with Regulation 18 of SEBI LODR. The same was thereafter rectified on January 30, 2019. In respect thereto, necessary penal provisions were duly complied with;*

- *No independent director(s) of the Company were appointed on the board of Fortis Hospotel Limited and Fortis Hospitals Limited, both being unlisted material subsidiaries of the Company, which is not in compliance with Regulation 24(1) of SEBI LODR;*

- *The proceedings of Extraordinary General Meeting of the Company held on August 13, 2018 was submitted to the stock exchanges after the delay of 2 days which is not in compliance with Regulation 30 of SEBI LODR;*

- *Credit rating of the Company was revised by ICRA Limited on September 06, 2018 and the same was intimated to the stock exchanges on September 20, 2018 which is not in compliance with Regulation 30 of SEBI LODR;*

- *The Company disclosed to the stock exchanges about Share subscription Agreement entered into with IHH Healthcare Berhad on July 13, 2018, however, the same was not in the format as prescribed under Para No. 5 of the SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015;*
- *Necessary documentation in respect of secured loan obtained from Yes Bank amounting to Rs. 614 Crore is yet to be completed and accordingly, the Company has not filed Form CHG-1 with Registrar of Companies, Chandigarh;*
- *Disclosures as required under the provisions of Section 149(7) of the Companies Act, 2013 were not placed before first meeting of board of directors held in Financial Year ended on March 31, 2019, however, same was placed at subsequent meeting of the board;*
- *Disclosures as required under the provisions of Section 184(1) of the Companies Act, 2013 were not placed before first meeting of board of directors held in Financial Year ended on March 31, 2019, however, same was placed at subsequent meeting of the board;*
- *The Company has initiated the process of performance evaluation of the Board as a whole, its Committees and Individual Directors, as per the requirements of Section 134(3)(p) of the Act read with Regulation 17(10) of SEBI LODR Regulations and report of same is yet to be placed before the board; &*
- *As reported in the secretarial audit report of Financial year ended March 31, 2018, the remuneration of ₹ 20,02,39,000/- paid to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives', in the Strategy Function, was in excess of the limits approved by the Central Government as under Section 197 of the Act. As per the management, the Company is in the process of seeking refund of such excess amount paid to him.*

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

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

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

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

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

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

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

**We further report that**:-

- Pursuant to the provisions of Section 186, 188 and other applicable provisions of the Act and Regulation 23 of the SEBI LODR, members of the Company passed a special resolution on May 05, 2018 vide postal ballot for the approval of definitive agreements entered into by the Company with *inter alia*, RHT Health Trust Manager Pte Limited ("Trustee Manager"), acting in its capacity as trustee-manager of RHT Health Trust ("RHT"), Fortis Global Healthcare Infrastructure Pte. Ltd. and RHT Health Trust Services Pte. Ltd. for acquisition of equity and debt securities of International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Fortis Health Management Limited, Hospitalia Eastern Private Limited and Fortis Hospotel Limited from Fortis Global Healthcare Infrastructure Pte. Ltd. and RHT Health Trust Services Pte. Ltd. for an overall consideration of ₹. 4,650 Crores.
- Pursuant to the provisions of Section 42, 62(1)(c) of the Act and provisions of other applicable law for the time being in force, members of the Company passed a special resolution on August 13, 2018 in their extraordinary general meeting to create, issue, offer and allot on preferential basis, for cash, 23,52,94,117 (Twenty Three Crore Fifty Two Lakh Ninety Four Thousand One Hundred and Seventeen) equity shares of the Company of the face value of ₹. 10/- (Rupees Ten only) each at a price of ₹. 170 (including a premium of ₹. 160) per equity share aggregating upto ₹. 4,000 Crore (Rupees Four Thousand Crores Only) to Northern TK Venture Pte Ltd.
- Pursuant to the provisions of Section 13, 61 of the Act and provisions of other applicable law for the time being in force, Members of the Company passed a special resolution on August 13, 2018 in their extraordinary general meeting for increase of authorised capital of the Company and alteration of capital clause of memorandum of association of the Company.
- Pursuant to Regulation 31A of SEBI LODR and provisions of other applicable law for the time being in force, Members of the Company passed an ordinary resolution on August 13, 2018 in their extraordinary general meeting for reclassification of members of the promoter/ promoter group to the public shareholder category and classification of Northern Tk Venture Pte Ltd as promoter.
- Members of the Company passed a special resolution on October 29, 2018 vide postal ballot for the approval of amendment made in Master Purchase Agreement entered into with the Trustee Manager of RHT, Fortis Global Healthcare Infrastructure Pte. Ltd. and RHT Health Trust Services Pte. Ltd. for acquisition of equity and debt securities issued by International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Fortis Health Management Limited, Hospitalia Eastern Private Limited and Fortis Hospotel Limited to Fortis Global Healthcare Infrastructure Pte. Ltd. and RHT Healthtrust Services Pte. Ltd. and for extension of Long Stop Date from September 30, 2018 to December 31, 2018.

*For* **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No. P2001DE052900
Sd/-
**Sanjay Grover**
**Managing Partner**
CP No. 3850

New Delhi
May 23, 2019

**Annexure III to Directors' Report**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on Financial Year ended on 31.03.2019**

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

## I. REGISTRATION & OTHER DETAILS:

| S. No. | Particulars | Details |
|---|---|---|
| 1. | CIN | L85110PB1996PLC045933 |
| 2. | Registration Date | February 28, 1996 |
| 3. | Name of the Company | Fortis Healthcare Limited |
| 4. | Category/Sub-category of the Company | Public Company/Limited by Shares |
| 5. | Address of the Registered Office & contact details | Fortis Hospital, Sector 62, Phase VIII, Mohali-160062<br>Tel. 0172-5096001 Fax: 0172-5096221<br>Email Id: secretarial@fortishealthcare.com<br>Website: www.fortishealthcare.com |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Fintech Private Limited<br>Karvy Selenium, Tower B,<br>Plot No. 31 & 32, Financial District,<br>Nanakramguda, Serilingampally Mandal<br>Hyderabad-500032<br>Phone No. - +91 40 6716 2222<br>Fax No. - +91 40 23420814<br>E-mail: einward.ris@karvy.com<br>Website: www.karvyfintech.com |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

**(A) HOLDING COMPANIES**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | IHH Healthcare Berhad<br>Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100, Malaysia | Foreign Company | Ultimate Holding Company | - | 2(46) |
| 2 | Integrated Healthcare Holdings Limited<br>Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Malaysia | Foreign Company | Intermediate Holding Company | - | 2(46) |
| 3 | Parkway Pantai Limited<br>111, Somerset Road, # 15-01, TripleOne Somerset, Singapore 238164 | Foreign Company | Intermediate Holding Company | - | 2(46) |
| 4 | Northern TK Venture Pte Ltd<br>111, Somerset Road, # 15-01, TripleOne Somerset, Singapore 238164 | Foreign Company | Immediate Holding Company | 31.1 | 2(46) |

**(B) DIRECT SUBSIDIARIES OF FORTIS HEALTHCARE LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Hiranandani Healthcare Private Limited<br>Mini Seashore Road, Sector-10A, Plot No. 28, Vashi, Navi Mumbai-400703 | U85100MH2005PTC154823 | Subsidiary Company | 100 | 2(87) |
| 2 | *Fortis Hospotel Limited<br>Fortis Memorial Research Institute, Sector-44, Gurgaon-122002 | U74899HR1990PLC054770 | Subsidiary Company | 74.35 | 2(87) |
| 3 | Fortis La Femme Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, Delhi-110025 | U85100DL2011PLC217500 | Subsidiary Company | 100 | 2(87) |
| 4 | SRL Limited<br>Fortis Hospital, Sector 62, Phase-VIII, Mohali-160062 | U74899PB1995PLC045956 | Subsidiary Company | 56.90 (on diluted basis) | 2(87) |
| 5 | Fortis Healthcare International Limited<br>4th Floor, Ebene Skies, Rue de l'Institut, Ebène, Mauritius | Foreign Company | Subsidiary Company | 100 | 2(87) |
| 6 | Fortis Hospitals Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, Delhi-110025 | U93000DL2009PLC222166 | Subsidiary Company | 100 | 2(87) |

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 7 | Escorts Heart Institute and Research Centre Limited<br>OPD City Centre, SCO 11, Sector-11-D Chandigarh-160011 | U85110CH2000PLC023744 | Subsidiary Company | 100 | 2(87) |
| 8 | Fortis CSR Foundation<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85100DL2014NPL271782 | Subsidiary Company | 100 | 2(87) |
| 9 | *International Hospital Limited<br>Fortis Memorial Research Institute, Sector-44, Gurgaon-122002 | U74999HR1994PLC048225 | Subsidiary Company | 78.4 | 2(87) |
| 10 | *Fortis Health Management Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85110DL2008PLC176412 | Subsidiary Company | 52 | 2(87) |
| 11 | *Escorts Heart and Super Speciality Hospital Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85110DL2003PLC120016 | Subsidiary Company | 48.58 | 2(87) |

*In direct wholly owned subsidiaries

**(C) DIRECT SUBSIDIARIES OF FORTIS HOSPITALS LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Fortis Cancer Care Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85110DL2011PLC217420 | Subsidiary Company | 100 | 2(87) |
| 2 | Fortis Malar Hospitals Limited<br>Fortis Hospital, Sector 62, Phase VIII, Mohali-160062, Punjab. | L85110PB1989PLC045948 | Subsidiary Company | 62.71 | 2(87) |
| 3 | Fortis Health Management (East) Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85190DL2011PLC217462 | Subsidiary Company | 100 | 2(87) |
| 4 | Fortis C-Doc Healthcare Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85110DL2010PLC208379 | Subsidiary Company | 60 | 2(87) |

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 5 | Birdie & Birdie Realtors Private Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U45400DL2008PTC173959 | Subsidiary Company | 100 | 2(87) |
| 6 | Stellant Capital Advisory Services Private Limited<br>Fortis Hospitals Limited, Mulund Goregaon Link Road, Bhandup (West), Mumbai-400078 | U31300MH2005PTC153134 | Subsidiary Company | 100 | 2(87) |
| 7 | Fortis Global Healthcare (Mauritius) Limited<br>4th Floor, Ebene Skies, Rue de l'Institut, Ebène, Mauritius | Foreign Company | Subsidiary Company | 100 | 2(87) |
| 8 | Fortis Emergency Services Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U93000DL2009PLC189866 | Subsidiary Company | 100 | 2(87) |

**(D) DIRECT SUBSIDIARY OF FORTIS CANCER CARE LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | *Lalitha Healthcare Private Limited<br>65 Prime Centre, First Main Road, Seshadripuram, Bangalore-560020. | U85110KA2005PTC035863 | Subsidiary Company | 79.43 | 2(87) |

*The same was divested on June 29, 2018.

**(E) DIRECT SUBSIDIARY OF FORTIS MALAR HOSPITALS LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Malar Stars Medicare Limited<br>52, First Main Road, Gandhi Nagar, Adyar, Chennai-600020 | U93000TN2009PLC072209 | Subsidiary Company | 100 | 2(87) |

**(F) DIRECT SUBSIDIARY OF STELLANT CAPITAL ADVISORY SERVICES PRIVATE LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | RHT Health Trust Manager Pte. Limited<br>9 Battery Road, # 15 – 01, Singapore-049910 | Foreign Company | Subsidiary Company | 100 | 2(87) |

**(G) DIRECT SUBSIDIARIES OF ESCORTS HEART INSTITIUTE AND RESEARCH CENTRE LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Fortis HealthStaff Limited<br>Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U85194DL1984PLC205390 | Subsidiary Company | 100 | 2(87) |
| 2 | Fortis Asia Healthcare Pte. Limited<br>9 Battery Road, # 15 – 01, Singapore-049910 | Foreign Company | Subsidiary Company | 100 | 2(87) |

**(H) DIRECT SUBSIDIARY OF FORTIS ASIA HEALTHCARE PTE. LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Fortis Healthcare International Pte. Limited<br>9 Battery Road, # 15 – 01, Singapore-049910 | Foreign Company | Subsidiary Company | 100 | 2(87) |

**(I) DIRECT SUBSIDIARY OF FORTIS HEALTHCARE INTERNATIONAL PTE LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Mena Healthcare Investment Company Limited<br>3rd Floor, J&C Building, PO Box 362, Road Town, Tortola, British Virgin Islands, VG1110 | Foreign Company | Subsidiary Company | 82.54 | 2(87) |

**(J) DIRECT SUBSIDIARY OF MENA HEALTHCARE INVESTMENT COMPANY LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Medical Management Company Limited<br>3rd Floor, J&C Building, PO Box 362, Road Town, Tortola, British Virgin Islands, VG1110 | Foreign Company | Subsidiary Company | 100 | 2(87) |

**(K) DIRECT SUBSIDIARIES OF SRL LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | SRL Diagnostics Private Limited<br>74, Ground Floor, Paschimi Marg, Opposite C Block, Market, Vasant Vihar, New Delhi-110057 | U85195DL1999PTC217659 | Subsidiary Company | 100 | 2(87) |

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 2 | SRL Diagnostics FZ- LLC 64, Al Razi Building, Unit 107-108, 118-119, Block A, P.O. Box 505143, Dubai Healthcare City | Foreign Company | Subsidiary Company | 100 | 2(87) |
| 3 | SRL Reach Limited 74, Ground Floor, Paschimi Marg, Opposite C Block Market, Vasant Vihar, New Delhi-110057 | U85100DL2015PLC279712 | Subsidiary Company | 100 | 2(87) |

**(L) DIRECT SUBSIDIARY OF SRL DIAGNOSTICS FZ LLC**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | SRL Diagnostic Middle East-LLC (Board Controlled subsidiary) 809, Julphar Office Tower, Al Nakheel, Ras Al Khaimah, UAE, PO BOX- 3129 | Foreign Company | Subsidiary Company | 49 | 2(87) |

**(M) DIRECT SUBSIDIARY OF FORTIS HEALTH MANAGEMENT LIMITED**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Hospitalia Eastern Private Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 | U45202DL1988PTC033270 | Subsidiary Company | 100 | 2(87) |

**(N) ASSOCIATES OF FORTIS HEALTHCARE LIMITED AND ITS SUBSIDIARIES**

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Sunrise Medicare Private Limited S-549, Greater Kailash, Part I, New Delhi-110048 | U74899DL1983PTC014923 | Associate Company | 31.26 | 2(6) |
| 2 | RHT Health Trust 9 Battery Road, # 15 – 01, Straits Trading Building, Singapore-044910 | Foreign Company | Associate Company | 27.82 | 2(6) |
| 3 | The Medical and Surgical Centre Ltd Georges Guibert Street, Curepipe, Mauritius | Foreign Company | Associate Company | 28.89 | 2(6) |
| 4 | Lanka Hospitals Corporation PLC No.578, Elvitigala Mawatha, Narahenpita, Colombo 05, Sri Lanka | Foreign Company | Associate Company | 28.66 | 2(6) |

| S. No | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 5 | DDRC SRL Diagnostics Private Limited<br>4th Floor, Prime Square, Plot No.1 Gaiwadi Industrial Estate, S.V.Road, Goregaon (West) Mumbai -400062 | U85190MH2006PTC161480 | Associate Company | 50 | 2(6) |
| 6 | SRL Diagnostics (Nepal) Private Limited<br>Maharajgunj, Ward No. 3 (Opposite US Embassy) P.O. Box 275 Kathmandu, Nepal | Foreign Company | Associate Company | 50 | 2(6) |

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

### (i) Category-wise Share Holding

| Category of Shareholders | | No. of Shares held as on 01-April-2018 | | | | No. of Shares held as on 31-March-2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | **Promoters** | | | | | | | | | |
| (1) | **Indian** | | | | | | | | | |
| a) | Individual/ HUF | 91419 | 0 | 91419 | 0.02 | 68390 | 0 | 68390 | 0.01 | -0.01 |
| b) | Central/ State Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | Bodies Corporate | 3879451 | 0 | 3879451 | 0.75 | 1153091 | 0 | 1153091 | 0.15 | -0.60 |
| 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) (1):** | **3970870** | **0** | **3970870** | **0.77** | **1221481** | **0** | **1221481** | **0.16** | **-0.60** |
| (2) | **Foreign** | | | | | | | | | |
| a) | Individuals (NRIs/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Bodies Corporates | 0 | 0 | 0 | 0.00 | 235294117 | 0 | 235294117 | 31.17 | 31.17 |
| c) | Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Sub-total (A) (2):-** | 0 | 0 | 0 | 0.00 | **235294117** | **0** | **235294117** | **31.17** | **31.17** |
| | **Total shareholding of Promoter (A)= (A)(1)+(A)(2)** | **3970870** | **0** | **3970870** | **0.77** | **236515598** | **0** | **236515598** | **31.33** | **30.56** |
| B. | **Public Shareholding** | | | | | | | | | |
| 1. | **Institutions** | | | | | | | | | |
| a) | Mutual Funds/UTI | 23593662 | 0 | 23593662 | 4.55 | 18509471 | 0 | 18509471 | 2.45 | -2.10 |
| b) | Banks / Financial Institutions | 89374129 | 0 | 89374129 | 17.23 | 66235808 | 61 | 66235869 | 8.77 | -8.46 |
| c) | Central/ State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| Category of Shareholders | | No. of Shares held as on 01-April-2018 | | | | No. of Shares held as on 31-March-2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Foreign Institutional Investors | 236678649 | 0 | 236678649 | 45.63 | 299875987 | 0 | 299875987 | 39.72 | -5.91 |
| g) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Sub-total (B)(1):-** | **349646440** | **0** | **349646440** | **67.41** | **384621266** | **61** | **384621327** | **50.95** | **-16.47** |
| **2.** | **Non-Institutions** | | | | | | | | | |
| a) | Bodies Corporates | 61790444 | 0 | 61790444 | 11.91 | 46860590 | 0 | 46860590 | 6.21 | -5.71 |
| b) | Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 36066810 | 90427 | 36157237 | 6.97 | 32855522 | 88084 | 32943606 | 4.36 | -2.61 |
| | ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 46207133 | 14000 | 46221133 | 8.91 | 49061220 | 14000 | 49075220 | 6.50 | -2.41 |
| c) | **Others** | | | | | | | | | |
| | Clearing Members | 14479709 | 0 | 14479709 | 2.79 | 210918 | 0 | 210918 | 0.03 | -2.76 |
| | Foreign Collaborators | 0 | 670194 | 670194 | 0.13 | 0 | 670194 | 670194 | 0.09 | -0.04 |
| | NBFC | 1026529 | 0 | 1026529 | 0.20 | 429399 | 0 | 429399 | 0.06 | -0.14 |
| | Non- Resident Indians | 1962298 | 58715 | 2021013 | 0.39 | 1306127 | 58715 | 1364842 | 0.18 | -0.21 |
| | NRI Non-Repatriation | 2664087 | 0 | 2664087 | 0.51 | 2220979 | 0 | 2220979 | 0.29 | -0.22 |
| | Trusts | 9575 | 0 | 9575 | 0.00 | 42275 | 0 | 42275 | 0.01 | 0.00 |
| | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Sub-total (B)(2):-** | **164206585** | **833336** | **165039921** | **31.82** | **132987030** | **830993** | **133818023** | **17.73** | **-14.10** |
| | **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **513853025** | **833336** | **514686361** | **99.23** | **517608296** | **831054** | **518439350** | **68.67** | **-30.56** |
| **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)** | **517823895** | **833336** | **518657231** | **100.00** | **754123894** | **831054** | **754954948** | **100.00** | |

## (ii) Shareholding of Promoters-

| SI. No. | Shareholder's Name | Shareholding as on 01-April-2018 | | | Shareholding as on 31-March-2019 | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | Fortis Healthcare Holdings Private Limited | 3420451 | 0.66 | 20.15 | 1153091 | 0.15 | 47.83 | -0.51 |
| 2 | Malav Holdings Private Limited | 240750 | 0.05 | 0.00 | 0 | 0.00 | 0.00 | -0.05 |
| 3 | RHC Holding Private Limited | 218250 | 0.04 | 0.00 | 0 | 0.00 | 0.00 | -0.04 |
| 4 | Harpal Singh | 58003 | 0.01 | 0.00 | 58003 | 0.01 | 0.00 | 0.00 |
| 5 | Malvinder Mohan Singh | 11508 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0.00 |
| 6 | Shivinder Mohan Singh | 11508 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0.00 |
| 7 | Abhishek Singh | 10300 | 0.00 | 0.00 | 10287 | 0.00 | 0.00 | 0.00 |
| 8 | Malvinder Mohan Singh & Shivinder Mohan Singh- PS Trust | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0.00 |
| 9 | Northern TK Venture Pte Ltd | 0.00 | 0.00 | 0.00 | 235294117 | 31.17 | 0.00 | 31.17 |
| | Total | **3970870** | **0.77** | **20.15** | **236515598** | **31.33** | **47.83** | **30.56** |

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

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

## (v) Shareholding of Directors and Key Managerial Personnel:

| SI. No. | Shareholding of each Director and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | [1]**Dr. Brian William Tempest** | | | | |
| | At the beginning of the year | NIL | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |
| 2 | [2]**Mr. Harpal Singh** | | | | |
| | At the beginning of the year | 58,003 | 0.01 | N.A | N.A |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |

| SI. No. | Shareholding of each Director and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3. | **[2]Lt Gen Tejinder Singh Shergill** | | | | |
| | At the beginning of the year | 16000 | 0.00 | N.A | N.A |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |
| 4. | **[2]Ms. Sabina Vaisoha** | | | | |
| | At the beginning of the year | NIL | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |
| 5. | **[3]Mr. Rohit Bhasin** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |
| 6. | **[4]Ms. Suvalaxmi Chakraborty** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 7. | **[4]Mr. Ravi Rajagopal** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 8. | **[4]Mr. Indrajit Banerjee** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 9. | **[5]Dr. Tan See Leng** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 10. | **[5]Dr. Chan Boon Kheng** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |

| SI. No. | Shareholding of each Director and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 11. | [5]**Mr. Low Soon Teck** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 12. | [5]**Mr. Chintamani Aniruddha Bhagat** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 13. | [6]**Mr. Shirish Moreshwar Apte** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 14. | [7]**Dr. Ashutosh Raghuvanshi** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 15. | [8]**Mr. Gagandeep Singh Bedi** | | | | |
| | At the beginning of the year | NIL | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | August 30, 2018- Allotted 300000 equity shares upon exercise of stock options | | | |
| | At the end of the year | N.A. | | | |
| 16. | [9]**Mr. Rahul Ranjan** | | | | |
| | At the beginning of the year | NIL | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |
| 17. | [10]**Mr. Sumit Goel** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |
| 18. | [10]**Mr. Girish Kumar Gupta** | | | | |
| | At the beginning of the year | N.A. | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | NIL | | | |

| SI. No. | Shareholding of each Director and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 19. | [11]**Mr. Bhavdeep Singh** | | | | |
| | At the beginning of the year | NIL | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NIL | | | |
| | At the end of the year | N.A. | | | |

[1]Removed w.e.f. May 22, 2018

[2]Resigned w.e.f. May 20, 2018

[3]Appointed w.e.f. April 19, 2018 and resigned w.e.f. June 26, 2018

[4]Appointed w.e.f. April 27, 2018

[5]Appointed w.e.f. November 13, 2018

[6]Appointed w.e.f. December 31, 2018

[7]Appointed as Managing Director w.e.f. March 19, 2019

[8]Resigned w.e.f. September 30, 2018

[9]Resigned w.e.f. October 1, 2018

[10]Appointed w.e.f. October 1, 2018

[11]Resigned w.e.f. March 17, 2019

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

**(₹ in lacs)**

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness as on 1-Apr-2018** | | | | |
| i) Principal Amount | 52,313.56 | 3,149.47 | - | 55,463.03 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 147.77 | 46.00 | - | 193.77 |
| **Total (i+ii+iii)** | **52,461.33** | **3195.47** | - | **55,656.80** |
| Change in Indebtedness during the financial year 2018-19 | | | | |
| • Addition | 105,947.00 | 235.64 | - | 106,182.64 |
| • Reduction | (12,819.88) | (628.06) | - | (13,447.94) |
| **Net Change** | **93,127.12** | **(392.42)** | - | **92,734.47** |
| **Indebtedness as on 31-March-2019** | | | | |
| i) Principal Amount | 144,984.23 | 2,803.05 | - | 147,787.28 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 604.22 | - | - | 604.22 |
| **Total (i+ii+iii)** | **145,588.45** | **2,803.05** | - | **148,391.50** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director

Dr. Ashutosh Raghuvanshi was appointed as Chief Executive Officer effective March 18, 2019. He was further appointed as Managing Director (designated as Managing Director and Chief Executive Officer) w.e.f. March 19, 2019 for a period of 3 years, subject to shareholder's approval at the forthcoming Annual General Meeting (AGM) of the Company. The details of his profile, remuneration and other matters as required under Schedule V of the Companies Act, 2013, is given in the notice calling the AGM and the Board's Report which forms an integral part of this annual report.

He did not draw any remuneration during the Financial Year 2018-19 and his remuneration for the month ended March 31, 2019 was paid along with the remuneration for the month ended April 30, 2019.

### B. Remuneration to other Directors –

During the period under review, sitting fees paid to the Non-Executive Directors as on March 31, 2019 is as follows:

| S. No. | Name of Directors | *Particulars of Remuneration- Gross Sitting Fees for attending board and committee meetings (Amount in rupees) |
|---|---|---|
| 1 | **Independent Directors** | |
| | Dr. Brian William Tempest | 4,00,000 |
| | Lt. Gen Tejinder Singh Shergill | 4,00,000 |
| | Ms. Sabina Vaisoha | 3,00,000 |
| | Mr. Ravi Rajagopal | 45,00,000 |
| | Mr. Indrajit Banerjee | 49,00,000 |
| | Ms. Suvalaxmi Chakraborty | 48,00,000 |
| | **Total (1)** | **1,53,00,000** |
| 2 | **Other Non-Executive Directors** | |
| | Mr. Harpal Singh | 4,00,000 |
| | Mr. Rohit Bhasin | 8,00,000 |
| | **Dr. Tan See Leng | 6,00,000 |
| | **Dr. Chan Boon Kheng | 10,00,000 |
| | **Mr. Low Soon Teck | 8,00,000 |
| | $Mr. Chintamani Aniruddha Bhagat | 7,00,000 |
| | $Mr. Shirish Moreshwar Apte | 5,00,000 |
| | **Total (2)** | **48,00,000** |
| | **Total = (1+2)** | **2,01,00,000** |
| | Overall Ceiling as per the Act | Sitting fees is payable upto the Maximum amount as specified under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 |

*No commission/any other form of remuneration was paid to Non-Executive Directors during the Financial Year 2018-19.

**Relinquished the sitting fees in favour of Northern TK Ventures Pte Limited

$No amount has been paid during the Financial Year 2018-19 and is kept under provision

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR -**

| SI No. | Particulars of Remuneration | Key Managerial Personnel (KMP) (Amount in ₹) | | | | |
|---|---|---|---|---|---|---|
| | | Mr. Bhavdeep Singh (CEO) | Mr. Gagandeep Singh Bedi (CFO) | Mr. Rahul Ranjan (CS) | Mr. Girish Kumar Gupta (CFO) | Mr. Sumit Goel (CS) |
| 1 | $Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 64,564,811 | 23,862,745 | 3,640,237 | 6,171,625 | 2,265,282 |
| | (b) *Value of perquisites u/s 17(2) of the Income-Tax Act, 1961 | 38,110 | 14,560,263 | 19,800 | NIL | NIL |
| | (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961 | NIL | NIL | NIL | NIL | NIL |
| 2 | **Stock Option (in Nos.) | NIL | 3,00,000 | NIL | NIL | NIL |
| 3 | Sweat Equity | NIL | NIL | NIL | NIL | NIL |
| 4 | Commission | NIL | NIL | NIL | NIL | NIL |
| | - as % of profit | | | | | |
| | -Others | | | | | |
| 5 | Others | NIL | NIL | NIL | NIL | NIL |
| | **Total** | **64,602,921** | **38,423,008** | **3,660,037** | **6,171,625** | **2,265,282** |

*In case of Mr. Gagandeep Singh Bedi, the value of perquisites is inclusive of perquisite value of ESOP exercise for ₹ 1.36 crore

**No stock option has been exercised by the KMPs during the year except by Mr. Gagandeep Singh Bedi.

$Remuneration does not include Employer Contribution to National Pension System and Provident Fund

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

No penalty/punishment/compounding of offences was levied against the Company during the FY 2018-19 in terms of the Companies Act, 2013. The details of penalty levied in terms of SEBI Regulations has been disclosed under the Board Report.

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

Sd/-
**Ravi Rajagopal**
**Chairman**

**Date:** May 24, 2019
**Place:** Gurugram

**Appendix I**

**CHANGE IN PROMOTERS SHAREHOLDING BETWEEN 01/04/2018 AND 31/03/2019**

| Sl. No | Name of the Share Holder | Shareholding Details for the year | No. of Shares | % of total shares of the company | Date of Change | Increase/ Decrease in Promoter shareholding during the year | Reason for Increase/ Decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| 1 | FORTIS HEALTHCARE HOLDINGS PRIVATE LIMITED | As on 01/04/2018 | 3420451 | 0.66 | | | | | |
| | | | | | 04/05/2018 | -57600 | Transfer | 3362851 | 0.65 |
| | | | | | 25/05/2018 | -80000 | Transfer | 3282851 | 0.63 |
| | | | | | 07/09/2018 | -400000 | Transfer | 2882851 | 0.56 |
| | | | | | 14/09/2018 | -575000 | Transfer | 2307851 | 0.44 |
| | | | | | 21/09/2018 | -500000 | Transfer | 1807851 | 0.35 |
| | | | | | 28/09/2018 | -553570 | Transfer | 1254281 | 0.24 |
| | | | | | 29/09/2018 | -101190 | Transfer | 1153091 | 0.22 |
| | | As on 31/03/2019 | 1153091 | 0.15 | | | | | |
| 2 | MALAV HOLDINGS PRIVATE LIMITED | As on 01/04/2018 | 240750 | 0.05 | | | | | |
| | | | | | 27/07/2018 | -240750 | Transfer | 0 | 0.00 |
| | | As on 31/03/2019 | 0 | 0.00 | | | | | |
| 3 | RHC HOLDING PRIVATE LIMITED | As on 01/04/2018 | 218250 | 0.04 | | | | | |
| | | | | | 27/07/2018 | -218250 | Transfer | 0 | 0.00 |
| | | As on 31/03/2019 | 0 | 0.00 | | | | | |
| 4 | MALVINDER MOHAN SINGH | As on 01/04/2018 | 11508 | 0.00 | | | | | |
| | | | | | 27/07/2018 | -11508 | Transfer | 0 | 0.00 |
| | | As on 31/03/2019 | 0 | 0.00 | | | | | |
| 5 | SHIVINDER MOHAN SINGH | As on 01/04/2018 | 11508 | 0.00 | | | | | |
| | | | | | 27/07/2018 | -11508 | Transfer | 0 | 0.00 |
| | | As on 31/03/2019 | 0 | 0.00 | | | | | |
| 6 | ABHISHEK SINGH | As on 01/04/2018 | 10300 | 0.00 | | | | | |
| | | | | | 12/10/2018 | -13 | Transfer | 10287 | 0.00 |
| | | | | | 01/03/2019 | 10287 | Transfer | 20574 | 0.00 |
| | | | | | 01/03/2019 | -10287 | Transfer | 10287 | 0.00 |
| | | As on 31/03/2019 | 10287 | 0.00 | | | | | |
| 7 | NORTHERN TK VENTURE PTE. LTD. | As on 01/04/2018 | 0 | 0.00 | 13/11/2018 | 235294117 | Subscription | 235294117 | 31.17 |
| | | As on 31/03/2019 | 235294117 | 31.17 | | | | | |

Besides the above, there was no change in the shareholding of the promoters during the Financial Year 2018-19.

**Appendix II**

**Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April 1, 2018 and March 31, 2019**

| Sl. No | Name of the Share Holder | Shareholding Details for the year | No. of Shares | % of total shares of the company | Date of Change | Increase/ Decrease in shareholding during the year | Reason for Increase/ Decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| 1 | YES BANK LIMITED | As on 01/04/2018 | 78542871 | 15.14 | | | | | |
| | | | | | 18/05/2018 | -61621 | Transfer | 78481250 | 15.13 |
| | | | | | 25/05/2018 | -90379 | Transfer | 78390871 | 15.11 |
| | | | | | 01/06/2018 | -246017 | Transfer | 78144854 | 15.07 |
| | | | | | 29/06/2018 | -360000 | Transfer | 77784854 | 15.00 |
| | | | | | 13/07/2018 | -1705000 | Transfer | 76079854 | 14.67 |
| | | | | | 27/07/2018 | -440000 | Transfer | 75639854 | 14.58 |
| | | | | | 10/08/2018 | -398000 | Transfer | 75241854 | 14.51 |
| | | | | | 31/08/2018 | -921816 | Transfer | 74320038 | 14.33 |
| | | | | | 07/09/2018 | -1025968 | Transfer | 73294070 | 14.12 |
| | | | | | 05/10/2018 | -700000 | Transfer | 72594070 | 13.99 |
| | | | | | 12/10/2018 | -70000 | Transfer | 72524070 | 13.97 |
| | | | | | 26/10/2018 | -1262986 | Transfer | 71261084 | 13.73 |
| | | | | | 02/11/2018 | -254123 | Transfer | 71006961 | 13.68 |
| | | | | | 09/11/2018 | -175000 | Transfer | 70831961 | 13.65 |
| | | | | | 16/11/2018 | -465000 | Transfer | 70366961 | 13.56 |
| | | | | | 23/11/2018 | -550000 | Transfer | 69816961 | 13.45 |
| | | | | | 30/11/2018 | -100000 | Transfer | 69716961 | 13.43 |
| | | | | | 14/12/2018 | -966413 | Transfer | 68750548 | 9.11 |
| | | | | | 21/12/2018 | -4070000 | Transfer | 64680548 | 8.57 |
| | | | | | 28/12/2018 | -1171283 | Transfer | 63509265 | 8.42 |
| | | | | | 31/12/2018 | -700000 | Transfer | 62809265 | 8.32 |
| | | | | | 04/01/2019 | -240000 | Transfer | 62569265 | 8.29 |
| | | | | | 18/01/2019 | -515000 | Transfer | 62054265 | 8.22 |
| | | | | | 25/01/2019 | -1633000 | Transfer | 60421265 | 8.00 |
| | | | | | 01/02/2019 | -917981 | Transfer | 59503284 | 7.88 |
| | | | | | 08/02/2019 | -11519 | Transfer | 59491765 | 7.88 |
| | | | | | 15/02/2019 | -84927 | Transfer | 59406838 | 7.87 |
| | | | | | 22/02/2019 | -1942573 | Transfer | 57464265 | 7.61 |
| | | | | | 01/03/2019 | -1708000 | Transfer | 55756265 | 7.39 |
| | | | | | 08/03/2019 | -177000 | Transfer | 55579265 | 7.36 |
| | | | | | 15/03/2019 | -55000 | Transfer | 55524265 | 7.35 |
| | | As on 31/03/2019 | 55524265 | 7.35 | | | | | |

**Appendix II**

**Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April 1, 2018 and March 31, 2019**

| Sl. No | Name of the Share Holder | Shareholding Details for the year | No. of Shares | % of total shares of the company | Date of Change | Increase/ Decrease in shareholding during the year | Reason for Increase/ Decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| 2 | WF ASIAN SMALLER COMPANIES FUND LIMITED | As on 01/04/2018 | 21818324 | 4.21 | | | | | |
| | | As on 31/03/2019 | 21818324 | 2.89 | | | | | |
| 3 | EAST BRIDGE CAPITAL MASTER FUND LIMITED | As on 01/04/2018 | 21458339 | 4.14 | | | | | |
| | | As on 31/03/2019 | 21458339 | 2.84 | | | | | |
| 4 | INDIABULLS HOUSING FINANCE LIMITED-CLIENT ACCOUNT | As on 01/04/2018 | 15470240 | 2.98 | | | | | |
| | | | | | 15/06/2018 | -600000 | Transfer | 14870240 | 2.87 |
| | | | | | 22/06/2018 | -1000000 | Transfer | 13870240 | 2.67 |
| | | | | | 29/06/2018 | -1000000 | Transfer | 12870240 | 2.48 |
| | | | | | 30/06/2018 | -200000 | Transfer | 12670240 | 2.44 |
| | | | | | 06/07/2018 | -800000 | Transfer | 11870240 | 2.29 |
| | | | | | 13/07/2018 | -1000000 | Transfer | 10870240 | 2.10 |
| | | | | | 20/07/2018 | -1500000 | Transfer | 9370240 | 1.81 |
| | | | | | 27/07/2018 | -1500000 | Transfer | 7870240 | 1.52 |
| | | | | | 03/08/2018 | -1500000 | Transfer | 6370240 | 1.23 |
| | | | | | 10/08/2018 | -1500000 | Transfer | 4870240 | 0.94 |
| | | | | | 17/08/2018 | -1200000 | Transfer | 3670240 | 0.71 |
| | | | | | 24/08/2018 | -1200000 | Transfer | 2470240 | 0.48 |
| | | | | | 31/08/2018 | -1500000 | Transfer | 970240 | 0.19 |
| | | | | | 07/09/2018 | -970240 | Transfer | 0 | 0.00 |
| | | As on 31/03/2019 | 0 | 0 | | | | | |
| 5 | SOCIETE GENERALE | As on 01/04/2018 | 13426246 | 2.59 | | | | | |
| | | | | | 06/04/2018 | -11152036 | Transfer | 2274210 | 0.44 |
| | | | | | 13/04/2018 | -1392430 | Transfer | 881780 | 0.17 |
| | | | | | 20/04/2018 | -832593 | Transfer | 49187 | 0.01 |
| | | | | | 11/05/2018 | -49100 | Transfer | 87 | 0.00 |
| | | | | | 01/06/2018 | 42774 | Transfer | 42861 | 0.01 |
| | | | | | 08/06/2018 | -15003 | Transfer | 27858 | 0.01 |
| | | | | | 15/06/2018 | -27771 | Transfer | 87 | 0.00 |
| | | | | | 20/07/2018 | 777964 | Transfer | 778051 | 0.15 |
| | | | | | 27/07/2018 | -213759 | Transfer | 564292 | 0.11 |
| | | | | | 03/08/2018 | -221225 | Transfer | 343067 | 0.07 |
| | | | | | 10/08/2018 | -164625 | Transfer | 178442 | 0.03 |

**Appendix II**

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| | | | | | 17/08/2018 | -37875 | Transfer | 140567 | 0.03 |
| | | | | | 24/08/2018 | -72683 | Transfer | 67884 | 0.01 |
| | | | | | 07/09/2018 | 25014 | Transfer | 92898 | 0.02 |
| | | | | | 14/09/2018 | -10575 | Transfer | 82323 | 0.02 |
| | | | | | 21/09/2018 | -82236 | Transfer | 87 | 0.00 |
| | | As on 31/03/2019 | 87 | 0.00 | | | | | |
| 6 | YORK ASIAN STRATEGIC | As on 01/04/2018 | 0 | 0.00 | | | | | |
| | | | | | 04/05/2018 | 1749559 | Transfer | 1749559 | 0.34 |
| | | | | | 11/05/2018 | 17007796 | Transfer | 18757355 | 3.62 |
| | | | | | 18/05/2018 | 68589 | Transfer | 18825944 | 3.63 |
| | | | | | 25/05/2018 | 874973 | Transfer | 19700917 | 3.80 |
| | | | | | 01/06/2018 | 457545 | Transfer | 20158462 | 3.89 |
| | | | | | 08/06/2018 | 598410 | Transfer | 20756872 | 4.00 |
| | | | | | 15/06/2018 | 231046 | Transfer | 20987918 | 4.05 |
| | | | | | 22/06/2018 | 636120 | Transfer | 21624038 | 4.17 |
| | | | | | 29/06/2018 | 622313 | Transfer | 22246351 | 4.29 |
| | | | | | 06/07/2018 | 1180368 | Transfer | 23426719 | 4.52 |
| | | | | | 13/07/2018 | 1820183 | Transfer | 25246902 | 4.87 |
| | | | | | 27/07/2018 | 176083 | Transfer | 25422985 | 4.90 |
| | | | | | 30/11/2018 | -12700000 | Transfer | 12722985 | 2.45 |
| | | | | | 04/01/2019 | 10359 | Transfer | 12733344 | 1.69 |
| | | | | | 08/03/2019 | 66444 | Transfer | 12799788 | 1.70 |
| | | | | | 15/03/2019 | 50246 | Transfer | 12850034 | 1.70 |
| | | | | | 22/03/2019 | 10840 | Transfer | 12860874 | 1.70 |
| | | As on 31/03/2019 | 12860874 | 1.70 | | | | | |
| 7 | RAKESH JHUNJHUNWALA | As on 01/04/2018 | 0 | 0.00 | | | | | |
| | | | | | 06/07/2018 | 5000000 | Transfer | 5000000 | 0.96 |
| | | | | | 13/07/2018 | 1250000 | Transfer | 6250000 | 1.20 |
| | | | | | 20/07/2018 | 3750000 | Transfer | 10000000 | 1.93 |
| | | | | | 27/07/2018 | 1250000 | Transfer | 11250000 | 2.17 |
| | | | | | 03/08/2018 | 1250000 | Transfer | 12500000 | 2.41 |
| | | As on 31/03/2019 | 12500000 | 1.66 | | | | | |

**Appendix II**

**Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April 1, 2018 and March 31, 2019**

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| 8 | UBS PRINCIPAL CAPITAL ASIA LTD | As on 01/04/2018 | 12031341 | 2.32 | | | | | |
| | | | | | 06/04/2018 | 9507100 | Transfer | 21538441 | 4.15 |
| | | | | | 13/04/2018 | 2896183 | Transfer | 24434624 | 4.71 |
| | | | | | 20/04/2018 | 2634237 | Transfer | 27068861 | 5.22 |
| | | | | | 27/04/2018 | 1045588 | Transfer | 28114449 | 5.42 |
| | | | | | 04/05/2018 | -28112649 | Transfer | 1800 | 0.00 |
| | | | | | 24/08/2018 | 517397 | Transfer | 519197 | 0.10 |
| | | | | | 07/09/2018 | -1800 | Transfer | 517397 | 0.10 |
| | | | | | 05/10/2018 | 53214 | Transfer | 570611 | 0.11 |
| | | | | | 12/10/2018 | 673406 | Transfer | 1244017 | 0.24 |
| | | | | | 26/10/2018 | -85612 | Transfer | 1158405 | 0.22 |
| | | | | | 02/11/2018 | -302820 | Transfer | 855585 | 0.16 |
| | | | | | 30/11/2018 | 25201281 | Transfer | 26056866 | 5.02 |
| | | | | | 04/01/2019 | 223982 | Transfer | 26280848 | 3.48 |
| | | | | | 18/01/2019 | 153 | Transfer | 26281001 | 3.48 |
| | | | | | 25/01/2019 | 102967 | Transfer | 26383968 | 3.49 |
| | | | | | 01/02/2019 | 77065 | Transfer | 26461033 | 3.50 |
| | | | | | 08/02/2019 | 192600 | Transfer | 26653633 | 3.53 |
| | | | | | 15/02/2019 | 208482 | Transfer | 26862115 | 3.56 |
| | | | | | 22/02/2019 | 74529 | Transfer | 26936644 | 3.57 |
| | | | | | 01/03/2019 | 92109 | Transfer | 27028753 | 3.58 |
| | | | | | 08/03/2019 | 152898 | Transfer | 27181651 | 3.60 |
| | | | | | 15/03/2019 | 130538 | Transfer | 27312189 | 3.62 |
| | | | | | 22/03/2019 | -357967 | Transfer | 26954222 | 3.57 |
| | | | | | 29/03/2019 | 50623 | Transfer | 27004845 | 3.58 |
| | | As on 31/03/2019 | 27004845 | 3.58 | | | | | |
| 9 | NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JU | As on 01/04/2018 | 11846854 | 2.28 | | | | | |
| | | | | | 06/04/2018 | 135137 | Transfer | 11981991 | 2.31 |
| | | | | | 04/05/2018 | 391666 | Transfer | 12373657 | 2.39 |
| | | | | | 11/05/2018 | 2655470 | Transfer | 15029127 | 2.90 |
| | | | | | 18/05/2018 | 119475 | Transfer | 15148602 | 2.92 |

**Appendix II**

**Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April 1, 2018 and March 31, 2019**

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of Shares | % of total shares of the company |
| | | | | | 24/08/2018 | 197457 | Transfer | 15346059 | 2.96 |
| | | | | | 16/11/2018 | 267674 | Transfer | 15613733 | 3.01 |
| | | | | | 22/02/2019 | 662793 | Transfer | 16276526 | 2.16 |
| | | As on 31/03/2019 | 16276526 | 2.16 | | | | | |
| 10 | YORK ASIAN OPPORTUNITIES INVESTMENTS MASTER FUND, | As on 01/04/2018 | 0 | 0.00 | | | | | |
| | | | | | 04/05/2018 | 1428240 | Transfer | 1428240 | 0.28 |
| | | | | | 11/05/2018 | 14356628 | Transfer | 15784868 | 3.04 |
| | | | | | 18/05/2018 | 60221 | Transfer | 15845089 | 3.05 |
| | | | | | 25/05/2018 | 808368 | Transfer | 16653457 | 3.21 |
| | | | | | 01/06/2018 | 422716 | Transfer | 17076173 | 3.29 |
| | | | | | 08/06/2018 | 820484 | Transfer | 17896657 | 3.45 |
| | | | | | 15/06/2018 | 219526 | Transfer | 18116183 | 3.49 |
| | | | | | 22/06/2018 | 555989 | Transfer | 18672172 | 3.60 |
| | | | | | 29/06/2018 | 372399 | Transfer | 19044571 | 3.67 |
| | | | | | 06/07/2018 | 442711 | Transfer | 19487282 | 3.76 |
| | | | | | 13/07/2018 | 361767 | Transfer | 19849049 | 3.83 |
| | | | | | 27/07/2018 | 138436 | Transfer | 19987485 | 3.85 |
| | | | | | 23/11/2018 | -10000000 | Transfer | 9987485 | 1.92 |
| | | | | | 08/03/2019 | 214844 | Transfer | 10202329 | 1.35 |
| | | | | | 15/03/2019 | 162466 | Transfer | 10364795 | 1.37 |
| | | | | | 22/03/2019 | 90357 | Transfer | 10455152 | 1.38 |
| | | | | | 29/03/2019 | 76501 | Transfer | 10531653 | 1.40 |
| | | As on 31/03/2019 | 10531653 | 1.40 | | | | | |

**On behalf of the Board of Directors**
For **Fortis Healthcare Limited**
**Sd/-**
**Ravi Rajagopal**
**Chairman**

**Date:** May 24, 2019
**Place:** Gurugram

## Annexure IV to Directors' Report

**A. Conservation of Energy**

**a) Energy conservation measures taken:**

- Various energy saving measures taken e.g. replacement of normal lights with LED lights, installation of Solar Panels, Installation of VFDs etc. have resulted in reduction of Specific Energy Consumption.
- Fortis Arcot Road - A 50 KW solar power generation system has been installed which is expected to generate 80,000 KWH of power per annum.
- Fortis BG Road Expansion Project – The Chillers that have been installed are with VFDs. The Building is being constructed by using Structural Steel to reduce embedded energy and to reduce the impact of construction activities to the neighborhood and environment.
- Across all major hospitals, efforts have been made to reduce consumption of water by utilizing treated waste water for irrigation, for flushing, and for making up for Cooling Tower water requirements.
- The Glass used for façade in several facilities (such as BG Road, Ludhiana, Noida, FMRI, Mohali) is double glazed and is energy efficient low emissivity type which helps in reducing solar heat gain coefficient while improving the visibility.
- Steam condensate is being used for heating water purposes in number of units.
- The Company has entered into a 10-year Power Purchase Agreement (PPA) for utilizing wind power at Malar and Mulund.

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

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

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

For the year 2018-19 various energy saving initiatives have resulted in reduction of Specific Energy consumption as shown in table given below:

| | Units lacs 17-18 | Units lacs 18-19 |
|---|---|---|
| Noida | 58.56 | 53.71 |
| Shalimar Bagh | 50.48 | 50.57 |
| Mulund | 63.4 | 62.69 |
| Mohali | 63.62 | 57.94 |

| | Units lacs 17-18 | Units lacs 18-19 |
|---|---|---|
| BG Road | 62.59 | 68.72 |
| Vasant Kunj | 36.4 | 37.67 |
| Nagarbhavi | 6.47 | 6.48 |
| CG Road | 19.53 | 19.13 |
| Jaipur | 57.93 | 51.99 |
| Anandpur | 51.7 | 54.1 |
| Kalyan | 9.94 | 8.96 |
| Okhla Road | 99.15 | 93.83 |
| Rajaji Nagar | 4.13 | 4.39 |
| Vashi | 31.5 | 29.25 |
| Adyar | 31.71 | 31.82 |
| Amritsar | 38.05 | 37.68 |
| Gurgaon | 109.77 | 104.56 |
| Ludhiana | 38.72 | 35.14 |
| **TOTAL** | 833.65 | 808.63 |
| Consumption Reduction | | 25.02 Lacs |

**B. Technology Absorption**

**1. Research & Development (R & D):**

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

**2. Technology Absorption, Adaptation & Innovation:**

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

- Variable Frequency Drives (VFDs) have been used in Chillers and critical AHUs.
- Variable Air Volume (VAVs) devices have been used in some AHUs.
- Variable Refrigerant Volumes have been used in some areas.
- 12 Rain Water Harvesting Pits have been provided to conserve rain water and improve the water table.
- Linoleum floor has been used in patient areas which is made of natural materials and is bacteriostatic thereby helps in reducing infection.
- Pneumatic Tube System (PTS) has been installed to transfer samples and medicines from patient areas to lab, pharmacy, nursing stations etc.
- Recirculation of treated water to reduce water consumption.
- R 134 a refrigerant has been used which helps to minimize depletion of Ozone Layer.
- Elekta LINAC & Brain Lab have joined hands at our hospital for the first time in the world. This has resulted in treating tumors with extreme & unprecedented accuracy and precision.

- Brain Suite is integrated with mobile CT gantry, Navigation system, OR Table & Microscope first time in India. This helps to provide intra operative CT guidance while performing Brain, Spine & Trauma surgery. CT gantry movement on rail & navigation system helps in localizing tumor & fracture area so that surgeon can decide the procedural approach on table.
- Two Integrated OR (Operation room) - integrated with set of equipment having voice command control helps reduce the manual interface. During transplantation surgeries, surgeon can see activity of Donor & Recipient surgery ongoing in the other.

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

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

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

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

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

**On behalf of the Board of Directors**
For **Fortis Healthcare Limited**
**Sd/-**
**Ravi Rajagopal**
**Chairman**

**Date:** May 24, 2019
**Place:** Gurugram

## Annexure V to Directors' Report

**1. A brief outline of the Company CSR Policy**

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

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

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

With the above in mind the policy seeks as an objective to bring focus, leveraging its inherent skills, experience and knowledge.

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, preventive healthcare awareness through different channels of communication, remain well within the range of the policy objectives.

In fulfilment of these objectives, the Company has designated a special Purpose Vehicle i.e. Fortis CSR Foundation to carry out its CSR activities. Fortis CSR Foundation ("FCSRF") is wholly owned subsidiary of Fortis Healthcare Ltd. and Company limited by shares not for profit registered under Section 8 of the Companies Act, 2013. Before Sep'18 company carried out its CSR activities through Fortis Charitable Foundation.

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 an 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 https://d3frl090092vlr.cloudfront.net/Corporate%20Social%20Responsibility%20Policy.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 https://d3frl090092vlr.cloudfront.net/Corporate%20Social%20Responsibility%20Committee%20Mandate.pdf.

The composition of the CSR committee as on March 31, 2019 is as follows:

(i) Mr. Ravi Rajagopal;

(ii) Mr. Indrajit Banerjee;

(iii) Ms. Suvalaxmi Chakraborty;

(iv) Dr. Chan Boon Kheng; and

(v) Dr. Tan See Leng

3. **Average Net Loss of the Company/s for last three financial years:** ₹ (3,806.25) lacs

(Amount in ₹ lacs)

| Year | Net Profit/(Loss) | Prescribed CSR expenditure @2% | Given in the Year |
|---|---|---|---|
| 2017-18 | (728.73) | - | Nil |
| 2016-17 | (4,414.55) | | 35.90 (for FY 2015-16) |
| 2015-16 | (6,275.46) | | 53.79 (for FY 2014-15) |

Note: Above mentioned net profit/loss are on the basis of CA Certificate

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

| PROGRAM | NEED BASED FOCUS AREA | OBJECTIVE |
|---|---|---|
| **SAVERA** | Health Education and Preventive Healthcare<br>Target Interventions are:<br>(a) First Aid and Basic Life Support (BLS) Training<br>(b) Awareness on health and hygiene to young children | Savera program which focuses on Health Education and preventive healthcare seeks to provide a platform to create awareness on health issues and leverage on different channels of communication.<br>The objective is to design models on health information dissemination to reach the vulnerable sections of the community. |
| **CHHAYA** | Supporting Charitable Medical Infrastructure & Health Camp | Support on-going medical facilities through Charitable Dispensaries and Health camps. |

5. **Details of CSR spend by the Company during the Financial Year 2018-19:**

a) Total Amount to be Spent for the financial year: Nil

b) Amount Unspent, if any: Nil

c) Manner in which the amount spent during the financial year under review is detailed below:

**Chart I: <u>CSR spend measured under Section 135 of the Companies Act, 2013 (FY 2018-19</u>)**

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

(Amount in ₹ lacs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| **S. No** | **CSR Project or activity identified** | **Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)** | **Contributing Entity** | **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** |
| 1 | **Savera** | (i) | Fortis Healthcare Limited | Pan India | - | - | 89.69 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| | **TOTAL** | | | Pan India | - | - | **89.69** | |

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

(Amount in ₹ lacs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| **S. No** | **CSR Project or activity identified** | **Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)** | **Contributing Entity** | **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** |
| 1 | **Savera** | (i) | Escorts Heart Institute and Research Centre Limited | Pan India | 70.82 | 29.00 | 300.62 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 2 | **Savera** | (i) and (ii) | Hiranandani Healthcare Private Limited | Pan India | 6.47 | 6.46 | 11.17 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 3 | **Savera** | (i) and (ii) | Fortis Malar Hospitals Limited | Pan India | 14.93 | 15.37 | 111.96 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 4 | **Savera** | (i) and (ii) | Fortis Hospotel Limited | Pan India | 199.25 | - | 96.95 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 5 | **Savera** | (i) and (ii) | Escorts Heart and Super Speciality Hospital Limited | Pan India | - | - | 2.00 | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 6 | **Chhaya** | (i) and (ii) | SRL Limited | Pan India | 215.68 | 215.68 | 651.09* | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| 7 | **Chhaya** | (i) and (ii) | SRL Diagnostics Pvt Ltd | Pan India | 43.72 | 43.72 | 55.56** | Designated Special Purpose Vehicle i.e. Fortis CSR Foundation |
| | **TOTAL** | | | | **550.87** | **310.23** | **1,229.35** | |

*Out of which ₹. 103.11 Lacs was Contributed to Fortis Charitable Foundation in April-18 but it was reported in FY 17-18 in SRL Board Report

** Out of which ₹. 7.86 Lacs was Contributed to Fortis Charitable Foundation in April-18 but it was reported in FY 17-18 in SRL Board Report

**Chart II: CSR spend beyond the purview of Section 135 (Amount in lacs)**: 34.11

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

   In FY 2018-19, no contribution was made by Fortis Healthcare Limited towards CSR activities due to inadequacy of profits.

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

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

Sd/-
**Dr. Ashutosh Raghuvanshi**
Managing Director & CEO

Sd/-
**Dr. Chan Boon Kheng**
Chairman of
Corporate Social Responsibility Committee
(May 24, 2019)

**Date:** May 24, 2019
**Place:** Gurugram

## Annexure - VI to Directors' Report

### FORM AOC-2

### PARTICULARS OF CONTRACT / ARRANGEMENT MADE WITH RELATED PARTIES

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019 which are not on arm's length basis.

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

The details of material contracts or arrangements or transactions (as per the Company's Policy on 'Materiality on Related Party Transactions') entered into during the year ended March 31, 2019, 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/ Committee, if any | Amount paid in advance |
|---|---|---|---|---|---|---|
| Fortis Hospitals Limited | Wholly Owned Subsidiary Company | Loan advanced | Till March 2021 | An agreement of ₹. 1,500 crore @ 11.50% p.a. | Approved by Audit and Risk Management Committee on February 13, 2018 | NA |
| 1. RHT Health Trust Manager Pte. Limited, acting in capacity as Trustee Manager of RHT Health Trust (RHT)<br>2. Fortis Global Healthcare Infrastructure Pte. Ltd<br>3. RHT Health Trust Services Pte. Ltd.<br>4. International Hospital Limited<br>5. Fortis Health Management Limited<br>6. Escorts Heart and Super Speciality Hospital Limited<br>7. Hospitalia Eastern Private Limited<br>8. Fortis Hospotel Limited | Subsidiaries & Associates (in terms of AS 24) | Acquisition of all the securities of RHT 's entities in India | Contract entered in previous year but transaction completed in current year | Exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and business for an enterprise value of approximately Rupees 465,000 Lacs | Approved by Board in their meeting held on November 14, 2017, February 13, 2018, August 24, 2018 and on December 31, 2018 | NA |

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

**Sd/-**
**Ravi Rajagopal**
**Chairman**

**Date**: May 24, 2019
**Place**: Gurugram

# REPORT ON
# CORPORATE GOVERNANCE

## 1. INTRODUCTION

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

## 2. COMPANY'S PHIOLOSPHY ON CORPORATE GOVERNANCE

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

## 3. BOARD OF DIRECTORS - Composition of the Board

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

Our policy towards the composition of Board is to have an appropriate mix of Executive, Non-Executive, Women and Independent Directors, representing a judicious mix of professionalism, diversity and wide spectrum subject to specific competence in areas critical to the organization, knowledge and experience.

This helps to drive value-based guidance whilst maintaining the independence of the Board and to separate its function of Governance and Management.

As on March 31, 2019, the Board consisted of 9 (Nine) Members, of which 1 (One) was an Executive Director (Managing Director and CEO) and rest all being Non-Executive Directors. Out of the 8 (Eight) Non-executive Directors, 3 (Three) were Independent Directors including 1 (One) Woman Independent Director. The Non-Executive Directors bring an external and wider perspective in Board's deliberation and decisions.

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

The size and composition of the Board conforms to the requirements of Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as *'Listing Regulations'* in this report) and the Companies Act, 2013. Other details relating to the Directors as on March 31, 2019 are as follows:

| Name of the Director | Position held in the Company | Directorship in other Companies@ | Membership of the Committee in Companies # | Chairmanship of the Committee in Companies # |
|---|---|---|---|---|
| [1]Dr. Ashutosh Raghuvanshi | Managing Director and CEO | 1 | 1 | 1 |
| [2]Mr. Ravi Rajagopal | Non-Executive Chairman and Independent Director | 1 | 1 | 0 |
| [3]Mr. Shirish Moreshwar Apte | Non-Executive Vice Chairman | 1 | 0 | 0 |
| [4]Dr. Chan Boon Kheng | Non-Executive Director | 1 | 0 | 0 |
| [5]Mr. Chintamani Aniruddha Bhagat | Non-Executive Director | &2 | 2 | 1 |
| [6]Mr. Indrajit Banerjee | Independent Director | 0 | 0 | 0 |
| [7]Mr. Low Soon Teck | Non-Executive Director | 1 | 0 | 0 |
| [8]Ms. Suvalaxmi Chakraborty | Independent Director | 6 | 2 | 0 |
| [9]Dr. Tan See Leng | Non-Executive Director | 1 | 0 | 0 |

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

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

*& Includes Nominee Director of M/s. IDFC Limited (Listed entity)*

*[1] Appointed as Managing Director w.e.f. March 19, 2019*

*[2] Appointed as Non-Executive Independent Director w.e.f. April 27, 2018 and designated as Chairman w.e.f. June 1, 2018*

[3] *Appointed as Non-Executive Additional Director and designated as Vice Chairman w.e.f. December 31, 2018*

[4] *Appointed as Non-Executive Additional Director w.e.f. November 13, 2018*

[5] *Appointed as Non-Executive Additional Director w.e.f. November 13, 2018*

[6] *Appointed as Non-Executive Independent Director w.e.f. April 27, 2018*

[7] *Appointed as Non-Executive Additional Director w.e.f. November 13, 2018*

[8] *Appointed as Non-Executive Independent Director w.e.f. April 27, 2018*

[9] *Appointed as Non-Executive Additional Director w.e.f. November 13, 2018*

In terms of Listing Regulations, below are the details of the resignations tendered by independent directors during the period under the review and the reasons thereof:

| S. No. | Name of Director | Reasons |
|---|---|---|
| 1 | Lt. Gen. Tejinder Singh Shergill | He resigned on May 20, 2018 and following is the relevant extract of his resignation letter:<br>"Having previous knowledge of the company and despite my various commitments, I had agreed to join the Board of Fortis Healthcare Limited to complete the quorum as several members had left the Board; now that there are sufficient members on the Board, my many commitments preclude my sparing any further time." |
| 2 | Ms. Sabina Vaisoha | She resigned on May 20, 2018 and following is the relevant extract of her resignation letter:<br>"As you are all aware, I was invited to the board of Fortis Healthcare Ltd when it was thinning down to maintain the quorum, having been a part of the board of Fortis Hospitals Limited (Fortis largest operating subsidiary) for the last few years. Now that we have completed our duty and have reached an important milestone it is time to consider the best way forward. As the shareholders have expressed the desire to bring in a new board, I welcome their decision and I would be happy to step down from the Board. Kindly accept my resignation with immediate effect." |
| 3 | Mr. Rohit Bhasin | He resigned on June 26, 2018 and following is the relevant extract of his resignation letter:<br>"This is to inform you and the Board that I resign from the Board of Fortis Healthcare Limited and it's committees with immediate effect. Unfortunately pressing personal commitments prevent me from continuing in this role." |

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

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

Further, the Board has identified the following core skills/expertise/competencies as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:

- People of proven business capability, people of integrity and reputation;
- Experience in handling senior level responsibility (especially in large complex organizations) either business or otherwise;

- Ensure members are from diverse background that bring different perspective and experiences;
- Exposure and understanding of corporate governance, systems and control;
- Altleast some members to have capability and experience in healthcare industry;
- Background in finance, risk management and control.

**Disclosure regarding appointment or re-appointment of Directors**

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

During the Financial Year 2018-19, the Board of Directors had on the recommendation of the Nomination and Remuneration Committee appointed Mr. Rohit Bhasin, Mr. Ravi Rajagopal, Ms. Suvalaxmi Chakraborty, Mr. Indrajit Banerjee, Mr. Low Soon Teck, Dr. Chan Boon Kheng, Dr. Tan See Leng, Mr. Chintamani Aniruddha Bhagat and Mr. Shirish Moreshware Apte on the Board of the Company. Dr. Ashutosh Raghuvanshi was appointed as Managing Director and Chief Executive Officer effective March 19, 2019. Also, Lt. Gen. Tejinder Singh Shergill, Ms. Sabina Vaisoha, Mr. Harpal Singh & Mr. Rohit Bhasin resigned during the year under review and Dr. Brian William Tempest was removed by the shareholders.

Complete details of changes of board members in given in Board Report.

None of the directors is liable to retire by rotation at the forthcoming Annual General Meeting of the Company. Further, Mr. Low Soon Teck, Dr. Chan Boon Kheng, Dr. Tan See Leng, Mr. Chintamani Aniruddha Bhagat and Mr. Shirish Moreshware Apte, who were appointed during the year as Additional Directors and proposed to be regularized at the forthcoming Annual General Meeting of the Company. Also, the appointment of Dr. Ashutosh Raghuvanshi, Managing Director, is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company. In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the profiles of the directors are provided in the Notice convening the ensuing Annual General Meeting.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, all the Independent Directors hold office for a tenure of five consecutive years and are not liable to retire by rotation. In the opinion of the Board of Directors, the independent directors fulfil the conditions specified in the relevant listing regulations and are independent of the management.

**Board Functioning and Procedure**

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

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

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

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

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

The provisions and procedures relating to performance evaluation of the Directors including independent Directors and Familiarization Program forms part of Board Report. Further, in compliance with Listing Regulations, the Company has made familiarization programs to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at https://d3frl090092vlr.cloudfront.net/Familarisation-Program-2018-19.pdf.

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

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

During the year under review, 25 (Twenty Five) Board Meetings were held on (i) April 19, 2018; (ii) April 26-27, 2018; (iii) May 10, 2018; (iv) May 23, 2018; (v) May 28-29, 2018; (vi) June 11-12, 2018; (vii) June 26-27, 2018; (viii) July 6, 2018; (ix) July 13, 2018; (x) August 2, 2018; (xi) August 8, 2018; (xii) August 14, 2018; (xiii) August 24, 2018; (xiv) August 30, 2018; (xv) September 25, 2018; (xvi) September 28, 2018; (xvii) October 1, 2018; (xviii) November 5, 2018; (xix) November 13, 2018; (xx) November 30, 2018; (xxi) December 31, 2018; (xxii) January 8, 2019; (xxiii) February 7, 2019; (xxiv) February 13, 2019; and (xxv) March 19, 2019. The gap between two meetings did not exceed one hundred and twenty days.

The following table gives the attendance record of the directors at the above said Board meetings and at the last Annual General Meeting, which was held on September 28, 2018.

| Name of the Directors | No. of Board Meetings attended | Attendance at last AGM |
|---|---|---|
| [1]Lt. Gen. Tejinder Singh Shergill | 3 | N.A |
| [1]Mr. Harpal Singh | 3 | N.A |
| [1]Ms. Sabina Vaisoha | 3 | N.A. |
| [2]Dr. Brian William Tempest | 3 | N.A. |
| [3^]Ms. Suvalaxmi Chakraborty | 23 | Yes |
| [3@]Mr. Ravi Rajagopal | 23 | Yes |
| [3]Mr. Indrajit Banerjee | 24 | Yes |
| [4]Mr. Rohit Bhasin | 6 | N.A. |
| [5@]Dr. Tan See Leng | 7 | N.A. |
| [5$]Dr. Chan Boon Kheng | 7 | N.A. |
| [5$]Mr. Low Soon Teck | 6 | N.A. |
| [5@]Mr. Chintamani Aniruddha Bhagat | 6 | N.A. |
| [6@]Mr. Shirish Moreshwar Apte | 5 | N.A. |
| [7]Dr. Ashutosh Raghuvanshi | 1 | N.A. |

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

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

[$] *Attended one meeting (included herein) through audio call but not counted* for quorum.

[1] Resigned from the directorship of the Company w.e.f. May 20, 2018.

[2] Removed from the Directorship of the Company w.e.f. May 22, 2018.

[3] Appointed w.e.f. April 27, 2018.

[4] Appointed w.e.f. April 19, 2018 and resigned from the Directorship w.e.f. June 26, 2018.

[5] Appointed w.e.f. November 13, 2018

[6] Appointed w.e.f. December 31, 2018

[7] Appointed as Managing Director w.e.f. March 19, 2019

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

**Statutory Compliances**

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

**Code of Conduct**

The Board has prescribed a Code of Conduct ("the Code") for all employees of the Company including Senior Management and Board Members, which covers the ethics, transparency, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company's property and information. Further, in terms of Schedule IV of Companies Act, 2013, the Company has adopted an additional code of conduct for the Independent Directors. Both the codes are hosted on the website of the Company. In terms of Listing Regulations, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2018-19. A declaration to this effect signed by the Managing Director and CEO of the Company, forms part of this Report.

## 4. COMMITTEES OF THE BOARD

In terms of Listing Regulations and the Companies Act, 2013, the Board has constituted 4 (Four) Committees viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Further as of March 31, 2019, the Company also had a Finance Committee. The Management Committee as constituted in the Financial Year 2017-18 was subsequently dissolved w.e.f. August 2, 2018.

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

### A. Audit and Risk Management Committee

- **Composition**

  As on March 31, 2019, Audit and Risk Management Committee comprised of the following members, namely:

  (i) Mr. Indrajit Banerjee, Chairman,

  (ii) Mr. Low Soon Teck,

  (iii) Mr. Ravi Rajagopal, and

  (iv) Ms. Suvalaxmi Chakraborty

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

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

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

The detailed and exhaustive Mandate of the Audit and Risk Management Committee reflecting the salient terms of reference and responsibilities for the Committee is available on the website of the Company for reference at https://d3frl090092vlr.cloudfront.net/0.50340400_1507181603_Audit-&-Risk-Management-Committee-Mandate.pdf.

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

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

9 (Nine) Meetings of the Audit and Risk Management Committee were held during the year under review on (i) June 11, 2018; (ii) June 26, 2018; (iii) July 6, 2018 (iv) August 14, 2018, (v) August 31, 2018, (vi) September 27, 2018, (vii) November 3, 2018, (viii) December 31, 2018 and (ix) February 13, 2019.

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

| Sr. No. | Name of the Member | No. of meetings attended |
|---|---|---|
| 1 | @Mr. Indrajit Banerjee | 9 |
| 2 | [1]@Dr. Chan Boon Kheng | 1 |
| 3 | @Mr. Low Soon Teck | 2 |
| 4 | @Mr. Ravi Rajagopal | 9 |
| 5 | [2]@Mr. Rohit Bhasin | 2 |
| 6 | @Ms. Suvalaxmi Chakraborty | 9 |

[1] *Appointed as member w.e.f. November 13, 2018 and ceased to be member w.e.f. January 30, 2019*

*[2] Appointed as member w.e.f. May 23, 2018 and ceased to be member and director of the Company w.e.f. June 26, 2018*

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

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

**B. Stakeholders Relationship Committee**

➢ **Composition**

In order to expedite the process of share transfers and other investors related matters, the Board of the Company has delegated the power of share transfer to the Committee. As on March 31, 2019, the Stakeholders Relationship Committee comprised of the following members, namely:

**(i)** Dr. Chan Boon Kheng,

**(ii)** Mr. Indrajit Banerjee,

**(iii)** Mr. Ravi Rajagopal, and

**(iv)** Ms. Suvalaxmi Chakraborty

At every meeting, the chairperson is elected by mutual consent.

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

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

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

The detailed and exhaustive Mandate of the Stakeholders Relationship Committee reflecting the salient terms of reference and responsibilities is available for reference on the website of the Company at https://d3frl090092vlr.cloudfront.net/Stakeholders%20Relationship%20Committee%20Mandate.pdf.

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

4 (Four) meetings of Stakeholders Relationship Committee were held during the year ended March 31, 2019 on (i) June 27, 2018, (ii) August 14, 2018, (iii) November 3, 2018, and (iv) February 13, 2019.

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

| Sr. No. | Name of the Member | No. of meetings attended |
|---|---|---|
| 1 | [1]Dr. Chan Boon Kheng | 0 |
| 2 | [2]Mr. Indrajit Banerjee | 4 |
| 3 | [3]Mr. Ravi Rajagopal | 4 |
| 4 | [4]Mr. Rohit Bhasin | 0 |
| 5 | [5]Ms. Sabina Vaisoha | 0 |
| 6 | [6]Ms. Suvalaxmi Chakraborty | 4 |

[1] *Appointed as member w.e.f. November 13, 2018*

[2] *Appointed as member w.e.f. April 27, 2018*

[3] *Appointed as member w.e.f. June 26, 2018*

[4] *Appointed as Chairperson w.e.f. April 27, 2018 and ceased to be chairperson w.e.f. May 23, 2018 and as director of the Company w.e.f. June 26, 2018*

[5] *Appointed as member w.e.f. April 27, 2018 and ceased to be member and director of the Company w.e.f. May 20, 2018*

[6] *Appointed as member w.e.f. May 23, 2018*

➢ **Details of Investors' Grievances received during the year 2018-19**

| Nature of Complaints | Pending as on April 1, 2018 | Received during the year | Resolved/ attended during the year | Pending as on March 31, 2019 | Complaints not solved to the satisfaction of shareholder |
|---|---|---|---|---|---|
| Non-receipt of Dividend warrants/non-receipt of Annual Reports/Non-receipt of Securities/Non-receipt of securities after transfer/ clarification regarding shares/others etc. | 0 | 174 | 174 | 0 | 0 |
| **Total** | **0** | **174** | **174** | **0** | **0** |

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

**C. Corporate Social Responsibility Committee**

➢ **Composition**

As on March 31, 2019, Corporate Social Responsibility Committee comprised of the following members, namely:

**(i)** Mr. Indrajit Banerjee,

**(ii)** Mr. Ravi Rajagopal,

**(iii)** Ms. Suvalaxmi Chakraborty and

**(iv)** Dr. Tan See Leng

At every meeting, the chairperson is elected by mutual consent.

Mr. Sumit Goel, Company Secretary acts as the Secretary of the Corporate Social Responsibility Committee.

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

- Reviewing and making recommendations, as appropriate, with regard to the Company's Corporate Social Responsibility (CSR) policy(ies) indicating the activities to be undertaken by the Company;
- Reviewing the various proposals of CSR programmes / projects as submitted by CSR department of the Company and if thought fit, approval thereof, provided that the same is within the framework of CSR Policy;
- Identification and appointment of various eligible agencies / entities for execution of CSR programmes or projects of the Company;
- Recommendation of the amount of expenditure to be incurred on the CSR activities as per the framework of CSR Policy; and
- Reviewing the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate.

The detailed and exhaustive mandate of the Corporate Social Responsibility Committee reflecting the salient terms of reference and responsibilities for the Committee is available on the website of the Company for reference at https://d3frl090092vlr.cloudfront.net/Corporate%20Social%20Responsibility%20Committee%20Mandate.pdf.

➢ **Meetings of Corporate Social Responsibility Committee during the year**

3 (Three) Meetings of Corporate Social Responsibility Committee were held during the year ended March 31, 2019 on (i) June 27, 2018, (ii) July 5, 2018, and (ii) November 3, 2018.

The Attendance of members of the Corporate Social Responsibility Committee at the said meetings was as under:

| Sr. No. | Name of the Member | No. of meetings attended |
|---|---|---|
| 1 | [1]Dr. Brian William Tempest | 0 |
| 2 | [2]Mr. Harpal Singh | 0 |
| 3 | [3]Mr. Indrajit Banerjee | 3 |
| 4 | [4]Mr. Ravi Rajagopal | 3 |
| 5 | [5]Mr. Rohit Bhasin | 0 |
| 6 | [6]Ms. Sabina Vaisoha | 0 |
| 7 | [7]Ms. Suvalaxmi Chakraborty | 3 |
| 8 | [8]Dr. Tan See Leng | 0 |
| 9 | [1]Lt. Gen Tejinder Singh Shergill | 0 |

[1]*Ceased w.e.f. April 27, 2018*

[2]*Resigned from directorship w.e.f. May 20, 2018*

[3]*Appointed w.e.f. May 23, 2018*

[4]*Appointed w.e.f. May 23, 2018*

[5]*Appointed w.e.f. May 23, 2018 and resigned from directorship w.e.f. June 26, 2018*

[6] *Appointed as member w.e.f. April 27, 2018 and resigned from directorship w.e.f. May 20, 2018*

[7] *Appointed as member w.e.f. April 27, 2018 and ceased to be member w.e.f. May 23, 2018. Subsequently she was re-appointed as member w.e.f. June 26, 2018*

[8] *Appointed as member w.e.f. November 13, 2018*

## D. Nomination and Remuneration Committee

➢ **Composition**

As on March 31, 2019, the Nomination and Remuneration Committee comprised of the following members:

(i) Mr. Indrajit Banerjee, Chairman,

(ii) Dr. Chan Boon Kheng,

(iii) Mr. Chintamani Aniruddha Bhagat,

(iv) Mr. Ravi Rajagopal, and

(v) Ms. Suvalaxmi Chakraborty

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

- Assist in identifying and finalizing suitable candidates as members of the Board and recommendation of compensations norms;
- Devising of remuneration policy and Board diversity policy for the Board Members;
- Monitor and Evaluation of Board Evaluation Framework;
- Identification of the persons who may be appointed in senior management, evaluation of performances of Key Managerial Personnel, monitoring their compensation packages, employment arrangements and remuneration policy;
- Review and approve succession and emergency preparedness plan for the Key Managerial Personnel and all senior Management personnel;
- Review grant of stock options or pension rights to the employees under different ESOP Plans of the Company; and
- Review of organization structure.

The detailed and exhaustive Mandate reflecting the salient terms of reference and responsibilities for the Nomination and Remuneration Committee is available on the website of the Company for reference at https://d3frl090092vlr.cloudfront.net/Nomination%20and%20Remuneration%20Committee%20Mandate.pdf.

The Nomination and Remuneration Committee works with the Board on the succession planning and ensures contingency plans are in place to meet any exigencies. Mr. Sumit Goel, Company Secretary acts as the Secretary of the Nomination and Remuneration Committee.

➢ **Meetings of Nomination and Remuneration Committee during the year**

5 (Five) meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2019. These were held on (i) June 27, 2018, (ii) July 5, 2018, (iii) November 3, 2018, (iv) January 29, 2019 and (v) March 19, 2019.

The attendance of members of Nomination and Remuneration Committee at these meetings was as follows:

| Sr. No. | Name of the Member | No. of meetings attended |
|---|---|---|
| 1 | [1]Dr. Brian William Tempest | 0 |
| 2 | [2]Dr. Chan Boon Kheng | 2 |
| 3 | [2@]Mr. Chintamani Aniruddha Bhagat | 2 |
| 4 | [3]Mr. Harpal Singh | 0 |
| 5 | [4]Mr. Indrajit Banerjee | 5 |
| 6 | [5@]Mr. Ravi Rajagopal | 5 |
| 7 | [6]Mr. Rohit Bhasin | 0 |
| 8 | [7@]Ms. Suvalaxmi Chakraborty | 5 |
| 9 | [8]Lt. Gen. Tejinder Singh Shergill | 0 |

[1]*Ceased to be director w.e.f. May 22, 2018*

[2]*Appointed as member w.e.f. November 13, 2018*

[3] *Appointed as member w.e.f. April 5, 2018 and resigned from directorship w.e.f. May 20, 2018*

[4]*Appointed as member w.e.f. June 26, 2018*

[5]*Appointed as member w.e.f. April 27, 2018*

[6]*Appointed as member w.e.f. May 23, 2018 and resigned from directorship w.e.f. June 26, 2018*

[7]*Appointed as member w.e.f. April 27, 2018*

[8]*Resigned from directorship w.e.f. May 20, 2018*

[@]*Attended one meeting (included herein) through audio-conferencing but not counted for quorum.*

➢ **Remuneration policy & Criteria of making payments to Executive and Non-Executive Directors including Independent 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 is in line with the provisions of the Companies Act, 2013. The remuneration paid/payable to the Executive Director(s) is, as recommended by the Nomination and Remuneration Committee, decided by the Board and approved by the Shareholders and Central Government, wherever required.

Presently, the Non-Executive Director(s) are being paid sitting fees for attending the Meetings of Board of Directors and various Committee(s) of Board viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Finance Committee and separate meeting of Independent Directors.

Non-Executive Directors may be paid honorarium upto 1% of the Net Profits of the Company calculated in accordance with the provisions of Section 198 of Companies Act, 2013, as approved by the shareholders at their meeting held on September 23, 2015 (valid upto March 31, 2020). During the year under review, no such honorarium was paid to any of the Non-Executive Director.

The key components of the Company's Remuneration Policy for the Board Members are:

- Compensation will be based on credentials and the major driver of performance.
- Compensation will be competitive and benchmarked with industry practice.
- Compensation will be fully transparent and tax compliant.

The Governance Document for Board which inter alia includes the Remuneration Policy of the Company is made available on the website of the Company at https://d3frl090092vlr.cloudfront.net/Board%20of%20Directors%20Governance%20Standards.pdf.

- **Remuneration to Directors**

**a) Executive Director**

Dr. Ashutosh Raghuvanshi was appointed as Managing Director and Chief Executive Officer w.e.f. March 19, 2019 for a period of 3 years, subject to shareholders approval, at the forthcoming Annual General Meeting (AGM) of the Company. The details of his profile and other matters as required under Schedule V of the Companies Act, 2013, is given in the notice calling the ensuing AGM.

The details of his remuneration package is as follows:

(Amount in ₹. p.a.)

| Salary | Benefits | Bonuses | Pension |
|---|---|---|---|
| 4,32,79,519 | 8,09,481 | 2,40,00,000 | 19,11,000 |

**Other Details of remuneration:**

He will also be entitled to a company car having all-inclusive price not exceeding ₹ 7,500,000 for business use, in accordance with the Company's Policies and applicable laws.

**Details of fixed component and performance linked incentives, along with the performance criteria:**

| Components | INR Per Annum |
|---|---|
| Fixed Component | 4,60,00,000 |
| *Target Variable Pay | 2,40,00,000 |
| Total | **7,00,00,000** |

* Actual Variable payment will be paid as per the terms of contract letter of Dr. Ashutosh Raghuvanshi.

**Service contracts and notice period**

Service Contract – for a period of 3 years

Notice Period – 3 months

He did not draw any remuneration during the Financial Year 2018-19 and his remuneration for the month ended March 31, 2019 was paid along with the remuneration for the month ended April 30, 2019. As on date, he does not hold any shares in the Company nor has been granted any ESOPs.

**b) Non-Executive Directors**

During the period under review sitting fees paid to Non-Executive Directors and their shareholding as on March 31, 2019 is as follows:

| S. No. | Name of Directors | Gross Sitting Fees (₹) | Shareholding in the Company as on March 31, 2019 or as on the date of resignation, whichever is earlier |
|---|---|---|---|
| 1 | Lt. Gen. Tejinder Singh Shergill | 4,00,000 | 16,000 |
| 2 | Mr. Harpal Singh | 4,00,000 | 58,003 |
| 3 | Dr. Brian William Tempest | 4,00,000 | NIL |
| 4 | Ms. Sabina Vaisoha | 3,00,000 | NIL |
| 5 | Mr. Rohit Bhasin | 8,00,000 | NIL |

| S. No. | Name of Directors | Gross Sitting Fees (₹) | Shareholding in the Company as on March 31, 2019 or as on the date of resignation, whichever is earlier |
|---|---|---|---|
| 6 | Ms. Suvalaxmi Chakraborty | 48,00,000 | NIL |
| 7 | Mr. Ravi Rajagopal | 45,00,000 | NIL |
| 8 | Mr. Indrajit Banerjee | 49,00,000 | NIL |
| 9 | Dr. Tan See Leng | 6,00,000 | NIL |
| 10 | Dr. Chan Boon Kheng | 10,00,000 | NIL |
| 11 | Mr. Low Soon Teck | 8,00,000 | NIL |
| 12 | Mr. Chintamani Aniruddha Bhagat | 7,00,000 | NIL |
| 13 | Mr. Shirish Moreshwar Apte | 5,00,000 | NIL |
| **Total** | | **2,01,00,000** | |

The Company has not granted any stock options to any of its Directors. Except as stated above and as disclosed elsewhere in this Annual Report including notes to Financial Statements, there was no other pecuniary relationship or transaction of the Non-Executive Director(s) vis-à-vis the Company, during the year under review. Further, none of the Non-Executive Directors are holding any convertible instrument of the Company.

**E. Independent Directors**

➢ **Meetings of Independent Director during the year**

During the period from April 27, 2018 to November 13, 2018, the Board of the Company was comprising only of Independent Directors. Further, post reconstitution, one more meeting of Independent Directors was held during the year under review on March 19, 2019 to carry out Board evaluation. All the Independent Directors attended the same.

The salient roles and responsibilities associated with the Independent Directors Meeting include, but are not limited to, the following:

(a) review the performance of non-independent directors and the board of directors as a whole;

(b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

**F. Management Committee**

During the Financial year 2017-18, the Management Committee was constituted, comprising of Dr. Brian William Tempest (Chairperson), Mr. Harpal Singh and Lt. Gen. Tejinder Singh Shergill and the committee was vested with the same authority and responsibility as that of Executive Chairman and Non-Executive Vice Chairman.

Post the cessation of all the committee members and induction of the Independent Directors, the Committee was dissolved w.e.f. August 2, 2018.

The Mandate of the Committee was placed before the Board but it was not approved.

**Meetings of Management Committee during the year**

1 (One) meeting of Management Committee was held during the year under review on April 18, 2018 which was attended by all its members.

### G. Finance Committee

The Board at its meeting held on November 13, 2018, constituted a Treasury Committee of the Board of Directors (nomenclature changed to Finance Committee w.ef. November, 30 2018) with specific mandate to help the Board in investing of funds and raising of debt, as and when directed.

As on March 31, 2019, the Finance Committee comprised of the following members:

(i) Dr. Chan Boon Kheng,

(ii) Mr. Indrajit Banerjee,

(iii) Mr. Low Soon Teck, and

(iv) Ms. Suvalaxmi Chakraborty

➢ **Meetings of Finance Committee during the year**

3 (Three) meetings of Finance Committee were held during the year ended March 31, 2019. These were held on (i) November 17, 2018, (ii) November 19, 2018, and (iii) January 8, 2019. All the members attended all the meetings of the Committee.

## 5. SUBSIDIARY COMPANIES

As on April 1, 2019, Fortis Hospitals Limited (FHsL), International Hospital Limited (IHL), Fortis Healthcare International Limited (FHIL), Fortis Hospotel Limited (FHTL) and SRL Limited (SRL) are considered as Material Subsidiaries and accordingly necessary compliances w.r.t. material subsidiaries have been duly carried out. However, as on the date of this report the Company is yet to appoint an Independent Director from the Board of Fortis Healthcare Limited on the Boards of FHsL, IHL and FHTL.

The Audit and Risk Management Committee of the Company reviews the financial statements and investment made by the subsidiary company(ies). The minutes of the Board Meeting(s) of subsidiaries as well as the statement of significant transactions and arrangement entered into by the subsidiaries, if any, are placed before the Board of Directors of the Company from time to time.

The policy for determining 'material' subsidiaries is available at https://d3frl090092vlr.cloudfront.net/Policy-On-Material-Subsidiary-Feb-2019.pdf.

## 6. CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Managing Director & CEO and CFO certification as stipulated in Regulation 17(8) of Listing Regulations was placed before the Board along with financial statement(s) for the year ended March 31, 2019. The board reviewed and took note of the same. The said certificate forms part of the Annual Report.

## 7. GENERAL BODY MEETING(S)

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

| Financial Year | Date | Time (IST) | Venue | Special Resolution(s) passed |
|---|---|---|---|---|
| **Annual General Meetings** | | | | |
| 2017-18 | 28.09.2018 | 12:30 p.m. | National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062 | None |
| 2016-17 | 26.09.2017 | 12.00 Noon | National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062 | Alteration of Articles of Association of the Company |
| | | | | Enabling approval for Fund Raising |

| Financial Year | Date | Time (IST) | Venue | Special Resolution(s) passed |
|---|---|---|---|---|
| 2015-16 | 27.09.2016 | 12.00 Noon | PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Mag, New Delhi-110016 | Enabling Resolution for raising funds upto ₹ 5,000 Crore |
| | | | | Approval for appointment of Non-Independent Directors(s) for office or place of profit. |
| | | | | Approval for payment of remuneration to Non-Executive Directors |

There is no immediate proposal for passing any resolution through Postal Ballot as on the date of this report, except as per the details available in public domain.

**Details of resolution passed by way of Postal Ballot.**

Pursuant to Regulation 44 of Listing Regulations and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the members of the Company have during the year under review, approved the following resolutions by way of postal ballot.

1. **Postal ballot Notice dated March 20, 2018 (result declared on May 5, 2018):**

   **Approval for appointment of Lt. Gen. Tejinder Singh Shergill as an Independent Director of the Company and for acquisition of assets of RHT Health Trust.**

   For the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Mukesh Manglik, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

   Summary of the results of aforementioned Postal Ballot/electronic voting process announced by Mr. Rahul Ranjan, Company Secretary of the Company on May 5, 2018:

| Item | Net Valid Votes Polled (No. of Equity Shares) | Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes | Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes) |
|---|---|---|---|
| Ordinary Resolution for appointment of Lt. Gen. Tejinder Singh Shergill as an Independent Director | 25,59,74,569 | 13,87,06,842 (54.19%) | 11,72,67,727 (45.81%) |
| Ordinary Resolution for Acquisition of assets of RHT Health Trust | 26,02,44,924 | 25,58,94,734 (98.33%) | 43,50,190 (1.67%) |

2. **Postal Ballot Notice dated August 30, 2018 (result declared on October 29, 2018):**

   **Approval for amendment in terms of the agreement entered for acquisition of assets of RHT Health Trust.**

   For the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Mukesh Manglik, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

   Summary of the results of aforementioned Postal Ballot/electronic voting process announced by Mr. Sumit Goel, Company Secretary of the Company on October 29, 2018:

| Item | Net Valid Votes Polled (No. of Equity Shares) | Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes) | Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes) |
|---|---|---|---|
| Special Resolution for amendment in terms of the agreement entered for acquisition of assets of RHT Health Trust | 36,97,62,380 | 36,97,61,385 (99.9997%) | 995 (0.0003%) |

**3. Postal ballot notice dated December 31, 2018 (Result declared on February 6, 2019)**

**Approval for Appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/ W-100022) as Statutory Auditors of the Company to fill up the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants**

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. Sumit Goel, Company Secretary of the Company on February 6, 2019:

| 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) |
|---|---|---|---|
| Ordinary Resolution for appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company to fill up the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants | 48,22,60,265 | 48,22,33,256 (99.9944%) | 27,009 (0.0056%) |

**Procedure for Voting by Postal Ballot and E-voting**

In compliance with Regulation 44 of Listing Regulations and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the Company provides e-voting Facility to the Members. The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts along with Postal Ballot form and the self-addressed postage prepaid business reply envelope are sent to all the members, whose name appear on the register of members as on the cut-off date, under secured mode of Posting/through e-mail. The members were given option to vote either through the Postal Ballot Forms or through e-voting facility. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose or post their assent or dissent through e-voting module. Postal Ballot Form received after this date, is strictly treated as if the Form has not been received from the member.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favor are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favor are more than the votes cast against.

For the members who opted for e-voting facility, they cast their votes via electronic platform (https://evoting.karvy.com) of Karvy Fintech Private Limited (Karvy). Requisite notices were given to such members to e-vote /send their reply.

The scrutinizer appointed for the purpose scrutinizes the postal ballots and e-votes received and submit his consolidated report to the Company. The results are also displayed on the website of the Company- www.fortishealthcare.com and the last date for receipt of duly completed postal ballot forms/e-voting is deemed to be the date of passing the resolution(s).

Till the date of signing of this report, no Special Resolution is proposed to be conducted through postal ballot, unless as disclosed by the Company.

Further, resolution(s), if required, shall be passed by Postal Ballot during the year ending on 31st March 2020, as per the prescribed procedure under the Companies Act, 2013 and Listing Regulations.

**8. DISCLOUSRES**

➢ **Related Parties Transactions**

The details of transactions with related parties as prescribed in the Listing Regulations, are placed before the Audit and Risk Management Committee periodically. Further, the details of all material transactions with related parties are also disclosed quarterly along with the compliance report on corporate governance.

In the cases of material transaction, the same are pursued under direct guidance of the Audit and Risk Management Committee with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, independent Advisory Committees are constituted and external expert opinion sought for Board consideration. Further, in accordance with the Listing Regulations, the Company has adopted a Policy on 'Materiality on Related Party Transactions' and the same is at https://d3frl090092vlr.cloudfront.net/Related-Party-Transactions-Framework-Document.pdf.

During the year under review there have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the Management, their relatives or subsidiaries which may have potential conflict with the interest of Company at large except for those disclosed in the Board's Report. Detailed information on materially significant related party transactions is enclosed to the Board's Report.

➢ **Accounting Treatment**

While in the preparation of financial statements, the treatment that has been prescribed in the Accounting Standards has been followed to represent the facts in the financial statement in a true and fair manner.

➢ **Compliances by Company**

The Company has complied with the requirements of the Stock Exchange(s), Securities and Exchange Board of India or other authorities on any matter related to Capital Market during the last 3 (three) years, except, as disclosed from time to time. To the best of our knowledge, below are the non-compliances w.r.t. Listing Regulations for the Financial Year 2018-19:

| S No. | Brief details of Clause / Applicable Laws | Particulars |
|---|---|---|
| 1 | Regulation 33(3)- The listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion) | The results for the quarter and Financial Year ended March 31, 2019 and the Statement on Impact of Audit Qualifications were not approved/submitted within stipulated timelines. |
| 2 | Regulation 29(1)(a)- The listed entity shall give prior intimation to stock exchange about the meeting of the board of directors in which financial results are to be considered, which is not in compliance with Regulation 29(2) of SEBI LODR | Prior intimation to the stock exchanges was not given for the board meeting held on July 07, 2018 for the approval of annual financial statements/ results for the year ended on March 31, 2019, as the meeting was unplanned and held at a shorter notice. |
| 3 | Regulation 18(1)(a) – For every listed entity two-thirds of the members of audit committee shall be independent directors. | Composition of Audit Committee was not in accordance with the regulations from November 13, 2018 to January 30, 2019. |
| 4 | Regulation 24(1)- At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India | No independent director(s) of the Company were appointed on the board of Fortis Hospotel Limited and Fortis Hospitals Limited, both being unlisted material subsidiaries of the Company. |
| 5 | Regulation 30-<br>(i) Proceedings of annual and extraordinary general meetings of the listed entity shall be submitted to stock exchanges within 24 hours of the event;<br>(ii) The listed entity shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency within 24 hours of the event; and<br>(iii) Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof | (i) Extraordinary General Meeting of the Company was held on August 13, 2018 and proceedings of the same were sent to stock exchanges on August 16, 2018;<br>(ii) Credit rating of the Company was revised by ICRA Limited on September 06, 2018 and the same was intimated to the stock exchanges on September 20, 2018;<br>(iii) The Company disclosed to the stock exchanges about Share subscription Agreement entered into with IHH Healthcare Berhad on July 13, 2018, however, the same was not in the format as prescribed under Para No. 5 of the SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015. |

The details of penalty paid to the stock exchanges for the Financial Year 2018-19, for non-compliances under Regulation 33 and Regulation 18(1) of Listing Regulations is as given below:

| Name of the exchange | Particulars | Amount of penalty (in ₹ Lacs) (rounded off) |
|---|---|---|
| BSE and NSE | Late submission of financial under Regulation 33 of SEBI (LODR) Regulations, 2015 for the quarter and financial year ended March 31, 2018 | 63.44 |
| BSE and NSE | Non-compliance with Regulation 18(1) of SEBI (LODR) Regulations, 2015 | 1.16 |

The details of penalty paid to the stock exchanges for the Financial Year 2017-18, for non-compliances under Regulation 33 of Listing Regulations is as given below:

| Name of the exchange | Particulars | Amount of penalty (in ₹) |
|---|---|---|
| BSE and NSE | Late/Non-submission of financial under Regulation 33 of SEBI (LODR) Regulations, 2015 for the period ended September 2017. | 6,598,890 |

## 9. MANAGEMENT

During the period under review, no material, financial and commercial transaction has been entered by Senior Management Personnel, where they have any personal interest that may have potential conflict with the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were duly placed before the Board of Directors on periodic basis.

## 10. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company strongly supports and strives to provide a structured platform via Whistle Blower Policy/Vigil Mechanism for reporting of instances of alleged wrongful conduct or gross waste or misappropriation of funds including instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Through this Policy, the Company seeks to provide a procedure for all the employees and Directors of the Company to report concerns about unethical and improper practice taking place in the Company and provide for adequate safeguards against victimization of Director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee, in exceptional cases. It protects employees, officers and Directors who in, good faith, raise a concern about irregularities within the Company. It is hereby confirmed that no personnel have been denied access to the Audit and Risk Management Committee. The Company has adopted a Whistle Blower Policy in line with the requirements laid down under Companies Act, 2013 and Listing Regulations. The same is available at https://d3frl090092vlr.cloudfront.net/Whistle%20Blower%20Policy.pdf.

**Code of conduct and Prohibition on Insider Trading**

Code of Conduct for Prevention of Insider Trading of the Company, as approved by the Board of Directors, *inter alia*, prohibits purchase or sale of securities of the Company by Directors, Designated Employees and other employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available at https://s3-ap-southeast-1.amazonaws.com/s3.fortishealthcare.com/FHL+Policy+Code+of+conduct+for+prevention+of+Insider+Tradig.pdf.

## 11. MEANS OF COMMUNICATION

a) **Results:** The financial results are generally published in Financial Express (English) and Rozana Spokesman (Punjabi).

b) **Website:** The financial results are posted on the Company's website viz. www.fortishealthcare.com.

c) **Press Release, Presentations:** The Company also makes a presentation to the institutional investors and analysts after taking on record the financial results of the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors etc. are displayed on the Company's website viz. www.fortishealthcare.com. Official Media Releases are also sent to the stock exchanges before dissemination to the media.

d) **Intimation to the Stock Exchanges:** The Company intimates the Stock Exchanges on all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

e) **NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance and the Listing Centre:** NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others in accordance with the Listing Regulations are filed electronically.

f) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

g) **Designated Exclusive email-id:** The Company has designated the following email-id for investor servicing: secretarial@fortishealthcare.com. Investors can also mail their queries to Registrar and Transfer Agent at einward.ris@karvy.com.

## 12. GENERAL SHAREHOLDER INFORMATION

**Annual General Meeting**

**Date of AGM**

The Annual General Meeting is proposed to be held on Thursday, September 26, 2019 at 12:00 noon at National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062.

Last date of receipt of Proxy Form: 48 hours before the Annual General Meeting.

**(i) Financial Year of the company** is starting from April 1 and ending on March 31 of next year.

**(ii) Financial calendar 2019-20 (tentative & subject to change)**

| S. No. | Tentative Schedule | Tentative Date (On or Before) |
|---|---|---|
| 1 | Financial Reporting for the quarter ended June 30, 2019 | August 14, 2019 |
| 2 | Financial Reporting for the quarter ending September 30, 2019 | November 14, 2019 |
| 3 | Financial Reporting for the quarter ending December 31, 2019 | February 14, 2020 |
| 4 | Financial Reporting for the quarter ending March 31, 2020 | May 30, 2020 |
| 5 | Annual General meeting for the year ending March 31, 2020 | On or before September 30, 2020 |

**(iii) Listing on Stock Exchanges**

As on date, the Company's Equity Shares are listed on the following Stock Exchanges:

- National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400051
- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

The Company has paid listing fees to above stock exchanges for the Financial Year 2018-19 and there are no outstanding payments as on date.

**(iv) Stock code of Equity Shares**

Trade symbol at National Stock Exchange of India Limited is FORTIS.

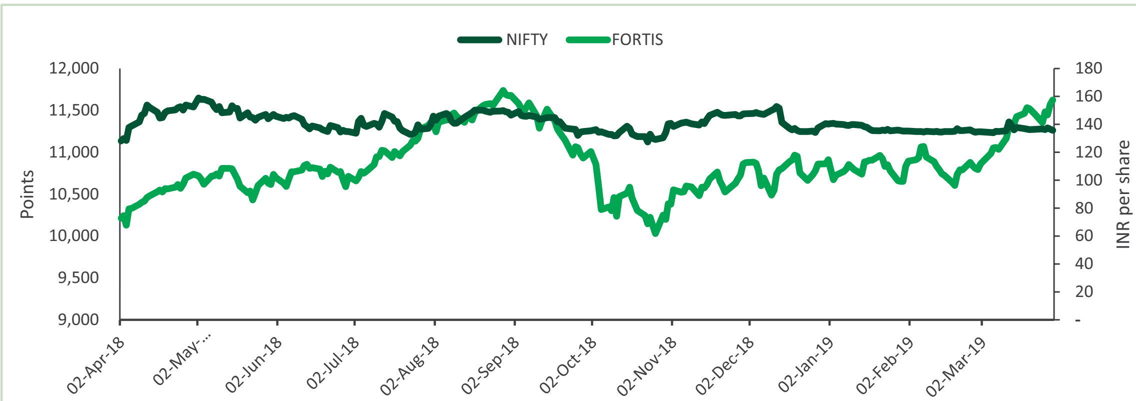
Scrip Code at BSE Limited is 532843

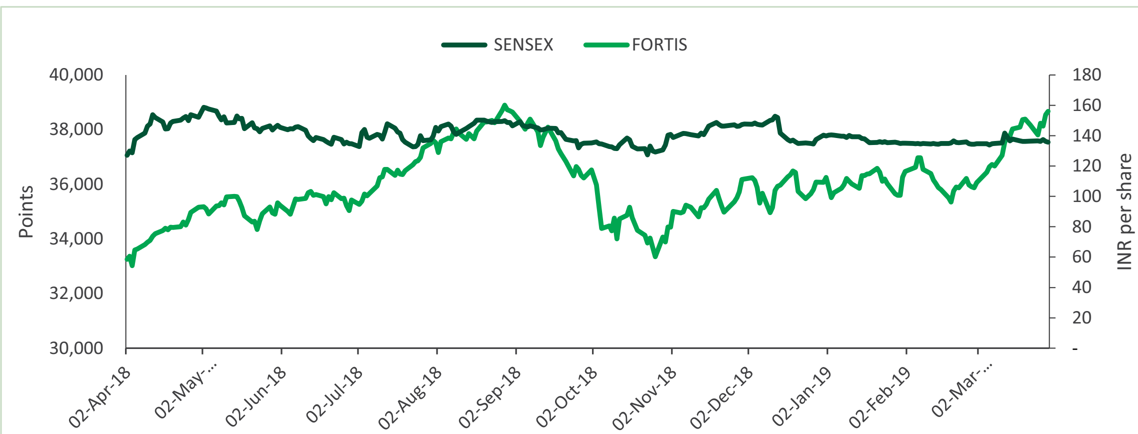
ISIN for equity is INE061F01013

**(v) Stock market Data**

The Company's shares are among the actively traded shares on NSE & BSE. The Monthly high and low of share price of the Company during the Financial Year and comparisons with broad-based indices, viz BSE Sensex and NSE Nifty is as follows:

| Month | Share Price (₹) at BSE | | Share Price (₹) at NSE | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 2018 | 158 | 124.55 | 157.4 | 124.35 |
| May 2018 | 160.9 | 141.45 | 160.95 | 141.2 |
| June 2018 | 148 | 126.15 | 148 | 129.25 |
| July 2018 | 149.4 | 131.8 | 149.45 | 132 |
| August 2018 | 152.45 | 139.1 | 152.3 | 139.05 |
| September 2018 | 150 | 131.15 | 149.9 | 131.4 |
| October 2018 | 141.65 | 126.8 | 141.8 | 126.45 |
| November 2018 | 149.55 | 137.3 | 149.3 | 138 |
| December 2018 | 153.7 | 130.2 | 153 | 130 |
| January 2019 | 141.5 | 134.3 | 141.7 | 134.85 |
| February 2019 | 139 | 133 | 139 | 133 |
| March 2019 | 144 | 131 | 143 | 132.75 |




Based on closing data of BSE Sensex (Value) and FHL (₹ Per Share)

Based on closing data of NSE Nifty (Value) and FHL (₹ Per Share)

**(vi) Registrar and Transfer Agent**

Karvy Fintech Private Limited is acting as Registrar and Transfer Agent (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Karvy Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

**(vii) Nomination Facility**

The shareholders holding shares in physical form may, if they so want, send their nomination(s), as per Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, in form SH-13, which can be obtained from the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

As on March 31, 2019, 75,41,23,894 Equity shares representing 99.89% of the paid-up Equity Share Capital of the Company have been dematerialized.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

**(viii) Elimination of Duplicate Mailing**

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

**(ix) Share Transfer System**

The Company's share transfer authority has been delegated to the officials of the Company. The delegated authority(ies) attend the share transfer formalities to expedite all matters relating to transfer, transmission, transposition, split and re-materialization of shares and take on record status of redressal of Investors' Grievance, etc., if any. Further in terms of Regulation 40 of Listing Regulations, the board of directors of a listed entity may delegate the power for certain activities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s). The Board Directors of the Company has authorized M/s. Karvy Fintech Private Limited, Registrar and Transfer Agent of the Company for approving certain activities on behalf of the Company upto a threshold limit. Further, any request beyond the specified limit is approved by the Stakeholders Relationship Committee and subsequently placed before the Board for its noting.

The share certificate received by the Company/ RTA for registration of transfers, are processed by RTA and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered post. A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the Listing Regulations.

As per the requirements of Regulation 7 of Listing Regulations the Company has obtained the half yearly certificates from Compliance Officer and authorised representative of share transfer agent for due compliance of share transfer formalities.

**(x) Reconciliation of Share Capital Audit**

The Reconciliation of Share Capital Audit as stipulated under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018) (erstwhile Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996) was carried out by a Practicing Company Secretary for each of the quarter in the Financial Year 2018-19, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Audit Reports (the Audit report) confirm that the total issued/subscribed paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. Such Audit Report for each quarter of the Financial Year 2018-19, has been filed with Stock Exchanges within one month of end of the respective quarter.

**(xi) Details of Demat Suspense Account**

The Company had opened a Demat Suspense Account- "Fortis Healthcare Limited IPO Suspense Account".

i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2018: 49 (Forty Nine) shareholders and 4,819 (Four Thousand Eight Hundred Nineteen) shares.

ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 01

iii. Number of shareholders to whom shares were transferred from the suspense account during the year: 01

iv. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2019: 48 (Forty Eight) shareholders and 4,677 (Four Thousand Six Hundred Seventy Seven) shares.

It is also confirmed that that the voting rights on the above shares shall remain frozen till the rightful owner of such shares claims the shares.

**(xii) Share Dematerialization System and Liquidity**

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

The Company's Equity Shares are actively traded shares on the Indian Stock Exchanges-BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Relevant data for the average daily turnover for the Financial Year 2018-19 is given below:

| Particulars | | BSE | NSE | Average |
|---|---|---|---|---|
| **Average Shares Traded** | **Share Nos.** | **2,15,365** | 29,83,275 | 16,17,320 |
| **Average Daily Turnover** | **Value (₹) in Crore** | 3.63 | 42.85 | 23.24 |

*[Source: This information is compiled from the data available on the website of BSE and NSE]*

Further, w.e.f April 1, 2019, as per the circular issued by SEBI, no transfer can be effected in physical form.

**(xiii) Details on Outstanding Securities as on March 31, 2019 and details of commodity price risk, foreign exchange risk & hedging activity**

As on March 31, 2019, the Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments. No FCCBs stand outstanding in the Books of the Company as on date.

Details of commodity price risk, foreign exchange risk & hedging activity (commodity or otherwise), as applicable, during the financial year under review are provided in notes to accounts which forms part of the Annual Report. It is hereby confirmed that the Company is not involved in commodity and/or derivative market.

**(xiv) Distribution of Shareholding as on March 31, 2019**

| Number of equity share held | No. of Shareholders | % of Share Holders | % of Total Paid up share Capital |
|---|---|---|---|
| 1 to 5,000 | 102974 | 88.05 | 1.64 |
| 5,001 to 10,000 | 6712 | 5.74 | 0.73 |
| 10,001 to 20,000 | 3404 | 2.91 | 0.69 |
| 20,001 to 30,000 | 1109 | 0.95 | 0.38 |
| 30,001 to 40,000 | 563 | 0.48 | 0.27 |
| 40,001 to 50,000 | 452 | 0.39 | 0.29 |
| 50,001 to 1,00,000 | 706 | 0.60 | 0.71 |
| 1,00,001 and above | 1023 | 0.87 | 95.30 |
| **Total** | **116943** | **100.00** | **100.00** |

**(xv) Shareholding pattern as on March 31, 2019**

| S No | Category | No. of Shareholders | Number of Shares Held | % of Shareholding |
|---|---|---|---|---|
| 1 | Mutual Funds | 4 | 18432942 | 2.44 |
| 2 | Foreign Nationals | 1 | 3000 | 0.00 |
| 3 | Trusts | 7 | 42275 | 0.01 |
| 4 | Resident Individuals | 110285 | 77713884 | 10.29 |
| 5 | Promoters | 3 | 68390 | 0.01 |
| 6 | Employees | 22 | 799654 | 0.11 |
| 7 | Non-Resident Indians | 1226 | 1364842 | 0.18 |
| 8 | Promoters Bodies Corporate | 1 | 1153091 | 0.15 |
| 9 | Clearing Members | 91 | 210918 | 0.03 |
| 10 | Indian Financial Institutions | 2 | 1393100 | 0.18 |
| 11 | Foreign Portfolio Investors | 167 | 299875987 | 39.72 |
| 12 | Banks | 9 | 64842769 | 8.59 |
| 13 | Foreign Promoters | 1 | 235294117 | 31.17 |
| 14 | Foreign Collaborators | 1 | 670194 | 0.09 |
| 15 | Non-Resident Indian Non Repatriable | 661 | 2220979 | 0.29 |
| 16 | Bodies Corporates | 1071 | 46860590 | 6.21 |
| 17 | NBFC | 20 | 429399 | 0.06 |
| 18 | HUF | 3369 | 3502288 | 0.46 |
| 19 | Alternative Investment Fund | 2 | 76529 | 0.01 |
| | **Total:** | **116943** | **754954948** | **100.00** |

**(xvi) Lock-in of Equity Shares**

As on March 31, 2019, of 23,52,94,117 Equity Shares of the Company, held by Northern TK Ventures Pte Ltd, Promoter, 8,43,03,727 Equity Shares are under lock-in upto January 4, 2020 and the balance upto January 4, 2022 in terms of the regulatory requirements

**(xvii) Employee Stock Option**

Detailed information relating on Employee Stock Option, has been mentioned in the Board's Report.

**(xviii) Hospitals/Unit(s)/Location(s)**

Fortis Healthcare Limited alongwith its subsidiaries provide healthcare services in Delhi-NCR, Chennai, Bangalore, Punjab, Jaipur and other cities. The locations of the hospital units managed by your Company are as follows:

**Fortis Hospital, Mohali**
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062
**Fortis Hospital**
Arcot Road, Vadapalani, Chennai, 600026
**Fortis Hospital**
A Block, Shalimar Bagh, Near Kela Godown, New Delhi-110088
**Fortis-Escorts Hospital**
2$^{nd}$ Floor, Coronation Hospital, Curzon Road, Dehradun – 248001

**(xix) Shareholders Communication –Address for correspondence**

The Company understands the significance of two-way communication with the shareholders. The Company's website is constantly updated with the latest disclosures/information as the shareholders may require from time to time. In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, Annual Report, Quarterly/Annual financial results along with the applicable policies of the Company. The Company's official press releases and presentations made to the institutional investors and analysts are also available on the Company's website (www.fortishealthcare.com).

**For Share transfer/ dematerialization of shares/ payment of dividend and any other query relating to shares, the shareholders may contact at the below address:**

Karvy Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com

**For Investor Assistance**
The Company Secretary,
Fortis Healthcare Limited
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062
Telephone No.: 0172-5096001 Fax No.: 0172 5096221
Email: secretarial@fortishealthcare.com
Website: www.fortishealthcare.com

**(xx) Details of Credit Ratings**

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad is as given below:

| Entity | Credit Rating Agency | Nature | Rating Status | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | March'18 | | April'18 | | Sep'18 | | March'19 | |
| | | | Rating | INR in Crs | Rating | INR in Crs | Rating | INR in Crs | Rating | INR in Crs |
| Fortis Healthcare Limited | ICRA | Long Term | ICRA BBB- | 320.00 | ICRA C | 320.00 | ICRA B+ | 320.00 | ICRA BBB- | 715.00 |
| Fortis Healthcare Limited | ICRA | Short Term | ICRA A3 | | ICRA A4 | | ICRA A4 | | ICRA A3 | |
| Fortis Healthcare Limited | ICRA | Non Convertible Debentures | ICRA BBB- | 250.00 | ICRA C | 250.00 | ICRA B+ | 250.00 | Withdrawn as its unutilized | |
| Fortis Healthcare Limited | ICRA | Commercial Papers | ICRA A3 | 600.00 | ICRA A4 | 600.00 | ICRA A4 | 600.00 | Withdrawn as its unutilized | |
| Fortis Hospitals Limited | ICRA | Long Term | ICRA B+ | 750.00 | ICRA B+ | 750.00 | ICRA B+ | 750.00 | ICRA BBB- | 750.00 |
| Fortis Hospitals Limited | ICRA | Short Term | ICRA A4 | | ICRA A4 | | ICRA A4 | | ICRA A3 | |
| Escorts Heart Institute and Research Centre Limited | ICRA | Long Term | ICRA BBB- | 103.00 | ICRA B+ | 103.00 | ICRA B+ | 103.00 | ICRA BBB- | 42.15 |
| Escorts Heart Institute and Research Centre Limited | ICRA | Short Term | ICRA A3 | | ICRA A4 | | ICRA A4 | | ICRA A3 | |
| Hiranandani Healthcare Private Limited | ICRA | Long Term | ICRA BBB- | 46.00 | ICRA B+ | 46.00 | ICRA B+ | 46.00 | ICRA BBB- | 17.27 |
| Hiranandani Healthcare Private Limited | ICRA | Short Term | ICRA A3 | | ICRA A4 | | ICRA A4 | | ICRA A3 | |

| Entity | Credit Rating Agency | Nature | Rating Status | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March'18 | | April'18 | | March'19 | |
| | | | Rating | INR in Crs | Rating | INR in Crs | Rating | INR in Crs |
| Fortis Healthcare Limited | CARE | Long Term | CARE BBB+ | 200.00 | CARE C | 200.00 | CARE BBB- | 105.00 |
| Fortis Healthcare Limited | CARE | Short Term | CARE A2 | | CARE A4 | | CARE A3 | |
| Fortis Healthcare Limited | CARE | Commercial Papers | CARE A2 | 600.00 | CARE A4 | 600.00 | Withdrawn as its unutilized | |
| Escorts Heart Institute and Research Centre Limited | CARE | Long Term | CARE BBB+ | 53.00 | CARE C | 53.00 | CARE BBB- | 43.00 |
| Escorts Heart Institute and Research Centre Limited | CARE | Short Term | CARE A2 | | CARE A4 | | CARE A3 | |

**(xxi) Details of Utilization of funds raised through preferential allotment**

The details of utilisation of funds raised through preferential allotment forms part of Notes to Financial Statement which forms part of this Annual Report.

**(xxii) Certificate from Practicing Company Secretary**

The Company is in receipt of a certificate from M/s. Sanjay Grover & Associates, Practicing Company Secretaries confirming that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

**(xxiii) Payments to statutory auditors**

Particulars of total fees for all services paid by the listed entity and its subsidiaries (including indirect taxes), on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:-

**(₹ in lacs)**

| **Particulars** | **Amount*** |
|---|---:|
| Statutory Audit | 612.16 |
| Tax Audit | 30.07 |
| Limited Reviews | 96.76 |
| Other services | 654.97 |
| Reimbursement of expenses | 72.40 |
| **Total** | **1,466.36** |

*On accrual basis

**(xxiv)** Disclosure(s) in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in the Board's Report.

**(xxv)** It is confirmed that there was no instance during Financial Year 2018-19 when the Board had not accepted any recommendation of any committee of the Board.

## 13. MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance i.e. Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations except elsewhere mentioned in this report.

M/s. Sanjay Grover & Associates, Practicing Company Secretaries has audited the compliances of Corporate Governance and after being satisfied on the same, issued a certificate on compliance to the Company, which forms part of this report.

## 14. DISCRETIONARY REQUIREMENT UNDER PART E TO SCHEDULE II TO THE LISTING REGULATIONS

**A. Separate posts of Chairman and CEO**

The Company has appointed separate persons to the post of Chairman and Managing Director/CEO, as and when applicable.

**B. Reporting of Internal Auditor**

The Head- Risk and Internal Audit reports directly to the Audit and Risk Management Committee.

**C. Modified Opinion(s) in Audit Report**

The Company endevours to move towards a regime of financial statements with unmodified audit opinion.

## 15. GO GREEN INITIATIVE

(a) The shareholders having shares in physical form are requested to register their e-mail ids with us or our RTA, at the address given in this report, to enable us to serve any document, notice, communication, annual report, etc. through e-mail.

(b) The shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

| | |
|---|---|
| **Declaration as required under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**<br>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, 2019.<br>**For & on behalf of Board of Directors** | |
| **Date:** May 24, 2019<br>**Place:** Gurugram | **Sd/-**<br>**Dr. Ashutosh Raghuvanshi**<br>**Managing Director & CEO** |

# CERTIFICATE

**[As per Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

**To**

**The Members**
**Audit & Risk Management Committee/Board of Directors**
**Fortis Healthcare Limited**

Dear Sir(s)/ Madam(s),

We, Dr. Ashutosh Raghuvanshi, Managing Director & Chief Executive Officer and Vivek Kumar Goyal, Chief Financial Officer of the Company, certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, other no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company'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 we are aware and the steps taken or propose to take to rectify these deficiencies except for the steps to be taken in relation to Luthra Report.

(d) We have indicated to the auditors and the Audit committee that:

   (1) There have been no significant changes in internal control over financial reporting during the year under review;

   (2) There have been no significant changes in accounting policies during the year except to the extent already disclosed in the notes to the financial statement(s); and

   (3) There are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Fortis Healthcare Limited**

| | |
|---|---|
| Sd/- | Sd/- |
| **Vivek Kumar Goyal** | **Dr. Ashutosh Raghuvanshi** |
| Chief Financial Officer | Managing Director & CEO |

Place : Gurugram
Date : May 24, 2019

## CORPORATE GOVERNANCE CERTIFICATE

**To**

**The Members**
**Fortis Healthcare Limited**

We have examined the compliance of conditions of Corporate Governance by Fortis Healthcare Limited ("the Company"), for the financial year ended March 31, 2019, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations except that:-

- *Composition of Audit Committee was modified on November 13, 2018 which was not in accordance with Regulation 18 of Listing Regulations. The same was thereafter rectified on January 30, 2019. In respect thereto, necessary penal provisions were duly complied with;*
- *No independent director(s) of the Company were appointed on the board of Fortis Hospotel Limited and Fortis Hospitals Limited, both being unlisted material subsidiaries of the Company, which is not in compliance with Regulation 24(1) of Listing Regulations; &*
- *The Company has initiated the process of performance evaluation of the Board as a whole, its Committees and Individual Directors, as per the requirements of Regulation 17(10) of Listing Regulations and report of same is yet to be placed before the board;*

It may be noted herein that there are other non-compliance(s) also w.r.t. Listing Regulations which are mentioned in report of corporate governance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-
**Sanjay Grover**
Managing Partner
CP No.: 3850

May 23, 2019
New Delhi

# BUSINESS RESPONSIBILITY **REPORT**

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

| S. No. | Particulars | Details |
|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | L85110PB1996PLC045933 |
| 2. | Name of the Company | Fortis Healthcare Limited |
| 3. | Registered Address | Fortis Hospital, Sector 62,<br>Phase VIII, Mohali-160062, Punjab |
| 4. | Website | www.fortishealthcare.com |
| 5. | E-mail id | secretarial@fortishealthcare.com |
| 6. | Financial Year reported | 2018-19 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | Healthcare |
| 8. | List three Key products/services that the Company manufactures/ provides (as in balance sheet) | IPD, OPD, Medical & Clinical Services |
| 9. | Total number of locations where business activity is undertaken by the Company and its subsidiaries: | 34 locations |
| | (a) Number of International Locations (provide details of major five). | • The Company through its subsidiaries was operating 2 healthcare facilities in Mauritius and 1 facility in Uganda till December 2018.<br>• The Company is operating 2 facilities in Bangladesh.<br>• The Company through its subsidiaries has minority stakes in The Medical and Surgical Centre Ltd (MSCL), Mauritius and in The Lanka Hospitals Corporation Plc, Sri Lanka. The stake in MSCL was hived off during FY 2019-20. |
| | (b) Number of National Locations | 32 locations |
| 10. | Markets served by the Company – Local/State/National/ International | Primary National |

## SECTION B. FINANCIAL DETAILS OF THE COMPANY

| S. No. | Particulars | Details |
|---|---|---|
| 1. | Paid up Capital | 7,549,549,480 |
| 2. | Total Turnover (₹ in Lakhs) | 65,649.24 |
| 3. | Total profit after taxes (₹ in Lakhs) | 12,308.38 |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | NIL |
| 5. | List of activities in which expenditure in 4 above has been incurred | N.A. |

For details on CSR Programmes, please refer to Annexure on CSR which also forms part of Annual Report.

## SECTION C. OTHER DETAILS

| S. No. | Particulars | Details |
|---|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? if yes, then indicate the number of such subsidiary company(s) | Yes. The details of number of subsidiaries forms part of the Directors Report. |
| 3. | Do any other entity/entities (e.g suppliers, distributors etc.) that the company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | The Company does not mandate its suppliers/ distributors to participate in the Company's Business Responsibility ("BR") initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business. |

**SECTION D. BR INFORMATION**

| S. No. | Particular | Details |
|---|---|---|
| 1. | Details of Director/Directors responsible for BR | The Board of Directors and the Management are collectively responsible for implementation of BR policies. |

(a) Details of the Board of Directors / Director responsible for implementation of the BR policy/policies

| | DIN Number | Name | Designation |
|---|---|---|---|
| 1. | 00106054 | Suvalaxmi Chakraborty | Independent Director |
| 2. | 00067073 | Ravi Rajagopal | Chairman<br>- Independent Director |
| 3. | 01365405 | Indrajit Banerjee | Independent Director |
| 4. | 03321168 | Dr. Tan See Leng | Non-Executive Director |
| 5. | 01880497 | Low Soon Teck | Non-Executive Director |
| 6. | 08268826 | Dr. Chan Boon Kheng | Non-Executive Director |
| 7. | 07282200 | Chintamani Aniruddha Bhagat | Non-Executive Director |
| 8. | 06556481 | Shirish Moreshwar Apte | Vice Chairman-Non-Executive Director |
| 9. | 02775637 | Dr. Ashutosh Raghuvanshi | Managing Director & CEO |

(b) Details of the BR head

| | | |
|---|---|---|
| 1. | DIN Number (if applicable) | 02775637 |
| 2. | Name | Dr. Ashutosh Raghuvanshi |
| 3. | Designation | Managing Director & CEO |
| 4. | Telephone Number | 0124-4921021 |
| 5. | E-mail id | secretarial@fortishealthcare.com |

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

| | QUESTIONS | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy/policies for … | Y | **Y | Y | Y | Y | Y | N | Y | N |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | - |
| 3. | Does the policy conform to any national/ international standards? If yes specify in 50 words | Y* | Y | Y* | Y* | Y* | Y* | - | Y | - |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/OWNER/CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | - | Y | - |
| 5. | Does the company have a specified committee of the Board/Directors/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | - | Y | - |
| 6. | Indicate the link for the policy to be viewed online? | http://cdn.fortishealthcare.com/Code-of-Conduct.pdf | http://www.myfortishealthcare.com/Intranet/StartIntranet.aspx?returnUrl=&GoToUrl=#x | http://cdn.fortishealthcare.com/Code-of-Conduct.pdf AND http://cdn.fortishealthcare.com/PolicyforPrevention Prohibitionand Redressal ofSexualHarassment.pdf | https://d3frl090092vlr.cloudfront.net/Corporate%20Social%20Responsibility%20Policy.pdf | http://cdn.fortishealthcare.com/Code-of-Conduct.pdf | http://www.myfortis healthcare.com/Intranet/StartIntranet.aspx?returnUrl=&GoToUrl=# | - | https://d3frl090092vlr.cloudfront.net/Corporate%20Social%20Responsibility%20Policy.pdf | - |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | - |
| 8. | Does the Company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | - | Y | - |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | N | Y | Y | Y | N | - | Y | - |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | - | Y | - |

* Please refer respective Code / Policy for relevant details

**Governed by our Internal Standard Operating Procedures

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| | QUESTIONS | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The company has not understood the Principles | | | | | | | | | |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | ✓ | | | | ✓ | | | |
| 3. | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next 6 months | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | | | | | Note 1 | Note 2 | Note 3 |

Note 1: The Company does not have a specific Policy as such, however, the Company from Healthcare Industry perspective adheres to specific protocols which are consistent with its principles and core elements, while influencing trade chambers or associations. The Company is in the process of formalising these principles and would form a definitive policy in due course of time.

Note 2 - While FHL does not have any policy around community connect activities however we do have guidelines and frameworks around the same. The guidelines help the units understand the way the activities have to be carried across various communities while the framework helps them choose the kind of activities they want to do, the partners they would like to work with, the teams responsible at the unit to carry out the activity etc.

Note 3 – While regular branding and marketing activities are carried out by the marketing team at the hospital, regions and the support office, there has been no need to create a policy around the same. The marketing activities are also governed by a set of guideline and framework created with the inputs from all stakeholders. These guidelines and framework govern almost all activities that fall under the branding and marketing umbrella like media buying, Campaign creation, digital marketing to name a few.

| | | | |
|---|---|---|---|
| 3. | Governance related to BR | | |
| | (a) | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than one year. | Annually |
| | (b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | Yes and it forms part of annual report. The same is hosted on the website of the Company at www.fortishealthcare.com |

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1:**

**Business should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **Does the policy relating to ethics, bribery and corruption cover only the company?** Yes

   i. **Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?** No

   The **Consequence Management Policy** is applicable to all fulltime employees of Fortis Healthcare Limited and its subsidiaries and / or entities under its direct or indirect control. Also we have a guiding framework called the Code of Conduct to which each employee should adhere to. The Consequence Management Policy is an internal policy document and is hosted on Company Intranet.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   164 employees have been terminated under "Disciplinary/Misconduct/Integrity" and these complaints have been resolved with appropriate action taken and hence no complaint remains pending as on March 31, 2019.

**Principle 2:**

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

Fortis through its various enterprise level initiatives fosters to build sustainable environment for a healthy lifestyle and promotes measurement of healthcare system performance.

Since 2010 all Hospitals that have been commissioned by Fortis are Green certified facilities. As enterprise mandate, all new Greenfield Projects of Fortis shall be certified Green Hospitals. Fortis is committed to minimize the effect of its business activities on the Environment and use Sustainable Design practices for all its new Projects. This helps to reduce Carbon Foot Prints as most of the materials used will adhere to Green Building norms.

**Process for award of Contracts**. Fortis follows a transparent standard operating process for tendering and award of Contracts. The whole process is conducted by competitive bidding process which is based on ethical practices and professionalism.

**Risk Management.** Fortis follows a transparent risk management policy for forecasting and mitigating the potential risks. There is always an endeavor to introduce latest technologies which would help in reducing carbon foot prints. Risk identification and mitigation, and Patient Safety are an integral part of accreditations like NABH and JCI; Fortis is one of the most accredited healthcare organizations of the country with more than 100 accreditations to its credit.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   Healthcare is a long term business that maps profitability with public good. For this to be sustainable, there is a need to constantly rebalance the imperatives of growth and self-improvement. Fortis understands that being compliant with quality & audit systems, and an emphasis on academics, research & training are the benchmarks for being socially & environmentally responsible.

   Following key initiatives from Fortis have had a huge impact socially:

   a) **More to Give Campaign:** 5 lakh Indians lose their lives every year waiting for an organ. That's a life lost every minute. As a leading healthcare service provider in India, Fortis decided to take up the cause of organ donation in an effort to positively impact the well-being of the nation. The idea was to drive systemic change in the perceptions and the behavior surrounding organ donation and increase the number of organ donation pledges. As a result of the campaign, Fortis has been able to create the largest organ donation pledge repository, with over 100,000 pledges, in the country (present with a non-govt. entity). A total of 25000 individual participated in the on-ground events and the walkathons organized across 12 cities. Fortis TVC has generated a total of 18.2 million views (17.1 million views on Facebook & 1.1 million views on YouTube) and 67K shared. The #MoretoGive has twice trended at the first position (in India trends) on Aug 5 and Nov 25. A total of 98 cadaver donations have happened across the Fortis Network since Jan 2012. These donations have resulted in 260 plus organs being harvested & transplanted (including 26 hearts, 78 livers & 147 kidneys)*. Across the Fortis network, 11 out of 18 transplanting hospitals have seen at least one cadaver donation take place.

   b) **Clean Air Initiative:** Under the clean air initiative we have reached out to a million individuals via 30 plus social media posts in FY 19. Additionally, we have also distributed N95 3M masks to 10K individuals who participated in various on-ground events organized by Fortis. Further, Fortis Ft. Lt. Rajan Dhall Hospital, Vasant Kunj organised a plantation drive in support of clean air at Sanjay Van. They offered free lungs check-up tests for over 500 individuals. On the occasion of World Asthma day, across multiple PVR cinemas in Delhi NCR, free Pulmonary Function Test was organized for over 1000 individuals. To further spread the message on clean air, public awareness bytes of prominent Fortis pulmonologists were played on Fever 104 FM & Big 92.7 FM.

c) **Fortis School Mental Health Program**: Under the Mental Health program around 707 workshops were conducted for creating awareness on Mental Health, over 5000 schools were reached in 300+ cities, more than 5000 students did summer Internship from 300+ schools. The 24*7 stress helpline launched under the program received close to 100 calls per day, with as many as 300-400 calls on some days during exam stress. Through these, and many other initiative taken by the Fortis Mental Health team, over 10 lakh lives were touched. Also Psych-ED, the only National level psychology quiz in India saw its 3rd year where 800 schools participated from 299+ cities.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.)**

A. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain**

a) Fortis has entered into a 10-year Power Purchase Agreement (PPA) for utilizing wind power at Malar and Mulund.

b) Fortis continues to explore avenues to employ renewable source of energy like Solar power & wind power.

B. **Reduction during usage by consumers (energy, water) has been achieved since the previous year**

Fortis thrives to continuously monitor and improve energy scores across hospitals by switching to LED light fixtures, installing VFDs, BMS, low flow plumbing & sanitary fixtures. The chart below captures the reduction in energy consumption achieved by various Fortis Hospitals across India.

Reduction in Specific Energy Consumption has been achieved over previous year (Refer table below)

| | Units lacs 17-18 | Units lacs 18-19 |
|---|---|---|
| Noida | 58.56 | 53.71 |
| Shalimar Bagh | 50.48 | 50.57 |
| Mulund | 63.4 | 62.69 |
| Mohali | 63.62 | 57.94 |
| BG Road | 62.59 | 68.72 |
| Vasant Kunj | 36.4 | 37.67 |
| Nagarbhavi | 6.47 | 6.48 |
| CG Road | 19.53 | 19.13 |
| Jaipur | 57.93 | 51.99 |
| Anandpur | 51.7 | 54.1 |
| Kalyan | 9.94 | 8.96 |
| Okhla Road | 99.15 | 93.83 |
| Rajaji Nagar | 4.13 | 4.39 |
| Vashi | 31.5 | 29.25 |
| Adyar | 31.71 | 31.82 |

| | Units lacs 17-18 | Units lacs 18-19 |
|---|---|---|
| Amritsar | 38.05 | 37.68 |
| Gurgaon | 109.77 | 104.56 |
| Ludhiana | 38.72 | 35.14 |
| **TOTAL** | 833.65 | 808.63 |
| | | |
| Consumption Reduction | | 25.02 |

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   Yes. Sustainable sourcing is the key focus area for Fortis and is built around ethical and environmental sourcing principles to mitigate sourcing risks, stronger supplier relationships for trustworthy business conduct. To ensure the medical efficacy of goods, suppliers are asked to adhere to the guidelines as defined in Drugs and Cosmetics Act, 1947. Most of the products are procured through local distribution channels of suppliers to reduce risk involved in transport and reduction in carbon footprint. Suppliers are asked to commit to Non-Conflict of Interest and are encouraged to raise ethical concerns if any while dealing with Fortis management at any level. Employers dealing with suppliers are covered through the employee code of conduct.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   To ensure effective and efficient healthcare delivery, we need to ensure the availability of quality product and services in our hospitals. Without compromising on quality, many pharma and medical consumables are sourced from local suppliers as well. The specifications, basis both international and Indian standards, as approved by our esteemed doctors and committees are defined to ensure quality product is procured and patient safety is ensured. Local suppliers develop these products which are assessed on Quality, Safety, Delivery and Morals by respective stakeholders and feedback is provided for further improvements, if required. This helps suppliers to produce quality products and develop robust supply chain so as to compete with established suppliers. Similar process is also followed while procuring non-medical goods and services from local suppliers. Periodic suppliers meeting and reviews are conducted to drive continuous improvement in quality of goods and services.

5. **Does the company have a mechanism to recycle products and waste**

   **Bio Medical Waste / Solid Waste Management:**

   Fortis has a documented SOP for biomedical waste management in place which provides guidelines to ensure correct sorting, labeling, handling, storage, transporting and disposal of solid and liquid waste and, thus, prevention of infection and contamination of personnel and equipment. Accordingly, all the hazardous waste viz. mercury, residuals from wastewater treatment, etc. and general health care wastes are sent to the authorised central municipal, biomedical and hazardous waste treatment facilities as stipulated by local regulations. Fortis also verifies the chain of custody documentation for the authorised waste management contractors (which will be as per individual hospital requirements) from time to time.

   Fortis also employs paper recycling practice across all its units.

   i. **If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

      Bio Medical waste is handed over to a Government approved vendor as specified under Bio Medical Waste Management Rules, 2016. The Company has aligned its Bio Medical Waste SOP as per the regulatory norms.

**Principle 3:**

**Businesses should promote the wellbeing of all employees**

1. **Please indicate the total number of employees:** Total number of employees including subsidiaries as on March 31, 2019 was 15412
2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:** 6503 employees were hired on a contractual basis
3. **Please indicate the number of permanent women employees:** Total number of permanent women employees as on March 31, 2019 was 8324
4. **Please indicate the number of permanent employees with disabilities:** None- On the basis of self-declaration
5. **Do you have an employee association that is recognized by management?** Yes
6. **What percentage of your permanent employees is members of this recognised employee association?** 2.5% (396 employees are in Union as on March 31, 2019.
7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.** During the Financial Year 2018-19, FHL and its subsidiaries received 17 complaints on sexual harassment. These complaints have been resolved with appropriate action taken and hence no complaint remains pending as on March 31, 2019. No child labour, forced labour, involuntary labour reported in the Financial Year 2018-19.
8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

   - Permanent Employees
   - Permanent Women Employees
   - Casual/Temporary/Contractual Employees
   - Employees with Disabilities

   In the Financial Year 2018-19, over 9,18,649 hours were invested in professional & personal capability development of clinician & non clinician employees (including women & employees with disability) across FHL, this includes organisation wide leadership development (6600+ hours), functional capability development (7,30,000+ hours), service capability development (81,000+ hours). Leveraging multi-modal training methodologies, an average of 58 hour/employee/year were delivered across the network. Amongst the new initiatives -Focused Individual Development Planning (IDP) e learning based programs were rolled out for management executives along with specialized Nursing Leadership Program to enhance Operational Excellence, People Management, Business Orientation skills & capabilities of nursing leaders. A comprehensive e-learning curriculum helped widen & deepen learning across the organisation providing just in time, learner led learnings on medical domain, patient safety, patient rights & responsibilities amongst other topics. Our contractual workers form the backbone of our service delivery nearly 1,06,784 training hours were invested in their functional & behavioral skill enhancement. Additionally, health & safety trainings were imparted to all categories of employees across FHL. Regular trainings on disaster management, fire safety, radiation safety, waste management, HAZMAT (Hazardous Material), laboratory safety, employee safety i.e. 1,85,000 plus training hours of safety/environment related training modules.

**Principle 4:**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1. **Has the company mapped its internal and external stakeholders?**

   Yes, these details are available in respect of shareholders/investors, vendors, bankers, employees (full time employees and those on contract), contractors, business partners, patients

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Disadvantaged, vulnerable, marginalized and BPL patients are tracked and served as per company policy

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof:**

   Yes, these are governed either under the Government regulations (for BPL category) or else under the Company's CSR programmes.

**Principle 5:**

**Businesses should respect and promote human rights**

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The policy is applicable to Fortis Healthcare Limited and its subsidiaries. The Company's commitment to follow the basic principles of human rights is reflected in the checks and balances within the HR processes. The commitment to human rights is embedded in the 'Fortis Code of Conduct', adopted by the Company. All employees are sensitized to human rights as part of their orientation programme.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company has not received any complaint or concern with respect to violation of human rights.

**Principle 6:**

**Business should respect, protect, and make efforts to restore the environment**

The Company respects, protects and makes efforts to restore the environment. For instance, all emissions/waste generated at various Fortis hospitals are within permissible limits. These are continuously monitored, reviewed internally and reported to the CPCB/SPCB as per the requirement.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   Fortis' environmental, health and safety (EHS) policies and standard operating procedures at Group level is applicable to all the business units/subsidiaries.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, Fortis is committed to continuous energy consumption monitoring, system efficiency enhancement and identification of opportunities for energy optimisation.

   Some of the key design elements incorporated in Fortis Hospitals are:

   - Admission of natural day light through building design to reduce HVAC energy consumption.
   - Optimisation of boilers to improve efficiency and reduce fuel oil consumption.
   - Building Management System (BMS) has been installed for efficient monitoring and modulations of HVAC, lighting & electrical operations.
   - Provide hermetically sealed stainless steel doors for OTs to plug air leakage.
   - Streamlining of Sewerage Treatment Plant (STP) and Irrigation System for effective utilisation of wastewater, resulting in water conservation.
   - High speed diesel (HSD) fuel savings by running only one boiler thereby providing condensate storage in a tank and using hot water back in washers.
   - Entered into a 10-year Power Purchase Agreement (PPA) for utilising wind power at Malar and Mulund.

3. **Does the company identify and assess potential environmental risks?**

   Yes, Company has in place elaborate Environmental & Social Assessment policies.

   All Fortis units strictly adhere to established SOPs and protocols for

   - Bio-medical waste management
   - Waste water management
   - Environmental risk assurance
   - Collection and safe disposal of unused drugs
   - Waste disposal policies for Hazardous waste, Radiation waste, E-waste etc.
   - Personnel protection equipment policy for staff who handles waste

   A comprehensive and thorough assessment is undertaken for potential new projects (acquisition or Greenfield development) covering legal, business, technical and E&S aspects. Fortis is 100% compliant in obtaining mandatory environmental clearances, Consent to establish and Consent to operate before commissioning new Hospitals.

   Fortis applies for Environmental Impact Assessment (EIA) clearance for all Greenfield projects. Design and development are done strictly in accordance with requirements defined by the National Building Code of India 2016 (NBC) – as well as company's corporate policies - such as Green Building certification and Sustainable construction material usage.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

   No

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Fortis has partnered with Smart Joules Private Limited at Fortis Hospital Noida, to implement an energy efficient Building management system to eliminate energy wastage and observe an actual reduction in energy bills. Their technology platform DeJoule leverages a combination of its self-designed IoT (Internet of Things) infrastructure and robust algorithms for a paradigm shift from 'thumb rule'-based and human-centric operational practices to automatic and continuous data-based optimisation.

   Following actions have been taken to reduce energy consumption:

   **1.** Optimization of AHUs (VFDs automation)
   **2.** Automation by installing Timer Control for AHUs, Timer on Exhaust Fans, Timers for parking/ street lighting
   **3.** Replacement of non-LED Lights
   **4.** Chiller Plant Optimization
   **5.** Reducing Building Heat Load
   **6.** Repair of VFD of Hydra pneumatic tank
   **7.** Monitoring, targeting and automation
   **8.** Heat Recovery in CSSD from Steamer Condensate (for pre-heating of water)
   **9.** VFD on CT FANs from Primary pumps
   **10.** Automatic tube cleaning system & Chemical dosing for Condenser
   **11.** Replacing raw water pump with a new efficient pump
   **12.** Replacing HW Boilers with a new Water to water Heat Pump
   **13.** Replacement of 224 Tr Chiller with a best in class highly efficient new Chiller
   **14.** Two new Chilled Water Pumps (Primary & secondary) and two new condenser pumps

Fortis, at an enterprise level has mandated protocol to identify learnings from aforesaid Pilot project and implement in other units to become a trendsetter in Healthcare segment for energy optimization practices.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes. All emissions/waste generated at various Fortis hospitals are within permissible limits. These are continuously monitored, reviewed internally and reported to the CPCB/SPCB as per the requirement.

7. **Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Delhi Pollution Control Committee has sent letters to Fortis Escorts Heart Institute- Okhla Road- Delhi, Fortis Hospital- Shalimar Bagh- Delhi and Fortis Flt. Lt. Rajan Dhall Hospital- Vasant Kunj- Delhi for installation of Online Monitoring System at the outlets of STP/ETP in the respective Hospitals for monitoring of various parameters and installation of the same is under process.

**Principle 7:**

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. **Is your company a member of any trade and chamber or association?**

   Yes, the Company is member of several Industry associations.

2. **If Yes, Name only those major ones that your business deals with**

   Some of the major ones include the Healthcare Federation of India, CII and FICCI

3. **Have you advocated / lobbied through above associations for the advancement or improvement of public good?**

   Yes

   **If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   We have advocated, through the Industry associations, for improvement in the areas of Healthcare reforms and public healthcare arena.

**Principle 8:**

**Businesses should support inclusive growth and equitable development**

1. **Does the company have specified programmes/ initiatives / projects in pursuit of the policy related to Principle 8? If yes details there of:**

   a. We advocate public private partnerships to deliver larger social good; and currently operate 2 PPPs.

   b. We subscribe to Sustainable development in all our hospital projects.

   c. Our CSR programmes are focused towards Sustainable Development Goals (SDG) on 'Good health and Wellbeing'

2. **Are the programmes / projects undertaken through in-house team?** Largely by In-House teams.

3. **Have you done any impact assessment of your initiative?** We measure the outcome and impact of our work.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   The community connect activities carried out last year (FY 18-19) were 5369 which is approx. 80% more than what we had done in FY 17-18. The nature of activities include

   - Maintaining parks and public spaces around the hospital.
   - School outreach activities under the aegis of School Mental Health Program.

- Health talks and health camps in RWAs, Jogger's parks, malls, markets and corporates.
- BLS trainings and blood donation camps
- Drives to collect Organ Donation pledges.

The amount of spent would be close to ₹. 1.18 Cr.

The CSR activities carried out last year (FY 18-19) contributed to 15490 beneficiaries through Savera program and 67000 beneficiaries through Chhaya program

- First Aid and basic life support training under Savera Program
- Awareness on health and hygiene to young children under Savera program
- Supporting primary and basic healthcare services through seven charitable dispensaries and three outreach clinics

The amount spent is ₹. 97.55 lacs

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? If yes, please explain**

   The adoption of these programs is ensured through active engagement of community volunteers / RWAs. The community connect team / officer at the hospital ensures that regular activities like health talks, health camps are carried out in the community. Further, the community volunteers and RWA office bearers are also invited for various trainings like BLS trainings as well as taking inputs for creation as well as launch of CRM programs like Neighbourhood program and Senior First program.

   In addition, assessment of awareness on First aid training initiative showed a marked increase of 80% in the knowledge level.

**Principle 9:**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

   On a daily basis, Fortis serves patients through its network of hospitals. Patients' complaints are redressed through trained patient service coordinators and counsellors. They are escalated as may be necessary to Departmental Heads, Medical Superintendents, Facility Directors depending on their gravity and the exigencies of the situation. Most of them end up being resolved amicably resulting in many satisfied patients that bring goodwill. Fortis has Medical Grievance Committee at each Hospital which carefully studies complaints and takes prompt corrective action as may be required. In exceptional and rare instances the aggrieved seek available legal recourse, wherein Fortis represent and defend the case through legal department and often utilize the services of specific domain legal experts to stand for what we believe is correct, in the best interest of the Company and our stakeholders. As on 31st March 2019, 294 consumer cases were pending in various courts/forums and during FY 2018-19, 67 consumer cases were disposed of.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws?**

   Not Applicable

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof:**

   Not Applicable

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Yes, the Company has conducted consumer survey/consumer satisfaction trends.

   Fortis' NPS for the FY19 was 80.75 while patient satisfaction was at 98.73 as reported in patient delight management system (patient feedback system).

# MANAGEMENT DISCUSSION AND ANALYSIS **REPORT**

**SECTION I**

**(A) INDIAN HEALTHCARE SECTOR – AN OVERVIEW**

The Indian Healthcare industry is one of the largest sectors of the country both in terms of revenue and employment. The sector continues to witness a healthy growth momentum as a result of the country's robust economic performance, rising population and income levels, and the increased prevalence of chronic diseases all ensuring significant growth in the industry over the recent years. Coupled with this, the growth is further facilitated by rapid privatisation of healthcare services, particularly in secondary and tertiary healthcare services in rural and urban areas.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries reflected in the fact that the cost of surgery in India is about one-tenth of that in the US or Western Europe. This cost competitiveness and high-quality talent pool are gradually strengthening India's position as a reputed healthcare delivery destination, further strengthening the growth prospects of the healthcare industry in the country.

The country's healthcare expenditure as a per cent of GDP has been relatively quite low. For example, in 2015 it was at 3.8% compared to the global average of 8.6%. Additionally, as per the WHO report-2013, the gap for healthcare infrastructure, remains substantial. India has 1.0 bed 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 significant opportunity to establish and expand hospital facilities in India.

The Indian government has also taken concrete steps on providing better facilities and services in the healthcare sector by implementing the 'Ayushman Bharat National Health Protection Mission' in August 2018 and also launching other schemes like 'Mission Indradhanush' with an aim to improve the coverage of immunization in the country.

Given the strong market potential, investment in India's healthcare infrastructure is expected to rise, benefiting hospitals, healthcare R&D, and healthcare education in the country. According to a data released by the Indian Department of Industrial Policy and Promotion (DIPP), the healthcare industry in India attracted Foreign Direct Investment (FDI) worth over USD 6 billion between April 2000 and December 2018.

From an industry perspective, 2018 witnessed significant developments in the Indian healthcare sector. With a vast array of opportunities available and supportive FDI policies, global healthcare majors from other nations have also started investing in Indian healthcare. A number of established multispecialty hospitals and healthcare groups were taken over by large and reputed international healthcare organizations, with the industry also witnessing substantial control interest and investments from globally reputed private equity organizations. On the other side, the sector witnessed price capping on certain consumables viz Cardiac Stents and Ortho implants by the National Pharmaceutical Pricing Authority which has impacted the profitability of the private sector. The challenge for the industry and for the Government would be to ally together to balance the increasing demand in terms of providing quality and affordable healthcare delivery to the population along with ensuring that private healthcare organizations also flourish to further invest and grow in order to provide increased accessibility to healthcare and keep pace with medical advancements, technology and treatments to offer successful clinical outcomes and world class patient care.

**(i) MARKET SIZE**

Indian healthcare sector is expected to record a three-fold rise, at a CAGR of 22 per cent during 2016-2022 to reach USD 372 billion in 2022 from USD 110 billion in 2016. Rising income levels, aging population, growing health awareness, and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in future.

India ranks 145$^{th}$ among 195 countries in terms of quality and accessibility of healthcare. There is immense scope for enhancing healthcare services penetration in India, thus presenting ample opportunity for development of the healthcare industry. Healthcare spending as a percentage of Gross Domestic Product (GDP) is rising with the government's expenditure on the health sector having grown to 1.4% in FY18E from 1.2% in FY14. The Government of India has committed to undertake considerable investments with a plan to increase public health spending to 2.5% of the country's GDP by 2025.

**(ii) GOVERNMENT INITIATIVES**

To promote the Indian healthcare industry the Government of India has taken some major initiatives as follows:

- On September 23, 2018, the Government launched The Pradhan Mantri Jan Arogya Yojana (PMJAY), to provide health insurance worth ₹ 500,000 (USD 7,124) to over 100 million families every year.
- Under the Union Budget 2018-19, the allocation to the Ministry of Health and Family Welfare, Government of India was increased by 11.5% to ₹ 52,800 crore (approximately, USD 8 billion) on a year-on-year basis
- With a view to develop India as a global healthcare hub, the Government of India launched a centrally sponsored programme, i.e. Ayushman Bharat. The Ayushman Bharat programme comprises of two major health initiatives: (a) transformation of nearly 150,000 Sub-Centres and Primary Health Centres as Health & Wellness Centres by 2022 to provide comprehensive and quality primary care; and (b) coverage of up to ₹ 0.5 million per family per year for secondary and tertiary hospitalization to over 100 million poor and vulnerable families (approximately 500 million beneficiaries);
- The Government of India has also launched Mission Indradhanush with the aim of improving coverage of immunisation in the country. It aimed to achieve at least 90 per cent immunisation coverage by December 2018 which will cover unvaccinated and partially vaccinated children in rural and urban areas of India.

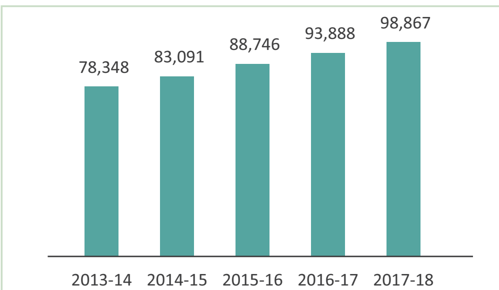
**(iii) KEY GROWTH DRIVERS**

India's demand for healthcare services is expected to remain strong backed by various factors that have provided adequate opportunities to the industry for potential to further grow and expand. Some of the key factors that are expected to continue to drive demand for healthcare services are stated below:

**Increase in per capita income**

The per capita income of India is on the rise paving the way for more demand of healthcare services which in turn will help facilitate and support the need of quality medical care that comes at a relatively higher price. The y-o-y growth in India's per capita income remained in the range of 5%-7% during the last five years as depicted in Chart below. However, an increase in per capita income does not necessarily imply that the growth and increase in healthcare expenditure will be influenced by population from a weaker economic background and is likely to be primarily led by households that have a spending capacity.

**Trend in India's per capita gross domestic product (GDP) at constant market prices (in ₹)**



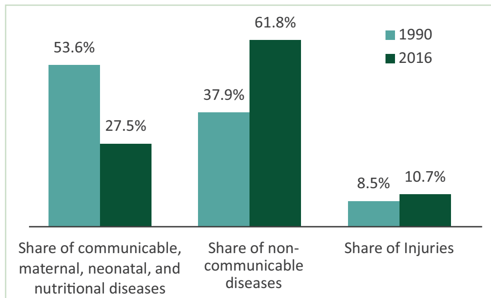

*Source: CMIE, Base year 2011-12*

**Significant transition in disease profile of the population**

Over the years, there has been a substantial change in the disease profile of Indians. As depicted in the table below, the share of communicable, maternal, neonatal, and nutritional diseases for death decreased to 27.5% in 2016 from 53.6% in 1990 and that of non-communicable diseases increased to 61.8% in 2016 from 37.9% in 1990. This represents the transition or shift in the disease profile of population which provides ample scope of opportunity as non-communicable diseases tend to be of long duration which, in turn, increases the need for healthcare services.

The rising incidence of non-communicable diseases such as hypertension, diabetes, cardiovascular diseases, behavioural problems, high cholesterol and obesity is due to an increasing job requirement, sedentary lifestyle and competitive living contributing to rising healthcare spending by individuals. Additionally, growing health awareness, precautionary treatments and improved diagnostics are likely to result in higher hospitalisations as well.

**Contribution of major disease group to total deaths in India**



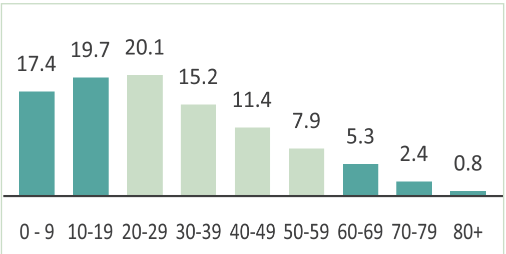

*Source: Health of the Nation's States 2017: India Council of Medical Research*

**India's rising population with favorable demographics**

India is the second most populated country in the world with nearly a fifth of the world's population. According to the World Population Prospects, the population of India stood at approximately 1.33 billion in 2017 and is projected to be the world's most populous country by 2024, surpassing the population of China. It is expected to become the first nation in history to be home to more than 1.5 billion people by 2030, and its population is set to reach 1.7 billion by 2050.

Analyzing the country's demographics, the share of India's working age group (20-59 years) is 54.6%, which is more than half of the total population in the country. The productive demographic group would want to resort to modern and efficient healthcare services for treatments instead of relying on under-equipped facilities which, in turn, would augment the need of healthcare services. Moreover, increasing income from this age group will also serve as a major source of demand for high end healthcare facilities.

**Percentage distribution of estimated population by age-group, 2016**




*Source: National Health Profile 2018*

**India's Under-Represented and Under-Served Healthcare Delivery Services provides significant Opportunity**

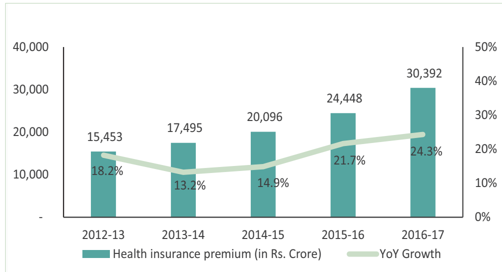
India has massive scope to enhance healthcare delivery services considering that healthcare spending as a percentage of GDP in India is a mere 4.2% as compared to the global average of over 8.5%. In terms of healthcare infrastructure, India has just 1.0 bed per 1000 people compared to world average of ~3 beds. To achieve the target of 3 beds per 1,000 people by 2025 India would need additional 3 million beds.

Furthermore, comparing the number of physicians and nurses, India has 0.7 doctors and 1.5 nurses per 1000 people compared 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 over USD 86 billion is required to achieve these targets.

**Increase in health insurance market**

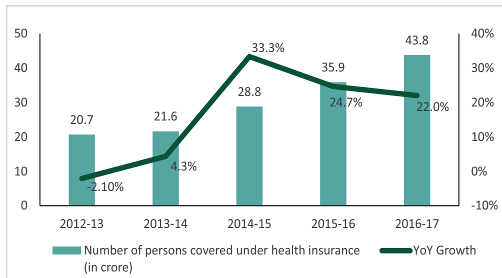
Health insurance supports the demand for healthcare services in case the insured has to undergo treatment due to illness, sickness or disease. This to an extent, covers the health expenses of an individual which eventually reduces his/her burden of healthcare costs. Therefore, an expected increase in health insurance market will drive the demand for healthcare services.

**Trend in health insurance premium**




*Source: IRDAI*

**Trend in number of people covered under health insurance**



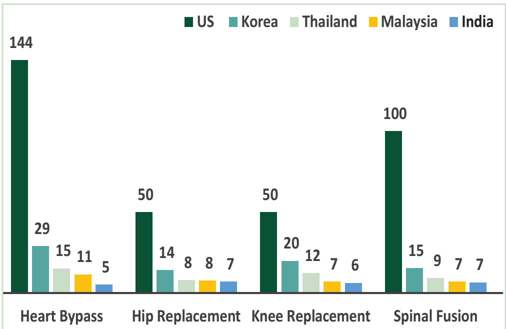

*Source: IRDAI*

**Medical Tourism to witness significant traction**

Medical tourism is one of the fastest growing segments of healthcare sector in India. Indian medical tourism market is growing at the rate of 22-25 per cent and is expected to reach USD 6.0 billion by 2018 from USD 3.0 billion in 2017. The number of Foreign Tourist Arrivals (FTAs) in India on medical visa grew 15.9 per cent year-on-year to an estimated 495,056 in 2017 from 427,014 in 2016.

Presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism. Superior quality healthcare, coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism further enhancing the prospects of the Indian healthcare market. India currently largely attracts medical tourism patients from developing and emerging economies but is gradually beginning to witness medical tourism patients from developed countries as well. This, with adequate support from the Government, could further potentially be an important factor that could contribute meaningfully for additional growth in the medical tourism industry in the country.

**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*

## (B) INDIAN DIAGNOSTIC INDUSTRY

The Healthcare industry landscape is witnessing signs of a gradual but consistently increasing shift in mindsets from curative to preventive. This is mainly driven by the increasing awareness of rising prevalence of non-communicable diseases (NCD) like Cardiovascular disease, diabetes, chronic respiratory diseases and cancer that account for as many as three of every five deaths. The cardiovascular diseases—ischaemic heart disease and stroke—made the largest contribution to the total burden of mortality in India in 2016, at 28.1% and diabetes contributed 3.1% of the total mortality burden. Compounding this problem is the fact that infectious diseases still pose substantial challenge to the health system, resulting in a double burden of having to deal with both NCDs and communicable diseases (CD).

A recent survey on diagnostic test results done for diabetes by a leading diagnostics chain found that amongst the working population under 40, the rising trend of diabetes diagnosis had been muted in the last year, while the number of people getting regularly tested had risen significantly at around 32% annually. This shows that a large segment of urban population being armed with the knowledge of diabetes as a disease is actively working on ensuring that their blood sugar levels stay in control.

This shift places a larger responsibility on the diagnostics sector both in terms of providing services to consumers as well as running lab operations efficiently and timely. During the last year, diagnostics companies ramped up their home collection capabilities significantly in a bid to improve the reach of diagnostic services as well as customer convenience. Diagnostic companies in the country are introducing customised tests and a gamut of various technological innovations to improve reports and advice given to the customers.

With the increased importance given to preventive healthcare, while it can be considered that the expected pressure on the existing healthcare systems can be slightly reduced, however it also implies early diagnosis and as required the need for treatment resulting in further build up in demand for healthcare services. The advantage of moving towards a preventive healthcare mind-set is that non-communicable diseases (NCDs)—such as heart disease, hypertension, obesity, type 2 diabetes, and diseases caused due to smoking or alcoholism—are invariably tackled first and NCDs tend to have a better chance of reversal if detected and managed early.,

For the diagnostic industry the main drivers will continue to be the increasing awareness of preventive healthcare, shorter turnaround time through automation, next gen logistics network, value added services like application of Artificial Intelligence (AI) for personalising test packages, home collection of samples and establishing digital connect with customers.

An important aspect related to the diagnostics industry that needs to be addressed in the coming years is the regulation and standardisation of the sector. Mid-sized and small individual labs with a presence in metros, towns and rural hinterlands dominate the industry in India, as they hold an estimated 85% of the market share of the Indian market. On the other hand, in most markets across the globe, the industry is dominated by large organised laboratory chains. As the sector evolves, quality and customer service will become even more important and a wave of consolidation of businesses in the diagnostic industry will follow. Towards this it is imperative that the government intervene and bring in a regulatory regime and stipulate standardisation principles of various diagnostic tests. This will not only ensure a healthier and consequently more productive population but also remove low standard, low quality and unreliable diagnostic labs from the market.

## (C) OUTLOOK

An increase in demand for quality healthcare services backed by an expected rise in per capita income and health insurance market coupled with a favourable demographic situation would augur well for the growth of healthcare services in India. Moreover, a shift in disease profile of the country is likely to increase the requirement of treatments for non-communicable diseases which would also support the demand for healthcare services.

Further, the Indian healthcare sector is expected to witness increasing investment in healthcare infrastructure by both private and public sectors.

The Sector is witnessing some significant yet encouraging changes across all major segments of the industry, including hospitals, pharmaceutical, diagnostics, medical equipment, medical insurance, and telemedicine. In addition, the government has been very active with its approach towards the development of healthcare sector. According to a report of NITI Aayog, the Indian government will increase public expenditure on healthcare from 1.2% to 2.5% GDP in the next four years and to 5% in the following 5 years.

Over the last 18 months, the healthcare sector has witnessed consolidation. One of factors for consolidation is tightening of regulatory environment creating a relatively more competitive market for healthcare players. The year witnessed a) ₹ 4000 Cr investment by IHH Healthcare Berhad in Fortis Healthcare through preferential allotment thus taking 31.1% stake in Fortis with a pending open offer for another 26% stake; b) KKR-backed hospital management firm Radiant Life Care acquired majority stake in Max Healthcare through a merger and c) in April 2019, TPG and Temasek-backed Manipal Hospitals submitted a binding offer of ₹ 5,800 crore to acquire Medanta. The industry experts expect the industry will witness increasing partnerships between the public and private sector to ensure that the near-universal healthcare rolled out in the country becomes a ground reality. The sector may see further consolidation for the next couple of years given the rising competition and the higher investment requirements which may create pressure on sustainability of small players in the industry.

# SECTION II

## (A) THE COMPANY

Fortis Healthcare is one of the leading healthcare delivery providers in Asia. Fortis started its journey with its first hospital in 2001 in North India and, during the course of 18 years, has grown to become a leading healthcare service provider with a presence in day-care specialty, diagnostics and tertiary and quaternary care.

The Company is committed to deliver quality healthcare services to patients in modern facilities using advanced technology and has a team of skilled doctors, nurses and healthcare professionals. Most of our healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients in Cardiac Care, Orthopedics, Neurosciences, Oncology, Renal Care, Metabolic diseases care and mother and child care.

[1] Includes beds at owned, leased and managed facilities

As of March 31, 2019, the Company had a network of 43 healthcare facilities (including projects under development) in India and abroad with approximately 4,000 operational beds[1] and the potential to reach over 9,000 beds. In India, the Company is one of the largest private healthcare chains comprising a network of 39 healthcare facilities, including 31 operating facilities, 3 satellite and command centers located in public and private hospitals and 5 healthcare facility projects which are under development or are greenfield land sites.

The Company's diagnostics business i.e. SRL Limited. has a presence in over 600 cities and towns, with an established strength of 400 laboratories including 56 self-operated laboratories (excluding labs in JV companies)[2], 124 laboratories inside Hospitals including 27 labs located in Fortis Healthcare facilities, 42 Franchisee labs, 7 wellness centers and 3 international laboratories. It also has over 7,197 Direct clients, 1026 Collection Centers which includes 97 collection centers that are owned and 76 collection centers at International locations.

**(i) KEY CORPORATE DEVELOPMENTS: FY 2018-19**

Post the resignation of Executive Chairman and Non-Executive Vice Chairman of the company in February 2018, in April-May 2018, the Board of the Company was reconstituted wherein three new Independent Directors were appointed pursuant to an Extra Ordinary General Meeting (EGM) and the appointment of these directors was approved by the shareholders.

On 29th May 2018, the newly reconstituted Board initiated a fresh bidding process to meet the Company's long term and short-term objectives. Three bidders (IHH Healthcare Berhad, TPG-Manipal consortium, Hero-Burman consortium) were invited to participate in the process, and FHL received an expression of interest from Radiant-KKR consortium. The diligence access and management interaction were offered to all the four bidders.

On July 3, 2018, the Company received 2 binding proposals from IHH Healthcare Berhad and TPG-Manipal consortium respectively. The Board considered the merits of both the bids, recommendation of the Financial Advisors (Standard Chartered Bank and Arpwood Capital) and the legal advice from the Legal Advisors (Luthra & Luthra Law Offices and Cyril Amarchand Mangaldas). Pursuant to this, on July 13, 2018, the Board of Directors of Fortis Healthcare unanimously decided and recommended to its shareholders the binding investment proposal from IHH Healthcare Berhad to invest ₹ 4,000 Crore by way of preferential allotment at a price of ₹ 170 per share.

Post receiving the requisite approvals viz. Competition Commission of India and Shareholder's approval, on November 13, 2018, the Board of Directors of Fortis Healthcare Ltd approved the allotment of 23,52,94,117 number of equity shares through preferential issue to Northern TK Venture Pte Ltd (wholly owned indirect subsidiary of IHH Healthcare Berhad) (IHH-NTK) at ₹ 170 per share of ₹ 10 face value. With the preferential issue, IHH, through NTK infused approximately ₹ 4,000 Cr of primary capital into the Company and NTK became the controlling shareholder in the Company with ~31.1% stake on the expanded capital. Pursuant to this fund infusion, IHH was categorised as the promoter of Fortis Healthcare Limited and simultaneously the company initiated the process of de-promoterization of promoters (Singh Brothers) who holds less than 0.2% in the company.

Pursuant to the above, IHH made an open offer (for acquiring up to 26% of expanded capital of Fortis at ₹ 170 per share and up to 26% of the share capital of Fortis Malar at ₹ 60.10 per share) for a total consideration of c. ₹ 3300 Crore. The entire funds have been placed by IHH in an escrow account.

However, the Honourable Supreme Court's order dated December 14, 2018 stating "*Status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained*" has put the open offer

[2] Includes 23 wellness centres within these laboratories.

in abeyance. Post the application having been filed by the Company with the Supreme Court, hearings in the matter have concluded in April 2019 and the order is awaited.

Further, on November 13, 2018, the Board of Directors of Fortis also approved the appointment of IHH-NTK's nominees on the Board with immediate effect. The Board appointed:

- Dr. Tan See Leng as an Additional Director of Fortis. Dr Tan See Leng is the Managing Director and Chief Executive Officer of IHH Healthcare Berhad. He is also the Group CEO and Managing Director of Parkway Pantai Limited and serves on the boards of various IHH subsidiaries. Dr Tan has over 27 years of healthcare experience.
- Mr. Low Soon Teck as an Additional Director of Fortis. Mr Low Soon Teck is the Group Chief Financial Officer of IHH Healthcare Berhad. He brings with him over 20 years of experience in finance, legal and general management in leadership roles.
- Dr. Chan Boon Kheng as an Additional Director of Fortis. Dr Chan Boon Kheng is the Group Head, Strategic Planning & Business Development (Merger & Acquisition) of IHH Healthcare Berhad and is the CEO for its South East Operations. Dr Chan has more than 20 years of experience as a healthcare executive working in several geographies including South East Asian countries and the Middle East.
- Mr. Bhagat Chintamani Aniruddha as an Additional Director of Fortis. Mr Chintamani Aniruddha Bhagat is on the Board of IHH and is the Executive Director for the Healthcare sector of the Investments Division of Khazanah Nasional Berhad and concurrently leads Khazanah's India operations. He also serves on certain boards and board committees of IHH subsidiaries.
- Additionally, effective 31 Dec 2018, Mr Shirish Moreshwar Apte was appointed as Vice Chairman of the company by the board. Mr. Apte was appointed to the board of IHH Healthcare Berhad in September 2014. He is currently also the Independent Non-Executive Chairman of Pierfront Mezzanine Fund Pte Ltd. He concurrently serves on several boards of directors including Commonwealth Bank of Australia, the Supervisory Board of Bank Handlowy, Poland and Fullerton India Credit Company Limited.

**(ii) KEY STRATEGIC UPDATES**

**Acquisition of portfolio of assets held by RHT Health Trust**

Pursuant to the announcements made by the Company on November 14, 2017 and February 13, 2018, in respect of entering into definitive agreements in relation to the acquisition of all the securities of subsidiary companies indirectly held by RHT Health Trust (RHT) in India and the subsequent announcement dated August 24, 2018 in respect of amendments to the Definitive Agreements, the company consummated the said transaction on January 15, 2019.

The transaction was funded by a combination of equity and debt. The overall consideration paid by the Company for the transaction was approximately ₹ 4,666 Crores.

With the completion of the acquisition, the RHT Indian companies, i.e. International Hospital Limited (IHL), Fortis Health Management Limited (FHML), Escorts Heart and Super Speciality Hospital Limited (EHSSHL), Hospitalia Eastern Private Limited (HEPL) and Fortis Hospotel Limited (FHTL) have become wholly-owned subsidiaries (direct/indirect) of the Company ("Subsidiary Companies"). The Subsidiary Companies combined, own the entire portfolio of India assets held by RHT - comprising 12 clinical establishments, 2 operating hospitals, 1 clinical establishment under construction as well as 4 greenfield clinical establishments.

The transaction is expected to result in significant improvement in the Company's operating profitability i.e. EBITDA and cash flows as it would save on significant clinical establishment fees being paid to RHT.

The Seller, RHT is a business trust listed on Singapore Stock Exchange, comprising a diverse pool of retail and institutional shareholders including the Company (Fortis Healthcare owns approx. 27.8% in RHT). Post the transaction, RHT distributed a substantial part of the net proceeds received by it as consideration for the Transaction to its unit-holders. Fortis also received its share of dividend from RHT which was utilised to pare down debt.

**Divestment of shareholding in The Medical and Surgical Center Limited (MSCL), Mauritius, an indirect associate company of Fortis Healthcare Limited**

In May 2019, Fortis Healthcare International Limited ("FHIL"), a wholly owned subsidiary of Fortis Healthcare limited, incorporated in Mauritius, entered into definitive agreements to sell its entire investment (i.e. 164,670,801 Equity Shares, aggregating to 28.89% of paid up capital) held in The Medical and Surgical Centre Ltd ("MSCL"), Mauritius, to CIEL Healthcare Limited ("CHL"), an existing majority shareholder of MSCL and CIEL Limited, the holding company of CHL (both being non-related to the Company) at a per share price of MUR 2.39 translating into a cash consideration of MUR 393.6 Million. The transaction is subject to the approval of shareholders of Fortis Healthcare Limited and other regulatory approvals, if required.

**(iii) NEW INITIATIVES, MEDICAL PROGRAMMES AND SPECIALITIES COMMISSIONED ACROSS HOSPITALS**

- Fortis Hospital, Shalimar Bagh, launched the Cancer Care Institute. Equipped with the latest technology in cancer care along with experienced specialists, the facility offers a trans- disciplinary and multi – modality approach in oncology. The facility also offers bone marrow transplant treatment, nuclear medicine and Interventional radiology services
- Fortis Hospital, Anandpur, Kolkata commissioned its heart transplant program and joined the select group of hospitals in the country capable of conducting this complex surgery
- Fortis Hospital, Bannerghatta Road, Bengaluru, acquired the Da Vinci Xi system, the most advanced Robotic Surgery technology in the world
- With Fortis Malar, Chennai achieving its quality accreditation, all hospitals in the South-West region are now National Accreditation Board for Hospitals and Healthcare Providers (NABH) accredited / certified
- Fortis La Femme, Bengaluru launched a multi-disciplinary comprehensive specialty clinic for women. The speciality clinic includes an Adolescence Obesity Clinic, Adolescence PCOS Clinic, Breast Clinic and Menopause Clinic with a focus to nurture and care for women at every stage of their life.
- The state-of-the-art Da Vinci robotic surgery technology was introduced at Fortis Flt Lt Rajan Dhall Hospital, New Delhi. The world-class system, which enables anatomical access, 3D HD vision and other advanced features, puts the hospital on a map of leading surgical centres in India.
- Fortis Escorts Heart Institute (FEHI) launched a Chronic Total Occlusion Percutaneous Coronary Intervention (CTO PCI) becoming the only facility in the Fortis network to offer the specialised programme.
- Fortis Hospital, Vasant Kunj became the first hospital in India to join hands with the National Association for Blind (NAB) to introduce a unique initiative at its centre where visually impaired women, trained as Medical Tactile Examiners (MTEs), carry out breast screening for early detection of cancer. The unique initiative is a brainchild of Discovering Hands, Germany, which trains visually impaired women to use their highly developed tactile sense to identify the minutest abnormalities in the breasts.
- A specialised shoulder clinic was launched at Fortis Hospital, CG Road, Bengaluru. Offering expertise in diagnosis, treatment, and research of all kinds of injuries and conditions affecting the shoulder and elbow, the clinic is poised to become an advanced treatment centre for sports injuries.

- A Neonatal Intensive Care Unit (NICU) was operationalised at Fortis Nagarbhavi, Bengaluru during the year. The NICU team comprises of renowned neonatologists, specialised nurses and a multidisciplinary team of support specialists.
- On the occasion of the World Heart Day 2018, Hiranandani Hospital, Vashi- A Fortis Network Hospital, launched a Heart Failure Clinic for providing specialist care to heart failure patients.

**(iv) MEDICAL STRATEGY & OPERATIONS**

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

Through sustained monitoring and measuring of its practices, the Company has been able to promote transparency and enhanced patient care. Such measures include clinical outcomes, quality and infection prevention and control practices. In addition to these, robust medical processes and structured medical audits aide in maintaining organizational standards across the Company's network of hospitals.

**Clinical Outcomes:** As a pioneering initiative, the Company started measuring and reporting Clinical outcomes well before anybody else in India. As globally acknowledged, clinical outcomes provide evidence based measurable indicators for changes in health or quality of life resulting from patient care with respect to a specific disease or procedure, and hence offer transparency and facilitate informed decision making by patients.

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

Since 2016, Fortis has partnered with Vital Health (an ICHOM Certified Software Provider) for the use of Quest ManagerTM software to ensure complete compliance with respect to ICHOM norms. All Fortis hospitals continue to record clinical outcomes data for major specialties. This data is periodically reviewed and deliberated upon by senior clinicians as well as management.

At present 11 clinical outcomes are being tracked at Fortis network which spans the specialties/procedures of CAD [Coronary Artery Bypass Graft (CABG), Percutaneous Coronary Interventions (PCI)], Transplant outcomes (Kidney, Heart and Liver), Total Knee Replacement (TKR), ERCP, Radiation oncology, Obstetrics and Gynecology (Hysterectomy, Cesarean section), Mental health (Depression and Anxiety).

A Heart Failure registry has also been designed and rolled out at the Company's Delhi NCR hospitals. Improved recording of Patient Reported Outcomes Measure (PROM) for Coronary Artery Disease patients marks a major milestone that measures patient experience along with clinical outcomes.

Fortis has been selected as one of the global sites for prestigious project (CAD Value Community) initiated by ICHOM that aims at 'measuring' CAD outcomes and the 'cost' of care by using standard methodology. It will help set up a foundation for learning and quality improvement opportunities around both outcomes and costs and enable the community to understand variations in value delivery.

Fortis clinical outcomes can be viewed through below mentioned link,

http://www.fortishealthcare.com/clinical-outcomes

**Quality and Patient Safety Report:** Patient safety is the cornerstone of high-quality health care. Fortis firmly believes in "Primum non nocere", meaning "first, do no harm", and thus lays special emphasis on patient safety measures.

Patient safety and infection prevention and control are key performance indicator in the Fortis network of hospitals to bring about desired patient outcomes. Sustained and continuous monitoring at Fortis hospitals has led to improvements in patient safety standards and quality, such as reductions in hospital-acquired infections.

**Clinical Excellence Scorecard (CESC):** Key quality parameters are monitored across the Fortis network through monthly Clinical Excellence scorecard (CESC). Currently, 18 parameters are tracked as part of the CESC, including infection rates, medication errors and patient safety parameters. Data for key quality indicators is collected every month, analyzed and shared with relevant stakeholders.

Fortis hospitals continue to perform well against the indicators, confirming the high level of quality care being provided to our patients. As an important step, Fortis has initiated Internal Benchmarking process for key CESC parameters.

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

Fortis runs a coordinated AMS programme to address the growing menace of microbial resistance. Antibiograms are prepared hospital wise and clinicians and hospitals are continuously encouraged towards appropriate use of antimicrobials (including antibiotics), reducing microbial resistance and infection rates especially for multidrug-resistant organisms thereby improving patient outcomes.

Morbidity and mortality increase in patients infected with antimicrobial-resistant organisms and such patients are more likely to have longer, more expensive hospital stays and may be more likely to die because of such infection.

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

For the past five years, Fortis has been calculating its own Drug Resistance Index using it as a monitoring and analysis tool for antimicrobial usage in Fortis hospitals.

**Fortis Healthcare Accreditation and Certifications**

| Accreditation/ Certification | No. of Hospitals |
|---|---|
| Joint Commission International (JCI) | 4 |
| National Accreditation Board for Hospitals & Healthcare Providers (NABH) | 20 |
| NABH Entry Level | 7 |
| NABH Blood Bank | 10 |
| NABH Emergency | 4 |
| Nursing Excellence | 23 |
| NABH Safe I | 4 |
| National Accreditation Board for Testing & Calibration Laboratories (NABL) | 18 |
| Green OT Certification by ABBOT | 9 |
| Pharmacy Certification by ABBOT | 9 |
| **Total** | **108** |

**Medical Processes:** To develop a structured system-based approach, and ensure standard processes across the organization, Fortis has implemented Medical SOPs in Clinical, Para-Clinical and Regulatory Areas. There are 35 centrally controlled Procedure Specific Consent Forms. The SOPs are reviewed periodically and updated based on stakeholder's inputs and regulatory changes ensuring that adequate checks are maintained in each process.

The compliance of the various hospitals on the processes is monitored through the Management Control Framework at Unit, Regional & Central Level.

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

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

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

**Academics and Training:**

- **International Clinical Observership Program**: Fortis, in collaboration with Ministry of External Affairs initiated specialized training programs for medical doctors from Africa. Under this initiative, 75 African doctors were trained successfully in FY18-19. A similar program is also planned in the current fiscal. The candidates would represent a number of African countries and will be stationed across our network hospitals in various specialties to enhance their skills.

- **Fortis Certified Clinical Observership & Fellowship Programs**: Fortis received 66 candidates for the observership program in specialties like Gastroenterology, Cardiology, Psychiatry and others. Candidates represented countries such as Cambodia, Afghanistan, Bangladesh, Uzbekistan and Iraq amongst others.

**Clinical Research:** Fortis has majorly expanded its research related activities over the last one year. Currently, DCGI approved Ethics Committees are active in 17 Fortis hospitals, to oversee the research activities. To ensure quality of research and processes, all these 17 sites are being accredited with NABH for Research. Five have already achieved NABH accredited Status. Improved systems and processes have been put in place to position Fortis as the preferred destination for clinical research. Consequently, Fortis has been awarded 49 new research projects this year. Currently 143 Clinical Research studies are ongoing at Fortis and 60 were completed this year.

**(B) SRL LIMITED**

The diagnostic industry landscape in India continues to be dynamic, driven by entry of new regional players, healthy competition in mass markets, launch of new tests & technologies, advent of automation and digitization of laboratory operations. This is supported by highly skilled doctors and the increasing awareness of consumers towards health and wellness. While the investment in healthcare by private players has increased, the Government has also insisted on the need to strategically invest in primitive and preventive healthcare measures in National Health Policy 2017. The advent of Ayushman Bharat also opens up immense opportunities in making the quality diagnostics services more affordable and accessible in the country, provided that the program contours are commercially viable for major players.

While only a minor portion (estimated at around 15%) of diagnostic business is being managed by the organized sector – regional and national diagnostic chains, the diagnostic service market is expected to become much more organized and consolidated. SRL Limited enjoys the leadership position in the diagnostics industry in terms of revenue as well as its reach to the customers. SRL boasts of the largest network of 400+ labs and wellness centers with a pan-India footprint augmented with a 7000+ network of active revenue-churner collection points including collection centers as well as sample pick up points. The collection points serve to pick samples across India and feed satellite and reference labs through a robust logistics channel. SRL reached out to over

60,000 doctors and diagnosed approx. 16 million samples in FY 2018-19. SRL, being the largest mass market player, is present across diagnostic services segments of pathology and radiology with services ranging across all pathology segments viz. screening, diagnostic, predictive, preventive and monitoring tests.

**Public Private Partnership:** SRL continues to do pioneering work in providing diagnostic services in remote, rural and tribal dominated areas of Jharkhand, Himachal and holy pilgrimage site-Tirupati. SRL has relentlessly strived to mitigate the challenges posed by economical, infrastructural and social problems of healthcare by tackling the problems in multi-dimensional manner e.g. SRL has set up diagnostic centers in PHCs (Public Healthcare Centers) in Jharkhand to augment primary healthcare.

In the Jharkhand PPP, SRL has helped the state government to improve its health indicators by providing diagnostic services to more than 3.2 lakh individuals and carrying out approx. one million tests of infectious and non-communicable diseases in FY 18-19. Since inception, SRL has provided diagnostic services to around 8 lakh patients and performed 2.2 million tests. SRL has walked an extra mile to serve the BPL tribal population by setting up diagnostic centers in remote PHCs (viz. Barhait, Barharwa, Boarijor, Borio, Chouparan, Ramgarh, Keredari, Pathargama, Petarwar, Baliyapur) of districts like Godda, Sahibganj, Hazaribagh and Dumka. In FY 18-19, SRL conducted 88 bone health awareness camps in which 3,196 patients were screened for bone & joint disorders including Vitamin D. SRL has tied up with TB departments of 4 districts to provide rapid diagnostic access to TB patients.

In March 2019, SRL was awarded with an opportunity to screen for general health for approximately 8,000 female students of 20 Kasturba Gandhi Balika Vidyalaya at Hazaribagh and Dumka locations by Jharkhand Education Department. Based on the outcome of this pilot screening, Jharkhand Education Department intends to screen all 80,000 students from 280 Kasturba Gandhi Balika Vidyalaya in all districts of Jharkhand.

SRL has done laudable work in difficult topology and hostile weather in the state of Himachal Pradesh by providing uninterrupted diagnostic services in 24 health institutions of state government. In its endeavor to provide secondary and tertiary level care, it has served approx. 9 lakh patients and carried out 35.7 routine and specialized tests.

By setting up a PPP lab in Tirupati, SRL intends to offer its services at subsidized rates to around 3 crore pilgrims that visit one of the holiest pilgrimage sites in the country as well as to the residents of city and nearby areas.

**International Business:** To address the ever-growing diagnostic needs of the global medical fraternity, the Company's International Division became operational in 2003. The International Operations of the Company comprise state-of-the-art labs in Dubai, Kathmandu and Biratnagar (Nepal). In FY 18-19, the Company initiated the work of setting up a lab in Kabul as a technical advisor to a local partner. The lab will be first of its kind in Afghanistan and will benefit from SRL's unmatched expertise in the diagnostic domain.

SRL's international network also consists of more than 75 collection centers spread across SAARC region, Gulf and the Middle East, Sub-Saharan Africa and South East Asia. They send these samples to SRL Reference labs in India which process the samples and make the reports available on a real-time basis using SRL's efficient and highly acclaimed and awarded IT system and robust logistics network. Along with laboratory services (both radiology and pathology), the Company also assists its international clients and partners in the planning and implementation of laboratory management services, along with complete IT support through indigenously developed lab management software - 'CLIMS'.

**Research and Development:** During financial year 2018-2019, the major focus of the R&D division was towards two fast growing disease segments - Oncology and Prenatal. Particularly in Prenatal segment considering the market need and related competition, Fetal Medicine Foundation (FMF) certified technology Cobas e6000 was introduced for Prenatal screening markers i.e. Double marker and Preclampsia screening. Apart from operational benefits, both these assays are almost 15% cost-effective as compared to other available technologies. Inclusion of these FMF certified prenatal markers will be very much helpful to support the need of SRL's strategic partners such as Indira IVF. In the Oncology segment, the Next Generation Sequencing (NGS) based multi-gene test for DNA and RNA variation for Lung Cancer Profiling was developed and introduced for first time in India. This test provides advantage of detecting all clinically relevant and treatment related variations in one step with improved TAT as compared to currently followed protocols. Another innovative, non-invasive US FDA approved Liquid biopsy test: EGFR True was released for first time in India. This is the only robustly validated and approved test by US FDA for Lung Cancer cases. Introduction of this test is highly beneficial for patients wherein repeat biopsy is not possible. Focus on Transplant related menu was further expanded by introduction of Kinship test. Further to leverage the high growth liquid biopsy market, a strategic collaborative tie-up was established with CellMax, a Taiwan based company to offer their innovative PanCA (Liquid Biopsy test) and PDL-1 blood-based test.

**SRL FINANCIALS**

For the financial year 2018-19, SRL Ltd. reported net revenues of ₹ 877 Crore (net of inter-company sales) compared to ₹ 854 Crore reported during the Financial Year 2017-18, a growth of 2.7%. The Company operating EBITDA for the year stood at ₹ 180 Crore, representing a margin of 20.6% compared to margin of 18.9% reported during the previous financial year. On a standalone basis, SRL's gross revenue grew at 2.1% to ₹ 1,010 Crore compared to ₹ 990 Crore reported in FY18.

While top line remained muted, SRL's initiatives on the cost side resulted in (1) a reduction in direct costs as a result of improving lab efficiency and vendor costs negotiations and (2) savings in manpower costs as a result of lab rationalization and staffing optimization.

The lab medicine business (pathology business) contributed 94.1% to total revenues and grew 4.7% over the previous year. The contribution of the imaging business to total revenues declined to 5.9% from 6.3% in the previous year, mainly due to network rationalisation.

The business undertook a total of over 15.9 million accessions for Pathology and Radiology during the year, compared to 16.1 million accessions performed during FY18. Through these accessions it undertook 37.7 million tests during the year compared to 38 million tests performed in FY18.

The business continued to have a well-diversified geographical mix with no over dependence on any region, allowing it to optimally capitalize on the pan India network. Regional FY2018 revenue contributions were 32% from the North, 26% from the West, 18% from the South, 21% from East and Central India and 2% from International.

As of March 31, 2019, SRL had a network of 401 labs, 1026 collection points and over 7,100 pick-up points.

**Brand Initiatives:** In FY 18-19, the Company partnered with United Nations Children's Fund's (UNICEF) for Comprehensive National Nutrition Survey (CNNS). The Purpose of CNNS, supported by the MoHFW, Government of India, in partnership with UNICEF, was to conduct a nationally representative and comprehensive nutritional profiling of preschoolers, school-age children, and adolescents. Despite a challenging environment, your company not just collected samples of these children but also dispatched their reports back to these villages. The task started in 2015 was completed successfully this year.

Besides this, the Company's marketing team has been playing an active role in organising conclaves that bring together the top Oncologists, Nephrologists, Gynecologist, TB specialists and other doctors, on a common platform, where new developments in each of these fields can be discussed. More than 350 Round Tables Meets and Continuing Medical Education (CMEs) were conducted in the last fiscal year, engaging with about 3,000 doctors across India. The company is committed to bringing world-class diagnostic facilities to ensure early detection, therefore, it launched the Liquid Biopsy test, one of the super-specialised test to help Oncologists monitor on-point Cancer genetics through blood samples.

SRL's business delivery stands on four strong pillars of (1) providing accurate and quality results, (2) empathy towards our patients and partners, (3) innovation in every process and (4) transparency in our daily operations. To further strengthen the pillars of Empathy, the Company took steps towards 'moving from sick care to health care' by putting more resources into preventing care or wellness business. It carefully crafted 'Preventive Packages", under the SRL Care umbrella. These packages are 'tailor made' plans intended for healthy adults interested in health promotion and disease prevention. SRL Care is not just a health-check plan, it is a habit - a mind-set. Borne out of the simple principle – prevention is better than cure!

Advances in technology and communication, combined with the explosive growth in data and information, have given rise to a more empowered global consumer. One of the best ways to tap these digitally empowered customers is via mobile app and website. Last year SRL recorded 1 Million downloads of its mobile app. This year also saw the launch of the Company's consumer loyalty program – Club SRL. It is a unique membership program that rewards SRL Diagnostics customers with special privileges, reward points and members' only discounts. This loyalty program not just offers reward points, but it also offers preferential benefits to health-conscious members, who can take certain health and fitness related challenges to earn extra points. Through this program we aim to simply promote health; what we are trying to tell our customers is 'improve your health stats and you'll be rewarded further'.

**Information Technology:** At SRL, the Information Technology Department has been constantly enhancing various business applications by leveraging new technologies; to support various new initiatives of business functions, enhance customer experience and engage customers. The company continued with its investments for automating various business processes to be more productive and also strengthen the internal workflow process.

During the year, Information Technology focussed on process automation through digital transformation, enhancing SRL's market reach by enhancing customer experience with a focus on B2C business (Mobile App UI Change, Loyalty Program, Promotional Campaign Console), and providing digitalized approval workflows to improve Governance and Transparency (Travel Portal, Capex Automation, CC Digital Payments). SRL also started working on Artificial Intelligence (AI) for Pathology, in partnership with Microsoft as a Lead Consortium member.

SRL Proprietary CLIMS was integrated with Fortis Cloud OneHIS application at 5 Fortis Hospital lab locations and order process integrated from different Aggregator's app i.e. Jio, Health-I, Call Health.

**Training and Development:** Training continues to remain one of the Company's key focus areas. In last few years, SRL has progressed to bring many tailor-made competency enhancement programs. SRL's training curriculum includes robust Technical Trainings as well as specialized Behavioural trainings from best of the faculties from the internal talent pool and also liaisoning with best of the external faculties.

The Company's prestigious 15 days training program "Nneev" has been further strengthened with a better mix of 'Theory' and 'Exercise' with inclusion of different learning enhancement activities, now encompassing courses such as 'Consultative Selling Skills' and 'Biomedical Waste Management'. In FY18-19, the Company clocked as high as 3,257 Man days covering over 1,130 employees including 7 Nneev trainings each for Sales and Operations team. Looking into the strong need of customer centricity, the company also launched F.A.C.E. (Foremost Attention to Customer Engagement) workshops for the customer facing employees and trained 162 employees in FY 18-19. Additionally, workshops on softer aspects like Effective Interviewing Skills and Performance Review and Feedback were also scheduled. The company conducted the workshop for the Prevention of Sexual Harassment (POSH) covering nearly 150 employees.

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

In the last fiscal, the Company won the Best brand in diagnostic services in Pathology and Radiology award during, 'The Economic Times Best Brands Awards-2019'. It also bagged the "Best Diagnostics Centre" award at the CNBC-TV18's prestigious India Healthcare & Wellness Awards 2017-18 held in Mumbai. In addition to these, some of the Key recognitions that came this year also include:

1. SRL Diagnostics being felicitated at the 8th Global Economic Summit in Mumbai on March 7, 2019 for its outstanding work in the field of medical diagnostics
2. SRL winning the 'Best Use of Technology for Training" award at the Times Ascent National Award for Excellence in Training and Development on 5th July 2018

## (C) FINANCIAL & OPERATIONAL HIGHLIGHTS

*(The Company adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2016 and accordingly the financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Hence, the below summary is as per Indian Accounting Standards (Ind AS).*

For the financial year 2018-2019, the Company reported a consolidated revenue from operations of ₹ 4,469 Crore compared to ₹ 4,561 Crore reported for the financial year 2017-18. Revenue from India operations stood at ₹ 4,404 Crore and revenue from the International Operations stood at ₹ 65.3 Crores. The company reported total income of ₹ 4,562 Cr for the financial year 2018-19 compared to ₹ 4,701 Cr in the previous financial year.

Consolidated Operating EBITDAC (EBITDA before the net business trust fees) stood at ₹ 541 Crore compared to ₹ 655 Crore in Financial Year 2018. This represents a margin of 12.1% in FY19 compared to 14.4% in FY18. EBITDA (excluding other income and before exceptional item) for the year was at ₹ 326 Crore compared to ₹ 389 Crore in FY18. However, the reported EBITDA of the company for the financial year 2018-19 stood at ₹ 318 Cr compared to ₹ 413 Cr reported in the previous financial year. Reported Net Profit/ (Loss) after Minority Interest and Share in Associates for the Company was at ₹ (299) Crore compared to ₹ (1009) Crore in FY18.

Revenue from International operations of ₹ 65.3 Crore was primarily due to revenues earned by RHT Health Trust Manager Pte. Ltd (RHTTM), a 100% step down subsidiary of Fortis Healthcare. During Q4FY19, RHTTM earned a one-time exceptional income of ₹ 45 Crore mainly due to fees received from RHT Health trust for concluding the divestment of Indian entities/assets to Fortis in January 2019. Correspondingly, the company's EBITDA of ₹ 541 Crore includes a one-time exceptional EBITDA of approximately ₹ 26 Crore from RHTTM.

The year was impacted primarily as a result of the first half of the fiscal that saw external challenges and resultant business disruptions due to liquidity constraints. H1FY2019 revenues de-grew 7.3% while H2FY2019 revenues grew 3.6% over the respective corresponding periods of FY2018.

Despite the disruption faced by the company during the year, the Company continued to focus on providing highest standards of healthcare delivery and patient care. Furthermore, continued efforts were made to ensure that employees across the organisation were kept motivated in order to minimise attrition amongst both the medical and non-medical employee base.

Reported Net Profit (PATMI) after accounting for exceptional items stood at a loss of ₹ 299 Crore for the year versus a loss of ₹ 1,009 Crore in the previous year. FY19 and FY18 had exceptional losses due to impairment of investments / goodwill/ assets and one-off expenses; for FY18, exceptional losses also includes one offs for certain provisions taken. FY19 PATMI also includes significant share in associate mainly due to RHT's profit related to divestment of assets to Fortis in January 2019.

The India business comprising the Hospital and the Diagnostic business recorded revenues of ₹ 4,404 Crore, compared to ₹ 4,537 Crore in the corresponding year. For the year FY 2018-19, the hospital business contributing 80% to the overall India business i.e. ₹ 3,527 Crore, compared to ₹ 3,683 Crore in FY18. The India Diagnostic business reported net revenue (net of inter-company elimination) of ₹ 877 Crore compared to ₹ 854 Crore in the corresponding previous period.

For the India business, the operating EBITDAC (EBITDA before net business trust costs) stood at ₹ 517 Crore, representing a margin of 11.7%. The India Hospital business reported operating EBITDAC (EBITDA before net business trust costs) at ₹ 336 Crore, a margin of 9.5% compared to ₹ 500 Crore (13.6% margin) reported in FY2018.

The Diagnostic business in India reported EBITDA at ₹ 180 Crore, margin of 20.6% compared to 18.9% margin reported in FY18.

International patient revenues for the hospital business for the year stood at ₹ 397 Crore representing 11.3% of overall hospital business revenue, compared to ₹ 402 Crore reported in the previous financial year.

Key operational parameters in the Company's hospital business continued to see a steady growth. ARPOB (Average Revenue per Occupied Bed) grew to ₹ 1.51 crore compared to ₹ 1.49 Crore in FY18. ALOS (Average length of stay) was at 3.39 days compared to 3.48 days in previous year, while Occupancy declined to 67% versus 70% in FY18 respectively.

Gross debt of the company stood at ₹ 2,009 Cr as of 31 March 2019 translating to gross debt to equity ratio of 0.28 times compared to a gross debt of ₹ 1,962 Cr as of 31 March 2018 (gross debt to equity ratio of 0.37 times).

The net debt of the company was ₹ 1,023 Crore and a net debt to equity ratio of 0.14 times as on 31 March 2019. This compares to a net debt of ₹ 1,404 Crore in the previous financial year and a net debt to equity ratio of 0.26 times as on 31 March 2018.

The company's gross debt to EBITDA ratio was 6.32 times as on 31 March 2019 compared to 4.47 times as on 31 March 2018. Net debt to EBITDA ratio was at 3.19 times as on 31 March 2019 compared to 3.21 times as on 31 March 2018.

The debtor turnover ratio for the company was at 8.83 times for the financial year 2018-19 compared to 9.67 times for the previous financial year. The inventory turnover ratio for the company stood at 15.07 times for FY2018-19 compared to 15.59 times for the previous financial year. Interest coverage ratio of the company decreased significantly to 0.33 times in FY18-19 compared to 0.75 times in the previous financial year due to subdued business performance during the year. As of 31 March 2019, the current ratio of the company was at 0.46 times compared to 0.60 times as of 31 March 2018.

## D) HUMAN RESOURCE

2018-19 was a defining year for Fortis Healthcare. All Fortisians irrespective of the employee segments, role, geographies not only displayed exemplary courage & resilience in face of difficult & turbulent times but also demonstrated faith & lived our core values. As the Company embark's on a new era of excellence, it continues to put its focus on its most valued resource, its employees. Through a distinctive set of integrated policies, initiatives, programmes and practices, people's capabilities were consistently leveraged & developed. The Company's committed & engaged talent continued driving excellence & delivering value to its patients, stakeholders & the community.

**Year of Building Synergies:** IHH coming in as the Company's largest shareholder heralded a new future and potential synergistic channels to deliver healthcare excellence in India. Understanding the significance of an engaged workforce during this critical transition phase of the organization's journey- '*Inspiration and Connection*' were at the heart of the people strategy. Leveraging varied formats to connect including townhalls, socials, mailers, newsletter, leadership engagement sessions, employees across Fortis were communicated the right information at the right time. Special townhalls with presence of senior leadership teams of IHH & Fortis were conducted in all cities. Acknowledging & addressing employee concerns, understanding & sharing of perspectives, outlining the vision & the way forward, helped instil confidence & propelled alignment amongst all employees. The subsequent buy back of RHT entailed concerted efforts to ensure ground level integration across the network.

A comprehensive integration & engagement plan helped incorporate the strength & diversity of RHT talent into the organization. The Company's people integration strategy continues to be aligned with the enterprise-wide integration strategy to ensure realization of integration objectives and amplifying the opportunities & benefits of the partnership for our workforce, patients & community.

**Putting People First:** In line with the Company's employee-centered approach, the Company continued to strengthen its communication & collaboration platforms to foster a positive employee experience. Varied platforms such as Hum Tum Milenge (HTML), Townhall, Coffee with HR Head, Fortis Swachh Abhiyaan, Sparkle, Long Service Awards were optimized in support of the Company's core belief that communication is the cornerstone of an engaged workforce. Fortis's best in class digital platform 'Workplace by Facebook' provided a highly interactive employee communication platform which facilitated inter-departmental and cross-geographical information flows and collaboration.

Promoting dialogue through townhalls and open houses, our business leaders played a key role in engaging with teams and keeping them abreast with the developments. The open communication channels, consistent two-way communication across all levels of the enterprise ensured that despite prevailing uncertainties, the Fortisian spirit collectively weathered the storms & collaborated to ensure business continuity.

**Looking within for transformation:** Reviewing & reflecting on our fundamental ways of working, reviewing SOPs, Policies, systems controls for compliant working outputs, process improvements, implementation of lean & agile systems and related oracle automation paved the way for future readiness of System integration & HR Analytics. Considerable groundwork on leveraging people analytics played a key role in aligning talent with value creation including informed and predictive business decisions. 'Looking within' to build efficiencies poises the Company now for the next level of transformational strategic business partnering

**Talent Management:** With Fortis's comprehensive Talent Management strategy geared to create a higher performing workforce, steps towards optimising the organisation design was undertaken. This is work in progress with many changes made at support office level. Talent retention did turn challenging however the strong brand value supported the Company to engage with key potential hires. Fortis's position as regarded by the market to be an organisation which is spearheading breakthrough/rare surgical inventions, clinical excellence and most importantly sustained teamwork at all levels of the organisation became evident. Relentless focus on enhancing our *Employee Value Proposition* throughout the employee life cycle augmented attracting and engaging the best of the Company's talent. Attritions levels took a slight dip from previous year. The Company's resolve in developing capabilities of its employees to reach their potential amidst uncertainties remained undeterred with Learning & Development initiatives percolating to all segments of the workforce across the organization. Senior industry experts were engaged to provide coaching to the key management functions during the challenging times.

**Nursing:** Fortis recognizes & salutes the commendable contribution of its nurses in providing 'high quality nursing services' which continue to be a differentiator & an enabler in positioning Fortis as a leading integrated healthcare delivery service provider. Nursing will play an even greater role in delivering a compassionate & efficient health care service in times to come & in this direction the Company continues to focus on the developing its nursing talent.

'Communicating Care is Delivering Care' the Company's flagship learning & development program for new nurses focusses on imparting, skilling & reinforcing Patient Centric Service Behaviours. The program with comprehensive post training support mechanism is designed & developed on globally recognized healthcare models & proven practices such as AIDET (Acknowledge, Introduce, Duration, Explanation, and Thank You.), ISBAR (Identify, Situation, Background, Assessment and Recommendation), Hand Hygiene, Grooming standards & their application in real life-based scenarios to equip nurses to come across as able, confident healthcare professionals providing best in class, effective & compassionate patient care. The program launched as part of Nursing Induction Training is conducted jointly by nurse educators, senior nursing team, clinicians, unit leadership & Learning & Development team. Rigour of multiple practice sessions, feedback, reskilling, knowledge & skill-based assessments results in equipping participants to form a deeper connect with patients & patient attendants. Role play practice based on thirty-four real life-based nursing scenarios, 5 p's of patient care & live on floor visits further strengthens the skills of young nurses to deal with diverse & difficult situations. Over 2000 new nurses were covered as part of the initiative, garnering positive feedback from their managers & creating a significant impact on Patient Appreciation.

Nursing leadership programs to better equip our nursing leaders with the holistic development of skills of Operational Excellence, People Management, Business Orientation and Personal Development to enable them to perform their leadership deliverables with enriched expertise were conducted for 39 senior nursing personnel

**Fortifying Patient Experience Program**: In our endeavour to continuously enhance capabilities of providing superior patient care experience, an intensive skill building program was conducted for the Patient experience team. Covering 46 Patient relationship Officers (PROs) the program focussed on building lasting relationships with patients / attendant by connecting with patients, enhancing abilities to provide faster & empathetic resolutions thereby influencing patient perceptions positively across the continuum of care.

**Peer Exchange Program:** The exchange program conducted by pairing functional leaders enables participants from across Fortis to shadow, observe and mutually learn by drawing on each other's expertise and experiences. Over the year the program was conducted for functional heads from diverse functions such as Medical Services group, Patient Experience, Human Resources, Administration functions, Supply Chain Management and Quality. The program provided a structured platform to learn problem-solving, generate new ways or ideas for addressing process gaps, resource mobilisation, and sharing of high-performance workplace practices for providing patient experience and seamless operational excellence.

**Climate of Learning**: To further enhance the climate of learning within the organization, 680 Learning Forums were conducted with 4010 employees participating in the sessions post attending the training program. Learning Forums across Fortis provide 'Non-formal' space for employees to share experiences, practices, successes, failures, challenges, explore solutions post attending a learning intervention. These forums aim to catalyse application, stabilization & sustaining of new behaviour on the job by providing the support/ enabling environment often needed to reinforce individual attempts at change. Focus on transfer of learning continued with 11000 on floor observations conducted on service excellence behaviours for front facing employees. Training Effectiveness Index score were measured to which the program objectives have been accomplished by the participants and is measured by accomplishment of Learning Goals as set by the participants and on floor changes observed by the manager.

As on March 31, 2019, the Company had a total employee base in the hospitals & the diagnostics business of 22,445 employees.

## (E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

At Fortis, management has the overall responsibility to design, implement and monitor an effective control environment that is aligned to the inherent risks of the organization.

Management is responsible for the identification, assessment, development of risk mitigation plans and monitoring of action plans. A framework for risk identification and assessment has been developed to create oversight mechanism for mitigation of identified risks.

An entity level control framework sets the control philosophy and principles which guide the organization policy and operating processes. An internal control framework has been designed to manage and mitigate the risks faced by the Company.

The organizational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment. Review and oversight procedures are designed to monitor effective adherence to design.

The internal control system has been designed commensurate with the nature of business, size and complexity of operations and is monitored by the management to provide reasonable assurance on the achievement of objectives, effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

As part of the Corporate Governance Report, Internal Financial Control certification provides assurance on the existence of effective internal control systems and procedures.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and through its observations provides an input to the management to support continuous improvement program. The internal audit program is managed by an Internal Audit function directly reporting to the Audit & Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology.

The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively. For the identified observations, management provides an action plan to address the process and control deficiencies noted in the internal audit reviews and action plans are monitored for compliance by the Internal Audit Function under the supervision and guidance of the Audit and Risk Management Committee.

**FORWARD LOOKING STATEMENT**

*Except for the historical information contained herein, statements in this discussion which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.*

**References**

Aarogya Bharat – India Healthcare Roadmap for 2025 by Bain & Company and NATHEALTH

IBEF, Healthcare Update, March 2019

Healthcare Services Industry in India By Care Rating

Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference

Market Research, Reports, Web Articles, Press & Media Reports and Others

# INDEPENDENT AUDITOR'S **REPORT**

**To the Members of FORTIS HEALTHCARE LIMITED**

Report on the Audit of Standalone Financial Statements

**Qualified Opinion**

We have audited the standalone financial statements of Fortis Healthcare Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone cash flow statement for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and except for the effects/ possible effects, if any, of the matters described in "Basis for Qualified Opinion" paragraphs of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, of its profit, total comprehensive profit, cash flows and changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

The matters stated below were also subject matter of qualification in predecessor auditor's audit opinion on the standalone financial statements as at 31 March 2018:

1 As explained in Note 29 of the standalone financial statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systematic lapses/override of internal controls as described in Note 29 of the standalone financial statements. The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

Additionally, different regulatory authorities are currently undertaking their own investigations, details of which are described in Note 29 and 30 of the standalone financial statements and stated below:

- SEBI has initiated an investigation in respect of the various issues. On 17 October 2018 and 21 December 2018 and 19 March 2019, SEBI passed Orders ("Orders") and further investigations by regulatory authorities is continuing. In its Orders, SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Company, with certain identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting in inter alia diversion of funds from the Fortis Group ("Group") for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) resulting in a misrepresentation in the financial statements of the Company in an earlier period. Further, SEBI issued certain interim directions inter alia directing the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. It has also directed the erstwhile promoter and the said entities to repay the sums due. The aforesaid ICDs were fully provided for in the books as at 31 March 2018. SEBI, in its Orders also directed erstwhile promoters and the said entities that pending completion of the investigation and till further order, they shall not dispose off or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day to day business operations, without any prior permission of SEBI. Erstwhile promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. The initial directions issued by SEBI have been confirmed by SEBI in their order dated 19 March 2019.
- Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under Section 217(1)(a) of the Companies Act, 2013, inter alia, has initiated an investigation and has been seeking information in relation to the Company, its material subsidiaries, joint ventures and associates to which as informed to us the Company has responded.

Since, the investigation and enquiries carried out by regulators as aforesaid are currently ongoing, need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the standalone financial statements of the Company is yet to be concluded.

Based on investigations carried out by an external legal firm, Orders by SEBI and other information available currently, as per the management, all identified/required adjustments/ disclosures arising from the findings in the Investigation Report and the Orders by SEBI, were made in the standalone financial statements of the Company for the year ended 31 March 2018.

Following matter was included in the investigation report and highlighted by predecessor auditor in their audit report for the year ended on 31 March 2018:

- Provisions of Rupees 4,743 lacs towards amount paid as security deposit, advances towards lease of office space and expenditure incurred towards capital work-in-progress due to uncertainty of recovery of these balances (refer note 25 to the standalone financial statements).

No additional adjustments/ disclosures were required to be made in the standalone financial statements for the year ended 31 March 2019 in respect of the above.

As explained in Note 29(e) and 6(4) of the standalone financial statements, related party relationships prior to loss of control of erstwhile promoters/ directors in the year ended 31 March 2018 were identified by the management taking into account the information available with the management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, the possibility cannot be ruled out that there may be additional related parties of erstwhile promoters/ directors whose relationships may not have been disclosed to the Company and, hence, not known to the Management.

Further, as explained in Note 12 of the standalone financial statements, a Civil Suit was filed by a third party against various entities including the Company relating to "Fortis, SRL and La-Femme" brands. The Company has received four demand notices aggregating to Rupees 25,344 lacs in respect to this Civil Suit. Allegations made by third party has been duly responded to by the Company denying i) execution of any binding agreement with third party; and ii) liability of any kind whatsoever. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

Due to the ongoing nature of the various inquiries/investigations, we are unable to comment on the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing regulatory investigations on the standalone financial statements including completeness/accuracy of the related party transactions which relate to or which originated before 31 March 2018, the regulatory non-compliances, if any, and the consequential impact, if any, on the standalone financial statements.

2 As explained in Note 32 of the standalone financial statements, during the year ended 31 March 2018, the Company having considered all necessary facts and taking into account external legal advice, concluded that it had paid amount aggregating to Rupees 2,002 lacs to erstwhile Executive Chairman during his tenure (ended during the year ended 31 March 2018) in excess of amounts approved by the Central Government under Section 197 of the Companies Act, 2013 for his remuneration and other reimbursements. This is accordingly a non-compliance with the provision of Section 197 of the Companies Act, 2013. In the current year, the Company has taken requisite actions to recover this amount. Due to uncertainty involved on recoverability of the said amounts a provision for this amount has also been recorded.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the "Basis for Qualified Opinion" paragraphs, we have determined that the following are the key audit matters:

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Goodwill** | |
| As set out in Note 5(ii), the Company carries Goodwill of Rupees 2,722 lacs. Management performs an annual impairment review of goodwill as at 31 March.<br>There are judgments used in this, such as forecast cash flows, discount rates and growth rates. | We have assessed the Company's current and forecast performance and considered whether any other factors exist that would suggest the goodwill is impaired. We have performed following procedures:<br>• challenged management's identification of CGUs against our understanding of the business and the definition as set out in the accounting standards;<br>• assessed the appropriateness of the calculation of the value in use of each CGU and the associated headroom, performing recalculations to test the mechanical accuracy of those amounts;<br>• forecast inputs and growth assumptions were compared against historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis; |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| | • with the assistance of specialists, we recalculated the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; and<br>• performed sensitivity analysis.<br>In doing so we have involved our valuation specialists to assist us in carrying out aforesaid procedures as considered appropriate. We have also evaluated the accounting and respective disclosures made in the standalone financial statements. |
| **Legal matters**<br>There are a number of threatened and actual legal, regulatory and tax cases against the Company. These include those relating to land and related commitments, tax matters, claims made by or against the Company on account of medical matters and other civil suits etc. There is a high level of judgment required in assessing consequential impact and disclosures thereof on the standalone financial statements.<br>Refer to the Note 3 – Critical estimates and judgments, Note 5(xviii) – Provisions and Note 11– Contingent liabilities and legal proceedings. | Our procedures included the following:<br>• Testing key controls surrounding litigation, regulatory and tax cases;<br>• External legal opinions obtained by management and confirmations obtained by us;<br>• Reading correspondences including those of subsequent period;<br>• Discussing open matters with the management including but not limited to Company legal counsel, tax teams, regional and financial teams; and<br>• Assessing and challenging management's conclusions through understanding precedents set in similar cases.<br>Based on the evidence obtained, management's assessment of such legal, regulatory and tax matters, the provision carried in the books of accounts in respect of such matters as on 31 March 2019 (while noting the inherent uncertainty of such matters) and related disclosures seem to be reasonable . |

**Other information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that except as stated in the "Basis for Qualified Opinion" paragraphs, the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

The standalone financial statements of the Company for the year ended 31 March 2018 were audited by the predecessor auditor who expressed a qualified opinion on those statements on 7 July 2018.

Our report on the financial statements is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1 As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order which is subject to the effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs of our Audit Report and the material weakness described in the "Basis for Qualified Opinion" paragraph in our separate Report on the Internal Financial Controls with reference to financial statements.

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

a) We have sought and, except for the matters described in the "Basis for Qualified Opinion" paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Except for the effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

d) Except for effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matters described in the "Basis for Qualified Opinion" paragraphs, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraphs above.

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. Except for the effects/ possible effects of matters described in paragraph 1 of the "Basis for Qualified Opinion" section above, the Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 11 to the standalone financial statements.

ii. Except for the effects/ possible effects of the matters described in paragraph 1 of the "Basis for Qualified opinion" section above, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 9(c) to the standalone financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 9(d) of the standalone financial statements.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's report under Section 197(16):

Except for effects/ possible effects of the matters described in paragraph 2 of the "Basis for Qualified Opinion" section above, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*For* **B S R & Co. LLP**
*Chartered Accountants*
Registration Number: 101248W/W-100022

**Pravin Tulsyan**
*Partner*
Membership No: 108044

Place: Gurugram
Date: 24 May 2019

**Annexure A to the Independent Auditor's report on the standalone financial statements of Fortis Healthcare Limited for the year ended 31 March 2019**

**(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date and except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs of our Audit Report and the material weaknesses described in the "Basis for Qualified Opinion" in our separate Report on the Internal Financial Controls with reference to financial statements)**

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, plant and equipment and intangible assets).

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified on an annual basis. In accordance with this programme, fixed assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the books of accounts of the Company, the title deeds of immovable property are held in the name of the Company.

(ii) The inventories, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) Except for the effects / possible effects of the matters described in paragraph 1 of the "Basis for Qualified Opinion" section, the Company has granted loans, secured or unsecured, to companies, firms, covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

**(a)** The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

**(b)** The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been as per stipulations.

**(c)** There is no amount overdue for more than 90 days in respect of above mentioned loans.

(iv) Except for the effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, 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) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Service Tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise duty, Sales tax and Value added tax.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Duty of customs, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

Also refer note 11(B), wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court judgment on the provident fund matter, management has not recognized and deposited any additional provident fund amount with respect to the previous years.

(c) According to the information and explanations given to us, the following dues of Income-tax, Value added tax and Service tax, which have not been deposited by the Company on account of disputes:

| Name of Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates (Assessment year) | Amount Involved (Lacs) | Amount Unpaid (Lacs) |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax and Interest thereon | Commissioner of Income Tax (Appeals), Delhi | 2012-13 | 332.00 | - |
| Income Tax Act, 1961 | Income Tax and Interest thereon | Commissioner of Income Tax (Appeals), Delhi | 2012-13 | 196.00 | 196.00 |
| Central Excise Act, 1944 | Value Added Tax | Supreme Court | 2009-10 | 1,412.35 | 1,412.35 |
| Central Excise Act, 1944 | Value Added Tax | Supreme Court | 2010-11 | 2,208.81 | 2,208.81 |
| Finance Tax, 1994 | Service Tax and penalty | Custom Excise & Service Tax Appellate Tribunal | 2007-08 to 2012-13 | 265.47 | 265.47 |
| Finance Tax, 1994 | Service Tax and penalty | Custom Excise & Service Tax Appellate Tribunal | 2008-09 to 2012-13 | 294.35 | 294.35 |

We are informed that there are no dues in respect of Customs Duty, Excise duty, Sales tax and Goods and Service tax as at March 31, 2019 which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to banks and financial institutions and dues to debenture holders. The Company did not have any loans or borrowings from government during the year.

(ix) Except for the effects/ possible effects of the matters described in paragraph 1 of the "Basis for Qualified Opinion" section, in our opinion and according to the information and explanations given to us, the term loans taken by the Company during the year have been applied for the purpose for which they were raised.

As informed to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

(x) As explained in Note 29 of the Standalone Financial Statements:

(a) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

(b) Various regulatory authorities are currently undertaking their own investigation, and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

Subject to the above, and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, and based on our examination of the records of the Company, managerial remuneration has been paid (and)/ provided by the company during the current year in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) Except for the effects/ possible effects of the matters described in paragraph 1 of the "Basis for Qualified Opinion" section of our Audit Report, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of shares during the year. In respect of the above, we further report that:

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

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

According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares or preferential allotment or private placement of fully or partly convertible debentures.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

*For* **B S R & Co. LLP**
*Chartered Accountants*
Registration Number: 101248W/W-100022

**Pravin Tulsyan**
*Partner*
Membership No: 108044

Place: Gurugram
Date: 24 May 2019

**Annexure B to the Independent Auditor's report on the standalone financial statements of Fortis Healthcare Limited for the year ended 31 March 2019**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Qualified Opinion**

We have audited the internal financial controls with reference to financial statements of Fortis Healthcare Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the effects/possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us, the Company has in all material respects, maintained adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31 March 2019 and these material weakness have, inter alia, affected our opinion on the said standalone financial statements and we have issued a qualified opinion on the said standalone financial statements.

**Basis for Qualified opinion**

As explained in paragraph 1 of "Basis for Qualified Opinion" section of our Audit Report on the standalone financial statements for the year ended 31 March 2019, pursuant to certain events/transactions in earlier years, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systemic lapses and override of controls. The report has since been submitted and is subject to limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report. Further, the investigation by different regulatory authorities in these matters is still ongoing and an overall assessment of the impact of the investigations is yet to be concluded. Pending final outcome of the regulatory investigations and enquiries, completeness of identification of deficiencies cannot be ascertained.

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

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*For* **B S R & Co. LLP**
*Chartered Accountants*
Registration Number: 101248W/W-100022

**Pravin Tulsyan**
*Partner*
Membership No: 108044

Place: Gurugram
Date: 24 May 2019

# STANDALONE **BALANCE SHEET**

| Particulars | | | | Notes | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **A.** | **Non-current assets** | | | | | |
| | (a) | Property, plant and equipment | | 5(i)(a) | 14,796.18 | 16,822.21 |
| | (b) | Capital work-in-progress | | 5(i)(b) | 15,778.16 | 15,934.49 |
| | (c) | Goodwill | | 5(ii) | 2,721.77 | 2,721.77 |
| | (d) | Other intangible assets | | 5(iii)(a) | 483.37 | 751.19 |
| | (e) | Intangible assets under development | | 5(iii)(b) | 707.95 | 706.89 |
| | (f) | Financial assets | | | | |
| | | (i) | Investments in associates | 5(iv) | - | - |
| | | (ii) | Investments in subsidiaries | 5(v) | 830,988.05 | 365,769.69 |
| | | (iii) | Loans | 5(vii) | 98,347.20 | 46,096.54 |
| | | (iv) | Other financial assets | 5(viii) | 512.83 | 949.63 |
| | (g) | Deferred tax assets (net) | | 5(ix) | 5,463.05 | 6,340.79 |
| | (h) | Non-current tax assets (net) | | 5(x) | 5,509.96 | 5,144.05 |
| | (i) | Other non-current assets | | 5(xi) | 366.87 | 399.58 |
| | **Total non-current assets (A)** | | | | **975,675.39** | **461,636.83** |
| **B.** | **Current assets** | | | | | |
| | (a) | Inventories | | 5(xii) | 598.47 | 695.34 |
| | (b) | Financial assets | | | | |
| | | (i) | Trade receivables | 5(vi) | 8,365.59 | 7,096.13 |
| | | (ii) | Cash and cash equivalents | 5(xiii)(a) | 1,213.55 | 1,656.07 |
| | | (iii) | Bank balances other than (ii) above | 5(xiii)(b) | 2,059.48 | 7,235.29 |
| | | (iv) | Loans | 5(vii) | 3,015.98 | 12,353.52 |
| | | (v) | Other financial assets | 5(viii) | 20,190.72 | 7,951.14 |
| | (c) | Other current assets | | 5(xi) | 909.53 | 2,942.62 |
| | **Total current assets (B)** | | | | **36,353.32** | **39,930.11** |
| **Total assets (A+B)** | | | | | **1,012,028.71** | **501,566.94** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **A.** | **Equity** | | | | | |
| | (a) | Equity share capital | | 5(xiv) | 75,495.49 | 51,865.72 |
| | (b) | Other equity | | | 760,828.46 | 370,816.45 |
| | **Total equity (A)** | | | | **836,323.95** | **422,682.17** |
| | **Liabilities** | | | | | |
| **B.** | **Non-current liabilities** | | | | | |
| | (a) | Financial Liabilities | | | | |
| | | (i) | Borrowings | 5(xvi) | 34,659.81 | 23,161.34 |
| | (b) | Provisions | | 5(xviii) | 1,150.47 | 1,127.27 |
| | **Total non-current liabilities (B)** | | | | **35,810.28** | **24,288.61** |
| **C.** | **Current liabilities** | | | | | |
| | (a) | Financial liabilities | | | | |
| | | (i) | Borrowings | 5(xix) | 110,098.45 | 19,447.52 |
| | | (ii) | Trade payables | 5(xx) | | |
| | | | - Total outstanding dues of micro enterprises and small enterprises | | 484.83 | - |
| | | | - Total outstanding other than micro enterprises and small enterprises | | 19,065.33 | 14,577.33 |
| | | (iii) | Other financial liabilities | 5(xvii) | 7,154.46 | 16,586.38 |
| | (b) | Provisions | | 5(xviii) | 1,312.76 | 1,335.94 |
| | (c) | Other current liabilities | | 5(xxi) | 1,778.65 | 2,648.99 |
| | **Total current liabilities (C)** | | | | **139,894.48** | **54,596.16** |
| | **Total liabilities (B+C)** | | | | **175,704.76** | **78,884.77** |
| **Total equity and liabilities (A+B+C)** | | | | | **1,012,028.71** | **501,566.94** |
| **See accompanying notes forming part of the standalone financial statements** | | | | 1-34 | | |

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

# STANDALONE STATEMENT OF **PROFIT AND LOSS**

| Particulars | | | Notes | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|---|
| I | Revenue from operations | | 5(xxii) | 65,649.24 | 65,948.00 |
| II | Other income | | 5(xxiii) | 52,449.17 | 13,789.07 |
| **III** | **Total income (I+II)** | | | **118,098.41** | **79,737.07** |
| **IV** | **Expenses** | | | | |
| | i) | Purchase of medical consumable and drugs | | 13,071.74 | 13,693.34 |
| | ii) | Changes in inventories of medical consumable and drugs | 5(xxiv) | 96.87 | (137.28) |
| | iii) | Employee benefits expense | 5(xxv) | 14,952.99 | 16,134.39 |
| | iv) | Finance costs | 5(xxvi) | 19,227.27 | 6,373.76 |
| | v) | Depreciation and amortisation expense | 5(xxvii) | 2,714.27 | 2,887.64 |
| | vi) | Other expenses | 5(xxviii) | 50,070.73 | 40,019.73 |
| | | **Total expenses (IV)** | | **100,133.87** | **78,971.58** |
| **V** | **Profit before exceptional and tax item (III-IV)** | | | **17,964.54** | **765.49** |
| VI | Exceptional items | | 5(xxix) | - | (6,794.59) |
| **VII** | **Profit / (loss) before tax (V-VI)** | | | **17,964.54** | **(6,029.10)** |
| **VIII** | **Tax expense** | | | | |
| | i) | Current tax (net) | 5(xxx) | 4,240.57 | - |
| | ii) | Deferred tax charge (net) | 5(xxx) | 1,415.59 | 342.73 |
| | | **Total tax expense (VIII)** | | **5,656.16** | **342.73** |
| **IX** | **Profit / (loss) for the year (VII-VIII)** | | | **12,308.38** | **(6,371.83)** |
| | **Other comprehensive income** | | | | |
| | i) | Items that will not be reclassified to profit or loss | | | |
| | | (a) Remeasurements of the defined benefit liablities | | 34.45 | 48.90 |
| | | (b) Income tax relating to items that will not be reclassified to profit or loss | | 12.05 | 16.93 |
| **X** | **Total other comprehensive income (net of tax)** | | | **22.40** | **31.97** |
| **XI** | **Total comprehensive profit / (loss) for the year (IX+X)** | | | **12,330.78** | **(6,339.86)** |
| | **Earnings per equity share of ₹ 10 each :** | | | | |
| | i) | Basic (in ₹) | 5(xxxi) | 2.02 | (1.23) |
| | ii) | Diluted (in ₹) | 5(xxxi) | 2.02 | (1.23) |
| **See accompanying notes forming part of the standalone financial statements** | | | 1-34 | | |

In terms of our report attached.
**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

# STANDALONE **CASH FLOW STATEMENT**

| Particulars | Notes | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit / (loss) before tax | | **17,964.54** | **(6,029.10)** |
| **Adjustments for:** | | | |
| Exceptional items | | - | 6,794.59 |
| Finance cost | | 19,227.27 | 6,373.76 |
| Loss on sale of assets | | 241.12 | 9.47 |
| Allowance for doubtful receivables | | 904.83 | 926.46 |
| Allowance for doubtful advances | | 62.27 | 51.37 |
| Provision for contingencies | | 8.08 | 23.98 |
| Depreciation and amortisation expense | | 2,714.27 | 2,887.64 |
| Share based payment to employees (refer note 13) | | 336.66 | 911.01 |
| Receivables written off | | 3.00 | 265.55 |
| Balances no longer required written back | | (312.31) | (57.11) |
| Interest income | | (27,473.22) | (13,381.51) |
| Financial guarantee income | | (285.59) | (340.59) |
| Net foreign exchange gain | | (325.05) | (54.82) |
| Dividend income | | (24,270.68) | - |
| **Operating loss before changes in following assets and liabilities** | | **(11,204.82)** | **(1,619.30)** |
| **Change in operating assets and liabilities** | | | |
| Increase in trade receivables | | (2,177.29) | (468.28) |
| Decrease / (increase) in inventories | | 96.87 | (137.28) |
| Decrease / (increase) in other financial assets and other assets | | 7,606.51 | 1,468.54 |
| Increase / (decrease) in other financial liabilities, provisions, other liabilities and trade payables | | 4,709.55 | (957.61) |
| **Cash generated by / (used) in operations** | | **(969.17)** | **(1,713.93)** |
| Income taxes paid (net) | | (5,156.38) | 235.75 |
| **Net cash used in operating activities** | | **(6,125.55)** | **(1,478.18)** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of associate | | - | 4.75 |
| Payment for acquisition of subsidiaries (refer note 26) | | (465,218.36) | (6,099.99) |
| Payments to acquire property, plant and equipment and intangible asset | | (593.65) | (4,636.70) |
| Proceeds on sale of property, plant and equipment | | 81.78 | 81.17 |
| Interest received | | 15,226.40 | 11,561.59 |
| Loans given | | (61,254.19) | (74,729.45) |
| Loans received | | 18,686.16 | 98,306.20 |
| Dividend received | | 24,270.68 | - |
| **Net cash (used in) / generated by investing activities** | | **(468,801.18)** | **24,487.57** |
| **Cash flows from financing activities (refer note 5(xv) )** | | | |
| Proceeds from issue of equity instruments of the Company | | 400,976.77 | 924.76 |
| Proceeds from long-term borrowings | | 30,431.00 | 61,161.51 |
| Movement in short-term borrowing (net) | | 95,400.00 | (32,004.51) |
| Repayment of long-term borrowings | | (28,757.68) | (45,672.31) |
| Finance cost paid | | (18,816.81) | (6,373.76) |
| Movement in current account under negative lien - placed | | - | (7,235.29) |
| **Net cash generated by / (used in) financing activities** | | **479,233.28** | **(29,199.60)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **4,306.55** | **(6,190.21)** |
| Cash and cash equivalents at the beginning of the year | | (6,191.45) | (1.23) |
| **Cash and cash equivalents at the end of the year** | 5(xiii)(a) | **(1,884.90)** | **(6,191.45)** |
| **See accompanying notes forming part of the standalone financial statements** | 1-34 | | |

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

# STANDALONE STATEMENT OF **CHANGE IN EQUITY**

| Particular | Notes | Equity | Other equity | | | | | | (₹in lacs) |
|---|---|---|---|---|---|---|---|---|---|
| | | Equity share capital | Securities premium* | Amalgamation reserve ** | General Reserve *** | Share options outstanding account **** | Retained earnings | Total other equity | Total |
| **Balance at April 1, 2017** | 5(xiv) | 51,772.76 | 346,913.57 | 156.00 | 5,513.99 | 2,028.98 | 20,800.96 | 375,413.50 | 427,186.26 |
| Loss for the year | | - | - | - | - | - | (6,371.83) | (6,371.83) | (6,371.83) |
| Other comprehensive income for the year (net of income tax) | | - | - | - | - | - | 31.97 | 31.97 | 31.97 |
| **Total comprehensive loss for the year** | | - | - | - | - | - | **(6,339.86)** | **(6,339.86)** | **(6,339.86)** |
| | | | | | | | | | |
| Exercise of stock options during the year [refer note 5(xiv)] | | 92.96 | 831.80 | - | - | - | - | 831.80 | 924.76 |
| Recognition of share-based payments expense (refer note 13) | | - | - | - | - | 911.01 | - | 911.01 | 911.01 |
| **Balance at March 31, 2018** | | **51,865.72** | **347,745.37** | **156.00** | **5,513.99** | **2,939.99** | **14,461.10** | **370,816.45** | **422,682.17** |
| | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 12,308.38 | 12,308.38 | 12,308.38 |
| Other comprehensive income for the year (net of income tax) | | - | - | - | - | - | 22.40 | 22.40 | 22.40 |
| **Total comprehensive income for the year** | | - | - | - | - | - | **12,330.78** | **12,330.78** | **12,330.78** |
| | | | | | | | | | |
| Exercise of stock options during the year [refer note 5(xiv) and 13] | | 100.36 | 873.98 | - | 511.20 | (511.20) | - | 873.98 | 974.34 |
| Issues of shares during the year [refer note 5(xiv) and 28] | | 23,529.41 | 376,470.59 | - | - | - | - | 376,470.59 | 400,000.00 |
| Stock options lapsed/cancelled during the year (refer note 13) | | - | - | - | 127.58 | (127.58) | - | - | - |
| Recognition of share-based payments expense (refer note 13) | | - | - | - | - | 336.66 | - | 336.66 | 336.66 |
| **Balance at March 31, 2019** | | **75,495.49** | **725,089.94** | **156.00** | **6,152.77** | **2,637.87** | **26,791.88** | **760,828.46** | **836,323.95** |

* The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Act.
** Amalgamation reserve represents the unutilized accumulated surplus created at the time of amalgamation of another company with the Company. This reserve is not available for distribution of dividend and is expected to remain invested permanently.
*** This represents appropriation of profit by the Company and is available for distribution of dividend.
**** The fair value of the equity settled share based payment transactions with employees is recognised in the Standalone Statement of Profit and Loss with corresponding credit to share options outstanding account.

| | | |
|---|---|---|
| **See accompanying notes forming part of the standalone financial statements** | 1-34 | |

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**1) Corporate information**

Fortis Healthcare Limited (the 'Company' or 'FHL'), a public limited company, was incorporated on February 28, 1996. Its equity shares are listed on both Bombay Stock Exchange Limited and National Stock Exchange of India Limited and registered office is located at Fortis Hospital Sector-62 Phase-VIII, Mohali 160062, Punjab and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41, Gurugram 122001, Haryana.

As part of its business activities, the Company holds interests in its subsidiaries which includes the Company's interest in its associates and joint ventures through which it manages and operates a network of multi-specialty hospitals and diagnostic centers.

On November 13, 2019, IHH Healthcare Berhad, Malaysia acquired 31.10% stake in the Company, thereby becoming the controlling shareholder of the Company.

**2) Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements ('financial statements'). The accounting policies adopted are consistent with those of the previous financial year except for changes in revenue recognition and accounting for foreign currency transactions due to amendment in applicable accounting guidance (also refer to respective policies for these two captions).

**(a) Basis of preparation**

**(i)** *Statement of compliance*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

The financial statements have been authorized for issue by the Company's Board of Directors on May 24, 2019.

**(ii)** *Functional and presentation currency*

These financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts are in Indian Rupees lacs except share data and per share data, unless otherwise stated.

**(iii)** *Historical cost convention*

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(b) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

**(c) Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(d) Business combinations**

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognised in the statements of profit or loss and other comprehensive income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved, and they appear in the financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

**(e) Property, plant and equipment (PPE) and intangible assets**

**(i) Property, plant and equipment**

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

**(ii) Intangible assets**

- For business combination, refer to accounting policy thereon above.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of profit and loss as incurred.
  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/ or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

  On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 01 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the intangible assets.

**(iii) Depreciation and amortization methods, estimated useful lives and residual value**

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for certain classes of fixed assets which are depreciated based on the internal technical assessment of the management. The details of useful life are as under:

| Category of assets | Management estimate of useful life | Useful life as per Schedule II |
|---|---|---|
| Plant and Machinery | Upto 15 years | 15 years |
| Medical Equipments | Upto 13 years | 13 years |
| Computers | Upto 3 years | 3 years |
| Furniture and fittings | Upto 10 years | 10 years |
| Office equipments | Upto 5 years | 5 years |
| Vehicles | Upto 8 years | 4-8 years |

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/ disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**(iv) Derecognition**

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible 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.

**(f) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(g) Financial instrument**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets*

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Equity investments*

Equity investments in subsidiaries, jointly controlled entities and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments in scope of Ind AS 109, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Derivative financial instruments*

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**(h) Inventories**

Inventories are valued at lower of cost and net realisable value except scrap, which is valued at net estimated realisable value.

The Company uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

**(j) 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 unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

**(k) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

**(l) Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3.4 – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes sale of medical and non-medical items. Hospital services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients.

Contracts with customers could include promises to transfer multiple services/ products to a customer. The Company assesses the product/ services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured to at an amount that reflects the consideration which the Company expects to receive in exchange for those products or services and is net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including claims. Further, the Company also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

Revenue from hospital services is recognized as and when services are performed and from sale of products is recognised upon transfer of control of products to customers at the time of delivery of goods to the customers.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Other operating revenue comprises of revenue from various ancillary revenue generating activities like operations and maintenance agreements, satellite centers, clinical research activities, sponsorship arrangements and academic services. The revenue in respect of such arrangements is recognized as and when services are performed.

Income from 'Service Export from India Scheme' (SEIS), included in other operating revenue, is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Company.

Interest income on financial assets (including deposits with banks) is recognized using the effective interest rate method on a time proportionate basis.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Dividend income from investments is recognised in statement of profit and loss on the date that the right to receive payment is established.

**(m) Employee benefits**

*Short-term employee benefits*

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

*Post-employment benefits*

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Company is funded with Life Insurance Corporation of India.

b) Superannuation

Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to statement of profit and loss.

c) Provident fund

The Company makes contribution to the recognised provident fund - " Fortis Healthcare Limited Provident Fund Trust " for most of its employees in India, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

The Company's contribution to the provident fund is charged to statement of profit and loss.

*Other long-term employee benefits:*

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Actuarial valuation*

The liability in respect of all defined benefit plans and other long-term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long-term benefits are recognised in the statement of profit and loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the statement of profit and loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

**(n) Share-based payments**

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee expense, and those granted to employees of subsidiaries is considered as the Company's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of a share-based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Company is operating the Employee Stock Option schemes through Fortis Healthcare Limited Provident Fund Trust, which has purchased share from the secondary market.

**(o) Finance costs**

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

**(p) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

*Current taxes*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*Deferred taxes*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

For operations carried out in under tax holiday facilities, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**(q) Leases**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

The Company accounts for assets taken under lease arrangement in the following manner:

*Finance leases*

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company accounts for assets given under lease arrangement in the following manner:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

**(r) Foreign currency translation**

The Company has adopted Appendix B, "Foreign currency transactions and advance consideration" to Ind AS 21, "the effects of changes in foreign exchange rates" effective from 1 April 2018 prospectively to all assets, expenses and income in the scope of the said Appendix. The adoption of the above Standard/Appendix does not have any significant impact on the financial position or performance of the Company.

(i) *Functional and presentation currency*

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

**(s) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregate. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Chief Financing Officer of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

**(u) Earnings per share**

**(i)** *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit/ (loss) attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

**(ii)** *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

**3) Critical estimates and judgements**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 7
- Financial instruments - Note 15
- Fair value measurement – Note 16
- Estimated impairment of financial assets and non-financial assets – Note 5 (xxix)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 11 and 12
- Recognition and estimation of tax expense including deferred tax– Note 5(xxx) and 5(ix)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(f)(iii)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 14
- Share-based payments – Note 13

**4) Applicable standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

**Ind AS 116 – *Leases* (Ind AS 116)**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases (Ind AS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises present value of the lease payment (discounted using incremental borrowing rate) as right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and lease rent expense will be replaced with the amortization of right-of use-asset and interest accrued on lease liability. The standard also contains enhanced disclosure requirements for lessees and will have consequential impact on cash flows categories as well. The new standard substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019 using the modified retrospective approach and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application.

For nature of lease arrangement as lessee refer note 7 of the financial statements. The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

**Ind AS 12 – *Income taxes* (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – *Prepayment Features with Negative Compensation***

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – *Plan Amendment, Curtailment or Settlement***

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – *Borrowing Costs***

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**Ind AS 28 – *Long-term Interests in Associates and Joint Ventures***

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

**Ind AS 103 – *Business Combinations and Ind AS 111 – Joint Arrangements***

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, its re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not currently have joint control of a business that is a joint operation.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 5(i)(a) Property, plant and equipment

(₹ in Lacs)

| Particulars | Freehold land | Leasehold improvements | Plant & machinery | Medical equipments | Furniture & fittings | Computers | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | |
| **As at April 01, 2017** | **10.09** | **91.64** | **601.07** | **14,716.84** | **465.65** | **435.13** | **181.07** | **1,621.96** | **18,123.45** |
| Additions | - | - | 82.76 | 4,819.36 | 66.25 | 68.67 | 47.74 | 11.98 | 5,096.76 |
| Disposals | - | - | - | (15.56) | (3.15) | (1.95) | - | (207.68) | (228.34) |
| **As at March 31, 2018** | **10.09** | **91.64** | **683.83** | **19,520.64** | **528.75** | **501.85** | **228.81** | **1,426.26** | **22,991.87** |
| Additions | - | - | 60.58 | 494.14 | 13.34 | 44.94 | 2.96 | 32.81 | 648.77 |
| Disposals | - | - | (30.77) | (372.11) | (27.83) | (42.26) | (14.57) | (863.72) | (1,351.26) |
| **As at March 31, 2019** | **10.09** | **91.64** | **713.64** | **19,642.67** | **514.26** | **504.53** | **217.20** | **595.35** | **22,289.38** |
| **Accumulated depreciation** | | | | | | | | | |
| **As at April 01, 2017** | - | **35.98** | **167.12** | **2,660.10** | **141.13** | **216.46** | **88.13** | **632.28** | **3,941.20** |
| Charge for the year | - | 16.75 | 85.63 | 1,705.53 | 70.82 | 136.44 | 39.63 | 311.36 | 2,366.16 |
| Disposals | - | - | - | (6.19) | (2.35) | (1.95) | - | (127.21) | (137.70) |
| **As at March 31, 2018** | - | **52.73** | **252.75** | **4,359.44** | **209.60** | **350.95** | **127.76** | **816.43** | **6,169.66** |
| Charge for the year | - | 14.72 | 78.72 | 1,865.18 | 62.11 | 106.14 | 36.43 | 188.60 | 2,351.90 |
| Disposals | - | - | (17.78) | (350.54) | (27.21) | (36.78) | (14.55) | (581.50) | (1,028.36) |
| **As at March 31, 2019** | - | **67.45** | **313.69** | **5,874.08** | **244.50** | **420.31** | **149.64** | **423.53** | **7,493.20** |
| **Carrying value (As at March 31, 2018)** | **10.09** | **38.91** | **431.08** | **15,161.20** | **319.15** | **150.90** | **101.05** | **609.83** | **16,822.21** |
| **Carrying value (As at March 31, 2019)** | **10.09** | **24.19** | **399.95** | **13,768.59** | **269.76** | **84.22** | **67.56** | **171.82** | **14,796.18** |

**Notes:**

(a) Certain assets owned and belonging to the Company, including but not limited to vehicles having WDV of ₹ 214.63 lacs as at March 31, 2018, computers and other IT related equipments, were in possession of the erstwhile Chairman, Mr. Malvinder Mohan Singh. The Company has fully depreciated such assets during the year ended March 31, 2019.

(b) Certain assets owned and belonging to the Company, including vehicle having WDV of Rupees 52.92 lacs as at March 31, 2018 and computer were in possession of the erstwhile Vice Chairman, Mr. Shivinder Mohan Singh. The Company fully depreciated such assets during the year ended March 31, 2019.

### 5(i)(b) Capital work-in-progress

The Company accounts for all capitalization of property, plant and equipment through capital work in progress and therefore the movement in capital work in progress is the difference between closing and opening balance of capital work in progress as adjusted in additions to property, plant and equipment and impairment of capital work in progress. Capital work in progress as at March 31, 2019 is ₹ 15,778.16 lacs (net of provision for impairment Rupees 2,569.90 lacs [refer note 18(b) and 25] [as at March 31, 2018 is ₹ 15,934.49 lacs (net of provision for impairment ₹ 2,569.90 lacs [refer note 18(b) and 25]).

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**5(ii) Goodwill** **(₹ in Lacs)**

| **Particulars** | **Goodwill** |
|---|---|
| **Gross carrying amount** | |
| **As at April 1, 2017** | **3,292.57** |
| **As at March 31,2018** | **3,292.57** |
| **As at March 31,2019** | **3,292.57** |
| **Amortisation and impairment** | |
| **As at April 1,2017** | - |
| Impairment during the year [refer note 18(d)] | **(570.80)** |
| **As at April 1,2018** | **(570.80)** |
| Impairment during the year [refer note 18(d)] | - |
| Deletions | - |
| **As at March 31,2019** | **(570.80)** |
| **Carrying Value** | |
| **As at March 31,2018** | **2,721.77** |
| **As at March 31,2019** | **2,721.77** |

At cash generating unit (CGUs) level, the goodwill is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The entire goodwill balance is allocated to Fortis Hospitals Shalimar Bagh.

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections were developed covering a seven-year period as at March 31, 2019 and March 31, 2018 which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the seven-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

**Key Assumptions used for value in use calculations are as follows:**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Compound average net sales growth rate for seven-year period | 10% - 21% | 6% - 11% |
| Growth rate used for extrapolation of cash flow projections beyond seven-year/ten-year period (refer note below) | 4.00% | 4.00% |
| Discount rate | 12.70% | 13% - 15% |

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

**Discount rates** - Management estimates discount rates using post-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

**Growth rates** - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.

**5(iii)(a) Other intangible assets** (₹ in Lacs)

| Particulars | Computer Software | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As at April 1,2017** | **2,026.17** | **2,026.17** |
| Additions | 183.49 | **183.49** |
| **As at March 31,2018** | **2,209.66** | **2,209.66** |
| Additions | 94.55 | **94.55** |
| **As at March 31,2019** | **2,304.21** | **2,304.21** |
| **Accumulated amortisation** | | |
| **As at April 1,2017** | **936.99** | **936.99** |
| Charge for the year | 521.48 | **521.48** |
| **As at April 1,2018** | **1,458.47** | **1,458.47** |
| Charge for the year | 362.37 | **362.37** |
| **As at March 31,2019** | **1,820.84** | **1,820.84** |
| **Carrying value** | | |
| **As at March 31,2018** | **751.19** | **751.19** |
| **As at March 31,2019** | **483.37** | **483.37** |

(a) The Company has capitalised Rupees Nil (previous year ₹ 139.63 lacs) towards development period in intangible assets.

**5(iii)(b) Intangible assets under development**

The Company accounts for all capitalization of intangible assets through intangible assets under development and therefore the movement in intangible assets under development is the difference between closing and opening balance of intangible assets under development as adjusted for additions to intangible assets and impairment of intangible assets under development. Intangible assets under development as at March 31, 2019 is ₹ 707.95 lacs (as at March 31, 2018 is ₹ 706.89 lacs).

**5(iv) Investments in associates**

| Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **Unquoted investments (fully paid)** | | | |
| **(a)** | **Investments in equity instruments - at cost** | | |
| i) | Sunrise Medicare Private Limited | 0.31 | 0.31 |
| | [(3,126 (3,126 as at March 31, 2018) Equity shares of ₹ 10 each)] | | |
| | Less: Provision for impairment of investment | (0.31) | (0.31) |
| **Total aggregate unquoted investments in associates** | | - | - |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|
| **Aggregate carrying value of unquoted investments in associates** | - | - |
| **Aggregate amount of impairment in value of investments in associates** | **0.31** | **0.31** |

5(v) **Investments in subsidiaries**

| Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **Non-current** | | | |
| **Unquoted investments (fully paid)** | | | |
| **(a)** | **Investments in equity instruments - at cost** | | |
| i) | Escorts Heart Institute and Research Centre Limited* | 71,919.75 | 71,919.75 |
| | (2,000,310 (2,000,310 as at March 31, 2018) Equity Shares of ₹ 10 each) | | |
| | [Of the above, 50 (50 as at March 31, 2018) equity shares are held with nominee share holders)(refer note 8(i)] | | |
| ii) | Fortis La Femme Limited (formerly known as Fortis Health Management (West) Limited) | 5.00 | 5.00 |
| | [(50,000 (50,000 as at March 31, 2018) Equity Shares of ₹ 10 each)] | | |
| | [(Of the above, 6 shares (6 shares as at March 31, 2018) are held jointly with individual share holders)] | | |
| iii) | Fortis Healthcare International Limited, Mauritius* | 15,105.47 | 15,105.47 |
| | [(98,560,000 (98,560,000 as at March 31, 2018) Equity Shares of US$ 0.32 each] | | |
| iv) | Fortis Hospitals Limited * | 40,535.52 | 40,484.16 |
| | [(40,300,577 (40,300,577 as at March 31, 2018) Equity Shares of ₹ 10 each)] | | |
| | [Of the above, 6 shares (6 as at March 31, 2018) are held jointly with individual share holders)(refer note 8(i))] | | |
| v) | Hiranandani Healthcare Private Limited * | 9,171.55 | 9,171.55 |
| | [(4,000,000 (3,400,000 as at March 31, 2018) Equity Shares of ₹ 10 each)] | | |
| | [(Of the above, 3 shares (3 as at March 31, 2018) are held jointly with individual share holders)(refer note 8(i))] | | |

| Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| vi) | SRL Limited ('SRL') | 90,905.48 | 90,905.48 |
| | [(45,236,779 (45,236,779 as at March 31, 2018) Equity Shares of ₹ 10 each)] | | |
| | [(Shareholding in SRL is pledged to secure a term loan from a body corporate (refer note 8(i))] | | |
| vii) | Fortis Hospotel Limited # | 243,016.88 | 30,000.00 |
| | (417,222,782 (149,822,782 as at March 31, 2018) Equity Shares of ₹ 10 each) | | |
| | [of the above, 6 shares (6 as at March 31, 2018) are held by nominee shareholders (refer note 8(i))] | | |
| viii) | Fortis Hospotel Limited # | | |
| | Nil [(4,439,040 as at March 31, 2018) equity component of 17.5 % Compulsory Convertible Debentures of face value of ₹ 1,000 each (refer note 26 and 8(i))] | - | 63,153.92 |
| ix) | Fortis CSR Foundation | 5.00 | 5.00 |
| | [(50,000 (50,000 as at March 31, 2018) Equity Shares of ₹ 10 each)] | | |
| | [(Of the above, 6 shares (6 as at March 31, 2018) are held with nominee share holders)] | | |
| ix) | Fortis Health Management Limited | 856.60 | - |
| | (1,300,000 (Nil as at March 31, 2018) Equity Shares of ₹ 10 each) | | |
| x) | International Hospital Limited | 207,657.21 | - |
| | (26,627,304 (Nil as at March 31, 2018) Equity Shares of ₹ 100 each) | | |
| xi) | Escorts Heart and Super Speciality Hospital Limited | 40,625.51 | - |
| | (16,480,000 (Nil as at March 31, 2018) Equity Shares of ₹ 10 each) | | |
| | Less: Provision for impairment of investment in La Femme Limited | (5.00) | - |
| | | **719,798.97** | **320,750.33** |
| **(b)** | **Investments in debt instrument - at amortised cost** | | |
| i) | Fortis Hospotel Limited # | | |
| | Nil (4,439,040 as at March 31, 2018) 17.5 % Debt Component of Compulsory Convertible Debentures of face value of ₹ 1,000 each. | - | 45,019.36 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| ii) | Escorts Heart and Super Speciality Hospital Limited# | 46,733.99 | - |
| | 3,130,400 (Nil as at March 31, 2018) 14.80% Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| iii) | Fortis Health Management Limited # | 1,670.87 | - |
| | 116,000 (Nil as at March 31, 2018) 14.30 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| iv) | Hospitalia Eastern Private Limited # | 8,051.64 | - |
| | 700,000 (Nil as at March 31, 2018) 13.15 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| v) | International Hospital Limited # | 937.31 | - |
| | 75,000 (Nil as at March 31, 2018) 13.15 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| vi) | International Hospital Limited # | 17,356.89 | - |
| | 1,205,000 (Nil as at March 31, 2018) 14.30 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| vii) | International Hospital Limited # | 16,884.39 | - |
| | 1,296,000 (Nil as at March 31, 2018) 14.20 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| viii) | International Hospital Limited # | 19,553.99 | - |
| | 1,700,000 (Nil as at March 31, 2018) 13.15 % Non-Convertible Bonds of face value of ₹ 1,000 each. | | |
| | | **111,189.08** | **45,019.36** |
| | **Total aggregate unquoted non-current investments in subsidiaries** | **830,988.05** | **365,769.69** |
| | **Aggregate carrying value of unquoted investments in subsidiaries** | **830,993.05** | **365,769.69** |
| | **Aggregate amount of impairment in value of investments in subsidiaries** | **5.00** | **-** |

# Refer note 26

*The Company has determined the fair value of guarantee given to banks on behalf of the subsidiary companies and debited the cumulative amount to investment. Refer below the break up of cumulative fair value of financial guarantee attributable to subsidiaries:

| Name of Subsidiaries | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| i) | Escorts Heart Institute and Research Centre Limited | 24.96 | 24.96 |
| ii) | Fortis Healthcare International Limited, Mauritius | 360.98 | 360.98 |
| iii) | Fortis Hospitals Limited | 324.94 | 273.58 |
| iv) | Hiranandani Healthcare Private Limited | 31.55 | 31.55 |

| | Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| | | | **742.43** | **691.07** |
| 5(vi) | **Trade receivables (Unsecured)** | | | |
| | **Current** | | | |
| | (a) | Considered good | 8,365.59 | 7,096.13 |
| | (b) | Considered doubtful | 6,126.03 | 4,472.11 |
| | Less: Allowance for bad and doubtful receivables | | (6,126.03) | (4,472.11) |
| | | | **8,365.59** | **7,096.13** |

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. 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. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

| | Ageing | | Expected credit allowance % | |
|---|---|---|---|---|
| | 0 - 1 year | | 0% - 50% | 0% - 50% |
| | 1 - 2 year | | 15% - 100% | 15% - 100% |
| | 2 - 3 year | | 40% - 100% | 40% - 100% |
| | More than 3 years | | 70% - 100% | 70% - 100% |
| | | | | |
| | **Age of receivables (gross)** | | | |
| | Less than 180 days | | 6,169.62 | 5,184.14 |
| | More than 180 days | | 8,322.00 | 6,384.10 |
| | | | **14,491.62** | **11,568.24** |
| 5(vii) | **Loans (Unsecured)** | | | |
| | **Non-current - at amortised cost** | | | |
| | **Considered good** | | | |
| | (a) | Loans to subsidiary company (refer note 22) | 98,260.91 | 45,995.14 |
| | (b) | Loan to employees | - | 7.64 |
| | (c) | Security deposits | 86.29 | 93.76 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| | **Considered doubtful** | | | |
| | (a) | Security deposits [refer note 18(b) and 25] | 378.00 | 378.00 |
| | Less: Allowance for bad and doubtful advances | | (378.00) | (378.00) |
| | **Total** | | **98,347.20** | **46,096.54** |
| | **Current at amortised cost** | | | |
| | **Considered good** | | | |
| | (a) | Loan to employees | 7.64 | 8.02 |
| | (b) | Loan to subsidiary company (refer note 22) | 1,122.22 | 10,382.89 |
| | (c) | Security deposits | 112.87 | 159.23 |
| | (d) | Intercompany current account | 1,773.25 | 1,803.38 |
| | | | **3,015.98** | **12,353.52** |
| | **Considered doubtful** | | | |
| | (a) | Loans to others | 362.34 | 322.34 |
| | (b) | Loans to subsidiary company [refer note 22 and 18(c)] | 57.73 | 54.73 |
| | | | **420.07** | **377.07** |
| | Less: Allowance for bad and doubtful advances | | (420.07) | (377.07) |
| | | | **(420.07)** | **(377.07)** |
| | | | **3,015.98** | **12,353.52** |

| | | | | |
|---|---|---|---|---|
| 5(viii) | **Other financial assets (unsecured)** | | | |
| | **Non current** | | | |
| | **Considered good** | | | |
| | (a) | Deposit accounts with bank* | 510.04 | 947.39 |
| | (b) | Interest accrued on loan given to related party | 2.79 | 2.24 |
| | | | **512.83** | **949.63** |
| | *Fixed deposits is under lien with bank and is restricted from being exchanged for more than 12 months from the Balance Sheet date. | | | |
| | **Current** | | | |
| | **Considered good** | | | |
| | (a) | Interest accrued and due on loans and deposits | 19,270.98 | 7,024.71 |
| | (b) | Technology renewal fund advance to related party | 3.11 | 13.41 |
| | (c) | Contract asset - unbilled revenue | 743.68 | 646.87 |
| | (d) | Others | 172.95 | 266.15 |
| | | | **20,190.72** | **7,951.14** |

| Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **Considered doubtful** | | | |
| (a) | Advances recoverable in cash [refer note 18(b) and 25] | 1,795.57 | 1,795.57 |
| (b) | Amount recoverable for salary and reimbursement of expenses | 2,002.39 | 2,002.39 |
| | [refer note 18(e) and 32] | | |
| (c) | Others | 401.45 | 337.66 |
| | | **4,199.41** | **4,135.62** |
| Less: Allowance for bad and doubtful advances | | (4,199.41) | (4,135.62) |
| | | **(4,199.41)** | **(4,135.62)** |
| | | **20,190.72** | **7,951.14** |

**5(ix) Deferred tax balances**

| | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|
| Deferred tax assets | 6,585.76 | 7,456.73 |
| Deferred tax liabilities | (1,122.71) | (1,115.94) |
| | **5,463.05** | **6,340.79** |

**The following is the analysis of the movement in deferred tax assets/(liabilities) presented in financial statements:-**

**2018-19** (₹ in Lacs)

| Particulars | | As at April 1, 2018 | (Charge)/ Credit to Profit or loss | Creation (adjustment) of MAT from advance tax | (Charge)/ Credit to Other Compre-hensive Income | As at March 31, 2019 |
|---|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | | |
| (a) | Property, plant and equipment | (633.80) | 33.73 | - | - | (600.07) |
| (b) | Intangible assets | (482.14) | (40.50) | - | - | (522.64) |
| | | **(1,115.94)** | **(6.77)** | **-** | **-** | **(1,122.71)** |
| **Deferred tax asset** | | | | | | |
| (a) | Provision for contingency | 89.31 | 2.83 | - | - | 92.14 |
| (b) | Allowance for doubtful advances | 951.56 | (845.77) | - | - | 105.79 |
| (c) | Allowance for expected credit loss | 1,562.74 | 317.85 | - | - | 1,880.59 |
| (d) | Defined benefit obligation | 771.42 | 9.24 | - | (12.05) | 768.61 |
| (e) | Unabsorbed Losses | 3,129.19 | (892.97) | - | - | 2,236.22 |
| (f) | MAT credit entitlement | 952.51 | - | 549.90 | - | 1,502.41 |
| | | **7,456.73** | **(1,408.82)** | **549.90** | **(12.05)** | **6,585.76** |
| **Deferred tax asset (net)** | | **6,340.79** | **(1,415.59)** | **549.90** | **(12.05)** | **5,463.05** |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**2017-18** (₹ in Lacs)

| Particulars | | As at April 01, 2017 | (Charge)/ credit to profit or loss | Creation (adjustment) of MAT from advance tax | Charge/ (credit) to other compre-hensive income | As at March 31, 2018 |
|---|---|---|---|---|---|---|
| **Deferred Tax Liability** | | | | | | |
| (a) | Property, plant and equipment | (616.97) | (16.83) | - | - | (633.80) |
| (b) | Intangible assets | (569.90) | 87.76 | - | - | (482.14) |
| | | **(1,186.87)** | **70.93** | **-** | **-** | **(1,115.94)** |
| **Deferred tax asset** | | | | | | |
| (a) | Provision for contingency | 81.91 | 7.40 | - | - | 89.31 |
| (b) | Allowance for doubtful advances | 210.04 | 741.52 | - | - | 951.56 |
| (c) | Allowance for expected credit loss | 1,220.58 | 342.16 | - | - | 1,562.74 |
| (d) | Defined benefit obligation | 725.24 | 63.11 | - | (16.93) | 771.42 |
| (e) | Unabsorbed losses | 4,697.04 | (1,567.85) | - | - | 3,129.19 |
| (f) | MAT credit entitlement | 952.51 | - | - | - | 952.51 |
| | | **7,887.32** | **(413.66)** | **-** | **(16.93)** | **7,456.73** |
| **Deferred tax asset (net)** | | **6,700.45** | **(342.73)** | **-** | **(16.93)** | **6,340.79** |

**DTA has not been recognised on***

(₹ in Lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances to vendors | 4,743.47 | 2,173.57 |
| Capital losses | 14,122.28 | 14,119.29 |
| | **18,865.75** | **16,292.86** |

* Deferred tax has not been recognised on temporary differences in relation to indexation benefits on freehold land as the Company is able to control the timing of reversal of temporary differences and it is probable that the temporary differences will not reverse in foreseeable future.

(₹ in Lacs)

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 5(x) | **Non-current tax assets (net)** | | |
| | Advance income tax (net of provision for taxation) | 5,509.96 | 5,144.05 |
| | | **5,509.96** | **5,144.05** |
| | Provision for taxation | 4,240.57 | - |

| | Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| 5(xi) | **Other assets (unsecured)** | | | |
| | **Non-current** | | | |
| | **Considered good** | | | |
| | (a) | Capital advances | 20.98 | 15.38 |
| | (b) | Prepaid expenses | 345.89 | 384.20 |
| | | | **366.87** | **399.58** |

(₹ in Lacs)

| | Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| | **Current** | | | |
| | **Considered good** | | | |
| | (a) | Balances with government authorities - Goods and service tax recoverable | 201.28 | 364.65 |
| | (b) | Advance to vendors | 315.53 | 350.64 |
| | (c) | Hospital service fee advance | - | 1,906.99 |
| | (d) | Prepaid expenses | 392.72 | 320.34 |
| | | | **909.53** | **2,942.62** |
| | **Considered doubtful** | | | |
| | (a) | Advance to vendors | 12.68 | 12.68 |
| | | | **12.68** | **12.68** |
| | Less: Allowance for bad and doubtful advances | | (12.68) | (12.68) |
| | | | **(12.68)** | **(12.68)** |
| | | | **909.53** | **2,942.62** |
| **5(xii)** | **Inventories** | | | |
| | **Valued at lower of cost and net realisable value** | | | |
| | Medical consumables, drugs and others | | 598.47 | 695.34 |
| | | | **598.47** | **695.34** |

**5(xiii)(a) Cash and cash equivalents**

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| | | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| | (a) | Balances with banks | | |
| | | -on current accounts | 1,170.68 | 1,615.84 |
| | (b) | Cash on hand | 42.87 | 40.23 |
| | **Cash and cash equivalents as per balance sheet** | | **1,213.55** | **1,656.07** |
| | Bank overdrafts (refer note 5(xix)) | | (3,098.45) | (7,847.52) |
| | **Cash and cash equivalents as per statement of cash flows** | | **(1,884.90)** | **(6,191.45)** |
| | | | | |
| **5(xiii)(b)** | **Bank balances other than above** | | | |
| | Balances with banks | | | |
| | -on current accounts under lien* | | - | 7,235.29 |
| | -Deposits with original maturity of more than 3 months but less than 12 months | | 2,059.48 | - |
| | | | **2,059.48** | **7,235.29** |

*Under lien against loan amount outstanding of Rupees Nil (previous year Rupees 9,998.46 lacs) (refer note 5(xvii)) due to default in complying with the terms and conditions of the bank loan.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 5(xiv) | **Share capital** | | |
| | **Authorised share capital:** | | |
| | 928,000,000 (600,000,000 as at March 31, 2018) Equity shares of Rupees 10 each | 92,800.00 | 60,000.00 |
| | 200 Class 'A' (200 as at March 31, 2018) Non- cumulative redeemable preference shares of Rupees 100,000 each | 200.00 | 200.00 |
| | 11,498,846 Class 'B' (11,498,846 as at March 31, 2018) Non-cumulative redeemable preference shares of Rupees 10 each | 1,149.88 | 1,149.88 |
| | 64,501,154 Class 'C' (64,501,154 as at March 31, 2018) Cumulative redeemable preference shares of Rupees 10 each | 6,450.12 | 6,450.12 |
| | **Total authorised share capital** | **100,600.00** | **67,800.00** |
| | **Issued, subscribed and fully paid up shares** | | |
| | 754,954,948 (518,657,231 as at March 31, 2018) Equity shares of Rupees 10 each | 75,495.49 | 51,865.72 |
| | **Total issued, subscribed and fully paid up share capital** | **75,495.49** | **51,865.72** |

**Notes :**

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

Equity Shares

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Number | ₹ in Lacs | Number | ₹ in Lacs |
| At the beginning of the year | 518,657,231 | 51,865.72 | 517,727,631 | 51,772.75 |
| Issued under preferential allotment during the year (refer note 28) | 235,294,117 | 23,529.41 | - | - |
| Issued during the year: employee stock options plan (ESOP) (refer note 13) | 1,003,600 | 100.36 | 929,600 | 92.96 |
| **Outstanding at the end of the year** | **754,954,948** | **75,495.49** | **518,657,231** | **51,865.72** |

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

**Equity shares**

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Northern TK Venture Pte Ltd (refer note 28 ) (Holding Company) | 235,294,117 | 31.17% | - | - |

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

**Equity Shares**

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Northern TK Venture Pte Ltd (refer note 28 ) (Holding Company) | 235,294,117 | 31.17% | - | - |
| Yes Bank Limited | 63,509,265 | 8.41% | 78,542,871 | 15.14% |

(e) **Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 13.

**Note 1:** Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the holding company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent entity of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the company till February 16, 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

5(xv) **Changes in liabilities arising from financing activities**

| Particulars | Equity shares (including premium) | Long term borrowings | Short term borrowings (net) | Interest accrued |
|---|---|---|---|---|
| **As at 31 March 2017** | 398,686.33 | 20,526.31 | 44,175.20 | 148.54 |
| Proceeds from issue of equity shares | 924.76 | - | - | - |
| Proceeds from borrowings | - | 61,161.51 | - | - |
| Repayment of borrowings | - | (45,672.31) | (32,004.51) | - |
| Reclassification of bank overdraft* | - | - | 7,276.83 | - |
| Finance cost | - | - | - | 6,373.76 |
| Finance cost paid | - | - | - | (6,373.76) |
| **As at 31 March 2018** | **399,611.09** | **36,015.51** | **19,447.52** | **148.54** |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | Equity shares (including premium) | Long term borrowings | Short term borrowings (net) | Interest accrued |
|---|---|---|---|---|
| Proceeds from issue of equity shares | 400,974.34 | - | - | - |
| Proceeds from borrowings | - | 30,431.00 | 95,400.00 | - |
| Repayment of borrowings | - | (28,757.68) | - | - |
| Finance cost | - | - | (4,749.07) | 19,227.27 |
| Finance cost paid | - | - | - | (18,816.81) |
| **As at 31 March 2019** | **800,585.43** | **37,688.83** | **110,098.45** | **559.00** |

* Bank overdraft have been reclassified from current borrowing to cash and cash equivalent for the purpose of preparation of cash flow statement.

(₹ in Lacs)

| | | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| 5(xvi) | | **Non-current borrowings** | | |
| | | **Secured** | | |
| | (a) | Term loans | | |
| | | - from banks [refer note 8 (i) (a),(b) and (g)] | 31,323.94 | 4,452.76 |
| | | - from non-banking finance corporation [refer note 8 (i) (h)] | - | 15,339.89 |
| | | - from body corporates [(refer note 8 (i) (f)] | 648.10 | 801.28 |
| | | | **31,972.04** | **20,593.93** |
| | | **Unsecured** | | |
| | (a) | Finance lease obligations [refer note 7(c)] | 2,687.77 | 2,567.41 |
| | | | **2,687.77** | **2,567.41** |
| | | | **34,659.81** | **23,161.34** |
| 5(xvii) | | **Other financial liabilities** | | |
| | | **Current** | | |
| | | **Secured** | | |
| | (a) | Current maturities of term loans [refer note 8 (i) (a), (b), (f) and (g)] | 2,913.74 | 12,672.11 |
| | | | **2,913.74** | **12,672.11** |
| | | **Unsecured** | | |
| | (a) | Current maturities of finance lease obligation [refer note 7(c)] | 115.28 | 182.06 |
| | (b) | Security deposits | 10.09 | 2.76 |
| | (c) | Interest accrued and due on borrowings | 604.23 | 193.77 |
| | (d) | Capital creditors | 225.33 | 812.56 |
| | (e) | Technology renewal fund payable to related party | 49.91 | 36.00 |
| | (f) | Other payable to related parties | 2,259.93 | 1,569.25 |
| | (g) | Employee payable | 693.53 | 1,021.62 |
| | (h) | Corporate guarantee liability | 115.79 | - |
| | (i) | Other liabilities | 166.63 | 96.25 |
| | | | **4,240.72** | **3,914.27** |
| | | | **7,154.46** | **16,586.38** |

(₹ in Lacs)

| | | Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|---|
| 5(xviii) | **Provisions** | | | | |
| | **Non current** | | | | |
| | **Provision for employee benefits** | | | | |
| | (a) | Provision for gratuity (refer note 14) | | 1,150.47 | 1,127.27 |
| | | | | **1,150.47** | **1,127.27** |
| | **Current** | | | | |
| | **Provision for employee benefits** | | | | |
| | (a) | Provision for gratuity (refer note 14) | | 246.27 | 238.27 |
| | (b) | Provision for compensated absences | | 802.81 | 842.07 |
| | **Others** | | | | |
| | (a) | Provision for contingencies * | | 263.68 | 255.60 |
| | | | | **1,312.76** | **1,335.94** |
| | *** Provision for contingencies :** | | | | |
| | (i) | Provision for indemnification (refer note 9(b)) | **A** | 205.03 | 205.03 |
| | (ii) | Others | **B** | | |
| | | Opening balance | | 50.57 | 31.65 |
| | | Add: Provision during the year | | 8.08 | 23.98 |
| | | Less: Reclassified during the year | | - | 5.06 |
| | | | | **58.65** | **50.57** |
| | | **Provision for contingencies - Total (A+B)** | | **263.68** | **255.60** |

| | | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 5(xix) | **Current borrowings** | | | |
| | **Secured - repayable on demand** | | | |
| | (a) | Bank overdraft [refer note 8 (i)(d)] | 3,098.45 | 7,847.52 |
| | (b) | Working capital demand loan [refer note 8(i)(c)(e)(d)] | 2,000.00 | 11,200.00 |
| | (c) | Term loan from bank [refer note 8(i)(j)(i)] | 105,000.00 | - |
| | | | **110,098.45** | **19,047.52** |
| | **Unsecured** | | | |
| | (a) | Loan from related parties [refer note 8(ii)(a)] | - | 400.00 |
| | | | - | **400.00** |
| | | | **110,098.45** | **19,447.52** |
| | | | | |
| 5(xx) | **Trade payables (unsecured)** | | | |
| | (a) | Total outstanding dues of micro enterprises and small enterprises (refer note 21) | 484.83 | - |
| | (b) | Total outstanding dues of creditors other than micro enterprises and small enterprises | 19,065.33 | 14,577.33 |
| | | | **19,550.16** | **14,577.33** |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 5(xxi) | **Other current liabilities (unsecured)** | | |
| | (a) Contract liability - advance from patients | 755.31 | 1,081.44 |
| | (b) Statutory dues payable | 1,023.34 | 1,217.08 |
| | (c) Corporate guarantee liability | - | 350.47 |
| | | **1,778.65** | **2,648.99** |

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 5(xxii) | **Revenue from operations** | | |
| (a) | **Sale of services** | | |
| | i) **Healthcare services** | | |
| | -Operating income - in patient department | 52,792.31 | 54,351.69 |
| | -Operating income - out patient department | 11,751.39 | 10,769.87 |
| | -Income from clinical/laboratories services | 411.84 | 232.74 |
| | -Income from medical services | 52.02 | 38.13 |
| | -Management fees from hospitals | 376.37 | 464.07 |
| | -Income from clinical research | 15.21 | 12.55 |
| | Less: Trade discounts | 1,103.37 | 1,040.59 |
| | | **64,295.77** | **64,828.46** |
| | Revenue disaggregation as per industry vertical has been included in segment information. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities. | | |
| (b) | **Other operating revenues** | | |
| | i) Income from academic services | 54.27 | 62.14 |
| | ii) Income from rent [refer note 7(b)(i)] | 66.58 | 25.27 |
| | iii) Equipment lease rental [refer note 7(b)(ii)] | 637.52 | 639.03 |
| | iv) Export benefits | - | 4.87 |
| | v) Balances written back | 312.31 | 57.11 |
| | vi) Miscellaneous income | 282.79 | 331.12 |
| | | **1,353.47** | **1,119.54** |
| | **Total revenue from operations (a+b)** | **65,649.24** | **65,948.00** |
| 5(xxiii) | **Other income** | | |
| (a) | **Interest income** | | |
| | i) Interest on bank deposits | 3,531.38 | 10.24 |
| | ii) Interest on loan others | 23,941.84 | 13,153.79 |
| | iii) Interest on income tax refunds | - | 217.48 |
| | | **27,473.22** | **13,381.51** |

| | | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| (b) | | **Other non-operating income** | | |
| | i) | Financial guarantee income | 285.59 | 340.59 |
| | ii) | Dividend income (refer note 31) | 24,270.68 | - |
| | iii) | Gain on foreign currency transactions (net) | 325.05 | 54.82 |
| | iv) | Miscellaneous income | 94.63 | 12.15 |
| | | | **24,975.95** | **407.56** |
| | | **Total other income (a+b)** | **52,449.17** | **13,789.07** |

| | | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 5(xxiv) | | **Changes in inventories of medical consumable and drugs** | | |
| | (a) | Inventory at the beginning of the year | 695.34 | 558.06 |
| | (b) | Inventory at the end of the year | 598.47 | 695.34 |
| | | Changes in inventories [(a)-(b)] | **96.87** | **(137.28)** |
| | | | | |
| 5(xxv) | | **Employee benefits expense** | | |
| | (a) | Salaries, wages and bonus | 13,371.64 | 13,829.11 |
| | (b) | Gratuity expense (refer note 14) | 200.24 | 199.12 |
| | (c) | Compensated absences | 117.99 | 139.79 |
| | (d) | Contribution to provident and other funds | 742.40 | 796.64 |
| | (e) | Staff welfare expenses | 184.06 | 258.72 |
| | (f) | Share based payment to employees (refer note 13) | 336.66 | 911.01 |
| | | | **14,952.99** | **16,134.39** |
| | | | | |
| 5(xxvi) | | **Finance costs** | | |
| | (a) | Interest expense | | |
| | | -on term loans | 8,244.16 | 4,452.62 |
| | | -on cash credit | 730.47 | 628.70 |
| | | -on defined benefit plan | 149.40 | 142.00 |
| | | -on others | 7,435.00 | 790.45 |
| | (b) | Other borrowing cost (including prepayment charges) | 2,668.24 | 359.99 |
| | | | **19,227.27** | **6,373.76** |
| | | | | |
| 5(xxvii) | | **Depreciation and amortisation expense** | | |
| | (a) | Depreciation of property, plant and equipment (refer note 5(i)(a)) | 2,351.90 | 2,366.16 |
| | (b) | Amortisation of intangible assets (refer note 5(iii)(a)) | 362.37 | 521.48 |
| | | | **2,714.27** | **2,887.64** |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 5(xxviii) | **Other expenses** | | | |
| | (a) | Contractual manpower | 1,386.71 | 1,175.69 |
| | (b) | Power, fuel and water | 1,213.09 | 1,133.89 |
| | (c) | Housekeeping expenses including consumables | 343.92 | 354.15 |
| | (d) | Patient food and beverages | 667.31 | 866.20 |
| | (e) | Pathology laboratory expenses | 1,552.14 | 1,519.62 |
| | (f) | Radiology expenses | 8.39 | 30.58 |
| | (g) | Cost of medical services | 507.16 | 395.99 |
| | (h) | Professional and consultation fees to doctors | 11,137.17 | 10,665.52 |
| | (i) | Hospital service fee expense (refer note 10) | 14,154.19 | 13,927.45 |
| | (j) | Repairs and maintenance | | |
| | | - Building | 69.55 | 50.41 |
| | | - Plant and machinery | 1,156.63 | 1,062.59 |
| | | - Others | 143.13 | 155.06 |
| | (k) | Rent | 1,026.34 | 1,020.15 |
| | (l) | Legal and professional fee | 8,080.19 | 2,924.56 |
| | (m) | Travel and conveyance | 749.40 | 1,049.11 |
| | (n) | Rates and taxes | 464.64 | 232.96 |
| | (o) | Recruitment and trainings | 400.47 | 34.10 |
| | (p) | Printing and stationary | 312.47 | 287.26 |
| | (q) | Communication expenses | 206.46 | 279.25 |
| | (r) | Directors' sitting fees | 237.18 | 89.23 |
| | (s) | Insurance | 544.81 | 412.99 |
| | (t) | Marketing and business promotion | 1,076.65 | 1,204.31 |
| | (u) | Loss on sale of assets (net) | 241.12 | 9.47 |
| | (v) | Allowance for doubtful receivables | 904.83 | 926.46 |
| | (w) | Allowance for doubtful advances | 62.27 | 51.37 |
| | (x) | Receivables written off | 3.00 | 265.55 |
| | (y) | Provision for contingencies [refer note 5(xviii)] | 8.08 | 23.98 |
| | (z) | Donations | 34.11 | - |
| | (aa) | Expenses relating to business combination (refer note 26) | 3,328.74 | - |
| | (ab) | Miscellaneous expenses | 50.58 | 11.46 |
| | | | **50,070.73** | **40,159.36** |
| | Less: Expenses capitalised (refer note 23) | | - | 139.63 |
| | | | **50,070.73** | **40,019.73** |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | Particulars | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 5(xxix) | **Exceptional items** | | | |
| | **Expenses/(income):** | | | |
| | (a) | Expenses on Composite Scheme of Arrangement and Amalgamation [refer note 18(a)] | - | 158.53 |
| | (b) | Allowance for doubtful advance and security deposit given to body corporate along with impairment of capital work-in-progress [refer note 18(b) and 25] | - | 4,743.47 |
| | (c) | Allowance for investment and doubtful loan given to Subsidiary Company [refer note 18(c)] | - | 54.73 |
| | (d) | Impairment of goodwill of Shalimar Bagh [refer note 18(d)] | - | 570.80 |
| | (e) | Exceptional gain on recovery of salary and other reimbursements paid in previous year [refer note 18(e) and 32] | - | (735.33) |
| | (f) | Allowance for doubtful amount recoverable for salary and other reimbursement of expenses [refer note 18(e) and 32] | - | 2,002.39 |
| | | | **-** | **6,794.59** |

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 5(xxx) | **Income-tax** | | |
| | **Recoginsed in Profit or loss account** | | |
| | **Current tax** | | |
| | Current income tax charge for the year | 4,240.57 | - |
| | Adjustments in respect of current income tax of previous years | - | - |
| | | **4,240.57** | **-** |
| | **Deferred tax** | | |
| | Deferred tax on profits for the year | (31.26) | 504.70 |
| | Adjustments in respect of deferred tax of previous year | 1,446.85 | (161.97) |
| | | **1,415.59** | **342.73** |
| | | **5,656.16** | **342.73** |
| | **Recognised in Other Comprehensive Income** | | |
| | **Deferred tax Charge/ (Credit)** | | |
| | Tax related to items that will not be reclassified to Profit and Loss | 12.05 | 16.93 |
| | **Income tax charged to Other Comprehensive income** | **12.05** | **16.93** |
| | **The income tax expense for the year can be reconciled to the accounting profit as follows:** | | |
| | Profit/(Loss) before tax from continuing operations | 17,964.54 | (6,029.10) |
| | Enacted income tax rate in India | 34.944% | 34.944% |
| | Income tax credit calculated | 6,277.53 | (2,086.55) |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|
| Effect of expenses not deductible in determining taxable profit | 2,172.35 | 1,944.11 |
| Effect of change in future enacted tax rate | - | (38.32) |
| Effect of tax in relation to previous years | 1,446.85 | (161.97) |
| Effect of tax on income charged at lower rate | (4,240.57) | - |
| **Income tax expense recognised in statement of profit and loss** | **5,656.16** | **342.73** |

**Expiry in year**

| Particulars | As on 31 March 2019 | | As on 31 March 2018 | |
|---|---|---|---|---|
| | Gross Amount | Tax effect | Gross Amount | Tax effect |
| **Unused Long Term Capital Loss** | | | | |
| 2020-21 | 13,168.00 | 3,068.14 | 13,168.00 | 3,068.14 |
| 2024-25 | 951.00 | 221.58 | 951.00 | 221.58 |
| 2026-27 | 3.00 | 0.70 | - | - |
| **Total** | **14,122.00** | **3,290.42** | **14,119.00** | **3,289.72** |

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 5(xxxi) | **Earnings per share (EPS)** | | |
| | Profit/ (loss) as per statement of profit and loss (Rupees in lacs) | 12,308.38 | (6,371.83) |
| | Weighted average number of equity shares outstanding | 608,704,394 | 518,411,273 |
| | Basic EPS (in Rupees) | 2.02 | (1.23) |
| | Diluted EPS (in Rupees)* | 2.02 | (1.23) |
| | ***Diluted earnings per share** | | |
| | The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows: | | |
| | **Profit / (Loss) attributable to equity shareholders (diluted)** | 12,308.38 | (6,371.83) |
| | | | |
| | **Weighted average number of equity shares (diluted)** | | |
| | Weighted average number of equity shares (basic) | 608,704,394 | 518,411,273 |
| | Effect of exercise of share options ** | 2,756,550 | 3,839,650 |
| | Weighted average number of equity shares (diluted) for the year | 611,460,944 | 522,250,923 |
| | **Diluted earnings per share in rupees** | **2.02** | **(1.23)** |

** Employee stock option plan could potentially dilute the basic earnings per share in future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**6) Related party disclosures**

**Names of related parties and related party relationship**

| | |
|---|---|
| Ultimate Holding Company | IHH Healthcare Berhad (w.e.f. 13-November-2018) |
| | RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited) (up to 16-February-2018) (refer note 5(xiv)) |
| Intermediate Holding Company | Integrated Healthcare Holdings Limited (w.e.f. 13-November-2018) |
| | Parkway Pantai Limited (w.e.f. 13-November-2018) |
| Holding Company | Northern TK Venture Pte Ltd (w.e.f. 13-November-2018) |
| | Fortis Healthcare Holdings Private Limited ('FHHPL') (up to 16-February-2018) (refer note 5(xiv)) |
| Subsidiary Companies - Direct or Indirect through investment in subsidiaries | 1). Fortis Hospitals Limited('FHSL") ( wholly owned subsidiary of the company) and results of its subsidiaries: |
| | i. Birdie & Birdie Realtors Private Limited (wholly owned subsidiary of FHsL) |
| | ii. Fortis Cancer Care Limited ('FCCL") (wholly owned subsidiary of FHsL) and the results of its subsidiary Lalitha Healthcare Private Limited (upto 29-June-2018) |
| | iii. Fortis C-Doc Healthcare Limited (joint venture of FHsL) |
| | iv. Fortis Health Management (East) Limited (wholly owned subsidiary of FHsL) |
| | v. Fortis Malar Hospitals Limited (subsidiary of FHsL) and the results of its wholly owned subsidiary Malar Stars Medicare Limited. |
| | vi. Fortis Emergency Services Limited (subsidiary of FHsL till 27-July-2017/ wholly owned subsidiary of FHsL w.e.f 28-July-2017) |
| | vii. Stellant Capital Advisory Services Private Limited (wholly owned subsidiary of FHsL) and the results of its wholly owned subsidiary Religare Health Trust Trustee Manager Pte Limited. |
| | viii.Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHsL) |
| | 2). Escorts Heart Institute and Research Centre Limited ("EHIRCL") (wholly owned subsidiary of the Company) and results of its subsidiaries |
| | i. Fortis Asia Healthcare Pte. Limited ("FAHPL") (wholly owned subsidiary of EHIRCL) and the results of its wholly owned subsidiaries |
| | a) Fortis Healthcare International Pte. Limited ("FHIPL") (wholly owned subsidiary of FAHPL) and the results of its wholly owned subsidiaries |
| | 3). SRL Limited ("SRL") (subsidiary of the Company) and the results of its subsidiaries and joint venture entities : |
| | i. SRL Diagnostics Private Limited (wholly owned subsidiary of SRL) |
| | d. Hiranandani Healthcare Private Limited (subsidiary of the Company till 27 July, 2017/ wholly owned subsidiary of the Company w.e.f 28-July-2017) |
| | e. Fortis Healthcare International Limited ("FHIL) (wholly owned subsidiary of the Company) and results of its subsidiaries: |
| | i) Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHIL up to 3-October-2016) |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | |
|---|---|
| | f. Fortis La Femme Limited (wholly owned subsidiary of the Company) |
| | g. Fortis Hospotel Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019) |
| | h. International Hospital Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019) |
| | i. Fortis Health Management Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019) and the results of its wholly owned subsidiary Hospitalia Eastern Private Limited. |
| | j. Escorts Heart and Super Speciality Hospital Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019) |

**Names of related parties and related party relationship [Refer Note 6(5)]**

| | |
|---|---|
| Fellow Subsidiaries (parties with whom transactions have been taken place) | (a) RWL Healthworld Limited (formerly known as Religare Wellness Limited) (up to 13-February-2018) |
| | (b) Medsource Healthcare Private Limited (up to 13-February-2018) |
| Associates- direct or indirect through investment in subsidiaries (parties with whom transactions have been taken place) | (a) Sunrise Medicare Private Limited |
| | (b) Medical and Surgical Centre Limited, Mauritius |
| | (c) International Hospital Limited ('IHL') (upto 14-January-2019) |
| | (d) Escorts Heart and Super Speciality Institute Limited ('EHSSIL') |
| | (e) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL') (upto 14-January-2019) |
| | (f) Fortis Health Management Limited ('FHML') (upto 14-January-2019) |
| | (g) Fortis Medicare International Limited ('FMIL') |
| | (h) Hospitalia Eastern Private Limited ('HEPL') (upto 14-January-2019) |
| | (i) Fortis Hospotel Limited (‘FHTL) (up to 12-October-2016) |
| Joint Ventures- direct or indirect through investment in subsidiaries (parties with whom transactions have been taken place) | (a) Super Religare Reference Laboratories (Nepal) Private Limited (Joint venture of SRL) |
| | (b) DDRC SRL Diagnostics Services Private Limited (Joint venture of SRLDPL) |
| | (c) Fortis Cauvery, Partnership firm (Joint venture of FCCL) |
| | (d) Fortis C-Doc Healthcare Limited ('C-Doc') |
| Key Management Personnel (‘KMP’) | (a) Mr. Malvinder Mohan Singh – Executive Chairman & Lead-Strategic Initiatives (Resigned as Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018) |
| | (b) Mr. Shivinder Mohan Singh - Non-Executive Vice Chairman (up to 13-February-2018) (Resigned as Non-Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018) |
| | Additional related parties as per the Companies Act, 2013 |
| | (c) Mr. Bhavdeep Singh –Chief Executive Officer (upto 17-March-2019) |
| | (d) Mr. Gagandeep Singh Bedi - Chief Financial Officer (upto 30-September-2018) |

| | |
|---|---|
| | (e) Mr. Rahul Ranjan - Company Secretary (upto 30-September-2018) |
| | (f) Dr. Brian William Tempest - Non-Executive Independent Director (up to 22-May-2018) |
| | (g) Mr. Harpal Singh - Non-Executive Director (up to 20-May-2018) |
| | (h) Lt. Gen. Tejinder Singh Shergill (up to 20-May-2018) |
| | (i) Ms. Joji Sekhon Gill - Non-Executive Independent Director (up to 07-March-2018) |
| | (j) Mr. Pradeep Ratilal Raniga - Non-Executive Independent Director (up to 22-March-2018) |
| | (k) Dr. Preetinder Singh Joshi - Non-Executive Independent Director (up to 19-March-2018) |
| | (l) Ms. Shradha Suri Marwah - Non-Executive Independent Director (up to 14-November-2017) |
| | (m) Ravi Rajagopal - Non-Executive Independent Director (w.e.f. 27-April-2018) |
| | (n) Indrajit Banerjee - Non-Executive Independent Director (w.e.f. 27-April-2018) |
| | (o) Low Soon Teck - Non-Executive Non-Independent Director (w.e.f. 13-November-2018) |
| | (p) Dr. Chan Boon Kheng - Non-Executive Non-Independent Director (w.e.f. 13-November-2018) |
| | (q) Shirish Moreshwar Apte - Non-Executive Non-Independent Director (w.e.f. 31-December-2018) |
| | (r) Dr. Ashutosh Raghuvanshi–Chief Executive Officer (w.e.f. 18-March-2019) |
| | (s) Girish Gupta - Chief Financial Officer (w.e.f 01-October-2018) |
| | (t) Sumit Goel - Company Secretary (w.e.f 01-October-2018) |
| | (u) Ms. Sabina Vaiosha (up to 20-May-2018) |
| | (v) Suvalaxmi Chakraborty – Non-Executive Independent Director (w.e.f. 27-April-2018) |
| | (w) Bhagat Chintamani Aniruddha-Non Executive Non Independent Director (w.e.f. 31-December-2018) |
| | (x) Mr. Rohit Bhasin-Independent Director (w.e.f. 14-April-2018 up to 26-June-2018) |
| Enterprises owned or significantly influenced by key management personnel ('KMP') or their relatives (parties with whom transactions have been taken place) | (a) Ligare Aviation Limited |
| | (b) Fortis Charitable Foundation |
| | (c) Healthfore Technologies Limited (up to 16-February-2018) (refer note 5(xiv)) |
| | (d) Fortis Nursing and Education Society |
| | (e) Fortis CSR Foundation |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**Transactions during the year are as follows:**

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| **Income (including income from medical services, management fees from hospitals, income from rehabilitation centre, rental, pharmacy income and other income)** | | |
| Fortis Hospitals Limited | 1.20 | - |
| SRL Limited | - | 0.54 |
| | | |
| **Interest income on loan** | | |
| Fortis Hospitals Limited | 9,058.15 | 6,076.51 |
| Fortis Healthcare International Limited | 110.66 | 572.26 |
| Hiranandani Healthcare Private Limited | 59.20 | 6.15 |
| Escorts Heart Institute and Research Centre Limited | 38.52 | - |
| Fortis Hospotel Limited | 7,739.04 | 6,484.98 |
| Escorts Heart and Super Speciality Hospital Limited | 1,828.96 | - |
| International Hospital Limited | 3,994.32 | - |
| Hospitalia Eastern Private Limited | 191.67 | - |
| Fortis Health Management Limited | 34.54 | |
| | | |
| **Financial guarantee income** | | |
| Fortis Hospitals Limited | 56.54 | 154.98 |
| Escorts Heart Institute and Research Centre Limited | 4.90 | 20.05 |
| Hiranandani Healthcare Private Limited | 6.15 | 22.57 |
| Fortis Healthcare International Limited | 218.00 | 142.97 |
| | | |
| **Purchase of medical consumables and pharmacy** | | |
| Escorts Heart Institute and Research Centre Limited | - | 1.53 |
| RWL Healthworld Limited (refer note 3 below) | | 4.05 |
| Medsource Healthcare Private Limited | - | 468.59 |
| | | |
| **Interest expense** | | |
| SRL Limited | 33.27 | 46.00 |
| | | |
| **Interest on delayed payment of hospital service fee** | | |
| Fortis Hospotel Limited | - | 285.53 |
| Escorts Heart and Super Speciality Hospital Limited | 3.46 | 21.05 |
| | | |
| **Housekeeping expenses including consumables** | | |
| Fortis Hospitals Limited | - | 306.18 |

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| **Pathology laboratory expenses** | | |
| SRL Limited | 1,532.87 | 1,486.08 |
| | | |
| **Consultation fees to doctors** | | |
| Escorts Heart Institute & Research Centre Limited | - | 6.06 |
| SRL Limited | - | 3.21 |
| Fortis Malar Hospitals Limited | - | 72.84 |
| | | |
| **Hospital service fee expenses** | | |
| Fortis Hospotel Limited | 9,549.04 | 9,269.35 |
| Escorts Heart and Super Speciality Hospital Limited | 4,605.15 | 4,658.10 |
| | | |
| **Legal and professional fee** | | |
| Healthfore Technologies Limited (refer note 3 below) | - | 2.61 |
| RHC Holding Private Limited | - | 59.00 |
| | | |
| **Travel and conveyance** | | |
| Fortis Emergency Services Limited | 23.25 | 26.56 |
| | | |
| **Marketing and business promotion** | | |
| Fortis Emergency Services Limited | 20.60 | 8.73 |
| | | |
| **Amortisation of investment** | | |
| Fortis Hospotel Limited - Debt | 1,103.99 | 1,283.34 |
| | | |
| **Provision for doubtful receivables** | | |
| Sunrise Medicare Private Limited | - | 10.00 |
| | | |
| **Provision for doubtful loans and advances** | | |
| Fortis La Femme Limited | - | 54.73 |
| | | |
| **Managerial remuneration** | | |
| Malvinder Mohan Singh | - | 266.67 |
| Bhavdeep Singh | 678.49 | 1,183.70 |
| Gagandeep Singh Bedi | 390.83 | 303.88 |
| Rahul Ranjan | 86.74 | 97.95 |
| Girish Gupta | 64.43 | - |
| Sumit Goel | 23.67 | - |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| **Director sitting fee** | | |
| Brian William Tempest | 4.72 | 24.66 |
| Harpal Singh | 4.72 | 23.48 |
| Lt. Gen Tejinder Singh Shergill | 4.72 | 12.98 |
| Pradeep Ratilal Raniga | - | 10.56 |
| Preetinder Singh Joshi | - | 7.02 |
| Joji Sekhon Gill | - | 4.69 |
| Shivinder Mohan Singh | - | 4.69 |
| Shradha Suri Marwah | - | 1.15 |
| Chintamani Aniruddha Bhagat | 8.26 | - |
| Indrajit Banerjee | 57.82 | - |
| Northern TK Venture Pte. Limited (Dr. Chan Boon Kheng) | 11.80 | - |
| Northern TK Venture Pte. Limited (Dr. Tan Seel Leng) | 7.08 | - |
| Northern TK Venture Pte. Limited (Low Soon Teck) | 9.44 | - |
| Ravi Rajgopal | 53.10 | - |
| Rohit Bhasin | 9.44 | - |
| Shabina Vaisoha | 3.54 | - |
| Shirish Moreshwar Apte | 5.90 | - |
| Suvalaxmi Chakrobarty | 56.64 | - |
| | | |
| **Expense incurred by the Company on behalf of** | | |
| Fortis Hospitals Limited | 3.34 | 131.85 |
| Escorts Heart Institute and Research Centre Limited | 6.38 | 16.39 |
| SRL Limited | 12.32 | 1.86 |
| Hiranandani Healthcare Private Limited | - | 2.82 |
| Fortis La Femme Limited | - | 0.42 |
| Fortis Hospotel Limited | 66.72 | 263.46 |
| Fortis Malar Hospitals Limited | - | 5.29 |
| Fortis Emergency Services Limited | - | 7.16 |
| International Hospital Limited | - | 0.44 |
| Fortis Nursing & Education Society | - | 4.62 |
| Medical and Surgical Centre Limited | - | 5.46 |
| Fortis Health Management Limited | - | 0.49 |
| Fortis CSR Foundation | 2.14 | - |
| Medsource Healthcare Private Limited (refer note 3 below) | - | 0.17 |
| Healthfore Technologies Limited (refer note 3 below) | - | 0.35 |
| | | |
| **Expense incurred on behalf of the Company by** | | |
| Fortis Hospitals Limited | 18.62 | 164.22 |

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Escorts Heart Institute & Research Centre Limited | 29.17 | 0.84 |
| SRL Limited | 19.33 | 18.11 |
| Fortis Hospotel Limited | 0.29 | 157.77 |
| Fortis Malar Hospitals Limited | 1.76 | 24.18 |
| Fortis Emergency Services Limited | - | 8.88 |
| Escorts Heart and Super Speciality Hospital Limited | 601.31 | 598.30 |
| Healthfore Technologies Limited (refer note 3 below) | - | 13.02 |
| RHC Holding Private Limited | - | 126.75 |
| Ligare Aviation Limited | - | 5.70 |
| | | |
| **Purchase of property, plant and equipment** | | |
| SRL Diagnostics Private Limited | - | 16.95 |
| Healthfore Technologies Limited (refer note 3 below) | - | 63.00 |
| | | |
| **Sale of property, plant and equipment** | | |
| Fortis Hospitals Limited | 78.56 | - |
| | | |
| **Investments** | | |
| Hiranandani Healthcare Private Limited | - | 6,100.00 |
| Fortis Hospotel Limited | 106,301.76 | - |
| Fortis Health Management Limited - Equity Instrument | 856.60 | - |
| Fortis Health Management Limited - Debt Instrument | 1,670.87 | - |
| Escorts Heart and Super Speciality Hospital Limited - Equity Instrument | 40,625.51 | - |
| Escorts Heart and Super Speciality Hospital Limited - Debt Instrument | 46,733.99 | - |
| International Hospital Limited - Equity Instrument | 207,657.21 | - |
| International Hospital Limited - Debt Instrument | 54,732.58 | - |
| Hospitalia Eastern Private Limited - Debt Instrument | 8,051.64 | - |
| | | |
| **Investment of Hiranandani Healthcare Private Limited purchased from** | | |
| Fortis Healthcare Holdings Private Limited | - | 6,100.00 |
| | | |
| **Disposal of investments** | | |
| Fortis Medicare International Limited | - | 4.75 |
| | | |
| **Disposal of investments in Fortis Medicare International Limited to** | | |
| Fortis Global Healthcare Limited | - | 4.75 |
| | | |
| **Loans and advance to subsidiary company** | | |
| Fortis Hospitals Limited | 59,718.19 | 72,337.14 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Fortis Healthcare International Limited | - | 2,444.04 |
| Hiranandani Healthcare Private Limited | 868.00 | - |
| Fortis La Femme Limited | 3.00 | 3.00 |
| Escorts Heart Institute and Research Centre Limited | 665.00 | - |
| | | |
| **Interest converted to loan** | | |
| Fortis Hospitals Limited | 6,070.43 | 9,996.13 |
| Hiranandani Healthcare Private Limited | - | 113.66 |
| Fortis La Femme Limited | - | 4.44 |
| | | |
| **Loans and advance refund** | | |
| Fortis Hospitals Limited | 8,517.42 | 98,180.82 |
| Fortis Healthcare International Limited | 10,128.66 | - |
| Hiranandani Healthcare Private Limited | - | 117.66 |
| Escorts Heart and Super Speciality Hospital Limited | - | 22.00 |
| Fortis Hospotel Limited - Equity Instrument | - | 6.00 |
| | | |
| **Loan paid back** | | |
| SRL Limited | 400.00 | - |
| | | |
| **Corporate guarantees given to banks for loans availed by (refer note 2)** | | |
| Fortis Hospitals Limited | 10,310.36 | 5,500.00 |
| | | |
| **Corporate guarantee withdrawn for loans taken by** | | |
| Fortis C-Doc Healthcare Limited | - | 1,031.00 |
| | | |
| **Collection on behalf of Company by** | | |
| Fortis Hospitals Limited | - | 4.41 |
| Escorts Heart Institute and Research Centre Limited | 156.68 | 7.61 |
| Fortis C-Doc Healthcare Limited | - | 5.70 |
| | | |
| **Dividend income** | | |
| Fortis Healthcare International Limited | 24,270.68 | - |
| | | |
| **Collection by Company on behalf of** | | |
| Fortis Hospitals Limited | 1,362.50 | 1,600.16 |
| Escorts Heart Institute and Research Centre Limited | 96.57 | 356.01 |
| Hiranandani Healthcare Private Limited | - | 24.45 |
| Fortis Malar Hospitals Limited | - | 37.71 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Transactions details | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Fortis Health Management (East) Limited | - | 0.31 |
| Fortis C-Doc Healthcare Limited | - | 0.46 |
| International Hospital Limited | - | 0.38 |
| Fortis Health Management Limited | - | 0.39 |
| Fortis CSR Foundation | 51.19 | - |
| Fortis Charitable Foundation | - | 6.67 |

(₹ in lacs)

| Balance outstanding at the year end | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investments** | | |
| Fortis Hospitals Limited | 40,535.52 | 40,484.16 |
| Escorts Heart Institute and Research Centre Limited | 71,919.75 | 71,919.75 |
| SRL Limited | 90,905.48 | 90,905.48 |
| Hiranandani Healthcare Private Limited | 9,171.55 | 9,171.55 |
| Fortis Healthcare International Limited | 15,105.47 | 15,105.47 |
| Fortis La Femme Limited | 5.00 | 5.00 |
| Fortis Hospotel Limited - Equity Instrument | 243,016.88 | 93,153.92 |
| Fortis Hospotel Limited - Debt Instrument | - | 45,019.36 |
| Fortis CSR Foundation | 5.00 | 5.00 |
| Sunrise Medicare Private Limited | 0.31 | 0.31 |
| Fortis Health Management Limited (Equity Instrument) | 856.60 | - |
| Fortis Health Management Limited (Debt Instrument) | 1,670.87 | - |
| International Hospital Limited (Equity Instrument) | 207,657.21 | - |
| International Hospital Limited (Debt Instrument) | 54,732.58 | - |
| Escorts Heart and Super Speciality Hospital Limited (Equity Instrument) | 40,625.51 | - |
| Escorts Heart and Super Speciality Hospital Limited (Debt Instrument) | 46,733.99 | - |
| Hospitalia Eastern Private Limited (Debt Instrument) | 8,051.64 | - |
| | | |
| **Impairment of investment** | | |
| Sunrise Medicare Private Limited | 0.31 | 0.31 |
| Fortis Lafemme Limited | 5.00 | 5.00 |
| | | |
| **Loans and advance to subsidiary company** | | |
| Fortis Hospitals Limited | 98,885.53 | 45,995.14 |
| Fortis Healthcare International Limited | 254.23 | 10,382.89 |
| Fortis La Femme Limited | 57.73 | 54.73 |
| Hiranandani Healthcare Private Limited | 875.97 | - |
| Escorts Heart Institute and Research Centre Limited | 1,065.00 | - |
| International Hospital Limited | 25.75 | - |
| Hospitalia Eastern Private Limited | 31.83 | - |
| Fortis Health Management (East) Limited | 46.02 | - |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Balance outstanding at the year end | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for doubtful loans and advances** | | |
| Fortis La Femme Limited | 54.73 | 54.73 |
| | | |
| **Interest accrued on loans** | | |
| Fortis Hospitals Limited | 8,152.33 | 6,070.43 |
| Hiranandani Healthcare Private Limited | 53.28 | - |
| Fortis Healthcare International Limited | 15.01 | 953.01 |
| Fortis Hospotel Limited | 4,772.16 | - |
| Escorts Heart Institute and Research Centre Limited | 34.67 | - |
| Escorts Heart and Super Speciality Hospital Limited | 1,646.06 | - |
| International Hospital Limited | 3,935.61 | - |
| Fortis Hospital Management Limited | 31.09 | - |
| Hospitalia Eastern Private Limited | 172.50 | - |
| | | |
| **Other balances recoverable** | | |
| Fortis Hospitals Limited | 39.88 | 298.25 |
| Escorts Heart Institute and Research Centre Limited | 98.64 | - |
| Fortis Health Management (East) Limited | 0.23 | 46.35 |
| Fortis C-Doc Healthcare Limited | - | 59.93 |
| Fortis Hospital Management Limited | - | 142.62 |
| Hospitalia Eastern Private Limited | - | - |
| | | |
| **Trade receivable** | | |
| Sunrise Medicare Private Limited | 10.00 | 10.00 |
| | | |
| **Provision for doubtful receivables** | | |
| Sunrise Medicare Private Limited | 10.00 | 10.00 |
| | | |
| **Advance hospital service Fee** | | |
| Fortis Hospotel Limited | - | 1,906.99 |
| | | |
| **Loan from related party** | | |
| SRL Limited | - | 400.00 |
| | | |
| **Interest accrued and due on borrowings** | | |
| SRL Limited | - | 10.21 |
| | | |
| **Interest accrued on delayed payment of hospital service fee** | | |
| Escorts Heart and Super Speciality Hospital Limited | - | 18.95 |
| Fortis Hospotel Limited | - | 256.97 |
| | | |
| **Trade payables and other current liabilities** | | |

(₹ in lacs)

| Balance outstanding at the year end | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Fortis Hospitals Limited | 2,830.67 | - |
| Escorts Heart Institute and Research Centre Limited | 8.26 | 689.79 |
| SRL Limited | 2,371.58 | 1,991.31 |
| Hiranandani Healthcare Private Limited | 18.68 | 17.54 |
| Fortis Hospotel Limited | 4,208.93 | - |
| Fortis Malar Hospitals Limited | 28.50 | 96.89 |
| Stellant Capital Advisory Services Private Limited | 6.67 | 4.91 |
| Fortis Emergency Services Limited | 31.37 | 23.68 |
| Escorts Heart and Super Speciality Hospital Limited | 503.20 | 790.21 |
| | | |
| **Corporate guarantee liability** | | |
| Fortis Hospitals Limited | 112.97 | 118.60 |
| Escorts Heart Institute and Research Centre Limited | - | 4.90 |
| Hiranandani Healthcare Private Limited | 2.82 | 8.97 |
| Fortis Healthcare International Limited | - | 218.00 |
| | | |
| **Corporate guarantee given for loans availed by** | | |
| Fortis Hospitals Limited | 32,887.41 | 90,720.00 |
| Fortis Healthcare International Limited | - | 78,110.00 |
| Hiranandani Healthcare Private Limited | 1,166.67 | 5,060.00 |
| Escorts Heart Institute and Research Centre Limited | - | 5,000.00 |

**Notes:**

**1)** As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

**2)** The loans availed by above companies against guarantee given have been used by the respective companies for acquiring property, plant and equipment and meeting working capital requirements.

**3)** For the year ended 31 March 2018, transactions with these parties were shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances as at March 31, 2018 were not reported as the relationship ceased to exist at the balance sheet date.

**4)** Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 29 (d) (ii), (vi) and (vii) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

**5)** Amount shown is inclusive of perquisites (including ESOP exercise, if any), employer's contribution to provident fund and excluding reimbursement of expenses.

6) The Company had provided guarantee to RHT Health Trust group of companies (comprising of International Hospitals Limited, Escorts Heart Super Speciality Company Limited and Fortis Health Management Limited) and Fortis Hospotel Limited as per terms of HMSA. During the current year, after acquisition of 100% holding in RHT Health Trust group of companies and Fortis Hospotel Limited, the Company has cancelled all the bank guarantees.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

7) **Leases**

(a) **Assets taken on operating lease:**

In respect of the Company, hospital/ office premises and certain medical equipment are obtained on operating lease. The total lease payments in respect of such leases recognised in the Statement of Profit and Loss for the year ended March 31, 2019 are Rupees 1,026.34 lacs (March 31, 2018 Rupees 1,020.15 lacs).

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

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 516.59 | 516.59 |
| Later than one year but not later than five years | 43.05 | 559.64 |

(b) **Assets given on operating lease:**

i) The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. The total lease income received / receivable in respect of the above leases recognised in the Statement of Profit and Loss for the year are Rupees 66.58 lacs (March 31, 2018 Rupees 25.27 lacs).

ii) The Company has leased out certain property, plant and equipment on operating lease to a trust managing hospital operations. The lease term is for 3 years and thereafter renewable at the option of the lessor. The details of the capital assets given on operating lease are as under:

**(₹ in lacs)**

| | Plant and machinery | Medical equipment | Furniture and fittings | Computers | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | | | |
| Cost or deemed cost | 96.66 | 4,131.20 | 129.28 | 50.93 | 10.10 | 15.70 | **4,433.87** |
| Accumulated Depreciation | 96.66 | 2,740.56 | 129.22 | 50.93 | 10.10 | 13.63 | **3,041.10** |
| Carrying Value | - | 1,390.64 | 0.06 | - | 0.00 | 2.07 | **1,392.77** |

**(₹ in lacs)**

| | Plant and machinery | Medical equipment | Furniture and fittings | Computers | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2018** | | | | | | | |
| Cost or deemed cost | 96.66 | 4,220.72 | 149.18 | 55.96 | 10.10 | 15.70 | **4,548.32** |
| Accumulated Depreciation | 96.66 | 2,543.23 | 148.13 | 55.96 | 9.93 | 11.71 | **2,865.62** |
| Carrying Value | - | 1,677.49 | 1.05 | - | 0.17 | 3.99 | **1,682.70** |

The total lease payments received in respect of such leases recognised in the Statement of Profit and Loss account for the year are Rupees 637.52 lacs (March 31, 2018 Rupees 639.03 lacs).

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

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 652.64 | 162.16 |
| Later than one year but not later than five years | 815.80 | - |

**(c) Assets taken on financial lease:**

The Company has taken building on financial lease. The total finance charges paid in respect of such lease recognize in the Statement of Profit and Loss during the year is Rupees 305.15 lacs (March 31, 2018 Rupees 299.57 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Minimum Lease Payments | Present value | Minimum Lease Payments | Present value |
| Not later than one year | 251.57 | 115.28 | 251.57 | 182.06 |
| Later than one year but not later than five years | 1,155.53 | 374.39 | 1,094.34 | 395.56 |
| Later than five years | 7,254.50 | 2,313.38 | 7,567.26 | 2,171.85 |
| **Total minimum lease payments** | **8,661.60** | **2,803.05** | **8,913.17** | **2,749.47** |
| Less: amounts representing finance charges | 5,858.55 | - | 6,163.70 | - |
| **Present value of minimum lease payments** | **2,803.05** | **2,803.05** | **2,749.47** | **2,749.47** |
| **Current** | - | 115.28 | - | 182.06 |
| **Non-Current** | - | 2,687.77 | - | 2,567.41 |

**8) Borrowings**

**(i) Secured Loans**

(₹ in lacs)

| Particulars | Note | March 31, 2019 Non-Current | March 31, 2019 Current | March 31, 2018 Non-Current | March 31, 2018 Current |
|---|---|---|---|---|---|
| Term loan from Bank – HDFC Bank | (a) | - | 1,494.76 | 1,494.76 | 1,993.01 |
| Term loan from Bank - Yes Bank | (b) | 31,323.94 | 1,275.70 | 2,958.00 | 557.95 |
| Loan from a body corporate | (c) | - | - | - | 1,000.00 |
| Bank overdraft | (d) | | 3,098.45 | - | 7,847.52 |
| Loan from Bank – Standard Chartered Bank | (e) | - | - | - | 10,200.00 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | Note | March 31, 2019 Non-Current | March 31, 2019 Current | March 31, 2018 Non-Current | March 31, 2018 Current |
|---|---|---|---|---|---|
| Term loan from a body corporate | (f) | 648.10 | 143.28 | 801.28 | 122.70 |
| Term loan from RBL Bank Limited | (g) | - | - | - | 9,998.46 |
| Term loan from a Non-Banking Finance Corporation - Rattan India Finance Limited | (h) | - | - | 15,339.89 | - |
| Loan from Bank – Yes Bank | (d) | - | 2,000.00 | - | - |
| Loan from Bank – Yes Bank | (i) | - | 15,000.00 | - | - |
| Loan from Bank – Citi Bank & affiliates | (j) | - | 90,000.00 | - | - |
| **Total** | | **31,972.04** | **1,12,988.59** | **20,593.93** | **31,719.64** |

**(a)** Secured by a first pari-passu charge by way of hypothecation of the Company's movable fixed assets with contractual rate of interest being HDFC Bank Base Rate of the bank plus 0.85% p.a., payable monthly. The loan is repayable in 52 structured monthly instalments and current effective average rate of interest is 10.15 % p.a. (Previous year 9.70% p.a.).

**(b)** Loan of ₹. 3,049.16 lacs (as at March 31, 2018 Rupees 3,515.95 lacs) is secured by hypothecation on invoices and insurance copies of medical equipment with contractual rate of interest being 0.50% p.a. over and above yearly MCLR, payable monthly. The loan is repayable in 26 structured quarterly instalments and current effective average rate of interest is 9.80 % p.a. (Previous year 9.35% p.a.).

During the current year, the Company has taken loan for Rupees 30,431.00 lacs which is secured against first pari-pasu charge on movable fixed assets; first pari-passu charge on current assets; pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited; pledge on entire shareholding of Fortis Group in Lanka Hospitals Corporation Plc subject to regulatory approvals; extension of first pari-pasu charge on land and building of hospitals in Ludhiana & Vasant Vihar; mortgage over land and building of identified hospital for YBL facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable and moveable assets); and negative lien along with submission of title deed of Escorts Heart Institute, Delhi. The loan is repayable in 48 structured quarterly instalments and current effective average rate of interest is 12.86 % p.a. (Previous year Nil).

**(c)** The short-term loan taken for the purpose of working capital and secured by share pledge of the Company's 21% shareholding in Fortis Hospitals Limited. The revision in rate of interest on interest reset dates, is at the discretion of the institution. The effective average rate of interest was 10.00% p.a. (Previous year 10.00% p.a.). During the current year the loan has been fully repaid.

**(d)** The Company has an overdraft facility from Standard Chartered Bank having limit of Rupees 4,000 lacs, secured by pari-passu charge over moveable fixed assets at Mohali hospital and current assets of the Company with rate of interest being base rate plus margin, as may be agreed from time to time. The current effective average rate of interest is 11.25% p.a. As on March 31, 2019, the outstanding balance of overdraft is Rupees 2,720.73 lacs.

The Company has an overdraft facility/ working capital facility from Yes bank with overdraft limit of Rupees 5,000.00 lacs and secured by exclusive charge on 30% shares of Fortis Hospitals Limited, pari-passu charge over moveable fixed assets of the Company, current assets of the Company and exclusive charge on the land and building of hospitals of Ludhiana and Vasant Vihar with rate of interest being MCLR plus margin, as may be agreed from time to time. The current effective average rate of interest is 10.48% p.a. (Previous year 10.48% p.a.). As at March 31, 2019, the outstanding balance of overdraft limit is Rupees 377.72 lacs and for working capital loan is 2,000.00 lacs.

**(e)** Short-term loan for the purpose of working capital and secured by share pledge over Fortis Healthcare Limited's 30% shareholding in Fortis Hospitals Limited on first charge basis and fixed deposits provided by third party with rate of interest being MCLR plus applicable margin, as may be agreed from time to time. The effective average rate of interest was 10.00% p.a. During the current year the loan has been fully repaid.

**(f)** Term loan of Rupees 791.38 lacs (as at March 31, 2018 Rupees 923.98 lacs) for purchase of medical equipment is secured by exclusive charge by way of hypothecation of that medical equipment having rate of interest of 7.78% p.a., payable monthly. The loan is repayable in 84 structured monthly instalments. The current effective average rate of interest is 12.86 % p.a. (Previous year NIL).

**(g)** Term loan secured by first pari-passu charge by way of hypothecation on moveable fixed assets (present & future). The rate of interest is 12% p.a. (floating) linked to RBL Bank's 1Y MCLR, payable monthly. The loan is repayable in 16 equal quarterly instalments. The loan has been fully paid in the current year.

**(h)** Secured by pledge of (~100%) equity shareholding of Fortis Hospotel Limited, pledge of equity (~100%) shares of Escorts Heart Institute and Research Centre Limited, pledge of equity (~100.00%) shares of Hiranandani Healthcare Private Limited, pledge of (~51.00%) CCDs of Fortis Hospotel Limited and pledge of entire shareholding of Fortis Malar Hospitals Limited, carrying rate of interest of 14.00% p.a., payable monthly. The loan was repayable in eight equal quarterly instalments. The loan has been fully paid during the year.

**(i)** Short-term loan has been taken for Rupees 110,000 lacs to repay non-convertible debentures holders at Religare Healthcare Trust (RHT). The loan is secured by pledge over Fortis' designated dividend account opened overseas for the purpose of receiving dividend of RHT. The loan is repayable within 6 months carrying rate of interest of 9% p.a.

**(j)** Short-term loan has been taken for Rupees 15,000 lacs for meeting day to day working capital requirements. The loan is secured against first pari-pasu on movable fixed assets, first pari-pasu charge on current assets, pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute & Research centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited, pledge over entire shareholding of Fortis Group in Lanka Hospitals Corporation Plc subject to regulatory approvals, extension of first pari-pasu charge on land and building of hospitals in Ludhiana & Vasant Vihar, mortgage over land and building of identified hospital for YBL facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable & moveable assets), negative lien along with submission of title deed of Escorts Heart Institute, Delhi and is repayable in a single instalment on October 10, 2019. The rate of interest is 11.20% p.a.

**(ii) Unsecured Loans**

**(₹ in lacs)**

| Particulars | Note | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|
| | | Non-Current | Current | Non-Current | Current |
| Finance lease obligation | 7(c) | 2,687.77 | 115.28 | 2,567.41 | 182.06 |
| Loan from related party | (a) | - | - | - | 400.00 |
| | | **2,687.77** | **115.28** | **2,567.41** | **582.06** |

(a) The short-term loan was taken from SRL Limited as Inter Corporate Deposit carrying rate of interest of 11.50% p.a., payable quarterly. The loan has been fully repaid in the current year.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**9) Commitments:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances of Rupees 20.98 lacs (as at March 31, 2018 Rupees 15.38 lacs) | 373.35 | 1,644.88 |

**a.** Going concern support in form of funding and operational support letters issued by the Company in favour of FLFL, FCCL, Fortis C-Doc Healthcare Limited, FHMEL, LHPL, FESL, FHIL, FGHML, FHIPL, FAHPL, Birdie & Birdie Realtors Private Limited, FHsL & EHIRCL.

**b.** As part of Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies. Accordingly, Company has till date accrued Rupees 205.03 lacs (as at March 31, 2018 Rupees 205.03 lacs) as provision for contingency.

For commitment under sponsor agreement entered between the trustee-manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (Collectively referred as 'Indemnified Parties') with the Company.

**c.** The company does not have any long-term commitments or material non-cancellable contractual commitments/ contracts, including derivative contracts for which there were any material foreseeable losses.

**d.** There were no amount which were required to be transferred to the investor education and protection fund by the company.

**10) Hospital service and management fees**

The company has entered into separate Hospital and Medical Service Agreement (HMSA) with Escorts Heart Super Specialty Company Limited (wholly owned fellow subsidiary w.e.f. January 15, 2019) and Fortis Hospotel Limited (wholly owned subsidiary w.e.f. January 15, 2019) wherein these companies provide and maintain the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the Company (together known as Clinical establishments).

The term of individual HMSA is 15 years and the Company is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed at the beginning of each year and increases 3% year on year. The variable fee is based on a percentage of Company's net operating revenue in accordance with the HMSA.

The total of future minimum Hospital and Medical Service fees over remaining non-cancelable period payable in form of the base fees is as under:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 9,451.70 | 9,311.09 |
| Later than one year but not later than five years | 37,806.79 | 38,674.79 |
| Later than five years | 39,924.60 | 50,548.64 |

The Company had also provided guarantee to RHT Health Trust group of companies (comprising of International Hospitals Limited, Escorts Heart Super Speciality Company Limited and Fortis Health Management Limited) and Fortis Hospotel Limited as per terms of HMSA. The Bank Guarantees which had been provided by the Company in favor of RHT Health Trust group of companies and Fortis Hospotel Limited for the financial year ended 31 March 2018, expired on the 30 April 2018, and are renewed. During the current year, after acquisition of 100% holding in RHT Health Trust group of companies and Fortis Hospotel Limited, the Company has cancelled all the Bank Guarantees.

**11) Contingent liabilities to the extent not provided for:**

**A. Guarantees:**

Outstanding guarantees furnished by the banks on behalf of the Company are Rupees 167,710.00 lacs (Previous year Rupees 96,657.00 lacs). The Company has determined the fair value of guarantees given to subsidiary companies. (Refer note 5(v)).

**B. Claims against the Company, disputed by the Company, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 12 below):**

**₹ in lacs**

| Particulars | As at | |
|---|---|---|
| | 31-Mar-19 | 31-Mar-18 |
| Income tax | 1,779.08 | 1,779.08 |
| Medical related | 4,611.37 | 4,221.07 |
| VAT | 3,621.16 | 3,621.16 |
| Custom | 12.00 | 12.00 |
| Service Tax & GST | 559.82 | 265.47 |
| **Grand Total** | **10,583.43** | **9,998.78** |

On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the “India Defined Contribution Obligation”) altered historical understandings of such obligations, extending them to cover additional portions of the employee’s income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Company has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment. The Company is further evaluating its next course of action in this matter.

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, assessments and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The Company believes that none of the above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums.

**12) Claims assessed as contingent liability and not provided for, unless otherwise stated:**

A third party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited (‘FHsL’)) (“Assignee” or “Claimant”) has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together “the defendants”) and have, inter alia, claimed implied ownership of brands “Fortis”, “SRL” and “La Femme” in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 (‘Term Sheet’) with a certain party (“Party”), the Company is liable for claims owed by the Claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 29).

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

In addition to the above, the Company has also received four notices from the Claimant claiming (i) Rupees 1,800.00 lacs as per notices dated May 30, 2018 and June 1, 2018 (ii) Rupees 21,582.00 lacs as per notice dated June 4, 2018; and (iii) Rupees 1,962.00 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, by a different entity claiming itself to be representative of the Party and is seeking substitution of its name in place of Assignee as plaintiff.

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

During the quarter ended June 20, 2018, the Party also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi.

Based on advice of external legal counsel, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these Standalone Financial Statements with respect to these claims.

**13) Employee Stock Option Plan**

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiaries and Holding company. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

As at March 31, 2019, the following schemes were in operation:

| Particulars | Date of grant | Date of Board Approval | Date of Shareholder's approval | Number of options granted | Vesting Period | Exercise Period up to |
|---|---|---|---|---|---|---|
| **Grant I** | 13-Feb-08 | 30-Jul-07 | 27-Sep-07 | 458,500 | February 13, 2009 to February 12, 2013 | 12-Feb-18 |
| **Grant II** | 13-Oct-08 | 30-Jul-07 | 27-Sep-07 | 33,500 | October 13, 2009 to October 12, 2013 | 12-Oct-18 |
| **Grant III** | 14-Jul-09 | 30-Jul-07 | 27-Sep-07 | 763,700 | July 14, 2010 to July 13, 2014 | 13-Jul-19 |
| **Grant IV** | 1-Oct-10 | 30-Jul-07 | 27-Sep-07 | 1,302,250 | October 1, 2011 to September 30, 2015 | 30-Sep-20 |
| **Grant V** | 12-Sep-11 | 30-Jul-07 | 27-Sep-07 | 200,000 | September 12, 2012 to September 11, 2016 | 11-Sep-21 |
| **Grant VI** | 23-Feb-12 | 12-Aug-11 | 19-Sep-11 | 4,050,000 | September 23, 2012 to September 23, 2015 | 22-Feb-19 |
| **Grant VII** | 10-Jun-13 | 12-Aug-11 | 19-Sep-11 | 3,715,000 | June 20, 2013 to June 09, 2016 | 9-Jun-20 |
| **Grant VIII** | 12-Nov-14 | 12-Aug-11 | 19-Sep-11 | 240,000 | Nov 12, 2014 to Nov 11, 2017 | 10-Nov-21 |
| **Grant IX** | 1-Jun-15 | 12-Aug-11 | 19-Sep-11 | 100,000 | Jun 01, 2015 to May 31, 2018 | 31-May-22 |
| **Grant X** | 5-Aug-15 | 12-Aug-11 | 19-Sep-11 | 2,500,000 | Aug 05, 2015 to Aug 04, 2018 | 4-Aug-22 |

The details of activity under the Plan have been summarized below:

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Number of options | Weighted Average Exercise Price (₹) | Number of options | Weighted Average Exercise Price (₹) |
| Outstanding at the beginning of the year | 3,839,650 | 164.38 | 5,241,950 | 149.43 |
| Forfeited during the year | 79,500 | 158.00 | 472,700 | 125.56 |
| Exercised during the year | 1,003,600 | 97.33 | 929,600 | 99.79 |
| Outstanding at the end of the year | 2,756,550 | 162.04 | 3,839,650 | 164.38 |
| Exercisable at the end of the year | 2,756,550 | 162.04 | 3,839,650 | 164.38 |

During the previous year, in respect of 2,500,000 numbers of ESOP, the terms of issue were modified.

The details of exercise price for stock options outstanding at the end of the year are:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Range of exercise prices | Rupees 50.00 to 163.30 | Rupees 50.00 to 163.30 |
| Number of options outstanding | 2,756,550 | 3,839,650 |
| Weighted average remaining contractual life of options (in years) | 3.19 | 4.56 |
| Weighted average fair value of options granted (in Rupees) | 68.76 | 59.23 |
| Weighted average exercise price (in Rupees) | 162.04 | 164.38 |

**Stock Options granted**

There have been no grants made in the current year by the Company. The weighted average fair value of stock options granted during the year March 31, 2016 is Rupees 98.90. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Exercise Price | Rupees 50.00 to Rupees 163.30 | Rupees 50.00 to Rupees 163.30 |
| Expected Volatility | 6.42% to 34% | 6.42% to 34% |
| Life of the options granted (Vesting and exercise period) in years | 2 years to 7 years | 2 years to 7 years |
| Average risk-free interest rate | 7.31% to 8.70% | 7.31% to 8.70% |

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested as at transition date.

**Note:**

1. The Company has recognised expense in relation to employee stock option plan of Rupees 336.66 lacs (Previous year Rupees 911.01 lacs).
2. In respect of 79,500 fully vested option forfeited during the year, amount aggregating to Rupees 127.58 lacs (Previous year Nil) has been transferred to general reserve.
3. In respect of 1,003,600 fully vested options exercised during the year, amount aggregating to Rupees 511.20 lacs (Previous year Nil) has been transferred to general reserve.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**14) Employee Benefits Plan:**

**Defined Contribution Plan**

The Company's contribution towards its provident fund is a defined contribution retirement plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with Provident Fund Commissioner which is recognised by the Income Tax authorities.

The Company recognised Rupees 742.40 lacs (Previous year Rupees 796.64 lacs) for Provident Fund and Employee State Insurance Contribution in the Statement of Profit and Loss. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

**Defined Benefit Plan**

**(i) Gratuity**

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

The following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet.

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **i. Movement in Net Liability** | | |
| Present value of obligation at the beginning of the year | 1,365.54 | 1,268.63 |
| Current service cost | 200.24 | 199.12 |
| Interest cost | 93.71 | 87.87 |
| Amount recognised to OCI | (34.45) | (48.90) |
| Obligation transferred from subsidiary | 3.87 | (27.93) |
| Benefits paid | (231.17) | (113.25) |
| Present value of obligations at the end of the year | **1,396.74** | **1,365.54** |

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Present value of unfunded obligation** | | |
| **Amounts in the Balance Sheet** | | |
| (a) Liabilities | 1,396.74 | 1,365.54 |
| (b) Assets | - | - |
| (c) Net liability/(asset) recognised in the Balance Sheet | **1,396.74** | **1,365.54** |
| Current Liability | 246.27 | 238.27 |
| Non-Current Liability | 1,150.47 | 1,127.27 |

(₹ in lacs)

| ii. Expense recognised in Statement of Profit and Loss is as follows: | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Amount recognised in employee benefit expense** | | |
| Service cost | 200.24 | 199.12 |
| Past Service Cost | - | - |
| **Total** | **200.24** | **199.12** |
| **Amount recognised in finance cost** | | |
| Interest cost | 93.71 | 87.87 |
| **Total** | **93.71** | **87.87** |
| **Total Amount charged to Statement to Profit and Loss** | **293.95** | **286.99** |

| iii. Expense recognised in Statement of Other comprehensive income is as follows: | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Net actuarial loss / (gain) due to experience adjustment recognised during the year | (34.45) | (16.97) |
| Net actuarial loss / (gain) due to assumptions changes recognised during the year | - | (31.93) |
| **Total** | **(34.45)** | **(48.90)** |

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

| Principal Actuarial assumptions for gratuity and compensated absences | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discounting rate (p.a.) | 7.50% | 7.50% |
| Expected salary increase rate (p.a.) | 7.50% | 7.50% |
| Withdrawal rate | | |
| Age up to 30 years | 18% | 18% |
| Age from 31 to 44 years | 6% | 6% |
| Age above 44 years | 2% | 2% |
| Mortality table used | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Experience (gain)/loss adjustments on plan liabilities | (34.45) | (48.90) |

**Notes:**

**a)** The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**b)** Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Change in discount rate by 0.5% | 59.95 | 64.98 | 60.11 | 65.20 |
| Change in salary increase rate by 1% | 134.21 | 116.38 | 134.73 | 116.67 |
| Change in withdrawal rate by 5% | 16.21 | 15.56 | 18.39 | 17.43 |

**Expected benefit payments for the future year**

(₹ in lacs)

| Year ended March 31, 2020 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2025 to year ended March 31, 2029 |
|---|---|---|---|---|---|
| 248.88 | 115.20 | 109.82 | 98.83 | 136.23 | 813.04 |

**(ii) Provident Fund:**

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees.

| **Assumptions:** | |
|---|---|
| Discount rate (p.a.) | 7.50% p.a. |
| Expected return on exempt fund | 8.80% p.a. |
| Expected EPFO return | 8.65% p.a. for first year |
| | 8.60% p.a. thereafter |
| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Withdrawal Rate**

| Unit | Withdrawal Rate |
|---|---|
| Fortis Emergency Services Limited | Ages From 20 - 30 - 12.50%; |
| | Ages From 31 - 58 - 15.00% |
| Others | Ages From 20 - 30 - 18.00%; |
| | Ages From 31 - 44 - 6.00%; |
| | Ages From 45 - 58 - 2.00% |

**The assessed actuarial liability in respect of future anticipated shortfall is as follows:**

| Provident fund scheme | As at March 31, 2019 (₹ in lacs) |
|---|---|
| Gross actuarial liability (as at March 31, 2019) | 111.71 |
| Fund reserves and surplus (as at March 31, 2019) | 257.90 |
| Net liability | Nil |

**Historical return on fund**

| Year | Approximate Rate of Return Earned by Fund |
|---|---|
| 2014-15 | 9.71% |
| 2015-16 | 9.80% |
| 2016-17 | 9.71% |
| 2017-18 | 9.08% |
| 2018-19 | 8.91% |

**Asset allocation as at March 31, 2019**

| Asset Category | Percentage |
|---|---|
| Government Securities | 10.45% |
| State Government Securities | 42.09% |
| Private Sector Securities | 28.34% |
| Public Sector Securities | 14.18% |
| Equity Mutual Funds | 4.94% |
| **Total** | **100.00%** |

**15) Financial Instruments**

**i) Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 5(xvi), 5(xvii) and 5(xix) offsets by cash and bank balances) and total equity of the company.

The Company is not subject to any externally imposed capital requirements other than for covenants under various loan arrangements of the Company.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2019 is as follows:

**Gearing ratio**

The gearing ratio at end of the reporting period was as follows:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Debt* | 148,391.51 | 55,656.80 |
| Less: Cash and cash equivalents [Refer note 5(xiii)(a) ] | (1,213.55) | (1,656.07) |
| **Net debt** | 147,177.96 | 54,000.73 |
| **Total equity** | 836,323.95 | 422,682.17 |
| Net debt to equity ratio | **17.60%** | **12.78%** |

*Debt is defined as long-term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration).

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**ii) Categories of financial instruments**

**(₹ in lacs)**

| **Financial assets** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Measured at amortised cost** | | |
| Debt component of investment in compulsory convertible debenture in subsidiary | - | 45,019.36 |
| Investment in non convertible bonds of subsidiary | 111,189.08 | - |
| Loans - non-current | 98,347.20 | 46,096.54 |
| Other financial assets - non-current | 512.83 | 949.63 |
| Trade receivables – current (net) | 8,365.59 | 7,096.13 |
| Cash and cash equivalents | 1,213.55 | 1,656.07 |
| Loans – current | 3,015.98 | 12,353.52 |
| Other bank balances | 2,059.48 | - |
| Other financial assets – current | 20,190.72 | 7,951.14 |
| **Total** | **244,894.43** | **121,122.39** |

At the end of the reporting period, there are no significant concentrations of financial assets designated at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such financial assets.

**(₹ in lacs)**

| **Financial liabilities** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Measured at amortised cost** | | |
| Borrowings | 34,659.81 | 23,161.34 |
| Borrowings – Current | 110,098.45 | 19,447.52 |
| Trade payables – Current | 19,550.16 | 14,577.32 |
| Other financial liabilities – Current | 6,987.83 | 16,840.60 |
| **Total** | **171,296.25** | **74,026.78** |
| **Measured at fair value through profit or loss (FVTPL)** | | |
| Corporate guarantee liability | 166.63 | 96.25 |
| **Total** | **166.63** | **96.25** |

**(iii) Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks including market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors manages the financial risk of the Company through internal risk reports which analyze exposure by magnitude of risk. The Company has limited exposure from the international market as the Company's operations are in India. However, the Company has limited exposure towards foreign currency risk it earns less than 10% of its revenue from foreign currency from international patients. Also, capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Company has not taken any derivative contracts to hedge the exposure. However, the exposure towards foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign currency.

**Market Risk**

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

**a) Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

| Particulars | | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|---|
| | | FC In lacs | Equivalent `in Lacs | FC In lacs | Equivalent `in Lacs |
| Import trade payable | USD | 1.06 | 73.37 | 11.89 | 774.77 |
| Import trade payable | EURO | - | - | 0.33 | 26.21 |
| Loans given to subsidiary (including interest accrued thereon) | USD | 3.89 | 269.50 | 174.03 | 11,335.91 |
| Trade receivables | USD | 5.55 | 384.51 | 10.12 | 659.45 |

**Foreign currency sensitivity analysis**

The company is mainly exposed to the USD and EURO currency.

The following table details the company's sensitivity to a 5% increase and decrease in the Rupees against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees. strengthens 5% against the relevant currency. For a 5% weakening of the Rupees. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

**(₹ in lacs)**

| If increase by 5% | Currency Impact USD | |
|---|---|---|
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | 2.90 | 561.03 |
| **If decrease by 5%** | **Currency Impact USD** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | (2.90) | (561.03) |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

| If increase by 5% | Currency Impact EURO | |
|---|---|---|
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | - | (1.31) |
| **If decrease by 5%** | **Currency Impact EURO** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | - | 1.31 |

b) **Interest rate risk management**

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

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

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(₹ in lacs)

| If increase by 50 basis point | Interest Impact | |
|---|---|---|
| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | (348.86) | (261.57) |

(₹ in lacs)

| If decrease by 50 basis point | Interest Impact | |
|---|---|---|
| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | 348.86 | 261.57 |

c) **Another price risks**

The Company investment are in the group companies and are held for strategic purposes rather than for trading purposes.

d) **Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company takes due care while extending any credit as per the approval matrix approved by Board of Directors.

Refer note 5(vi) of the standalone financial statements for carrying amount and maximum credit risk exposure for trade receivables.

*Expected credit loss on financial assets other than trade receivables:*

Company carries other financial assets such as balances with banks, inter-corporate deposits, advances, security deposits, loans to body corporates and interest accrued on such loans etc. Company monitors the credit exposure on these financial assets on a case-to-case basis. Loans to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Company creates loss allowance wherever there is an indication that credit risk has increased significantly.

Reconciliation of loss allowance measured at life-time expected credit losses for credit impaired financial assets other than trade receivables

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 4,908.68 | 607.22 |
| Loss allowance recognised | 106.79 | 4,301.46 |
| Balance at the end of the year | 5,015.47 | 4,908.68 |

e) **Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Liquidity and interest risk tables**

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

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

**(₹ in lacs)**

| Particulars | Within 1 year | 1-2 year | More than 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **As at March 31, 2018** | | | | | |
| Finance Lease obligation | 251.58 | 251.58 | 8,410.01 | 8,913.17 | 2,749.47 |
| Working Capital Loan | 12,320.00 | - | - | 12,320.00 | 11,200.00 |
| Term loan | 16,849.89 | 17,218.32 | 13,917.95 | 47,986.15 | 33,266.04 |
| Bank Overdraft | 7,847.52 | - | - | 7,847.52 | 7,847.52 |
| Term loan from related party | 446.00 | - | - | 446.00 | 400.00 |
| Trade payables | 14,577.32 | - | - | 14,577.32 | 14,577.32 |
| Security Deposit | 2.76 | - | - | 2.76 | 2.76 |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | Within 1 year | 1-2 year | More than 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| Interest accrued and due on borrowings | 193.77 | - | - | 193.77 | 193.77 |
| Capital creditors | 812.56 | - | - | 812.56 | 812.56 |
| Technology renewal fund | 36.00 | - | - | 36.00 | 36.00 |
| Payable to related parties | 1,569.25 | - | - | 1,569.25 | 1,569.25 |
| Employee payable | 1,021.62 | - | - | 1,021.62 | 1,021.62 |
| Other Liabilities | 459.71 | - | - | 459.71 | 96.25 |
| Corporate guarantee Liability | 350.47 | - | - | 350.47 | 350.47 |
| **Total** | **56,738.45** | **17,469.90** | **22,327.96** | **96,536.30** | **74,123.03** |

The above table does not include any effect of the covenants as per the loan agreement.

**(₹ in lacs)**

| Particulars | Within 1 year | 1-2 year | More than 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | |
| Finance Lease obligation | 251.58 | 279.23 | 8,130.78 | 8,661.59 | 2,803.05 |
| Short term loan from Bank | 1,17,004.00 | - | - | 1,17,004.00 | 1,07,000.00 |
| Term loan | 3,296.73 | 1,868.59 | 30,756.02 | 35,921.33 | 34,885.78 |
| Bank Overdraft | 3,098.45 | - | - | 3,098.45 | 3,098.45 |
| Trade payables | 19,550.16 | - | - | 19,550.16 | 19,550.16 |
| Security Deposit | 10.09 | - | - | 10.09 | 10.09 |
| Interest accrued and due on borrowings | 604.23 | - | - | 604.23 | 604.23 |
| Capital creditors | 225.33 | - | - | 225.33 | 225.33 |
| Technology renewal fund | 49.91 | - | - | 49.91 | 49.91 |
| Payable to related parties | 2,259.93 | - | - | 2,259.93 | 2,259.93 |
| Employee payable | 693.53 | - | - | 693.53 | 693.53 |
| Other Liabilities | 166.63 | - | - | 166.63 | 166.63 |
| Corporate guarantee Liability | 115.79 | - | - | 115.79 | 115.79 |
| **Total** | **147,326.36** | **2,147.82** | **38,886.80** | **188,360.97** | **171,462.88** |

16) **Fair value measurement**

**Financial assets measured at amortised cost**

**31 March 2019** **(₹ in lacs)**

| Particulars | Note | Carrying value* | | | Fair value measurement using* |
|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 |
| **Financial assets** | | | | | |
| Investment in non convertible bonds of subsidiary | (d) | - | 111,189.08 | 111,189.08 | - |
| Loans (Non-current) | (b) | - | 98,347.20 | 98,347.20 | - |
| Other financial assets (Non-current) | (b) | - | 512.83 | 512.83 | - |
| Trade receivables | (a) | - | 8,365.59 | 8,365.59 | - |
| Cash and cash equivalents | (a) | - | 1,213.55 | 1,213.55 | - |
| Other bank balances | (a) | - | 2,059.48 | 2,059.48 | - |
| Loans (current) | (a) | - | 3,015.98 | 3,015.98 | - |
| Other financial assets (current) | (a) | - | 20,190.72 | 20,190.72 | - |
| **Total** | | - | **244,894.43** | **244,894.43** | - |

| Particulars | Note | Carrying value* | | | Fair value measurement using* |
|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 |
| **Financial Liabilities** | | | | | |
| Borrowings | (c) | - | 34,659.81 | 34,659.81 | - |
| Borrowings (current) | (a) | - | 110,098.45 | 110,098.45 | - |
| Trade payables (current) | (a) | - | 19,550.16 | 19,550.16 | - |
| Other financial liabilities (non-current) | (a) | - | 7038.67 | 7,038.67 | - |
| Corporate guarantee liability | (a) | 115.79 | - | - | - |
| **Total** | | **115.79** | **171,347.09** | **171,347.09** | - |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**31 March 2018** **(₹ in lacs)**

| Particulars | Note | Carrying value* | | | Fair value measurement using* |
|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 |
| **Financial assets** | | | | | |
| Debt component of investment in compulsory convertible debenture in subsidiary | (e) | 45,019.36 | - | 45,019.36 | 45,019.36 |
| Loans (non-current) | (b) | - | 46,096.54 | 46,096.54 | - |
| Other financial assets (non-current) | (b) | - | 949.63 | 949.63 | - |
| Trade receivables | (a) | - | 7,096.13 | 7,096.13 | - |
| Cash and cash equivalents | (a) | - | 1,656.07 | 1,656.07 | - |
| Loans (current) | (a) | - | 12,353.52 | 12,353.52 | - |
| Other financial assets (current) | (a) | - | 7,951.14 | 7,951.14 | - |
| **Total** | | **45,019.36** | **76,103.03** | **121,122.39** | **45,019.36** |

| Particulars | Note | Carrying value* | | | Fair value measurement using* |
|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 |
| **Financial Liabilities** | | | | | |
| Borrowings | (c) | - | 23,161.34 | 23,161.34 | - |
| Borrowings (current) | (a) | - | 19,447.52 | 19,447.52 | - |
| Trade payables (current) | (a) | - | 14,577.32 | 14,577.32 | - |
| Other financial liabilities (non-current) | (a) | - | 16,586.38 | 16,586.38 | - |
| **Total** | | **-** | **73,772.56** | **73,772.56** | **-** |

The following methods / assumptions were used to estimate the fair values:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.

(b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

(c) The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value

(d) The fair value is determined by using market rate of interest.

(e) The fair value is determined by using the valuation model/technique with observable/ non-observable inputs and assumptions.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019 and March 31, 2018.

*excludes investment in subsidiaries of Rupees 719,803.97 lacs (Previous year Rupees 320,750.33 lacs) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

*There are no financial instruments measured at fair value through Other Comprehensive Income. Similarly there are no financial instruments which are valued under category Level 1 and Level 3.

**Financial instruments measured at amortized cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Valuation technique used to determine fair value of:**

**Debt component of investment in compulsory convertible debenture in subsidiary**

The fair value of Debt component of investment in compulsory convertible debenture in subsidiary is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.

Management has identified that a reasonably possible change in the key assumption could cause a change in fair value of the investment. The following table shows the amount by which the fair value would change on change in this assumption by 1%. All other factors remaining constant.

**(Rupees in lacs**

| Increase/ (decrease) in fair value | As at 31 March 2018 |
|---|---|
| **Interest rate** | |
| Increase by 1% | 2,572.53 |
| Decrease by 1% | (2,572.53) |

17) The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2019.

18) **Exceptional items**

**(a)** During the previous year, exceptional item amounting to Rupees 158.53 lacs represents expenses on composite scheme of arrangement and amalgamation of SRL Limited ("SRL") and Fortis Malar Hospitals Limited ("Fortis Malar").

**(b)** Allowance in respect of advance and security deposit given to body corporate along with provision for capital-work-in-progress amounting to Rupees 4,743.47 given to a body corporate for leasing of office premises. Refer note 25 for further details.

**(c)** During the current year, Rupees 57.73 lacs (Previous year Rupees 54.73 lacs) as doubtful towards amount recoverable from Fortis La Femme Limited due to inability to pay by the subsidiary.

**(d)** During the previous year, impairment loss for goodwill on acquisition of Shalimar Bagh unit amounting to Rupees 570.80 lacs has been recognised.

**(e)** Exceptional gain during the previous year of Rupees 735.33 lacs is on account of recovery of salary & other reimbursements paid to erstwhile Executive Chairman in previous year. Further, allowance for Rupees 2,002.39 lacs against amount recoverable for salary & other reimbursement of expenses from the erstwhile Executive Chairman. Refer note 32 for further details.

19) **Segment information**

The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108 "Operating Segments".

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

*Sales by market- Revenue from external customers by location of customers*

The following table shows the distribution of the Company's revenues by geographical market:

**(₹ in lacs)**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| India | 65,649.24 | 65,948.00 |
| Outside India | - | - |
| **Total** | **65,649.24** | **65,948.00** |

*Carrying value of non-current assets- by location of assets*

The following table shows the carrying amount of non-current assets other than financial instruments and deferred tax assets by geographical area in which the assets are located:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| India | 40,364.26 | 42,480.18 |
| Outside India | - | - |
| **Total** | **40,364.26** | **42,480.18** |

**Major customer**

The Company does not derive revenue from one customer which would amount to 10 per cent or more of the Company's revenue.

20) Subsequent to the quarter and year ended March 31, 2019, a wholly owned subsidiary of the Company in Mauritius entered into a share purchase agreement with various parties for sale of its entire shareholding in Medical and Surgical Centre Limited (MSCL)- Mauritius. The proposed transaction is subject to the approval of the Company's shareholders as well as regulatory approval, if required.

21) **Details of dues to Micro and Small Enterprises as per MSMED Act, 2006**

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: | | |
| -Principal amount due to micro and small enterprises | 484.83 | - |
| -Interest due on above | - | - |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

The above information regarding dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

22) **Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested**

**(₹ in lacs)**

| | Fortis Hospitals Limited | Fortis Healthcare International Limited | Hiranandani Healthcare Private Limited | Fortis La Femme Limited | Escorts Heart Institute and research center limited | Total |
|---|---|---|---|---|---|---|
| **March 31, 2019** | | | | | | |
| Amount (gross) | - | - | - | 57.73 | - | **57.73** |
| Provision for loan | - | - | - | (57.73) | - | **(57.73)** |
| Amount (net) | 97,195.91 | 254.22 | 868.00 | - | 1,065.00 | **99,383.13** |
| Maximum Amount Outstanding | 97,920.91 | 11,136.61 | 868.00 | 57.73 | 1,065.00 | **111,048.25** |
| **March 31, 2018** | | | | | | |
| Amount (gross) | - | - | - | 54.73 | - | **54.73** |
| Provision for loan | - | - | - | (54.73) | - | **(54.73)** |
| Amount (net) | 45,995.14 | 10,382.89 | - | - | - | **56,378.03** |
| Maximum Amount Outstanding | 85,891.82 | 10,382.89 | 117.66 | 54.73 | - | **96,447.10** |

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

| Name of the Party | Rate of Interest | Due date | Secured / unsecured | 31-Mar-19 | 31-Mar-18 |
|---|---|---|---|---|---|
| Fortis Hospitals Limited* | 11.50%, 13.00%, 13.75% | March 31, 2021 | Unsecured | 97,195.91 | 45,995.14 |
| Fortis Healthcare International Limited | 5% & 6.5% | August 8, 2019 | Unsecured | 254.22 | 10,382.89 |
| Hiranandani Healthcare Private Limited | 11.75% | March 31, 2019 | Unsecured | 868.00 | - |
| Escorts Heart Institute & Research center Limited | 11.50% | March 21, 2021 | Unsecured | 1,065.00 | - |
| Fortis La Femme Limited | 10% | March 31, 2021 | Unsecured | - | - |
| **TOTAL** | | | | **99,383.13** | **56,378.03** |

* Interest accrued of Rupees 6,070.43 lacs as at 31 March 2018 has been converted into loan during the year.

23) During the year, the Company has capitalised Rupees 7,740.40 lacs (Previous year Rupees 7,740.40 lacs) to the cost of capital work in progress (CWIP) relating to a project which has been suspended during the year due to prolonged delays. The cumulative balance of such expenditure as at March 31, 2019 is Nil (Previous year Rupees 139.63 lacs). The movement during the previous year was also reduced due to capitalization of Rupees 19.72 lacs and impairment of CWIP for Rupees 476.54 lacs.

24) **Corporate social responsibility**

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

25) **Recoverability of certain advances / capital work-in-progress**

(Also refer to Note 29 [d][v] of the Standalone Financial Statements)

The Company had paid security deposits and advances aggregating to Rupees. 2,173.57 lacs in the financial year 2013-14 to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

certificate (OC), the lease agreement was terminated by the Company. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to Rupees 2,173.00 lacs. Additionally, expenditure aggregating to Rupees 2,570 lacs as at March 31, 2018 was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to Rupees 4,743.00 lacs in the Standalone Financial Statements for the year ended March 31, 2018 (also refer note 29 (d) (vi)).

26) Pursuant to the earlier announcements on the restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ('RHT') into the Company and its subsidiaries, parties in August 2018, entered into an amendment agreement to modify certain terms of the definitive agreement dated February 12, 2018, including extension of the Long Stop Date of the transaction to December 31 2018. The amendments were approved by shareholders of the Company and RHT had received its unit holder's approval. On December 31, 2018, the Board of Directors of the Company approved the extension of the long stop date of December 31, 2018 to March 26, 2019 as per mutual agreement, and on the same terms and conditions undertaken for the earlier extension vide amendment agreement entered in August 2018. The extension of the long stop date was accepted and approved by RHT also. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which Company already held 51% stake) for a consideration of Rupees 466,630.00 lacs.

**27)** During the year, the Company sold off 18.2 million units of RHT Health Trust, an associate of the Company for a consideration of 13.65 million Singapore Dollars.

**28)** The Board of Directors had approved an equity infusion of Rupees 400,000.00 lacs (235,294,117 shares at a price of Rupees 170 per equity share) into the Company by Northern TK Venture Pte Ltd, Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, have the right to appoint 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained, as a result of which the Mandatory Open offer was kept in abeyance. The Company has accordingly filed application for modification of the said order.

Out of the proceeds the Company has used a sum of Rupees 356,630.00 lacs for substantially funding the acquisition as described in note 26 and balance towards repayment of debt and general corporate purposes.

**29)** Investigation initiated by the erstwhile Audit and Risk Management Committee

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

(b) The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer Notes 12); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 12); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 12); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

(c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

(d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.

i. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

iii. Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the erstwhile promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.

iv. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 12). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was sub-judice.

v. During the previous year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of accounts of EHIRCL due to anticipated chances of non-recovery during the quarter and year ended March 31, 2019.

vi. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.

vii. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

overseas funds have been referred to as related party transactions. During the quarter ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investment.

(e) **Other Matters:**

i) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 29 (d) (i), (ii) (vi) and (vii) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up till March 31, 2019. Therefore, the possibility cannot be ruled out that there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

ii) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects include revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance to regulatory requirements and systems design & control enhancement. The assessment work is being done and corrective action plans are being implemented. Board continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Company's Board of Director have also initiated an enquiry of the management of the certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

iii) It is in the above backdrop, that it is pertinent to mention that during the previous year the Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had also appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries have furnished all requisite information and documents requested by SEBI.

In furtherance of the above, on October 17, 2018 SEBI passed an ex-parte Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company which were prima facie fictitious and fraudulent in nature and which resulted in inter alia diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in standalone financial statements of the Company. Further, it issued certain interim directions that inter alia directing the Company shall take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs (approx.) along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited.Further, SEBI has directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order have been granted opportunity for filing their respective replies/objections within 21 days.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHSL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHsL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019 SEBI has confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

The Company and its wholly owned subsidiary (FHsL) have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities of erstwhile promoters to the Company and FHsL.

The matter before SEBI is sub-judice and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Standalone Financial statements for the year ended March 31, 2019.

v) In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

**30) Investigation by Various Other Regulatory Authorities:**

a) During the previous year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.

b) The Serious Fraud Investigation Office (SFIO), of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company has submitted all requisite information in this regard with SFIO, as requested from time to time.

c) The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known.

**31)** During the quarter ended March 31, 2019, the Company has received dividend of Rupees 24,270.68 lacs from its wholly owned subsidiary Fortis Healthcare International Limited. Further, subsequent to year end, the Company has received dividend of Rupees 61,478.00 lacs.

**32) Letter of Appointment of erstwhile Executive Chairman**

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as non-est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him., The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Standalone Financial Statements with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received vehicles which were being used by him except for IT assets and excess amounts paid to him. (Also refer Note 29(e)(iii) on recent SEBI Order)

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs (comprising reversal of FY 2016-17 expenditure of Rupees 735 lacs, which has been disclosed as an exceptional income in the Standalone Financial Statements for the year ended March 31 2018, and expenditure of Rupees 1,267 lacs relating to FY 2017-18) was shown as recoverable in the Standalone Financial statements of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of Rupees 2,002 lacs was made which has been shown as an exceptional item in the Standalone Financial Statements for the year ended March 31, 2018.

**33) Going Concern**

The Company's current liabilities are significantly higher than current asset at March 31, 2019. Additionally, certain events in the previous year adversely impacted performance and cash flow position of the Company. However, considering the fresh equity infusion, expected positive future cash flows, ability to borrow funds to meet any cash requirement, management believes that the going concern assumption in these standalone financial statements is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these standalone financial statements on a going concern basis.

**34)** The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions as well as specified domestic transactions. Based on the transfer pricing regulations/ policy, the transfer pricing study for the year ended March 31, 2019 is to be conducted on or before due date of the filing of return and the company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

# INDEPENDENT AUDITOR'S **REPORT**

**TO THE MEMBERS OF FORTIS HEALTHCARE LIMITED**

**Report on the Audit of Consolidated Financial Statements**

**Qualified Opinion**

We have audited the consolidated financial statements of Fortis Healthcare Limited (hereinafter referred to as the "Company" or 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of change in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by other auditors, except for the effects/ possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraphs of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (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 Group, its associates and joint ventures as at 31 March 2019, of its consolidated loss and other comprehensive loss, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

**Basis for Qualified Opinion**

(a) The matters stated below were also subject matter of qualification in predecessor auditor's audit opinion on the consolidated financial statements as at 31 March 2018:

(i) As explained in Note 31 of the consolidated financial statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systematic lapses/override of internal controls as described in Note 31 of the consolidated financial statements. The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

Additionally, different regulatory authorities are currently undertaking their own investigations, details of which are described in Note 31 and Note 32 of the consolidated financial statements and are stated below:

- SEBI has initiated an investigation in respect of the various issues. On 17 October 2018, 21 December 2018 and 19 March 2019, SEBI passed Orders ("Orders") and further investigations by regulatory authorities is continuing. In its Orders, SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Company, with certain identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting in inter alia diversion of funds from the Group for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) resulting in a misrepresentation in the financial statements of the Group in earlier period. Further, SEBI issued certain directions inter alia directing the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. It has also directed erstwhile promoter and the said entities to repay the sums due. The aforesaid ICDs were fully provided for in the books as at 31 March 2018. SEBI, in its Orders also directed erstwhile promoters and the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day to day business operations, without the prior permission of SEBI. Erstwhile promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. The initial directions issued by SEBI have been confirmed by SEBI in their order dated 19 March 2019.
- Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under Section 217(1)(a) of the Companies Act, 2013, inter alia, has initiated an investigation and has been seeking information in relation to the Company, its material subsidiaries, joint ventures and associates to which as informed to us the Company has responded.

Since, the investigation and enquiries carried out by regulators as aforesaid are currently ongoing, need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the financial statements is yet to be concluded.

Based on investigations carried out by an external legal firm, Orders by SEBI and other information available currently, as per the Management all identified/required adjustments/ disclosures arising from the findings in the Investigation Report and the Orders by SEBI, were made in the consolidated financial statements for the year ended 31 March 2018.

Matters included in the investigation report (but not limited to) and highlighted by the predecessor auditor in their audit report for the year ended 31 March 2018, are as below:

- Provisions against the outstanding ICDs amounting to Rupees 44,503 lacs (including interest accrued thereon of Rupees 4,260 lacs), provision of Rupees 5,519 lacs towards amounts paid as security deposit, advances towards lease of office space and expenditure incurred towards capital work in progress and Rupees 2,549 lacs towards property advance (including interest accrued thereon of Rupees 174 lacs) due to uncertainty of recovery of these balances (refer to Note 29 and 30 of the of the consolidated financial statements).
- The Company through its overseas subsidiaries sold its investment held in a fund at a discount (money was received on 23 April 2018) which was recorded as a loss in the consolidated financial statements for the year ended 31 March 2018. In absence of sufficient information available, rationale to demonstrate the reasonability of the discount was not established (refer to Note 30(c) and 31(b) of the consolidated financial statements).

- Certain past transactions as mentioned in the Note 31 of the consolidated financial statements which may have been prejudicial to the Group.

No additional adjustments/ disclosures were required to be made in the consolidated financial statements for the year 31 March 2019 in respect of the above.

As explained in Note 9(5) and 31(e) of the consolidated financial statements, related party relationships prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018 were identified by the Management taking into account the information available with the Management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, the possibility cannot be ruled out that there may be additional related parties of erstwhile promoters/directors whose relationships may not have been disclosed to the Group and, hence, not known to the Management.

Further, as explained in Note 14 of the consolidated financial statements, a Civil Suit was filed by a third party against various entities including the Company relating to "Fortis, SRL and La-Femme" brands. The Company has received four demand notices aggregating to Rupees 25,344 lacs in respect to this Civil Suit. Allegations made by third party has been duly responded to by the Company denying (i) execution of any binding agreement with the third party; and (ii) liability of any kind whatsoever. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

Due to the ongoing nature of the various regulatory inquiries/investigations, we are unable to comment on the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing regulatory investigations on the consolidated financial statements including completeness/accuracy of the related party transactions which relate to or which originated before 31 March 2018, the regulatory non-compliances, if any, and the consequential impact, if any, on the consolidated financial statements.

**(ii)** As explained in Note 29 and 30 during the year ended 31 March 2018, interest income of Rupees 4,434 lacs comprising Rupees 4,260 lacs (on the outstanding ICDs given) and Rupees 174 lacs (relating to property advance) had been recognized. A provision was however created against the entire amount in the year ended 31 March 2018 and the provision was disclosed as an exceptional item. The recognition of aforesaid interest income as at 31 March 2018 on doubtful ICDs and property advance is not in compliance with Ind AS 18 'Revenue' (as it does not meet the recognition criteria) and consequently interest income and the provision for doubtful interest disclosed as exceptional items (net) are overstated to that extent. It had no impact on Loss for the year ended 31 March 2018.

**(iii)** As explained in Note 34 of the consolidated financial statements, during the year ended 31 March 2018, the Company having considered all necessary facts and taking into account external legal advice, concluded that it had paid amount aggregating to Rupees 2,002 lacs to the erstwhile Executive Chairman during his tenure (ended during the year ended 31 March 2018) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act 2013 for his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of section 197 of the Companies Act 2013. In the current year, the Company has taken requisite actions to recover this amount. Due to the uncertainty involved on recoverability of the said amounts a provision for this amount has also been recorded.

(b) The Group has recorded a cumulative financial liability as at 31 March 2019 of Rupees 118,000 lacs (included under "Other current financial liabilities") by debiting "Other Equity" in respect of put option available with certain non-controlling shareholders of SRL Limited (refer to Note 12(b) of the consolidated financial statements). The Group has not quantified the liability relating to previous periods and therefore, we are unable to comment on the impact of such liability for previous periods.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit* *of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter**

We draw attention to the following matters in the Notes forming part of the consolidated financial statements:

a) Note 14(II) relating to outcome of income tax assessments in respect of Escorts Heart Institute and Research Centre Limited (EHIRCL), one of the subsidiaries in the Group, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.

b) Note 14(II) relating to the outcome of the civil suit/arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Honorable High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.

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

Based on the advice given by external legal counsel, the likelihood of outflow in the above litigations is remote and accordingly no provision/adjustment has been considered necessary by the management with respect to the above matters in the consolidated financial statements.

Our opinion is not modified in respect of these matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the "Basis for Qualified Opinion" paragraphs, we have determined that the following are the key audit matters:

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Accounting for acquisitions** | |
| As explained in Note 26 of the Consolidated Financial Statements, the Group acquired business of RHT Health Trust (formerly known as Religare Health Trust) for a consideration of Rupees 466,630 lacs and basis preliminary purchase price allocation recorded goodwill of Rupees 180,070 lacs.<br><br>The contractual arrangements for such transactions can be complex and require management to apply judgement in determining whether a transaction represents an acquisition of an asset or a business combination and there are estimates and judgments made in any such purchase price allocation. | In view of the significance of the matter we evaluated the accounting for the acquisition, including:<br>• Assessed the judgements applied in determining whether this acquisition represented an acquisition of an asset or a business combination. This involved assessing whether or not the entities and the assets acquired constitute the carrying on of a business, i.e. whether there are inputs and processes applied to those inputs that have the ability to create outputs;<br>• Inspected the agreements to determine whether the appropriate intangible assets (including termination of pre-existing relationship) have been identified and that no unusual terms exist that have not been accounted for;<br>• The audit procedures in relation to consideration payable, accounting of fair valuation of the separately identifiable acquired assets and assumed liabilities; and |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| | • Tested the valuation assumptions such as projected cash flows growth, discount and tax rates by reviewing assumptions used in such calculations and recalculating on sample basis.<br>In doing so we have involved independent valuation specialists to assist us in carrying out aforesaid procedures as considered appropriate.<br>We have also evaluated the accounting and respective disclosures made in the consolidated financial statements. |
| **Goodwill and Investment** | |
| As set out in Note 6(ii) and 6(iv), the Group carries Goodwill of Rupees 372,076 lacs and Investments in associates and joint ventures of Rupees 19,031 lacs. Management performs an annual impairment review of Goodwill as at 31 March. Investments are tested for impairment in case an indicator of potential impairment is identified.<br>There are judgments used in this, such as forecast cash flows, discount rates and growth rates. | We have assessed the Group's current and forecast performance and considered whether any other factors exist that would suggest that the Goodwill/ Investment is impaired. We have performed the following procedures:<br>• challenged management's identification of Cash Generating Units (CGUs) against our understanding of the business and the definition as set out in the accounting standards;<br>• assessed the appropriateness of the calculation of the value in use of each CGU and the associated headroom, performing recalculations to test the mechanical accuracy of those amounts;<br>• forecast inputs and growth assumptions were compared against historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis;<br>• with the assistance of specialists, we compared the discount rate applied to the future cash flows and benchmarked it against other companies in the industry; and<br>• performed sensitivity analysis.<br>In doing so we have involved our valuation specialists to assist us in carrying out aforesaid procedures as considered appropriate.<br>We have also evaluated the accounting and respective disclosures made in the consolidated financial statements. |
| **Legal matters** | |
| There are a number of threatened and actual legal, regulatory and tax cases against the Group. These include those relating to land and related commitments, tax matters, claims made by or against the group on account of medical matters and other civil suits etc. There is a high level of judgment required in assessing consequential impact and disclosures thereof on the Consolidated Financial Statements.<br>Refer to the Note 3 – Critical estimates and judgments, Note 6(xx) – Provisions and Note 13 - Contingent liabilities and legal proceedings. | Our procedures included the following:<br>• Testing key controls surrounding litigation, regulatory and tax cases;<br>• External legal opinions obtained by management and independent confirmations obtained by us;<br>• Reading correspondences including those of subsequent period;<br>• Discussing open matters with the management including but not limited to Company legal counsel, tax teams, regional and financial teams; and<br>• Assessing and challenging management's conclusions through understanding precedents set in similar cases. |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| | Based on the evidence obtained, management's assessment of such legal, regulatory and tax matters, the provision carried in the books of accounts in respect of such matters as on 31 March 2019 (while noting the inherent uncertainty of such matters) and related disclosures seem to be reasonable. |

**Other information**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each 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; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group as well as associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that except as stated in the "Basis for Qualified Opinion" paragraphs, the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

(a) We did not audit the financial statements of 7 subsidiaries, whose financial statements reflect total assets of Rupees 583,850 lacs (26% of total assets of the Group before intercompany eliminations) as at 31 March 2019, total income of Rupees 48,889 lacs (7% of total income of the Group before intercompany eliminations) and net cash outflows amounting to Rupees 2,908 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rupees 574 lacs for the year ended 31 March 2019, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the audit reports of the other auditors.

Certain of these subsidiaries and joint ventures are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The financial information of 11 subsidiaries, whose financial information reflect total assets of Rupees 98,598 lacs (4% of total assets of the Group before intercompany eliminations) as at 31 March 2019, total income of Rupees 20,653 lacs (3% of total income of the Group before intercompany eliminations) and net cash inflows amounting to Rupees 9,328 lacs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rupees 35,950 lacs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of 3 associates and 1 joint venture, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

(c) The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by the predecessor auditor who expressed a qualified opinion on those statements on 7 July 2018.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1 As regards to the matters to be inquired by the auditors in terms of Section 143(1) of the Act, we report, to the extent applicable, as follows:

a) As explained in Note 29 and Note 31(d)(i) of the Consolidated Financial Statements, FHsL, a wholly owned subsidiary of the Company, has granted loans in the form of ICDs to three borrower companies, which were stated to have been secured at the time of grant on 1 July 2017. However, it has been noted in the Investigation Report that:

(i) there were certain systemic lapses and override of internal controls including shortcomings in executing documents and creating a security charge. The charge was later on created in February 2018 for the ICDs granted on 1 July 2017 while the Company/ FHsL was under financial stress; and

(ii) there were certain systemic lapses in respect to the assignment of the ICDs and subsequent termination of the arrangement, viz., no diligence was undertaken in relation to assignment, it was not approved by the Treasury Committee and was antedated. The Board of the subsidiary took note of the same only in February 2018.

Further, we note from the Investigation Report that the external legal firm was unable to assess as to whether the security (charge) is realisable considering the nature of assets held by the borrower companies.

In view of the above, we are unable to comment whether aforesaid loans and advances made by the wholly owned subsidiary on the basis of security have been properly secured or whether they are prejudicial to the interests of the Group.

b) In respect of the ICDs placed, the Investigation Report has stated that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on 1 July 2017 with the borrower companies, FHsL utilized the funds received from the Company for the purposes of effecting roll-over.

We are unable to determine whether these transactions in substance represent book entries or whether they are prejudicial to the interests of the Group as these were simultaneously debited and credited to the bank statement.

However, as explained in Note 29 to the Consolidated Financial Statements, the Company's Management has fully provided for the outstanding balance of the ICDs and the interest accrued thereon as at 31 March 2018.

c) As explained in Note 31(d) (iv) , during the year, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to a promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the promoter group company were ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company.

Further as explained in Note 31(i), the Company through its subsidiary (i.e. FHsL) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

With regard to the above acquisitions, we are informed that pre-approval from the Audit Committee was obtained for acquiring the equity interest, but not for advancing the loans to these subsidiaries. Further, we understand that the aggregate of the amounts paid towards acquisition of shares and the loans given were substantially higher than the enterprise value of these companies at the time of acquisition, as determined by the Group.

In view of the above, we are unable to determine whether these transactions are prejudicial to the interests of the Group.

2 As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by other auditors, referred to in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and, except for the matters described in the "Basis for Qualified Opinion" paragraphs above and matters described in paragraph 1 above of this section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) Except for the effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above and matters described in paragraph 1 above of this section, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) Except for effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) The matters described in the "Basis for Qualified Opinion" paragraphs, the "Emphasis of Matter" paragraphs above and matters described in paragraph 1 above of this section, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Holding Company, its subsidiary companies, associate companies, and joint ventures incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraphs above and matters described in paragraph 1 above of this section.

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

3 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph:

a) Except for the effects/ possible effects of matters described in paragraph (a) (i) of the "Basis for Qualified Opinion" section above, the consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associates and joint ventures. Refer Note 13 to the consolidated financial statements.

b) Except for effects/ possible effects of the matters described in paragraph (a) of the "Basis for Qualified Opinion" section above, provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 12(b), 6(xx) and 12(d) to the consolidated financial statements.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group. Refer Note 12(e) of the consolidated financial statements.

d) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

4 With respect to the matter to be included in the Auditor's report under section 197(16):

Except for effects/ possible effects of the matters described in paragraph (a)(iii) of the "Basis for Qualified Opinion" section above, in our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, associate companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, associate companies and joint ventures to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate companies and joint ventures is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*For* **B S R & Co. LLP**
*Chartered Accountants*
Registration Number: 101248W/W-100022

**Pravin Tulsyan**
*Partner*
Membership No: 108044

Place: Gurugram
Date: 24 May 2019

**Annexure A to the Independent Auditor's report on the consolidated financial statements of Fortis Healthcare Limited for the year ended 31 March 2019**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Qualified Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Fortis Healthcare Limited (hereinafter referred to as the "Company" or "Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies (together referred to as "the Group"), its associates and its joint venture company (jointly controlled company), as of that date.

In our opinion, except for the effects/ possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies, its associates and joint venture companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company for the year ended 31 March 2019 and this material weakness has, inter alia, affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.

**Basis for Qualified Opinion**

As explained in paragraph (a) of "Basis for Qualified Opinion" paragraph of our Audit Report on the consolidated financial statements for the year ended 31 March 2019, pursuant to certain events/transactions in earlier years, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Holding Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systemic lapses and override of controls. The report has since been submitted and is subject to limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report. Further, the investigation by different regulatory authorities in these matters is still ongoing and an overall assessment of the impact of the investigations is yet to be concluded. Pending final outcome of the regulatory investigations and enquiries, completeness of identification of deficiencies cannot be ascertained.

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

**Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (hereinafter referred to as "the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) and the audit evidence obtained by the other auditors of the subsidiary companies and a joint venture company (jointly controlled company), which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary companies, its associates and its jointly controlled company, which are companies incorporated in India.

**Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to six subsidiary companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India, who have issued unmodified opinion on the internal financial controls with reference to financial statements of these companies.

*For* **B S R & Co. LLP**
*Chartered Accountants*
Registration Number: 101248W/W-100022

**Pravin Tulsyan**
*Partner*
Membership No: 108044

Place: Gurugram
Date: 24 May 2019

# CONSOLIDATED **BALANCE SHEET**

| Particulars | Notes | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| ASSETS | | | |
| **A. Non-current assets** | | | |
| (a) Property, plant and equipment | 6(i)(a) | 469,415.51 | 284,898.42 |
| (b) Capital work-in-progress | 6(i)(b) | 42,084.72 | 19,401.15 |
| (c) Goodwill | 6(ii) | 372,075.96 | 204,879.85 |
| (d) Other intangible assets | 6(iii)(a) | 6,180.37 | 9,426.43 |
| (e) Intangible assets under development | 6(iii)(b) | 2,893.49 | 3,206.49 |
| (f) Investments in associates / joint venture | 6(iv) | 19,030.73 | 92,968.94 |
| (g) Financial assets | | | |
| (i) Investments in associates / joint venture | 6(iv) | - | 46,717.04 |
| (ii) Loans | 6(vii) | 2,946.98 | 1,945.25 |
| (iii) Other financial assets | 6(viii) | 5,694.03 | 4,295.60 |
| (h) Non-current tax assets (net) | 6(ix)(a) | 56,171.01 | 33,148.54 |
| (i) Deferred tax assets (net) | 6(x)(a) | 46,533.43 | 29,512.21 |
| (j) Other non-current assets | 6(xi) | 5,442.38 | 3,617.85 |
| **Total non-current assets (A)** | | **1,028,468.61** | **734,017.77** |
| **B. Current assets** | | | |
| (a) Inventories | 6(xii) | 5,653.34 | 6,662.76 |
| (b) Financial assets | | | |
| (i) Other investments | 6(v) | 7,928.72 | 33,506.37 |
| (ii) Trade receivables | 6(vi) | 54,241.57 | 47,018.78 |
| (iii) Cash and cash equivalents | 6(xiii) | 79,405.19 | 12,961.62 |
| (iv) Bank balances other than (iii) above | 6(xiv) | 6,179.89 | 9,005.52 |
| (v) Loans | 6(vii) | 2,109.61 | 3,196.08 |
| (vi) Other financial assets | 6(viii) | 5,833.96 | 10,719.28 |
| (c) Other current assets | 6(xi) | 5,239.98 | 4,732.25 |
| (d) Assets classified as held for sale | 6(xv) | 66.10 | 348.66 |
| **Total current assets (B)** | | **166,658.36** | **128,151.32** |
| **Total assets (A+B)** | | **1,195,126.97** | **862,169.09** |
| EQUITY AND LIABILITIES | | | |
| **A. Equity** | | | |
| (a) Equity share capital | 6(xvi) | 75,495.49 | 51,865.72 |
| (b) Other equity | | 584,584.80 | 354,306.65 |
| **Equity attributable to owners of the Company** | | **660,080.29** | **406,172.37** |
| Non-controlling interests | | 51,169.03 | 125,523.18 |
| **Total equity (A)** | | **711,249.32** | **531,695.55** |
| **B. Liabilities** | | | |
| **I Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 6(xviii) | 67,462.75 | 94,812.74 |
| (ii) Other financial liabilities | 6(xix) | 1,312.67 | 1,243.98 |
| (b) Provisions | 6(xx) | 6,586.11 | 6,446.91 |
| (c) Deferred tax liabilities (Net) | 6(x)(b) | 48,080.84 | 14,311.60 |
| (d) Other non-current liabilities | 6(xxi) | 1,336.92 | 254.66 |
| **Total non-current liabilities (B)** | | **124,779.29** | **117,069.89** |
| **II Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 6(xxii) | 123,074.23 | 45,229.23 |
| (ii) Trade payables | | | |
| -Total outstanding dues of micro enterprises and small enterprises | 6(xxiii) | 4,668.05 | - |
| -Total outstanding other than micro enterprises and small enterprises | 6(xxiii) | 70,684.44 | 76,276.25 |
| (iii) Other financial liabilities | 6(xix) | 136,997.51 | 72,836.46 |
| (b) Provisions | 6(xx) | 7,866.78 | 6,581.97 |
| (c) Current tax liabilities (Net) | 6(ix)(b) | 610.89 | 276.20 |
| (d) Other current liabilities | 6(xxiv) | 15,196.46 | 12,079.22 |
| (e) Liabilities directly associated with assets classified as held for sale | 6(xv) | - | 124.32 |
| **Total current liabilities (C)** | | **359,098.36** | **213,403.65** |
| **Total liabilities (B+C)** | | **483,877.65** | **330,473.54** |
| **Total equity and liabilities (A+B+C)** | | **1,195,126.97** | **862,169.09** |
| **See accompanying notes forming part of the consolidated financial statements** | 1 - 42 | | |

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

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

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

Place : Gurugram
Date : May 24, 2019

# CONSOLIDATED STATEMENT OF **PROFIT AND LOSS**

| | Particulars | | | Notes | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|---|---|
| I | Revenue from operations | | | 6(xxv) | 446,935.66 | 456,080.96 |
| II | Other income | | | 6(xxvi) | 9,239.78 | 13,972.59 |
| III | **Total Income (I+II)** | | | | **456,175.44** | **470,053.55** |
| IV | **Expenses** | | | | | |
| | (i) | Purchases of medical consumable and drugs | | | 91,814.26 | 100,408.13 |
| | (ii) | Changes in inventories of medical consumable and drugs | | 6(xxvii) | 1,009.42 | (506.09) |
| | (iii) | Employee benefits expense | | 6(xxviii) | 91,358.77 | 89,910.68 |
| | (iv) | Finance costs | | 6(xxix) | 33,683.28 | 25,778.70 |
| | (v) | Depreciation and amortisation expense | | 6(xxx) | 23,291.66 | 23,895.52 |
| | (vi) | Other expenses | | 6(xxxi) | 240,231.20 | 238,956.39 |
| | | **Total expenses (IV)** | | | **481,388.59** | **478,443.33** |
| V | Share of profit of associates / joint ventures (net of tax) | | | | 36,441.24 | 5,315.95 |
| VI | **Profit / (loss) before exceptional item and tax (III-IV+V)** | | | | **11,228.09** | **(3,073.83)** |
| | Exceptional items | | | 6(xxxii) | (22,238.23) | (88,103.27) |
| VII | **Loss before tax** | | | | **(11,010.14)** | **(91,177.10)** |
| VIII | **Tax expense** | | | | | |
| | (i) | Current tax (net) | | 6(xxxiii) | 15,162.90 | 9,290.15 |
| | (ii) | Deferred tax credit (net) | | 6(xxxiii) | (3,801.58) | (7,025.05) |
| | | | | | **11,361.32** | **2,265.10** |
| IX | **Loss for the year (VII+VIII)** | | | | **(22,371.46)** | **(93,442.20)** |
| | **Other comprehensive income/(loss)** | | | | | |
| | (i) | Items that will not be reclassified to profit or loss | | | | |
| | | (a) | Remeasurements of the defined benefit liabilities | | 352.88 | 253.23 |
| | | (b) | Income tax charge relating to items that will not be reclassified to profit or loss | | (120.21) | (79.14) |
| | (ii) | Items that may be reclassified to profit or loss | | | | |
| | | (a) | Exchange differences in translating the financial statements of foreign operations | | (4,749.65) | 192.78 |
| X | **Total other comprehensive (loss) / income** | | | | **(4,516.97)** | **366.87** |
| XI | **Total comprehensive loss for the year (IX+X)** | | | | **(26,888.43)** | **(93,075.33)** |
| | Profit/(loss) for the year attributable to: | | | | | |
| | (i) | Owners of the Company | | | (29,893.83) | (100,921.69) |
| | (ii) | Non-controlling interests | | | 7,522.37 | 7,479.49 |
| | | | | | **(22,371.46)** | **(93,442.20)** |
| | Other comprehensive income/(loss) for the year attributable to: | | | | | |
| | (i) | Owners of the Company | | | (4,555.42) | 380.49 |
| | (ii) | Non-controlling interests | | | 38.45 | (13.62) |
| | | | | | **(4,516.97)** | **366.87** |
| | Total comprehensive income /(loss) for the year attributable to: | | | | | |
| | (i) | Owners of the Company | | | (34,449.25) | (100,541.20) |
| | (ii) | Non-controlling interests | | | 7,560.82 | 7,465.87 |
| | | | | | **(26,888.43)** | **(93,075.33)** |
| | Earnings per equity share of ₹ 10 each: | | | 6(xxxiv) | | |
| | (i) | Basic (in ₹) | | | (3.70) | (19.46) |
| | (ii) | Diluted (in ₹) | | | (3.70) | (19.46) |
| **See accompanying notes forming part of the consolidated financial statements** | | | | 1 - 42 | | |

In terms of our report attached.
**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

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

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

Place : Gurugram
Date : May 24, 2019

# CONSOLIDATED **CASH FLOW STATEMENT**

| Particulars | Notes | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax | | (11,010.14) | (91,177.10) |
| **Adjustments for:** | | | |
| Exceptional loss (net) | | 22,238.23 | 88,103.27 |
| Finance cost | | 33,683.28 | 25,778.70 |
| Interest income | | (7,384.01) | (13,700.26) |
| Loss on disposal of property, plant and equipment (net) | | 618.75 | 94.78 |
| (Profit) / loss on sale of current investment | | (192.25) | (4.02) |
| Allowance for bad and doubtful trade receivables | | 7,930.93 | 7,607.09 |
| Allowance for bad and doubtful advances | | 306.62 | 331.51 |
| Advances written off | | - | 1,156.63 |
| Provision for foreseeable loss on sale of investment in overseas fund | | - | 5,510.14 |
| Depreciation and amortisation expense | | 23,291.66 | 23,895.52 |
| Provision for contingencies and litigation | | 393.09 | 207.48 |
| Bad debts written off | | 112.85 | 32.71 |
| Expense recognised in respect of equity-settled share-based payments | | 363.76 | 1,193.84 |
| Share of associate and joint ventures | | (36,441.24) | (5,315.95) |
| Balances written back | | (2,192.56) | (1,174.79) |
| Unrealised foreign exchange (gain) / loss | | (53.48) | 3,519.13 |
| **Operating profit before changes in following assets and liabilities** | | **31,665.49** | **46,058.68** |
| **Changes in operating assets and liabilities** | | | |
| Increase in trade and other receivables | | (14,954.82) | (6,271.76) |
| (Increase)/decrease in inventories | | 1,064.02 | (506.09) |
| Increase in loans, other assets and other financial assets | | (7,050.59) | (4,942.72) |
| (Decrease) / increase in trade payables | | (3,964.20) | 19,430.03 |
| Increase in provisions | | 695.52 | 1,104.10 |
| (Decrease) in other liabilities and other financial liabilities | | (531.86) | (3,545.80) |
| **Cash generated from operations** | | **6,923.56** | **51,326.44** |
| Income taxes paid (net of refunds) | | (24,776.64) | (2,036.94) |
| **Net cash (used in) / generated by operating activities** | **(A)** | **(17,853.08)** | **49,289.50** |
| **Cash flows from investing activities** | | | |
| Interest received | | 7,284.37 | 4,213.50 |
| Maturity / (investment) in bank deposits (net) | | (4,406.08) | (960.83) |
| Unpaid dividend | | (3.58) | (0.16) |
| Payments for property, plant and equipment & intangible assets | | (8,311.29) | (18,010.91) |
| Sale of investment in associate | | 9,422.05 | 5,877.16 |
| Proceeds from disposal of property, plant and equipment | | 55.47 | 12,453.60 |
| Inter corporate deposits (given)/received back (net) | | - | (40,243.00) |
| Proceeds from repayment of loan by body corporate | | - | 4,750.00 |
| Proceeds from disposal of mutual fund | | 33,909.55 | - |
| Dividends received from associates | | 96,405.81 | 4,483.47 |
| Payment on acquisition of partial interest in a subsidiary that does not involve change of control (refer note 26) | | (106,301.79) | (6,099.70) |
| Purchase of subsidiaries (refer note 26) | | (360,328.41) | - |
| **Net cash used in investing activities** | **(B)** | **(332,273.90)** | **(33,536.87)** |
| **Cash flows from financing activities (refer note 6(xvii))** | | | |
| Proceeds from issue of equity instruments (including securities premium) | | 400,976.77 | 924.76 |
| Movement in current account under lien - Placed | | - | (7,235.29) |
| Proceeds from long-term borrowings | | 41,491.49 | 18,632.87 |
| Unpaid dividend | | 3.58 | 0.16 |
| Repayments of long-term borrowings | | (67,958.85) | (21,342.19) |
| Proceeds from / (repayments of) short-term borrowings (net) | | 91,276.99 | (32,595.98) |
| Interest paid | | (40,129.27) | (25,589.25) |
| **Net cash generated from / (used in) financing activities** | **(C)** | **425,660.71** | **(67,204.92)** |
| **Effect of exchange rate changes** | **(D)** | (4,749.65) | 192.78 |
| **Net increase / (decrease) in cash and cash equivalents** | **(A+B+C+D)** | **70,784.08** | **(51,259.51)** |
| Cash and cash equivalents at the beginning of the year | | (16,505.76) | 34,753.75 |
| Add: Cash and cash equivalents in respect of subsidiaries acquired during the year (refer note 26a) | | 9,091.47 | - |
| **Cash and cash equivalents at the end of the year** | 6(xiii) | **63,369.80** | **(16,505.76)** |
| During the year, the Group paid ₹ 421.20 lacs (previous year ₹ 114.92 lacs) towards corporate social responsibility expenditure (refer note 25). | | | |
| **See accompanying notes forming part of the consolidated financial statements** | 1 - 42 | | |

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

# CONSOLIDATED STATEMENT OF **CHANGE IN EQUITY**

| Particulars | Equity | Reserves and Surplus | | | | | | | Items of other comprehensive income | Total other equity | Equity attributable to owners of the Company | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Securities premium* | Amalgamation reserve** | General reserve*** | Share options outstanding Account**** | Capital reserve***** | Other Reserves****** | Retained earnings | Exchange difference on translation of foreign operations | | | | |
| **Balance at April 1, 2017 (A)** | 51,772.76 | 343,338.46 | 156.00 | 41,964.89 | 1,739.11 | 337.50 | (1,432.06) | 83,492.18 | (7,020.38) | 462,575.70 | 514,348.46 | 116,728.00 | **631,076.46** |
| Loss for the year | - | - | - | - | - | - | - | (100,921.69) | - | (100,921.69) | (100,921.69) | 7,479.49 | (93,442.20) |
| Other comprehensive income/ (loss) for the year (net of income tax) | - | - | - | - | - | - | - | 187.71 | 192.78 | 380.49 | 380.49 | (13.62) | 366.87 |
| **Total comprehensive income/ (loss) for the year (B)** | - | - | - | - | - | - | - | **(100,733.98)** | **192.78** | **(100,541.20)** | **(100,541.20)** | **7,465.87** | **(93,075.33)** |
| Exercise of stock option during the year (refer note 6 xvi) | 92.96 | 831.80 | - | - | - | - | - | - | - | 831.80 | 924.76 | - | 924.76 |
| Non current investment adjustments | - | - | - | - | - | - | - | (3,057.81) | - | (3,057.81) | (3,057.81) | - | (3,057.81) |
| Non controlling interest adjustments | - | - | - | - | - | - | - | 520.54 | - | 520.54 | 520.54 | 444.96 | 965.50 |
| Purchase of stake from non-controlling interest | - | - | - | - | | - | - | (7,118.95) | - | (7,118.95) | (7,118.95) | 761.43 | (6,357.52) |
| Recognition of share-based payments expense (refer note 16) | - | - | - | - | 1,070.92 | - | - | - | - | 1,070.92 | 1,070.92 | 122.92 | 1,193.84 |
| Employee stock option issued by subsidiary (refer note 16) | - | - | - | - | - | - | - | 25.65 | | 25.65 | 25.65 | - | 25.65 |
| **Balance at March 31, 2018 (C)** | **51,865.72** | **344,170.26** | **156.00** | **41,964.89** | **2,810.03** | **337.50** | **(1,432.06)** | **(26,872.37)** | **(6,827.60)** | **354,306.65** | **406,172.37** | **125,523.18** | **531,695.55** |
| Loss for the year | - | - | - | - | - | - | - | (29,893.83) | - | (29,893.83) | (29,893.83) | 7,522.37 | (22,371.46) |
| Other comprehensive income for the year (net of income tax) | - | - | - | - | - | - | - | (158.44) | (4,749.65) | (4,908.09) | (4,908.09) | 38.45 | (4,869.64) |
| **Total comprehensive income for the year (D)** | - | - | - | - | - | - | - | **(30,052.27)** | **(4,749.65)** | **(34,801.92)** | **(34,801.92)** | **7,560.82** | **(27,241.10)** |
| Issues of shares during the year | 23,529.41 | 376,473.02 | - | - | - | - | - | - | - | 376,473.02 | 400,002.43 | - | 400,002.43 |
| Exercise of stock option during the year [refer note 6 (xvi) and 16] | 100.36 | 873.98 | - | 511.20 | (511.20) | - | - | - | - | 873.98 | 974.34 | - | 974.34 |
| Stock options lapsed/cancelled during the year (refer note 16) | - | - | - | 288.82 | (288.82) | - | - | - | - | - | - | - | - |
| Put option (refer note 12(b)) | - | - | - | - | - | - | - | (118,000.00) | - | (118,000.00) | (118,000.00) | - | (118,000.00) |

| Particulars | Equity | Reserves and Surplus | | | | | | | Items of other comprehensive income | Total other equity | Equity attributable to owners of the Company | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Securities premium* | Amalgamation reserve** | General reserve*** | Share options outstanding Account**** | Capital reserve***** | Other Reserves****** | Retained earnings | Exchange difference on translation of foreign operations | | | | |
| Share issue expenses of the subsidiaries | - | - | - | - | - | - | - | (384.00) | - | (384.00) | (384.00) | - | (384.00) |
| Non controlling interest adjustments | - | - | - | - | - | - | - | 352.34 | - | 352.34 | 352.34 | (352.34) | - |
| Sale of subsidiary (refer note 37) | - | - | - | - | - | - | - | 2,215.56 | - | 2,215.56 | 2,215.56 | 340.44 | 2,556.00 |
| Purchase of stake from non-controlling interest (refer note 26b) | - | - | - | - | - | - | - | 3,185.41 | - | 3,185.41 | 3,185.41 | (81,903.07) | (78,717.66) |
| Recognition of share-based payments expense (refer note 16) | - | - | - | - | 363.76 | - | - | - | - | 363.76 | 363.76 | - | 363.76 |
| **Balance at March 31, 2019 (E)** | **75,495.49** | **721,517.26** | **156.00** | **42,764.91** | **2,373.77** | **337.50** | **(1,432.06)** | **(169,555.33)** | **(11,577.25)** | **584,584.80** | **660,080.29** | **51,169.03** | **711,249.32** |

* The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilized in accordance with the provisions of the Companies Act, 2013.

** Amalgamation reserve was created on amalgamation of Escorts Heart Institute Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society) and later on, registration of the amalgamated Society as Company.

*** General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another.

**** The fair value of the equity settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to share options outstanding account.

***** Capital reserve represents the equity and reserves of SRL Diagnostics FZ-LLC acquired during the year 16-17 through common control business combination.

****** This represents the loss on dilution of shareholding in a subsidiary (SRL) company during the year ended March 31, 2012.

**See accompanying notes forming part of the consolidated financial statements** 1 - 42

In terms of our report attached.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

**For and on behalf of the Board of Directors**
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DIN 00067073

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Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**1. Corporate information**

Fortis Healthcare Limited ("the Company" or the "Parent Company"), a public limited company, was incorporated in 1996. Its equity shares are listed on both BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is situated at Fortis Hospital Sector-62 Phase-VIII, Mohali 160062, Punjab and the corporate office of the Company is situated at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41 Gurugram 122001, Haryana.

As a part of its business activities, the Company holds interests in its subsidiaries (the Company and its subsidiaries hereinafter referred to as the 'Group') and the Group's interest associates and joint ventures through which it manages and operates a network of multi-specialty hospitals and diagnostics centers.

On November 13, 2018, IHH Healthcare Berhad acquired 31.10% stake in the Company, thereby, becoming the controlling shareholder of the Company.

**2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements ("financial statements"). The accounting policies adopted are consistent with those of the previous financial year except for changes in revenue recognition and accounting for foreign currency transactions due to amendment in applicable accounting guidance (also refer to respective policies for these two captions).

**(a) Basis of preparation**

*(i) Statement of compliance*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act. All the amounts included in the financial statements are reported in lacs of Indian ₹ and are rounded to the nearest lac rounded off to two decimals, except per share data.

*(ii) Functional and presentation currency*

These financial statements are presented in Indian ₹, which is also the Group's functional currency. However, the functional currency of the following foreign subsidiaries, joint venture and associates is as follows:

**Subsidiary:**

- SRL Diagnostics FZ – LLC- Arab Emirate Dirham (AED)
- Fortis Asia Healthcare Pte Limited- United States Dollar (USD)
- Fortis Healthcare International Limited- United States Dollar (USD)
- Fortis Global Healthcare (Mauritius) Limited- United States Dollar (USD)
- Fortis Healthcare International Pte Limited- Singapore Dollar (SGD)

**Joint Venture:**

- SRL Diagnostics (Nepal) Private Limited - Nepalese ₹ (NPR)

**Associate:**

- Lanka Hospitals Corporate Plc- Sri Lankan Rupee (LKR)
- Religare Health Trust Trustee Manager- United States Dollar (USD)
- Medical and Surgical Centre Limited- Mauritian Rupee (MUR)

All amounts are in Indian ₹ lacs except share data and per share data, unless otherwise stated.

*(iii) Historical cost convention*

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(b) Principles of consolidation**

The consolidated financial statements comprises the financial statement of the Group and its interest in associates and joint ventures. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(ii) Exposure, or rights, to variable returns from its involvement with the investee, and

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee.

(ii) Rights arising from other contractual arrangements

(iii) The Group's voting rights and potential voting rights

(iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in these financial statements from the date the Group gains control until the date the Group ceases to control the entity.

These financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in these financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing these financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The details of the consolidated entities are provided in note 7 to these financial statements.

**(c) Consolidation procedure**

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Investment in associate companies and joint ventures have been accounted under the equity method as per Ind AS 28 - "Investment in Associates and Joint Ventures"

c) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

d) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interest in the results and the equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

**(d) Current versus non-current classification**

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

**(e) Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(f) Business combinations**

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognised in the Statement of Profit or Loss and Other Comprehensive Income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(g) Property, plant and equipment (PPE) and intangible assets**

**(i) Property, plant and equipment**

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

**(ii) Intangible assets**

- For business combination, refer to accounting policy thereon above.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

  On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 01 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the intangible assets.

**(iii) Depreciation and amortization methods, estimated useful lives and residual value**

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for certain classes of fixed assets which are depreciated based on the internal technical assessment of the management. The details of useful life are as under:

| Category of assets | Management estimate of useful life | Useful life as per Schedule II |
|---|---|---|
| Buildings | Upto 30 years | 60 years |
| Plant and Machinery | Upto 15 years | 15 years |
| Medical Equipment | Upto 13 years | 13 years |
| Computers | Upto 3 years | 3 years |
| Furniture and fittings | Upto 10 years | 10 years |
| Office equipment | Upto 5 years | 5 years |
| Vehicles | Upto 8 years | 4-8 years |

Freehold land is not depreciated.

Leasehold land which qualifies as finance lease is amortized over the lease period on straight line basis.

Depreciation on leasehold improvements is provided over the primary period of lease or 5 years (which is the expected useful life), whichever is shorter.

Estimated useful lives of the intangible assets are as follows:

| Category of assets | Management estimate of Useful Life |
|---|---|
| Computer software | 3-6 years |
| Assets developed | 5 years |
| Non-compete fee | 3-5 years |
| License fee | 4-10 years |
| Technical Know-how fees | 1-5 years |

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/ disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**(iv) Derecognition**

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible 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 or Loss.

**(h) Assets held for sale**

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit or Loss.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

**(i) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(j) Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets*

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit or Loss.

*Equity investments*

Equity investments in subsidiaries, jointly controlled entities and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments in scope of Ind AS 109, the Group may make an irrevocable election to present in other comprehensive income subsequent changes

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in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit or Loss.

*Impairment of financial assets*

The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit or Loss.

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit or Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit or Loss.

*Put option*

Put options granted to non-controlling shareholders of subsidiaries are accounted as liability with a corresponding adjustment to equity (if recognition criteria are met), using Comparable companies' quoted multiple method (CCM).

*Compound financial instruments*

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

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

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

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

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Derivative financial instruments*

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(k) Inventories**

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Group uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, and

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

**(l) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

**(m) 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 unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are reviewed by the management at each balance sheet date.

**(n) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

**(o) Revenue recognition**

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3(h) – Significant accounting policies – Revenue recognition in the Annual report of the Group for the year ended 31 March 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is as follows:

- Revenue from collection centres of ₹ 22,071.54 lacs has been recorded on a gross basis with the corresponding amount paid to collection centres (service charges) of ₹ 16,618.94 lacs recorded under the head 'Other expenses'. These were recorded on a net basis in the previous year.
- Revenue from franchisees of ₹ 1,571.50 lacs were recorded at a net consideration to the Group (net of franchisee share of ₹ 4,742.50 lacs). In the previous year, revenue was recorded on a gross basis with franchisee share disclosed under head 'Cost of test outsourced'. Also refer note 6(xxv).

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services, sale of medical and non-medical items and medical testing charges. Hospital services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients. Medical testing charges consists of fees received for various tests conducted in the field of pathology and radiology.

Contracts with customers could include promises to transfer multiple services/ products to a customer. The Group assesses the product/ services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured to at an amount that reflects the consideration which the Group expects to receive in exchange for those products or services and is net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including claims. Further, the Group also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

Revenue from hospital services is recognized as and when services are performed and from sale of products is recognised upon transfer of control of products to customers at the time of delivery of goods to the customers.

Revenue from medical tests is recognized as and are recognized on accrual basis when the reports are generated and released to customers, net of discounts, if any.

Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Receivables are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Other operating revenue comprises of revenue from various ancillary revenue generating activities like operations and maintenance agreements, satellite centers, clinical research activities, sponsorship arrangements and academic services. The revenue in respect of such arrangements is recognized as and when services are performed.

Income from 'Service Export from India Scheme' (SEIS), included in other operating revenue, is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Group.

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Interest income on financial assets (including deposits with banks) is recognized using the effective interest rate method on a time proportionate basis.

Dividend income from investments is recognised in statement of profit and loss on the date that the right to receive payment is established.

**(p) Employee benefits**

*Short-term employee benefits*

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

*Post-employment benefits*

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

b) Superannuation

Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.

c) Provident fund

(i) The Group makes contribution to the recognised provident fund - "Escorts Heart Institute and Research Centre Employees Provident Fund Trust " and "Fortis Healthcare Limited Provident Fund Trust" for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

(ii) Group's contribution to the provident fund is charged to Statement of Profit and Loss in the periods during which the related services are rendered by the employees.

*Other long-term employee benefits:*

As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Actuarial valuation*

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

**(q) Share-based payments**

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under “share options outstanding account”. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of a share options outstanding account is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Group is operating the Employee Stock Option schemes through Escorts Heart Institute and Research Centre Employees Provident Fund Trust and Fortis Healthcare Limited Provident Fund Trust, which has purchased share from the secondary market.

**(r) Finance costs**

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a

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qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

**(s) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

*Current taxes*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*Deferred taxes*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

For operations carried out in under tax holiday facilities, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**(t) Leases**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

The Group accounts for assets taken under lease arrangement in the following manner:

*Finance leases*

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Group accounts for assets given under lease arrangement in the following manner:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

**(u) Foreign currency translation**

The Group has adopted Appendix B, "Foreign currency transactions and advance consideration" to Ind AS 21, "the effects of changes in foreign exchange rates" effective from 1 April 2018 prospectively to all assets, expenses and income in the scope of the said Appendix. The adoption of the above Standard/Appendix does not have any significant impact on the financial position or performance of the Group.

*(i) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

at balance sheet date exchange rates are generally recognised in Statement of Profit or Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

*(ii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Equity share capital and opening other equity are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.
- Profit and Loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- All resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of consolidated cash flow statement are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

**(v) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregate. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). Chief Financing Officer of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

**(x) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

**3. Critical estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Leasing arrangement (classification and accounting) – Note 2(t)
- Financial instruments - Note 2(j)
- Accounting for acquisitions - Note 2(f)
- Fair value measurement – Note 2(e)
- Estimated impairment of financial assets and non-financial assets – Note 2(h), 2(i), 6(ii),
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 13, 14, 15
- Recognition and estimation of tax expense including deferred tax– Note 6(x), 6(xxxiii)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(g)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 17
- Share-based payments – Note 16
- Revenue recognition – Note 2 (o)

**4. Applicable standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) First & Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from 1 April 2019:

**Ind AS 116 – *Leases* (Ind AS 116)**

Ind AS 116 will replace the existing leases standard, Ind AS 17 *Leases* (Ind AS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises present value of the lease payment (discounted using incremental borrowing rate) as right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and lease rent expense

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

will be replaced with the amortization of right-of use-asset and interest accrued on lease liability. The standard also contains enhanced disclosure requirements for lessees and will have consequential impact on cash flows categories as well. The new standard substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019 using the modified retrospective approach and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application.

For nature of lease arrangement as lessee refer note 10 of the financial statements. The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on these financial statements in the period of initial application is not reasonably estimable as at present.

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect any impact from this amendment.

**Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Group does not currently have joint control of a business that is a joint operation.

**5.** The financial statements have been authorized for issue by the Company's Board of Directors on 24 May 2019.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

6(i)(a) Property, plant and equipment

(₹ in Lacs)

| Particulars | Leasehold land (refer note a and b below) | Leasehold land under finance lease (refer note 10(a)) | Freehold land (refer note c below) | Building (refer note d) | Building under finance lease (refer note 10(a)) | Leasehold improve-ments | Plant & machinery (refer note 10(c)) | Medical equipment (refer note e below and note 10 (c)) | Furniture & fittings | Computers (refer note e below) | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | | | | |
| **As at April 1, 2017** | 43,426.93 | 7,041.29 | 85,088.80 | 72,102.51 | 447.07 | 8,696.36 | 20,576.21 | 81,395.68 | 6,286.24 | 3,086.28 | 2,477.99 | 3,996.85 | 334,622.21 |
| Additions | - | - | - | 1,295.16 | - | 688.82 | 2,070.11 | 13,699.86 | 623.95 | 679.91 | 474.31 | 179.16 | 19,711.28 |
| Disposals | - | - | - | (12,873.77) | - | (195.07) | (277.74) | (2,181.72) | (48.38) | (25.64) | (28.52) | (416.52) | (16,047.36) |
| Exchange translation adjustments | - | | - | 54.60 | - | 3.81 | - | 3.19 | 0.05 | (0.55) | - | 0.03 | 61.13 |
| **As at March 31,2018** | **43,426.93** | **7,041.29** | **85,088.80** | **60,578.50** | **447.07** | **9,193.92** | **22,368.58** | **92,917.01** | **6,861.86** | **3,740.00** | **2,923.78** | **3,759.52** | **338,347.26** |
| Additions | - | - | - | 305.19 | - | 469.65 | 1,638.97 | 3,383.77 | 184.84 | 329.96 | 237.37 | 102.62 | 6,652.37 |
| Assets acquired under business combinations (refer note 26) | 18,141.40 | - | 126,868.26 | 48,623.82 | - | 198.63 | 4,370.57 | 3,210.65 | 220.04 | 51.70 | 36.88 | 30.47 | 201,752.42 |
| Disposals | - | - | - | - | - | (235.62) | (286.06) | (1,283.53) | (91.63) | (182.96) | (93.47) | (1,741.64) | (3,914.91) |
| Other adjustments | - | - | 252.39 | (1,958.24) | - | 4,405.32 | (556.83) | (1,388.82) | 82.52 | 329.08 | 35.09 | 550.33 | 1,750.84 |
| Classified as assets held for sale (refer note d below) | - | - | - | (233.00) | - | | - | - | - | - | - | - | (233.00) |
| Exchange translation adjustments | - | - | - | 27.74 | - | 134.05 | 24.36 | 69.07 | 1.65 | 8.45 | 0.10 | 0.85 | 266.27 |
| **As at March 31,2019** | **61,568.33** | **7,041.29** | **212,209.45** | **107,344.01** | **447.07** | **14,165.95** | **27,559.59** | **96,908.15** | **7,259.28** | **4,276.23** | **3,139.75** | **2,702.15** | **544,621.25** |
| **Accumulated depreciation** | | | | | | | | | | | | | |
| **As at April 1, 2017** | - | - | - | 2,410.72 | 25.79 | 3,024.37 | 5,533.60 | 19,957.58 | 1,484.65 | 1,765.64 | 1,069.34 | 1,951.96 | 37,223.65 |
| Charge for the year | - | - | - | 2,663.63 | 17.20 | 1,553.93 | 2,573.46 | 9,993.57 | 936.46 | 780.57 | 661.47 | 530.90 | 19,711.19 |
| Disposals | - | - | - | (1,686.02) | - | (178.09) | (108.70) | (1,155.29) | (43.34) | (21.11) | (13.22) | (293.21) | (3,498.98) |
| Exchange translation adjustments | - | - | - | 6.55 | - | 3.72 | - | 2.38 | 0.03 | 0.27 | - | 0.03 | 12.98 |
| **As at March 31,2018** | - | - | - | **3,394.88** | **42.99** | **4,403.93** | **7,998.36** | **28,798.24** | **2,377.80** | **2,525.37** | **1,717.59** | **2,189.68** | **53,448.84** |
| Charge for the year | 24.68 | - | - | 3,065.43 | 17.20 | 1,220.52 | 2,535.81 | 10,174.52 | 863.43 | 676.59 | 404.70 | 460.97 | 19,443.85 |
| Impairment ( refer note 23) | - | - | - | - | - | - | 193.65 | 3,344.82 | 93.75 | 34.62 | 29.74 | 9.77 | 3,706.35 |
| Disposals | - | - | - | - | - | (227.25) | (193.04) | (1,163.93) | (66.20) | (170.40) | (89.52) | (1,307.11) | (3,217.45) |
| Other adjustments | - | - | - | 2,126.32 | (60.19) | 871.52 | (372.66) | (1,903.21) | 185.19 | 346.36 | (25.20) | 582.71 | 1,750.84 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

| Particulars | Leasehold land (refer note a and b below) | Leasehold land under finance lease (refer note 10(a)) | Freehold land (refer note c below) | Building (refer note d) | Building under finance lease (refer note 10(a)) | Leasehold improve-ments | Plant & machinery (refer note 10(c)) | Medical equipment (refer note e below and note 10 (c)) | Furniture & fittings | Computers (refer note e below) | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Classified as assets held for sale (refer note d below) | - | - | - | (166.90) | - | - | - | - | - | - | - | - | (166.90) |
| Exchange translation adjustments | - | - | - | 36.73 | - | 103.90 | 24.36 | 67.02 | 0.63 | 6.89 | 0.10 | 0.58 | 240.21 |
| **As at March 31,2019** | **24.68** | - | - | **8,456.46** | - | **6,372.62** | **10,186.48** | **39,317.46** | **3,454.60** | **3,419.43** | **2,037.41** | **1,936.60** | **75,205.74** |
| **Carrying value (As at March 31,2018)** | **43,426.93** | **7,041.29** | **85,088.80** | **57,183.62** | **404.08** | **4,789.99** | **14,370.22** | **64,118.77** | **4,484.06** | **1,214.63** | **1,206.19** | **1,569.84** | **284,898.42** |
| **Carrying value (As at March 31,2019)** | **61,543.65** | **7,041.29** | **212,209.45** | **98,887.55** | **447.07** | **7,793.33** | **17,373.11** | **57,590.69** | **3,804.68** | **856.80** | **1,102.34** | **765.55** | **469,415.51** |

**Notes**

a. Leasehold Land includes ₹ 377.11 lacs (Previous year ₹ 377.11 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority had terminated all the allotment letters lease/ deeds for which the subsidiary has filed an appeal in the Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court . Leasehold land is not amortized since it has been taken on a perpetual lease.

b. Leasehold Land includes ₹ 21.11 lacs (Previous year ₹ 21.11 lacs) in respect of a subsidiary, for which, the deed is not in possession of the Group. The subsidiary has written to the Delhi Development Authority to provide a copy of the deed and reply is awaited.

c. The original title deeds for certain freehold lands included in above are in the possession of trustee and banks against loans outstanding for which confirmation has been received except for freehold land having carrying value of ₹ 10.09 lacs for which the Group has written to the trustee to provide the title deed and a confirmation is awaited.

d. Residential building includes three flats which have been taken on joint ownership with the doctors and the cost capitalized in the books of accounts relates to share of the subsidiary company. The Gross Block is ₹ 233.00 lacs and Net block is ₹ 166.90 lacs as at 31 March, 2018. During the current year the Group have classified three flats which are transferable to doctors under agreement as assets held for sale.

e. The above assets include certain fixed assets leased pursuant to operating lease agreement [refer note 10(c)].

f. Certain assets includes under Property, plant and equipment, are held as pledge against loans taken by the Group [refer note 11].

h. Certain assets owned and belonging to the Group, including but not limited to vehicles having WDV of ₹ 214.63 lacs as at March 31, 2018, computers and other IT related equipment's, were in possession of the erstwhile Chairman, Mr. Malvinder Mohan Singh. The Group has fully depreciated such assets during the year ended March 31, 2019.

i. Certain assets owned and belonging to the Group, including vehicle having WDV of ₹ 52.92 lacs as at March 31, 2018 and computer were in possession of the erstwhile Vice Chairman, Mr. Shivinder Mohan Singh. The Group has fully depreciated such assets during the year ended March 31, 2019.

j. The Group has capitalized ₹ Nil (previous year 4.57 lacs) towards expenditure incurred during development period in leasehold improvements.

**6(i)(b) Capital work-in-progress**

The Group accounts for all capitalization of property, plant and equipment through capital work in progress and therefore the movement in capital work in progress is the difference between closing and opening balance of capital work in progress as adjusted in additions to property, plant and equipment and impairment of capital work in progress. Capital work in progress as at March 31, 2019 is ₹ 42,084.72 lacs (net of provision for impairment ₹ 2,843.00 lacs [refer note 30(a)] [as at March 31, 2018 is ₹ 19,401.15 lacs (net of provision for impairment ₹ 2,656.81 lacs [refer note 30(a)]).

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**6(ii) Goodwill**

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

| Particulars | March 31, 2018 | | | | March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross As at March 31, 2017 | Addition | Impairment | Net As at March 31, 2018 | Gross As at March 31, 2018 | Addition (refer note 26) | Impairment | Net As at March 31, 2019 |
| **Cost** | | | | | | | | |
| Fortis Hospitals Limited (Gurgaon hospital) | 13,379.62 | - | - | 13,379.62 | 13,379.62 | - | - | **13,379.62** |
| Fortis Healthcare Limited (Shalimar Bagh Hospital) | 11,621.00 | - | - | 11,621.00 | 11,621.00 | - | - | **11,621.00** |
| Escorts Heart Institute and Research Center Limited [Refer note 23(a)] | 45,817.57 | - | 17,004.09 | 28,813.48 | 28,813.48 | - | 4,030.79 | **24,782.69** |
| Hiranandani Healthcare Private Limited | 4,984.38 | - | - | 4,984.38 | 4,984.38 | - | - | **4,984.38** |
| Fortis Malar Hospital Limited | (1,288.53) | - | - | (1,288.53) | (1,288.53) | 3,332.65 | - | **2,044.12** |
| Fortis Hospitals limited (Banergatta Road Hospital) | 17,057.66 | - | - | 17,057.66 | 17,057.66 | 38,544.63 | - | **55,602.29** |
| Fortis Hospitals Limited (Cunningham Road Hospital) | 2,704.57 | - | - | 2,704.57 | 2,704.57 | - | - | **2,704.57** |
| Fortis Hospitals Limited (Mulund Hospital) | 13,402.39 | - | - | 13,402.39 | 13,402.39 | 36,679.89 | - | **50,082.28** |
| Fortis Hospitals Limited (Kalyan Hospital) | 1,523.12 | - | - | 1,523.12 | 1,523.12 | 5,562.43 | - | **7,085.55** |
| Fortis Hospitals Limited (Fortis Heart and Kidney Institute) | 1,984.82 | - | - | 1,984.82 | 1,984.82 | - | - | **1,984.82** |
| Fortis Hospitals Limited (Anandpur Hospital) | 6,503.88 | - | - | 6,503.88 | 6,503.88 | 19,165.03 | - | **25,668.91** |
| Fortis Hospitals Limited (Jaipur Hospital) [refer note 23(i)] | 657.15 | - | - | 657.15 | 657.15 | 404.32 | 657.15 | **404.32** |
| Fortis Hospitals Limited (Faridabad Hospital) [Refer note 23(h)] | 323.05 | - | - | 323.05 | 323.05 | 6,053.13 | 323.05 | **6,053.13** |
| Fortis Hospitals Limited (Noida Hospital) | 482.00 | - | - | 482.00 | 482.00 | 32,542.49 | - | **33,024.49** |
| Fortis Hospitals Limited (Amritsar Hospital) | 295.15 | - | - | 295.15 | 295.15 | 10,380.05 | - | **10,675.20** |
| Escorts Heart and Super Speciallity Hospitals Limited (Mohali Hospitals) | - | - | - | - | - | 21,862.24 | - | **21,862.24** |
| Fortis Health Management Limited (Nagarbavi Hospital) | - | - | - | - | - | 2,979.40 | - | **2,979.40** |
| International Hospital Limited (Rajaji Nagar Hospitals) | - | - | - | - | - | 2,564.44 | - | **2,564.44** |
| Stellant Capital Advisory Services Private Limited [refer note 23(g)] | 494.38 | - | - | 494.38 | 494.38 | - | 494.38 | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | March 31, 2018 | | | | March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross As at March 31, 2017 | Addition | Impairment | Net As at March 31, 2018 | Gross As at March 31, 2018 | Addition (refer note 26) | Impairment | Net As at March 31, 2019 |
| Religare Health Trust Trustee Manager [Refer note 23(d)] | 8,642.34 | - | 3,761.76 | 4,880.58 | 4,880.58 | - | 4,880.58 | - |
| Birdie & Birdie Relators Private Limited [Refer note 23(b)] | 10,661.33 | - | 6,941.59 | 3,719.74 | 3,719.74 | - | 2,488.64 | **1,231.10** |
| Fortis Healthcare International Limited | 17.33 | - | - | 17.33 | 17.33 | - | - | **17.33** |
| **Hospital business - Total (A)** | **139,263.21** | **-** | **27,707.44** | **111,555.77** | **111,555.77** | **180,070.70** | **12,874.59** | **278,751.88** |
| **Diagnostic business** | | | | | | | | |
| SRL Diagnostics Private Limited | 93,324.08 | - | - | 93,324.08 | 93,324.08 | - | - | **93,324.08** |
| **Diagnostic business - Total (B)** | **93,324.08** | **-** | **-** | **93,324.08** | **93,324.08** | **-** | **-** | **93,324.08** |
| **Grand Total (A+B)** | **`232,587.29** | **-** | **27,707.44** | **204,879.85** | **204,879.85** | **180,070.70** | **12,874.59** | **372,075.96** |

The Group's goodwill is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management except for Birdie & Birdie Realtors Private Limited where the valuation has been determined based on the fair value of land and building.

Cash flow projections were developed covering a seven to ten year period as at March 31, 2019 (As at March 31, 2018 seven year) which reflects a more appropriate indication/trend of future track of business of the Group. Cash flows beyond the seven/ten-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

**Key Assumptions used for value in use calculations are as follows:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Compound average net sales growth rate for seven/ten year period | 4% - 15% | 6% - 25% |
| Growth rate used for extrapolation of cash flow projections beyond seven-year period | 4.0% | 4% - 4.5% |
| Discount rate | 12% - 13% | 13% - 17% |

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

**Discount rates** - Management estimates discount rates using post-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

**Growth rates** - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**6(iii)(a) Other intangible assets**

(₹ in Lacs)

| Particulars | Technical know how fees | User license agreement (refer note a below) | License fee | Software | Total |
|---|---|---|---|---|---|
| **Gross carrying value** | | | | | |
| **As at April 1, 2017** | **974.88** | **-** | **946.22** | **17,328.59** | **19,249.69** |
| Additions | - | 420.00 | 44.27 | 1,243.08 | **1,707.35** |
| Disposals | - | - | - | (24.97) | **(24.97)** |
| **As at March 31,2018** | **974.88** | **420.00** | **990.49** | **18,546.70** | **20,932.07** |
| Additions | - | - | 10.39 | 803.16 | **813.55** |
| Assets acquired under business combinations (refer note 26) | - | - | - | 4.18 | **4.18** |
| Disposals | - | - | - | (25.97) | **(25.97)** |
| **As at March 31,2019** | **974.88** | **420.00** | **1,000.88** | **19,328.07** | **21,723.83** |
| **Amortization** | | | | | |
| **As at April 1, 2017** | **811.96** | **-** | **519.11** | **6,000.24** | **7,331.31** |
| Charge for the year | 75.97 | 29.65 | 127.26 | 3,616.95 | **3,849.83** |
| Impairment | - | 334.50 | - | - | **334.50** |
| Disposals | - | - | - | (10.00) | **(10.00)** |
| **As at March 31,2018** | **887.93** | **364.15** | **646.37** | **9,607.19** | **11,505.64** |
| Charge for the year | 56.13 | 43.47 | 103.57 | 3,534.24 | **3,737.41** |
| Impairment [refer note 23(h) and 23(i)] | - | - | - | 326.38 | **326.38** |
| Disposals | - | - | - | (25.97) | **(25.97)** |
| **As at March 31,2019** | **944.06** | **407.62** | **749.94** | **13,441.84** | **15,543.46** |
| **Carrying value (As at March 31,2018)** | **86.95** | **55.85** | **344.12** | **8,939.51** | **9,426.43** |
| **Carrying value (As at March 31,2019)** | **30.82** | **12.38** | **250.94** | **5,886.23** | **6,180.37** |

**Notes:**

a) During the previous year, the group had purchased business rights from Escorts Heart Institute and Research Centre Limited for ₹ 420.00 Lacs on July 18, 2017, which had been re-assessed for the impairment at the year ended on March 31, 2018. The Management had recorded an impairment of ₹ 334.50 Lacs at the year ended March 31, 2018 based on the assessment of future cash flow.

b) The Company has capitalized ₹ 681.63 lacs (previous year ₹ 520.02 lacs) towards development period in intangible assets.

**6(iii)(b) Intangible assets under development**

(a) The Group accounts for all capitalization of intangible assets through intangible assets under development and therefore the movement in intangible assets under development is the difference between closing and opening balance of intangible assets under development as adjusted for additions to intangible assets and impairment of intangible assets under development. Intangible assets under development as at March 31, 2019 is ₹ 2,893.49 lacs (as at March 31, 2018 is ₹ 3,206.49 lacs).

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **6(iv)** | **Investments in associates/joint venture** | | |
| | **A. Quoted investments (fully paid)** | | |
| | **(a) Investments in equity instruments** | | |
| | **Investment in associate companies (accounted under equity method)** | | |
| | (i) RHT Health Trust, Singapore* | | |
| | 252,166,945 (241,276,944 as at March 31, 2018) units of SGD 0.90 each, fully paid up | 66,902.86 | 65,908.51 |
| | Add: Acquired during the year [2,671,000 (Previous year March 31, 2018 10,890,001) units of SGD 0.90 each, fully paid up] (including capital reserve of ₹ 22.20 lacs (Previous year March 31, 2018 capital reserve of ₹ 22.20 lacs) | 1,034.41 | 994.35 |
| | Less: Sale during the year [18,200,000 units of SGD 0.90 each, fully paid up] | (7,083.52) | - |
| | Add: Share in post acquisition profits up to the beginning of the year | 7,070.03 | 9,557.78 |
| | Add: Share in profits for the current year (refer note A.2 below) | 34,764.57 | 1,587.89 |
| | Less: Dividend received during the year | (96,405.81) | (4,075.64) |
| | Add: Other adjustments | (3,595.67) | (3,595.67) |
| | Add: Exchange translation adjustments | (90.55) | 224.75 |
| | | **2,596.32** | **70,601.97** |
| | (ii) Lanka Hospitals Corporate PLC, Srilanka | | |
| | 64,120,915 (64,120,915 as at March 31, 2018) equity shares of Lankan ₹ (LKR) 62 each (including goodwill of ₹ 16,102.33 lacs) | 19,762.82 | 19,762.82 |
| | Add: Share in pre-acquisition profits up to the date of acquisition | 568.70 | 568.70 |
| | Add: Share in post acquisition profits up to the beginning of the year | 3,084.03 | 2,660.87 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| | | Add: Share in profits for the current year | 1,134.71 | 715.99 |
| | | Less: Dividend received during the year | (270.01) | (292.83) |
| | | Less: Impairment [refer note 23(c)] | (10,491.65) | (4,905.00) |
| | | Add: Exchange translation adjustments | (4,265.34) | (2,409.36) |
| | | | **9,523.26** | **16,101.19** |
| | (iii) | Medical And Surgical Centre Limited, Mauritius | | |
| | | 164,670,801 (164,670,801 as at March 31, 2018) ordinary shares of MUR 10 each (including capital reserve of ₹ 4,224.26 lacs) | 1,312.69 | 1,312.69 |
| | | Add: Share in post acquisition profits till the previous year | 1,211.88 | 1,665.85 |
| | | Add: Share in profits/(loss) for the current year | 62.56 | (453.96) |
| | | Add: Other adjustments | 610.35 | 610.35 |
| | | Add: Exchange translation adjustments | 338.37 | 233.40 |
| | | | **3,535.85** | **3,368.33** |
| | **Total Aggregate quoted investments (A)** | | **15,655.43** | **90,071.49** |

| Particulars | | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| **B.** | **Unquoted investments (fully paid)** | | | |
| **(a)** | **Investments in equity instruments** | | | |
| | **Investment in associate companies (accounted under equity method)** | | | |
| | (i) | Sunrise Medicare Private Limited | 0.31 | 0.31 |
| | | [3,126 (3,126 as at March 31, 2018) equity shares of ₹ 10 each, fully paid up)] | | |
| | | Less: Provision for impairment of investment | (0.31) | (0.31) |
| | **Investment in joint ventures (accounted under equity method)** | | | |
| | (i) | DDRC SRL Diagnostics Private Limited | | |
| | | 2,50,000 (2,50,000 as at March 31, 2018) equity shares of ₹ 10 each fully paid-up | 950.88 | 950.88 |
| | | Add: Share in post acquisition profits up to the beginning of the year | 919.61 | 418.75 |
| | | Add: Share in profits for the current year | 461.23 | 600.86 |
| | | Add: Share of reserve for the current year | 835.61 | 835.61 |
| | | Less: Dividend received during the year | - | (100.00) |
| | | | 3,167.33 | 2,706.10 |

| Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|
| (ii) SRL Diagnostics (Nepal) Private Limited | | |
| [2,40,000 (2,40,000 as at March 31, 2018) equity shares of Nepalese ₹ 100 each, fully paid up)] | 150.00 | 150.00 |
| Less: Dividend received during the year | - | (15.00) |
| Add: Share in post acquisition profits up to the beginning of the year | 45.96 | 27.28 |
| Add: Share in profits for the current year | 16.62 | 33.68 |
| Add: Share of reserve for the current year | (4.61) | (4.61) |
| | 207.97 | 191.35 |
| (iii) Fortis C-Doc Healthcare Limited (net of share of loss) | - | - |
| [4,060,637 (4,060,637 as at March 31, 2018) equity shares of ₹ 10 each, fully paid up)] (Refer Note 23(e)) | | |
| **Total** | **3,375.30** | **2,897.45** |
| **(b) Investments in debentures** | | |
| **Investment in associate company (at amortized cost)** | | |
| (i) International Hospitals Limited Nil (4,671,704 as at March 31, 2018) 9.3 % Non Convertible Debentures of face value of ₹ 1,000 each. | - | 46,717.04 |
| **Total** | - | **46,717.04** |
| **Total Aggregate Unquoted Investments (B)** | **3,375.30** | **49,614.49** |
| **Investments in associates/joint venture - Total (A+B)** | **19,030.73** | **139,685.98** |
| **Investments in associates/joint venture (accounted under equity method)** | **19,030.73** | **92,968.94** |
| **Investments in associates/joint venture (at amortized cost)** | - | **46,717.04** |
| **Total carrying value of investment in associate and joint venture** | **29,522.69** | **144,591.29** |
| **Impairment of investment in associate and joint venture** | **10,491.96** | **4,905.31** |
| **6(v) Other investments** | | |
| **Current** | | |
| **A. Unquoted investments (fully paid)** | | |
| **(a) Investment in mutual funds - measured at FVTPL** | | |
| (i) Nil (As at March 31, 2018 500,000) shares of USD 100 each in Global Dynamic Opportunity Fund (net of provision for loss on sale of investment) [see note 30(c)] | - | 33,506.37 |
| (ii) 354,721 (As at March 31, 2018 Nil) units of ₹ 299.00 each fully paid up of Aditya Birla Sun Life-Cash Plus Growth Regular Plan | 1,060.63 | - |
| (iii) 6,848,553 (As at March 31, 2018 Nil) units of ₹ 26.27 each fully paid up of Franklin India Ultra Short Bond Fund - Super Institutional Plan | 1,799.03 | - |
| (iv) 416,752 (As at March 31, 2018 Nil) units of ₹ 299.01 each fully paid up of Aditya Birla Sun Life Mutual Fund - Cash Plus | 5,069.06 | - |
| **Other investments - Total** | **7,928.72** | **33,506.37** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**NOTES:**

**A <u>Investment In Associates</u>**

**A.1 Break-up of investment in associates (carrying amount determined using the equity method of accounting)**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (i) | Aggregate book value of quoted investments | 15,655.43 | 90,071.47 |
| (ii) | Aggregate market value of quoted investments | 23,054.28 | 122,560.05 |
| (iii) | Aggregate carrying value of unquoted investments | 0.31 | 46,717.35 |
| (iv) | Aggregate amount of impairment in value of investments in associates | 0.31 | 0.31 |

**A.2 Summarised financial information of material associates**

Summarised financial information in respect of each of the Group's material associates is set out below.

**RHT Health Trust (formerly known as Religare Health Trust) ('RHT')**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Non-current assets | - | 352,869.04 |
| (b) | Current assets | 10,346.46 | 35,905.73 |
| (c) | Non-current liabilities | - | 111,975.56 |
| (d) | Current liabilities | 1,013.89 | 73,419.29 |
| **Net assets** | | **9,332.57** | **203,379.92** |

| | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Revenue | - | 43,019.23 |
| (b) | Profit from continuing operations | 159,435.34 | 9,101.83 |
| (c) | Profit for the year | 159,435.34 | 9,101.83 |
| (d) | Other comprehensive income for the year | 4.65 | 9.76 |
| (e) | Total comprehensive income for the year | 159,439.99 | 9,111.59 |
| (f) | Dividends received from the associate during the year | 96,405.81 | 4,075.64 |
| (g) | Group share of profit and other comprehensive income for the year* | 44,356.21 | 2,717.99 |
| (h) | Share of profit and other comprehensive income for the year recognized* | 34,764.57 | 1,587.89 |

*During the current year on January 15, 2019, RHT Health Trust sold its entire portfolio of Indian assets and due to this transaction, there is associate share of profit of ₹ 44,356.21 lacs and receipt of dividend of ₹ 96,405.81 for the year ended March 31, 2019. Share in profit of associate has been restricted to the extent of Group's share in net worth value of the associate.

| | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| **The above profit for the year includes the following:** | | | |
| (a) | Depreciation and amortisation | - | 4,213.42 |
| (b) | Interest income | 6,102.30 | 8,040.77 |
| (c) | Interest expense | 9,690.40 | 9,961.30 |
| (d) | Income tax expense (income) | 4,081.48 | 7,635.12 |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Religare Health Trust recognized in the consolidated financial statements:

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Net assets of the associate | 9,332.57 | 203,379.92 |
| (b) | Proportion of the Group's ownership interest in RHT | 27.82% | 29.83% |
| (c) | Goodwill | - | 2,348.49 |
| (d) | Other adjustments (See note 1 below) | - | 7,585.25 |
| Carrying amount of the Group's interest in RHT | | **2,596.32** | **70,601.97** |

**Note:**

1. FHL as sponsor of RHT waived off its right to receive dividend from RHT from the date of listing till March 31, 2014. Accordingly, management had not accounted for profits of RHT till year ended March 31, 2014. The share of such profits waived as well as the reduction in net asset value of the Group's share consequent of dividend distributed to other unit holders is goodwill arising at the time of listing.

**A.3 Financial information in respect of individually not material associates**

| | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | The Group's share of profit from operations | 1,197.27 | 262.02 |
| (b) | The Group's share of other comprehensive income | - | - |
| (c) | The Group's share of total comprehensive income | 1,197.27 | 262.02 |

| | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|
| Aggregate book value of the Group's interests in these associates | 13,059.11 | 19,469.50 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**B Investment In joint ventures**

**B.1 Break-up of investment in joint ventures (carrying amount determined using the equity method of accounting)**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (i) | Aggregate book value of quoted investments | - | - |
| (ii) | Aggregate market value of quoted investments | - | - |
| (iii) | Aggregate carrying value of unquoted investments | 3,375.30 | 2,897.45 |
| (iv) | Aggregate amount of impairment in value of investments in Joint Ventures | - | - |

**B.2 Summarised financial information of material joint ventures**

Summarised financial information in respect of each of the Group's material Joint Ventures is set out below. The summarised financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with Ind ASs adjusted by the Group for equity accounting purposes.

**(i) DDRC SRL Diagnostics Private Limited**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Non-current assets | 5,677.03 | 4,220.95 |
| (b) | Current assets | 1,567.15 | 1,722.07 |
| (c) | Non-current liabilities | 376.18 | 278.97 |
| (d) | Current liabilities | 1,431.72 | 1,158.28 |
| (e) | Goodwill arising on acquisition of joint venture | 898.38 | 898.38 |
| **Net assets** | | **6,334.66** | **5,404.15** |

| | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Revenue | 14,253.15 | 12,795.44 |
| (b) | Profit from continuing operations | 943.66 | 1,367.43 |
| (c) | Profit for the year | 943.66 | 1,367.43 |
| (d) | Other comprehensive income for the year | (6.58) | 8.04 |
| (e) | Total comprehensive income for the year | (6.58) | 1,375.47 |
| (f) | Dividends received from the Joint Venture during the year | - | 100.00 |
| (g) | Group share of profit and other comprehensive income for the year | 461.23 | 600.86 |

**The above profit for the year include the following:**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Depreciation and amortisation | 733.88 | 529.40 |
| (b) | Interest income | 8.54 | 13.38 |
| (c) | Interest expense | 40.18 | 18.87 |
| (d) | Income tax expense (income) | 441.53 | 726.47 |

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in consolidated financial statements:

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Net assets of joint venture | 6,334.66 | 5,404.15 |
| (b) | Net assets as per consolidation | 6,334.66 | 5,404.15 |
| (c) | Proportion of Group's ownership interest in joint venture | 50.00% | 50.00% |
| (d) | Carrying amount of Group's interest in the joint venture | **3,167.33** | **2,702.08** |

**(ii) SRL Diagnostics (Nepal) Private Limited**

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Non-current assets | 487.78 | 90.96 |
| (b) | Current assets | 118.70 | 545.21 |
| (c) | Non-current liabilities | 190.54 | - |
| (d) | Current liabilities | - | 253.47 |
| **Net assets** | | **415.94** | **382.70** |

| | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Revenue | 662.23 | 549.15 |
| (b) | Profit from continuing operations | 33.23 | 67.36 |
| (c) | Profit for the year | 33.23 | 67.36 |
| (d) | Other comprehensive income for the year | - | - |
| (e) | Total comprehensive income for the year | - | 67.36 |
| (f) | Dividends received from the joint venture during the year | - | - |
| (g) | Group share of profit and other comprehensive income for the year | 16.62 | 33.68 |
| **The above profit for the year include the following:** | | | |
| (a) | Depreciation and amortisation | 33.06 | 26.54 |
| (b) | Interest income | 15.11 | 19.96 |
| (c) | Interest expense | 0.72 | 0.28 |
| (d) | Income tax expense (income) | 12.62 | 22.68 |

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in consolidated financial statements:

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Net assets of joint venture | 415.94 | 382.70 |
| (b) | Proportion of company's ownership interest in joint venture | 50.00% | 50.00% |
| (c) | Carrying amount of company's interest in the joint venture | **207.97** | **191.35** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### B.3 Unrecognised share of loss of joint venture

| | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|
| The unrecognised share of loss of joint venture (Fortis C-Doc Healthcare Limited) for the year | 172.20 | 113.02 |

| | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|
| Cumulative share of unrecognised loss of joint venture | 870.28 | 698.08 |

### C Investment - Others

### C.1 Break-up of investment - others (valued at FVTPL)

| | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (i) | Aggregate book value of quoted investments | - | - |
| (ii) | Aggregate market value of quoted investments | - | - |
| (iii) | Aggregate carrying value of unquoted investments | 7,928.72 | 33,506.37 |
| (iv) | Aggregate amount of impairment in value of investments | - | - |

### 6(x) Deferred tax

| | Deferred tax | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (a) | Deferred tax assets (net) (A) | 46,533.43 | 29,512.21 |
| (b) | Deferred tax liabilities (net) (B) | (48,080.84) | (14,311.60) |
| | **Deferred tax (A-B)** | **(1,547.41)** | **15,200.61** |

The following is the analysis of the movement in deferred tax assets/(liabilities) presented in financial statements:-

**2018-19**

(₹ in lacs)

| | Deferred tax assets/ (liabilities) in relation to: | As at April 1, 2018 | Acquisition (refer note 26) | Credit / (Charge) to Profit or loss | Acquisition of non controlling interest ( refer note 26 b ) | Credit / (Charge) Other Comprehensive Income | Creation / (Utilisation) of MAT credit | As at March 31, 2019 |
|---|---|---|---|---|---|---|---|---|
| **Deferred Tax Liability** | | | | | | | | |
| (a) | Property, plant and equipment | (31,777.76) | (9,043.03) | 2,645.39 | - | - | - | (38,175.40) |
| (b) | Intangible assets | (14,502.99) | - | 302.03 | - | - | - | (14,200.96) |

(₹ in lacs)

| Deferred tax assets/ (liabilities) in relation to: | | As at April 1, 2018 | Acquisition (refer note 26) | Credit / (Charge) to Profit or loss | Acquisition of non controlling interest (refer note 26 b) | Credit / (Charge) Other Compre-hensive Income | Creation / (Utilisation) of MAT credit | As at March 31, 2019 |
|---|---|---|---|---|---|---|---|---|
| (c) | Other | 1,067.74 | (2,331.13) | 403.13 | - | - | - | (860.26) |
| (d) | Undistributed profits of subsidiaries | - | - | (10,741.49) | - | - | - | (10,741.49) |
| | | **(45,213.01)** | **(11,374.16)** | **(7,390.94)** | - | - | - | **(63,978.10)** |
| **Deferred tax asset** | | | | | | | | |
| (a) | Provision for contingency | 271.32 | - | 109.26 | - | - | - | 380.58 |
| (b) | Allowances for doubtful advances | 4,358.25 | - | (1,823.80) | - | - | - | 2,534.45 |
| (c) | Allowance for expected credit loss | 8,359.56 | 47.69 | 4,000.14 | - | - | - | 12,407.39 |
| (d) | Defined benefit obligation | 3,825.24 | 72.20 | 270.35 | - | (120.21) | - | 4,047.58 |
| (e) | Unabsorbed losses and depreciation | 26,112.91 | 5,265.01 | 9,358.54 | - | - | - | 40,736.46 |
| (f) | MAT credit entitlement | 1,974.35 | - | - | - | - | 130.28 | 2,104.63 |
| (g) | Other | 542.68 | | (323.13) | - | - | - | 219.55 |
| (h) | Debt Portion of CCD's | 14,969.31 | - | (398.90) | (14,570.41) | - | - | - |
| | | **60,413.62** | **5,384.90** | **11,192.46** | **(14,570.41)** | **(120.21)** | **130.28** | **62,430.64** |
| | | | | | | | | |
| **Deferred tax liability (Net)** | | **15,200.61** | (5,989.26) | 3,801.53 | (14,570.41) | (120.21) | 130.28 | **(1,547.46)** |

*Subsequent to year end Fortis Healthcare International Limited, a subsidiary of the Company declared dividend of ₹ 61,478.29 lacs (USD 88,458,987). On the undistributed profits amount deferred tax liabilities of ₹ 10,741.29 lacs has been created on account of outside basis differences .

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**2017-18** (₹ in lacs)

| Deferred tax assets/ (liabilities) in relation to: | | As at April 1, 2017 | Acquisition | Credit / (Charge) to Profit or loss | Acquisition of non controlling interest | Credit / (Charge) Other Comprehensive Income | Utilization of MAT credit | As at March 31, 2018 |
|---|---|---|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | | | | |
| (a) | Property, plant and equipment | (31,952.15) | - | 174.39 | - | - | - | (31,777.76) |
| (b) | Intangible assets | (14,281.35) | - | (221.64) | - | - | - | (14,502.99) |
| | | **(46,233.50)** | **-** | **(47.25)** | **-** | **-** | **-** | **(46,280.75)** |
| **Deferred tax asset** | | | | | | | | |
| (a) | Provision for contingency | 229.74 | - | 41.58 | - | - | - | 271.32 |
| (b) | Allowances for doubtful advances | 3,633.26 | - | 724.99 | - | - | - | 4,358.25 |
| (c) | Allowance Expected credit loss | 5,989.31 | - | 2,370.25 | - | - | - | 8,359.56 |
| (d) | Defined benefit obligation | 3,276.30 | - | 628.08 | - | (79.14) | - | 3,825.24 |
| (e) | Unabsorbed losses | 22,715.31 | - | 3,397.60 | - | - | - | 26,112.91 |
| (f) | MAT credit entitlement | 4,135.89 | - | 10.39 | - | - | (2,171.93) | 1,974.35 |
| (g) | Other | 1,104.14 | - | 506.28 | - | - | - | 1,610.42 |
| (h) | Debt Portion of CCD's | 15,576.18 | - | (606.87) | - | - | - | 14,969.31 |
| | | **56,660.13** | **-** | **7,072.30** | **-** | **(79.14)** | **(2,171.93)** | **61,481.36** |
| **Deferred tax asset (Net)** | | **10,426.63** | **-** | **7,025.05** | **-** | **(79.14)** | **(2,171.93)** | **15,200.61** |

**DTA has not been recognized***

| | As at March 31, 2018 | As at March 31, 2019 |
|---|---|---|
| Advances to vendors | 63,737.46 | 61,041.96 |
| Capital nature | 20,564.49 | 20,561.51 |
| | **84,301.95** | **81,603.47** |

* Deferred tax assets has not been recognized on temporary differences in relation to indexation benefit freehold land amounting to ₹ 2,473.57 Lakhs (31 March 2018: ₹ 2.17 Lakhs), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that these differences will not reverse in foreseeable future.

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 6(vi) | **Trade receivables (Unsecured)** | | |
| | (a) Considered good | 54,241.57 | 47,018.78 |
| | (b) Considered doubtful | 31,631.78 | 27,419.40 |
| | Less: Allowance for bad and doubtful receivables | (31,631.78) | (27,419.40) |
| | | **54,241.57** | **47,018.78** |

**Notes:**

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. 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. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward- looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

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

| | | |
|---|---|---|
| **Ageing of receivables** | | |
| Less than 180 days | 48,957.77 | 44,979.18 |
| More than 180 days | 36,915.58 | 29,459.00 |
| | **85,873.35** | **74,438.18** |

| | | | |
|---|---|---|---|
| 6(vii) | **Loans (Unsecured)** | | |
| | **Non-current - at amortized cost** | | |
| | **Considered good** | | |
| | (a) Loan to body corporate and others | 8.74 | 8.74 |
| | (b) Loan to employees | 27.70 | 26.21 |
| | (c) Security deposits | 2,910.54 | 1,910.30 |
| | **Total (A)** | **2,946.98** | **1,945.25** |
| | **Considered doubtful** | | |
| | (a) Loan to body corporate and others | 285.96 | 285.96 |
| | (b) Loan to associate | 105.88 | 105.88 |
| | (c) Loan to joint venture [refer note 23(e)] | 1,417.72 | 1,442.72 |
| | (d) Security deposits [refer note 30(a)] | 378.00 | 378.00 |
| | **Total (B)** | **2,187.56** | **2,212.56** |
| | Less: Allowance for bad and doubtful advances | (2,187.56) | (2,212.56) |
| | **Total (A+B+C)** | **2,946.98** | **1,945.25** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| | **Current - at amortized cost** | | | |
| | **Considered good** | | | |
| | (a) | Loan to employees | 7.64 | 8.22 |
| | (b) | Loans to body corporates and others | 741.66 | 1,640.61 |
| | (c) | Security deposits | 1,360.31 | 1,547.25 |
| | **Total (A)** | | **2,109.61** | **3,196.08** |
| | | | | |
| | **Considered doubtful** | | | |
| | (a) | Inter-corporate deposits [refer note 29] | 40,243.00 | 40,243.00 |
| | **Total (B)** | | **40,243.00** | **40,243.00** |
| | | | | |
| | **Considered doubtful** | | | |
| | (a) | Loan to body corporate [refer note 30(b)] | 2,375.00 | 2,375.00 |
| | (b) | Loan to body corporate and others | 3,228.28 | 1,738.06 |
| | (c) | Security deposits [refer note 30(a)] | 384.37 | 384.37 |
| | **Total (C)** | | **5,987.65** | **4,497.43** |
| | | | | |
| | Less: Allowance for bad and doubtful advances | | (46,230.65) | (44,740.43) |
| | **Total (D)** | | **(46,230.65)** | **(44,740.43)** |
| | **Total (A+B+C+D)** | | **2,109.61** | **3,196.08** |
| | | | | |
| **6(viii)** | **Other financial assets (unsecured)** | | | |
| | **Non-Current** | | | |
| | **Considered good** | | | |
| | (a) | Deposit accounts with banks (refer note 1 below) | 5,579.50 | 1,656.41 |
| | (b) | Interest accrued on loans and bank deposits | 14.48 | 204.55 |
| | (c) | Technology renewal fund advance to related party | - | 546.98 |
| | (d) | Commitment deposit (refer note 2 below) | - | 1,781.00 |
| | (e) | Advances others - recoverable in cash | 100.05 | 106.66 |
| | **Total (A)** | | **5,694.03** | **4,295.60** |
| | | | | |
| | **Considered doubtful** | | | |
| | (a) | Interest accrued on loan to Joint venture [refer note 23(e)] | 180.61 | 180.61 |
| | **Total (B)** | | **180.61** | **180.61** |
| | | | | |
| | Less: Allowance for bad and doubtful advances | | (180.61) | (180.61) |
| | **Total (C)** | | **(180.61)** | **(180.61)** |
| | **Total (A+B+C)** | | **5,694.03** | **4,295.60** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| | **Current** | | |
| | **Considered good** | | |
| | (a) Interest accrued on loans and bank deposits | 289.71 | 4,146.15 |
| | (b) Technology renewal fund advance to related party | - | 170.93 |
| | (c) Earnest money deposit | 18.15 | 14.51 |
| | (d) Advances others | 595.13 | 854.10 |
| | (e) Contract assets - unbilled revenue | 4,930.97 | 5,533.59 |
| | **Total (A)** | **5,833.96** | **10,719.28** |
| | | | |
| | **Considered doubtful** | | |
| | (a) Full and final settlement recoverable from employees | 1,294.17 | 1,103.21 |
| | (b) Interest accrued on inter-corporate deposits [refer note 30] | 4,259.62 | 4,259.62 |
| | (c) Interest accrued on loan to body corporate [refer note 30(b)] | 174.02 | 174.02 |
| | (d) Advance others [refer note 30(a)] | 1,913.34 | 1,913.34 |
| | (e) Amount recoverable for salary and reimbursement of expenses [refer note 30] | 2,002.39 | 2,002.39 |
| | (f) Other recoverables | 121.53 | 121.53 |
| | **Total (B)** | **9,765.07** | **9,574.11** |
| | | | |
| | Less: Allowance for bad and doubtful advances | (9,765.07) | (9,574.11) |
| | **Total (C)** | **(9,765.07)** | **(9,574.11)** |
| | **Total (A+B+C)** | **5,833.96** | **10,719.28** |
| | | | |
| | **Notes:** | | |
| | 1. Fixed deposits is under lien with bank and is restricted from being exchanged for more than 12 months from the Balance Sheet date. | | |
| | 2. Commitment deposit represents funds paid to Hospital Service Companies as commitment for entering into Hospital and Medical Services Agreement (HMSA) upon development of a new clinical establishment | | |
| | | | |
| 6(ix) | **Tax assets & liabilities** | | |
| | **(a) Non-current tax assets** | | |
| | Advance income-tax* | 56,171.01 | 33,148.54 |
| | | **56,171.01** | **33,148.54** |
| | * Net of provision for tax | | |
| | | | |
| | **(b) Current tax liabilities** | | |
| | Provision for income-tax* | 610.89 | 276.20 |
| | | **610.89** | **276.20** |
| | * Net of advance tax | | |
| | | **55,560.12** | **32,872.34** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xi) | | **Other assets (unsecured)** | | |
| | | **Non-current** | | |
| | | **Considered good** | | |
| | (a) | Capital advances | 496.51 | 632.53 |
| | (b) | Prepaid expenses | 969.96 | 1,107.24 |
| | (c) | Balances with government authorities | | |
| | | - Amount paid under protest to Income tax authorities | 3,214.94 | 1,728.08 |
| | | - Amount paid under protest to customs, excise and other authorities | 760.97 | 150.00 |
| | | **Total (A)** | **5,442.38** | **3,617.85** |
| | | | | |
| | | **Considered doubtful** | | |
| | (a) | Capital advances | 561.27 | 311.29 |
| | | **Total (B)** | **561.27** | **311.29** |
| | | Less: Allowance for bad and doubtful advances | (561.27) | (311.29) |
| | | **Total (C)** | **(561.27)** | (311.29) |
| | | **Total (A+B+C)** | **5,442.38** | **3,617.85** |
| | | | | |
| | | **Current** | | |
| | | **Considered good** | | |
| | (a) | Balances with government authorities - Goods and service tax recoverable | 183.37 | 652.78 |
| | (b) | Advance to vendors | 966.17 | 1,427.47 |
| | (c) | Prepaid expenses | 2,643.65 | 1,972.67 |
| | (d) | SEIS licenses in hand | 1,423.75 | 679.33 |
| | (e) | Others | 23.04 | - |
| | | **Total (A)** | **5,239.98** | **4,732.25** |
| | | | | |
| | | **Considered doubtful** | | |
| | (a) | Balances with government authorities - customs excise and other authorities | 39.14 | 39.14 |
| | (b) | Deposits with income tax authorities | 12.10 | 12.10 |
| | (c) | Advance to vendors | 9.25 | 6.44 |
| | | **Total (B)** | **60.49** | **57.68** |
| | | Less: Allowance for bad and doubtful advances | (60.49) | (57.68) |
| | | **Total (C)** | **(60.49)** | **(57.68)** |
| | | **Total (A+B+C)** | **5,239.98** | **4,732.25** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xii) | **Inventories** | | | |
| | **(Valued at lower of cost and net realizable value)** | | | |
| | (a) | Medical consumables and drugs (including reagents and chemicals) | 5,598.86 | 6,587.42 |
| | | Add: Goods-in-transit | - | 50.08 |
| | | | **5,598.86** | **6,637.50** |
| | (b) | Stores and spares | 54.48 | 25.26 |
| | | | **5,653.34** | **6,662.76** |

**6(xiii) Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

| | | | | |
|---|---|---|---|---|
| | (a) | Balances with banks | | |
| | | - on current accounts | 9,253.87 | 11,724.24 |
| | | - deposits with original maturity of less than three months | 69,611.96 | 615.65 |
| | (b) | Cheques, drafts on hand | 50.86 | 103.98 |
| | (c) | Cash on hand | 488.50 | 433.53 |
| | (d) | Cash in transit | - | 84.22 |
| | **Cash and cash equivalents as per balance sheet** | | **79,405.19** | **12,961.62** |
| | Bank overdrafts and cash credit facility [refer note 6(xxii)] | | (16,035.39) | (29,467.38) |
| | **Cash and cash equivalents as per statement of cash flows** | | **63,369.80** | **(16,505.76)** |
| 6(xiv) | **Other bank balances** | | | |
| | (a) | Unpaid dividend account | 19.47 | 15.89 |
| | (b) | Deposits with original maturity of more than 3 months but less than 12 months | 6,160.42 | 1,754.34 |
| | (c) | Balances with banks - on current accounts under lien* | - | 7,235.29 |
| | | | **6,179.89** | **9,005.52** |

*Under negative lien against loan amount outstanding of ₹ Nil (previous year ₹ 9,998.46 lacs) (refer note 6(xx)) due to default in complying with the terms and conditions of the bank loan.

| | | | | |
|---|---|---|---|---|
| 6(xv) | **Assets/Liabilities classified as held for sale** | | | |
| | **Assets held for sale** | | | |
| | (a) | Assets related to Lalitha Healthcare Private Limited (refer note 37) | - | 348.66 |
| | (b) | Assets related to Escorts Heart Institute & Research Centre Limited (refer note 6(i)(a)) | 66.10 | - |
| | | | **66.10** | **348.66** |
| | **Liabilities associated with assets held for sale** | | | |
| | (a) | Liabilities related to Lalitha Healthcare Private Limited (refer note 37) | - | 124.32 |
| | | | **-** | **124.32** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 6(xvi) | **Share capital** | | |
| | **Authorised Share Capital:** | | |
| | 850,000,000 (600,000,000 as at March 31, 2018) Equity shares of ₹ 10 each | 85,000.00 | 60,000.00 |
| | 200 Class 'A' (200 as at March 31, 2018) Non- Cumulative Redeemable Preference Shares of ₹ 100,000 each | 200.00 | 200.00 |
| | 11,498,846 Class 'B' (11,498,846 as at March 31, 2018) Non-Cumulative Redeemable Preference Shares of ₹ 10 each | 1,149.88 | 1,149.88 |
| | 64,501,154 Class 'C' (64,501,154 as at March 31, 2018) Cumulative Redeemable Preference Shares of ₹ 10 each | 6,450.12 | 6,450.12 |
| | **Total authorised share capital** | **92,800.00** | **67,800.00** |
| | **Issued, subscribed and fully paid up shares** | | |
| | 754,954,948 (518,657,231 as at March 31, 2018) Equity shares of ₹ 10 each | 75,495.49 | 51,865.72 |
| | **Total issued, subscribed and fully paid up share capital** | **75,495.49** | **51,865.72** |

**Notes :**

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**

**Equity Shares**

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | ₹ in Lacs | Number of shares | ₹ in Lacs |
| At the beginning of the year | 518,657,231 | 51,865.73 | 517,727,631 | 51,772.76 |
| Issued under preferential allotment during the year (refer note 33 ) | 235,294,117 | 23,529.41 | - | - |
| Issued during the year: Employee Stock Option Plan (ESOP) [refer note 16(i)] | 1,003,600 | 100.36 | 929,600 | 92.96 |
| **Outstanding at the end of the year** | **754,954,948** | **75,495.50** | **518,657,231** | **51,865.72** |

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

**Equity Shares**

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares held | % of Holding | Number of shares held | % of Holding |
| Northern TK Venture Pte Ltd (refer note 33) (Holding Company) | 235,294,117 | 31.17% | - | - |

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

**Equity Shares**

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares held | % of Holding | Number of shares held | % of Holding |
| Northern TK Venture Pte Ltd (refer note 33) (Holding Company) | 235,294,117 | 31.17% | - | - |
| Yes Bank Limited | 63,509,265 | 8.41% | 78,542,871 | 15.14% |

**(e) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 16.

**(f)** Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr. Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore, by virtue of Ind AS 110 – Consolidated Financial Statements, FHHPL continued to be the parent company of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the Company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

**6(xvii)**

| Particulars | Equity shares (including premium) | Long term borrowings | Short term borrowings (net) | Interest accrued |
|---|---|---|---|---|
| **As at 31 March 2017** | 395,111.22 | 153,699.72 | 68,034.35 | 6,757.48 |
| Proceeds from issue of equity shares | 924.76 | - | - | - |
| Proceeds from borrowings | - | 18,632.87 | - | - |
| Repayment of borrowings | - | (21,342.19) | (32,595.98) | - |
| Reclassification of bank overdraft* | - | - | 9,790.86 | - |
| Finance cost | - | - | - | 25,778.70 |
| Finance cost paid | - | - | - | (25,589.25) |
| **As at 31 March 2018** | **396,035.98** | **150,990.40** | **45,229.23** | **6,946.93** |
| Proceeds from issue of equity shares | 400,976.77 | - | - | - |
| Proceeds from borrowings | - | 41,491.49 | 91,276.99 | - |
| Repayment of borrowings | - | (67,958.85) | - | - |
| Changes due to business combination (refer note 26) | - | (39,335.12) | - | - |
| Reclassification of bank overdraft* | - | - | (13,431.99) | - |
| Finance cost | - | - | - | 33,683.28 |
| Finance cost paid | - | - | - | (40,129.27) |
| **As at 31 March 2019** | **797,012.75** | **85,187.92** | **123,074.23** | **500.94** |

*Bank overdraft have been reclassified from current borrowings to cash and cash equivalent for the purpose of preparation of cash flow statement.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xviii) | **Non-Current Borrowings** | | | |
| | **Secured [refer note 11(I)]** | | | |
| | (a) | Term loan from banks | 61,798.08 | 31,150.48 |
| | (b) | Term loan from a non-banking finance corporation | - | 15,339.89 |
| | (c) | Deferred payment liabilities | 268.29 | 332.80 |
| | (d) | Vehicle loans | 16.86 | 30.13 |
| | (e) | Term loan from body corporates | 1,519.02 | 801.28 |
| | | | **63,602.25** | **47,654.58** |
| | **Unsecured [refer note 11(I)]** | | | |
| | (a) | Term loan from a body corporate | 106.19 | 99.84 |
| | (b) | Finance lease obligations | 3,754.31 | 3,804.94 |
| | (c) | Debt component of compulsory convertible debentures (refer note 26) | - | 43,253.38 |
| | | | **3,860.50** | **47,158.16** |
| | **Non-current borrowings - Total** | | **67,462.75** | **94,812.74** |
| 6(xix) | **Other financial liabilities** | | | |
| | **Non-current** | | | |
| | **Unsecured** | | | |
| | (a) | Security deposits | 66.03 | 15.01 |
| | (b) | Payables on purchase of property, plant and equipment | 1,246.64 | 1,228.97 |
| | | | **1,312.67** | **1,243.98** |
| | **Current** | | | |
| | **Secured** | | | |
| | (a) | Current maturities of long-term debt [refer note 11(I)] | 10,326.18 | 55,869.88 |
| | | | **10,326.18** | **55,869.88** |
| | **Unsecured** | | | |
| | (a) | Current maturities of long-term debt [refer note 11(I)] | 163.70 | 307.78 |
| | (b) | Security deposits | 2,199.44 | 198.56 |
| | (c) | Deposit from customer | - | 1,869.16 |
| | (d) | Interest accrued but not due on borrowings | 500.94 | 6,946.93 |
| | (e) | Unpaid equity dividend | 19.47 | 15.89 |
| | (f) | Payables on purchase of property, plant and equipment | 3,196.37 | 4,638.32 |
| | (g) | Technology renewal fund payable to related party | - | 160.41 |
| | (h) | Put option [refer note 12(b)] | 118,000.00 | - |
| | (i) | Employees payable | 1,903.63 | 2,019.88 |
| | (j) | Liability against indemnification (refer note 1 below) | 133.10 | 133.10 |
| | (k) | Other liabilities | 554.68 | 676.55 |
| | | | **126,671.33** | **16,966.58** |
| | | | **136,997.51** | **72,836.46** |

| Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|

**Notes:**

1. At the time of acquisition of Piramal labs (SRLD) by SRL Limited (Subsidiary), it was agreed that any charge relating to tax litigations before the date of acquisition shall be indemnified to SRL Limited. Accordingly, the amount paid by Piramal to SRL Limited, has been shown under liability against indemnification.

| | | | |
|---|---|---|---|
| **6(xx)** | **Provisions** | | |
| | **Non-current** | | |
| | **Provision for employee benefits** | | |
| | (a) Provision for gratuity (refer note 17) | 6,586.11 | 6,446.91 |
| | | **6,586.11** | **6,446.91** |
| | **Current** | | |
| | **Provision for employee benefits** | | |
| | (a) Provision for gratuity (refer note 17) | 1,263.68 | 679.86 |
| | (b) Provision for compensated absences | 4,180.25 | 3,915.21 |
| | **Others** | | |
| | (a) Provision for litigations [refer note (iii) below and note 15] | 926.68 | 804.55 |
| | (b) Provision for contingencies [refer note (i) below] | 1,086.73 | 822.78 |
| | (c) Provision against claim [refer note (ii) below] | 409.44 | 359.57 |
| | | **7,866.78** | **6,581.97** |

**Notes**

| | | | |
|---|---|---|---|
| **(i)** | **Provision for contingencies** | | |
| **(a)** | **Provision for Indemnification [refer note 12(a)]** | 205.03 | 205.03 |
| **(b)** | **Others** | | |
| | Opening balance | 617.75 | 464.21 |
| | Add: provision made during the year | 270.96 | 189.98 |
| | Less: utilised during the year | (7.01) | (36.44) |
| | Closing balance | 881.70 | 617.75 |
| | **Total - Provision for contingencies** | **1,086.73** | **822.78** |

**(ii)** Provision of ₹ 409.44 lacs (previous year 359.57 lacs) made against the claim made by a body corporate in respect of the electrical work done at Gurugram unit.

| | | | |
|---|---|---|---|
| **(iii)** | **Provision for litigations** | | |
| | Opening balance | 804.55 | 787.05 |
| | Add: provision made during the year | 122.13 | 17.50 |
| | Less: utilised during the year | - | - |
| | Closing balance | **926.68** | **804.55** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | | Particulars | As at March 31, 2019 (₹ in Lacs) | As at March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xxi) | **Other non-current liabilities** | | | |
| | (a) | Contract liabilities - advances from customers | 1,138.33 | - |
| | (b) | Provision for lease equalisation | 198.59 | 254.66 |
| | | | **1,336.92** | **254.66** |
| 6(xxii) | **Current borrowings** | | | |
| | **Secured - at amortised cost [refer note 11(II)]** | | | |
| | (a) | Bank overdrafts | 15,836.62 | 27,479.88 |
| | (b) | Cash credit facility from banks | 198.77 | 1,987.50 |
| | (c) | Working capital demand loan | 2,000.00 | 11,200.00 |
| | (d) | Term loan from bank | 105,000.00 | - |
| | (d) | Loan from bank | - | 2,743.06 |
| | (e) | Bill discounting | - | 1,715.58 |
| | | | **123,035.39** | **45,126.02** |
| | **Unsecured - at amortised cost [refer note 11(II)]** | | | |
| | (a) | Loan from body corporate | 38.84 | 103.21 |
| | | | **38.84** | **103.21** |
| | | | **123,074.23** | **45,229.23** |
| 6(xxiii) | **Trade payable (unsecured)** | | | |
| | **Current** | | | |
| | (a) | Total outstanding dues of micro enterprises and small enterprises | 4,668.05 | - |
| | (b) | Total outstanding other than micro enterprises and small enterprises | 70,684.44 | 76,276.25 |
| | | | **75,352.49** | **76,276.25** |
| 6(xxiv) | **Other current liabilities (Unsecured)** | | | |
| | (a) | Contract liability - advances from customers | 7,186.73 | 5,444.25 |
| | (b) | Statutory dues payable | 7,840.45 | 6,589.19 |
| | (c) | Others* | 169.28 | 45.78 |
| | | | **15,196.46** | **12,079.22** |
| | *includes customer loyalty provision. The movement during the year is as below : | | | |
| | Opening balance | | - | - |
| | Addition during the year | | 30.00 | - |
| | Utilised during the year | | - | - |
| | Closing balance | | **30.00** | - |

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 6(xxv) | **Revenue from operations** | | |
| (a) | **Sale of services** | | |
| | i) **Healthcare services** | | |
| | -Revenue from in patient department | 293,749.76 | 308,159.62 |
| | -Revenue from out patient department | 57,807.58 | 57,719.12 |
| | -Income from medical services | 569.77 | 583.31 |
| | -Management fees from hospitals | 3,183.35 | 3,666.35 |
| | -Income from satellite centers | 191.31 | 356.20 |
| | -Income from clinical research | 180.43 | 3,162.33 |
| | -Trustee management fees | 6,876.17 | 2,638.70 |
| | Less: Trade discounts | 10,868.79 | 8,782.80 |
| | | **351,689.58** | **367,502.83** |
| | ii) **Diagnostic services*** | 86,354.17 | 82,007.80 |
| | | **86,354.17** | **82,007.80** |
| | **Revenue from contract with customers** | **438,043.75** | **449,510.63** |

| ***Disaggregation of revenue from diagnostic services as per Ind AS 115:** | **Year ended March 31, 2019** |
|---|---|
| -Owned labs | 62,711.13 |
| -Collection centers | 22,071.54 |
| -Franchisees | 1,571.50 |
| | **86,354.17** |

Revenue disaggregation as per industry vertical and geography has been included in segment information (refer note 8). The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities.

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| (b) | **Sale of products - trading** | | |
| | (i) Out patient pharmacy | 643.29 | 514.31 |
| | | **643.29** | **514.31** |
| (c) | **Other operating revenues** | | |
| | (i) Income from academic services | 271.53 | 235.23 |
| | (ii) Income from rent [refer note 10(c)(i)] | 1,727.78 | 1,255.68 |
| | (iii) Equipment lease rental [refer note 10(c)(i)] | 834.38 | 929.12 |
| | (iv) Export benefits | 695.83 | 753.17 |
| | (v) Balances written back | 2,192.56 | 1,174.79 |
| | (vi) Miscellaneous income | 2,526.54 | 1,708.03 |
| | | **8,248.62** | **6,056.02** |
| | **Total revenue from operations (a+b+c)** | **446,935.66** | **456,080.96** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xxvi) | **Other income** | | | |
| (a) | **Interest income** | | | |
| | i) | Interest income | | |
| | | - on bank deposits | 4,037.27 | 262.68 |
| | | - on non convertible debentures issued by associate | 3,227.00 | 3,417.85 |
| | | - on inter-corporate deposits (refer note 29) | - | 6,477.44 |
| | | - on income tax refund | - | 2,362.78 |
| | | - on loan to body corporates and others | - | 992.23 |
| | ii) | Interest on financial assets carried at amortised cost | 119.74 | 187.28 |
| (b) | **Others non-operating income** | | | |
| | i) | Profit on redemption of mutual funds at FVTPL | 192.25 | 4.02 |
| | ii) | Gain on foreign currency fluctuation (net) | 1,201.94 | - |
| | iii) | Miscellaneous income | 461.58 | 268.31 |
| | **Total other income (a+b)** | | **9,239.78** | **13,972.59** |
| 6(xxvii) | **Changes in inventories of medical consumable and drugs** | | | |
| | (a) | Inventory at the beginning of the year | 6,662.76 | 6,156.67 |
| | (b) | Inventory at the end of the year | 5,653.34 | 6,662.76 |
| | | Changes in inventories [(a)-(b)] | **1,009.42** | **(506.09)** |
| 6(xxviii) | **Employee benefit expenses** | | | |
| | (a) | Salaries, wages and bonus | 83,033.49 | 80,266.53 |
| | (b) | Gratuity expense (Refer note 17) | 1,234.96 | 1,184.02 |
| | (c) | Compensated absences | 680.19 | 646.31 |
| | (d) | Contribution to provident and other funds | 4,530.27 | 4,584.49 |
| | (e) | Staff welfare expenses | 1,853.07 | 2,350.26 |
| | (f) | Share based payment to employees (refer note 16) | 363.76 | 1,193.16 |
| | | | **91,695.74** | **90,224.77** |
| | | Less: Expenses capitalized (Refer note 21) | 336.97 | 314.09 |
| | | | **91,358.77** | **89,910.68** |

| | Particulars | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xxix) | **Finance costs** | | | |
| | (a) | Interest expense | | |
| | | - on term loans | 12,918.64 | 11,893.04 |
| | | - on cash credit | 2,668.95 | 2,697.81 |
| | | - on others | 12,454.52 | 8,591.60 |
| | | - on defined benefit plan | 703.42 | 603.27 |
| | (b) | Other borrowing cost (including prepayment charges) | 4,937.75 | 1,992.98 |
| | | | **33,683.28** | **25,778.70** |

| | Particulars | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xxx) | **Depreciation and amortisation expense** | | | |
| | (a) | Depreciation of property, plant and equipment (refer note 6(i)(a)) | 19,443.85 | 19,711.19 |
| | (b) | Amortisation of intangible assets (refer note 6(iii)(a)) | 3,737.41 | 3,849.83 |
| | (c) | Impairment of tangible assets | 110.40 | 334.50 |
| | | | **23,291.66** | **23,895.52** |
| 6(xxxi) | **Other expenses** | | | |
| | (a) | Contractual manpower | 8,736.84 | 7,361.60 |
| | (b) | Power, fuel and water | 10,011.09 | 9,536.16 |
| | (c) | Housekeeping expenses including consumables | 5,491.55 | 4,486.80 |
| | (d) | Patient food and beverages | 4,656.99 | 5,037.92 |
| | (e) | Pathology laboratory expenses | 1,389.29 | 410.18 |
| | (f) | Radiology expenses | 1,742.10 | 2,397.84 |
| | (g) | Cost of medical services | 1,331.55 | 1,063.84 |
| | (h) | Professional and consultation fees to doctors | 88,678.95 | 89,213.94 |
| | (i) | Hospital service fee expense | 30,126.40 | 37,861.80 |
| | (j) | Repairs and maintenance - | | |
| | | - Building | 457.96 | 538.60 |
| | | - Plant and machinery (including medical equipments) | 9,487.63 | 8,776.89 |
| | | - Others | 1,575.67 | 1,604.78 |
| | (k) | Rent [refer note 10(b)] | 8,968.90 | 9,141.22 |
| | (l) | Donations | 34.23 | 50.56 |
| | (m) | Legal and professional fee | 19,446.71 | 9,738.23 |
| | (n) | Travel and conveyance | 4,822.62 | 4,451.76 |
| | (o) | Rates and taxes | 1,052.10 | 968.42 |
| | (p) | Printing and stationary | 3,709.44 | 2,358.63 |
| | (q) | Recruitment and trainings | 526.70 | 219.34 |
| | (r) | Communication expenses | 1,409.84 | 3,769.12 |
| | (s) | Directors' sitting fees | 803.09 | 379.38 |
| | (t) | Insurance | 2,352.86 | 1,974.27 |
| | (u) | Marketing and business promotion | 19,573.63 | 18,409.29 |
| | (v) | Loss on disposal of property, plant and equipment (net) | 618.75 | 94.78 |
| | (w) | Net loss on foreign currency transactions and translation | 634.91 | 3,483.42 |
| | (x) | Bad debts written off | 112.85 | 32.71 |
| | (y) | Allowance for bad and doubtful trade receivables | 7,930.93 | 7,607.09 |
| | (z) | Allowance for bad and doubtful advances | 306.62 | 331.51 |
| | (aa) | Advances written off | - | 1,156.63 |
| | (ab) | Provision for contingencies [refer note 6(xx)] | 270.96 | 189.98 |
| | (ac) | Provision for litigations [refer note 6(xx)] | 122.13 | 17.50 |
| | (ac) | Expenditure on corporate social responsibility (refer note 25) | 421.20 | 114.92 |
| | (ad) | Provision for foreseeable loss on sale of investment in overseas fund (refer note 30(c)) | - | 5,510.14 |
| | (ae) | Expenses relating to business combinations (refer note 26) | 3,318.12 | - |
| | (af) | Miscellaneous expenses | 453.25 | 873.07 |
| | | | **240,575.86** | **239,162.32** |
| | | Less: Expenses capitalized (refer note 21) | 344.66 | 205.93 |
| | | | **240,231.20** | **238,956.39** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|---|
| 6(xxxii) | **Exceptional items** | | | |
| | **Expenses/(income):** | | | |
| | (a) | Allowance for Inter-corporate deposits and interest thereon [refer note 29] | - | 44,502.62 |
| | (b) | Impairment of goodwill and assets of Escorts Heart Institute Research Centre Limited [refer note 23(a)] | 4,030.79 | 17,061.83 |
| | (c) | Impairment of goodwill of Birdie & Birdie Realtors Private Limited [refer note 23(b)] | 2,488.64 | 6,941.59 |
| | (d) | Allowance for advance and security deposit given to body corporate along with impairment of capital work-in-progress[refer note 30(a)] | 186.15 | 5,332.52 |
| | (e) | Impairment of investment in Lanka Hospitals Corporate PLC, Srilanka [refer note 23(c)] | 5,586.00 | 4,905.00 |
| | (f) | Impairment of goodwill of Religare Health Trust Trustee Manager [refer note 23(d)] | 4,880.58 | 3,761.76 |
| | (g) | Allowance for loan given to body corporate and interest thereon [refer note 31(b)] | - | 2,549.02 |
| | (h) | Allowance for loan given to C-Doc Healthcare Limited and interest thereon [refer note 23(e)] | (25.00) | 1,623.34 |
| | (i) | Expenses on composite scheme of arrangement and amalgamation [refer note 23(f) and 28] | - | 158.53 |
| | (j) | Exceptional gain on recovery of salary & other reimbursements paid in previous year [refer note 34] | - | (735.33) |
| | (k) | Exceptional loss on recovery of salary & other reimbursements paid in previous year [refer note 34] | - | 2,002.39 |
| | (l) | Gain on sale of assets of Lalitha Healthcare Private Limited [refer note 37] | (306.76) | - |
| | (m) | Impairment of goodwill of Stellant Capital Advisory Services Private Limited [refer note 23(g)] | 494.38 | - |
| | (n) | Impairment of property, plant and equipment, goodwill and intangible assets in CGU's [refer note 23(h) and 23(i)] | 4,903.45 | - |
| | | | **(22,238.23)** | **(88,103.27)** |
| 6(xxxiii) | **Income tax** | | | |
| | **Recognised in profit or loss** | | | |
| | **Current tax** | | | |
| | Current income tax charge for the year | | 15,176.61 | 9,352.31 |
| | Adjustment in respect of current income tax of the previous years | | (13.71) | (62.16) |
| | | | **15,162.90** | **9,290.15** |
| | **Deferred tax** | | | |
| | Deferred tax on profit for the year | | (5,325.23) | (8,106.70) |
| | Adjustment in respect of deferred tax of the previous years | | 1,523.65 | 1,081.65 |
| | | | **(3,801.58)** | **(7,025.05)** |
| | | | **11,361.32** | **2,265.10** |

| Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|
| **Recognised in other comprehensive income** | | |
| **Deferred tax charge/(credit)** | | |
| Tax related to item that will not be reclassified to profit and loss | 120.21 | 79.14 |
| **Income tax charge recognised to other comprehensive income** | **120.21** | **79.14** |
| | | |
| **The income-tax expense for the year can be reconciled to the accounting profit as follows:** | | |
| Loss before tax from continuing operations | **(11,010.14)** | **(91,177.10)** |
| Enacted income-tax rate in India (%) | 34.944 | 34.608 |
| Income tax rate calculated | **(3,847.38)** | **(31,554.57)** |
| Effect of profit of associates not considered in determining taxable profit | (12,734.03) | (1,839.74) |
| Effect of different tax rates in the foreign components & subsidiaries | (33,932.33) | (164.20) |
| Effect of partial tax exemption and relief | (15.04) | - |
| Benefits from tax rate | (6.90) | - |
| MAT written off during the year | - | (10.39) |
| Effect of income/ expenses not considered in determining taxable profits | 63,370.46 | 35,236.24 |
| Effect of prior period tax expense | 1,523.65 | 1,081.65 |
| Adjustment of carry forward losses | 54.72 | (305.24) |
| Effect of change in future enacted tax rate | - | (138.85) |
| Others | (3,051.81) | (39.80) |
| **Income-tax expense reported in the Consolidated Statement of profit and loss** | **11,361.32** | **2,265.10** |

| Expiry in year | As on 31 March 2019 | | As on 31 March 2018 | |
|---|---|---|---|---|
| | Gross Amount | Tax effect | Gross Amount | Tax effect |
| **Unabsorbed depreciation** | | | | |
| No expiry | 6,370.50 | 2,226.11 | - | - |
| **Total** | | | | |
| **Unused long term and short term capital loss** | | | | |
| 2020-21 | 14,640.62 | 3,411.26 | 14,640.62 | 3,411.26 |
| 2024-25 | 4,894.68 | 1,140.46 | 951.00 | 221.58 |
| 2025-26 | 23.59 | 5.50 | - | - |
| 2026-27 | 1,005.33 | 234.24 | - | - |
| | **20,564.22** | **4,791.46** | **15,591.62** | **3,632.85** |
| **Business loss** | | | | |
| 2022-23 | 1,573.32 | 549.78 | - | - |
| | **1,573.32** | **549.78** | **-** | **-** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | Particulars | Year ended March 31, 2019 (₹ in Lacs) | Year ended March 31, 2018 (₹ in Lacs) |
|---|---|---|---|
| 6(xxxiv) | **Earnings per share** | | |
| | (a) Loss after tax as per statement of profit and loss (₹ in lacs) | (29,893.83) | (100,921.69) |
| | (b) Weighted average number of equity shares outstanding | 807,916,741 | 518,657,231 |
| | (c) Basic earnings per share in rupees (face value – ₹ 10 per share) | (3.70) | (19.46) |
| | (d) Diluted earnings per share in rupees (face value – ₹ 10 per share)* | (3.70) | (19.46) |
| | ***Diluted earnings per share** | | |

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

| | | |
|---|---|---|
| **Loss attributable to equity shareholders (diluted)** | (29,893.83) | (100,921.69) |
| **Weighted average number of equity shares (diluted)** | | |
| Weighted average number of equity shares (basic) | 807,916,741 | 518,657,231 |
| Effect of exercise of share options ** | 2,756,550 | 3,839,650 |
| Weighted average number of equity shares (diluted) for the year | 810,673,291 | 522,496,881 |
| **Diluted earnings per share in rupees** | **(3.70)** | **(19.46)** |

** Employee stock option plan could potentially dilute the basic earnings per share in future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

### 7. Composition of the Group

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:

| Name of the Group Company | Place of incorporation and principal place of business | Principal activity | Proportion of effective interest/ voting power ownership held by Group | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| **a) Subsidiaries** | | | | |
| Hiranandani Healthcare Private Limited (HHPL) (Refer Note 3 below) | India | Operates a multi-specialty hospital | 100.00% | 100.00% |
| Fortis Hospotel Limited (FHTL) (Refer note 1 below) | India | Operates clinical establishment | 100.00% | 51.00% |
| Fortis Health Management Limited (Refer note 1 below) | India | Operates clinical establishment | 100.00% | 29.83% |
| Hospitalia Eastern Private Limited (Refer note 1 below) | India | Operates clinical establishment | 100.00% | 29.83% |
| International Hospital Limited (Refer note 1 below) | India | Operates clinical establishment | 100.00% | 29.83% |

| Name of the Group Company | Place of incorporation and principal place of business | Principal activity | Proportion of effective interest/ voting power ownership held by Group | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| Escorts Heart & Super Speciality Hospital Limited (Refer note 1 below) | India | Operates clinical establishment | 100.00% | 29.83% |
| Fortis Lafemme Limited (FLFL) | India | Investment company | 100.00% | 100.00% |
| Fortis Health Management (East) Limited (FHM(E)L) | India | Operates a hospital | 100.00% | 100.00% |
| Fortis Cancer Care Limited (FCCL) | India | Investment company | 100.00% | 100.00% |
| Fortis Healthcare International Limited (FHIL) | Mauritius | Investment company | 100.00% | 100.00% |
| Escorts Heart Institute and Research Centre Limited (EHIRCL) | India | Operates a multi-specialty hospital | 100.00% | 100.00% |
| Lalitha Healthcare Private Limited (LHPL) (Refer note 6 below) | India | Operates a hospital | - | 79.43% |
| Fortis Malar Hospitals Limited (FMHL) | India | Operates a multi-specialty hospital | 62.71% | 62.90% |
| Fortis Hospitals Limited (FHsL) | India | Operates a network of multi-specialty hospitals | 100.00% | 100.00% |
| Fortis Global Healthcare (Mauritius) Limited (FGHL) | Mauritius | Investment company | 100.00% | 100.00% |
| Malar Stars Medicare Limited (MSML) | India | Investment company | 62.71% | 62.90% |
| Fortis Asia Healthcare Pte. Limited (FAHPL) | Singapore | Investment company | 100.00% | 100.00% |
| Birdie & Birdie Realtors Private Limited | India | Renting of immovable property | 100.00% | 100.00% |
| Fortis Emergency Services Limited (FESL) (Refer note 4 below) | India | Operates ambulance services | 100.00% | 100.00% |
| Stellant Capital Advisory Services Private Limited | India | Merchant banker | 100.00% | 100.00% |
| RHT Health Trust Manager Pte Limited | Singapore | Managing RHT Health Trust | 100.00% | 100.00% |
| Fortis Health Staff Limited (Refer note 5 below) | India | Operates a network of heart command centres | 100.00% | 100.00% |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Name of the Group Company | Place of incorporation and principal place of business | Principal activity | Proportion of effective interest/ voting power ownership held by Group | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| SRL Limited | India | Operates a network of diagnostics centres | 56.90% | 56.54% |
| SRL Diagnostics Private Limited | India | Operates a network of diagnostics centres | 56.90% | 56.54% |
| SRL Reach Limited | India | Operates a network of diagnostics centres | 56.90% | 56.54% |
| SRL Diagnostics FZ-LLC (formerly known as Super Religare Laboratories International FZ LLC) | United Arab Emirates | Operates a network of diagnostics centres | 56.90% | 56.54% |
| Fortis Healthcare International Pte Limited (FHIPL) | Singapore | Investment company | 100.00% | 100.00% |
| Mena Healthcare Investment Company Limited | British Virgin Islands | Investment company | 82.54% | 82.54% |
| Medical Management Company Limited | British Virgin Islands | Operates a clinic | 82.54% | 82.54% |
| SRL Middle East LLC (refer note 7 below) | United Arab Emir ates | Investment company | 27.70% | 27.70% |
| Fortis CSR Foundation (refer note 2 below) | India | Carrying out Corporate Social Responsibilities | 100% | 100% |
| **b) Associates** | | | | |
| Sunrise Medicare Private Limited | India | Provides healthcare consultancy services | 31.26% | 31.26% |
| Medical and Surgical Centre Limited | Mauritius | Operates a multi-specialty hospital | 28.89% | 28.89% |
| Lanka Hospitals Corporation Plc | Sri Lanka | Operates a multi-specialty hospital | 28.60% | 28.60% |
| Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL) | Singapore | Investment holding company | 27.82% | 29.83% |
| RHT Health Trust (formerly known as Religare Health Trust) (RHT) | Singapore | Investment holding company | 27.82% | 29.83% |
| **c) Joint Ventures** | | | | |
| Fortis Cauvery (Partnership firm) | India | Operates a hospital | 51.00% | 51.00% |

| Name of the Group Company | Place of incorporation and principal place of business | Principal activity | Proportion of effective interest/ voting power ownership held by Group | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| Fortis C-Doc Healthcare Limited (C-Doc) | India | Operates a hospital | 60.00% | 60.00% |
| DDRC SRL Diagnostics Services Private Limited (DDRC) | India | Operates a network of diagnostics centres | 50.00% | 50.00% |
| Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL) | Nepal | Operates a network of diagnostics centres | 50.00% | 50.00% |

**Notes: -**

1. During the year ended March 31 2019, effective from January 15, 2019, the Group completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Group already held 51% stake). Refer note 26 for further details.
2. During the year ended March 31, 2015, the Group incorporated 'Fortis CSR Foundation', a non-profit Company under Section 8 of the Companies Act, 2013 for carrying out Corporate Social Responsibilities ('CSR') of the Group. Since the objective of control over the entity by the Group is not to obtain economic benefits from its activities, it is not considered for preparation of consolidated financial statement of the Group.
3. During the previous year ended March 31, 2018, the Company had acquired additional 15% stake in Hiranandani Healthcare Private Limited on July 28, 2017 and it had become wholly owned subsidiary of the Group.
4. During the previous year ended March 31, 2018, Fortis Hospitals Limited, a wholly owned subsidiary of the Company had acquired additional 51% stake in Fortis Emergency Services Limited on July 28, 2017 and it had become wholly owned subsidiary of the Group.
5. During the previous year ended March 31, 2018, Escorts Hearts Institute and Research Centre Limited, a wholly owned subsidiary of the Group has acquired additional 70.61% stake in Fortis Healthstaff Limited on July 28, 2017 and it had become wholly owned subsidiary of the Group.
6. During the current year, the group disposed of its stake in Lalitha Healthcare Private Limited (refer note 37).
7. SRL Limited owns 49% equity shares of SRL Diagnostics Middle East LLC through SRL Diagnostics FZ-LLC. However, based on the contractual arrangement between the SRL Limited and other shareholder, SRL Limited has the power to manage the firm technically, financially and administratively to any or all of its Board of Directors and the Management of SRL Diagnostics Middle East LLC is under the exclusive control of SRL Limited. Therefore, the Directors of SRL Limited concluded that SRL Limited has control over SRL Diagnostics Middle East LLC and it is consolidated in these financial statements.

**8. Segment Reporting**

During the current year, the Group has presented healthcare and diagnostic as two separate reportable segments in accordance with "Ind AS 108 Operating segments". Consequently, numbers for previous year has been presented to conform to current period presentation.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Sr. No | Particulars | Year Ended | |
|---|---|---|---|
| | | March 31, 2019 | March 31, 2018 |
| 1 | **Segment value of sales and services (revenue)** | | |
| | - Healthcare | 359,203.67 | 370,630.39 |
| | - Diagnostics | 101,015.83 | 98,948.00 |
| | **Gross value of sales and services** | **460,219.50** | **469,578.39** |
| | Less: Inter segment sales | 13,283.84 | 13,497.42 |
| | **Revenue from operations** | **446,935.66** | **456,080.97** |
| | | | |
| 2 | **Segment results** | | |
| | - Healthcare | (14,872.39) | (8,337.45) |
| | - Diagnostics | 14,101.75 | 11,753.09 |
| | **Total segment (loss)/ profit before interest and tax** | **(771.64)** | **3,415.65** |
| | (i) Finance cost | (33,683.29) | (25,778.70) |
| | (ii) Exceptional items and un-allocable expenditure (net of un-allocable income) | (12,997.45) | (74,130.00) |
| | (iii) Share of profit of associates and joint ventures | 36,441.24 | 5,315.95 |
| | **Loss before tax** | **(11,010.14)** | **(91,177.10)** |
| | | | |
| 3 | **Segment assets** | | |
| | - Healthcare | 883,036.44 | 500,897.32 |
| | - Diagnostics | 112,956.18 | 111,897.29 |
| | - Un-allocable assets | 221,743.66 | 264,007.93 |
| | Total assets | **1,217,736.28** | **876,802.54** |
| | Less: Inter segment assets | (22,609.31) | (14,633.45) |
| | **Total segment assets** | **1,195,126.97** | **862,169.09** |
| 4 | **Segment liabilities** | | |
| | - Healthcare | 238,674.98 | 115,402.73 |
| | - Diagnostics | 17,110.57 | 11,946.73 |
| | - Un-allocable liabilities | 250,702.41 | 217,757.53 |
| | Total liabilities | **506,487.96** | **345,106.99** |
| | Less: Inter segment liabilities | (22,609.31) | (14,633.45) |
| | Total segment liabilities | **483,878.65** | **330,473.54** |

*Sales by market- Revenue from external customers by location of customers*

The following table shows the distribution of the Group's consolidated revenues by geographical market.

(₹ in lacs)

| Region | Year ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| India | 435,880.07 | 449,027.04 |
| Outside India | 11,055.59 | 7,053.92 |
| **Total** | **446,935.66** | **456,080.96** |

*Carrying value of Assets- by location of assets*

The following table shows the carrying amount of segment assets by geographical area in which the assets are located:

**(₹ in lacs)**

| Region | Carrying amount of assets | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| India | 1,106,057.04 | 731,336.09 |
| Outside India | 89,069.93 | 130,833.00 |
| **Total** | **1,195,126.97** | **862,169.09** |

**Major customer**

The Group does not derive revenue from one customer which would amount to 10 per cent or more of the Group's revenue.

9. **Related party disclosures**

**Names of related parties and names of related party relationship (Refer note 4 below):**

| Nature | Company |
|---|---|
| Ultimate Holding Company | IHH Healthcare Berhad (w.e.f. 13-November-2018) |
| | RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited) (up to 16-February-2018) |
| Intermediate Holding Company | Integrated Healthcare Holdings Limited (w.e.f. 13-November-2018) |
| | Parkway Pantai Limited (w.e.f. 13-November-2018) |
| Holding Company | Northern TK Venture Pte Ltd (w.e.f. 13-November-2018) |
| | Fortis Healthcare Holdings Private Limited ('FHHPL') (refer note 3) |
| Subsidiary | Fortis CSR Foundation [refer note 7(2) above] |
| Fellow Subsidiaries (parties with whom transactions have taken place) | RWL Healthworld Limited (up to 16-February-2018) (refer note 3 below) |
| | Medsource Healthcare Private Limited (up to 16-February-2018) (refer note 3 below) |
| | Escorts Heart Centre Limited (up to 16-February-2018) (refer note 3 below) |
| Associates, associates of subsidiaries and subsidiaries of associates (parties with whom transactions have taken place) | Medical and Surgical Centre Limited |
| | Fortis Medicare International Limited (up to 7-September-2017) |
| | RHT Health Trust ( RHT ) |
| | RHT Health Trust Services Pte. Limited |
| | International Hospital Limited (Associate upto 14- January-2019 ) (Subsidiary with effect from 15- January-2019 ) |
| | Fortis Health Management Limited (Associate upto 14- January-2019) ( Subsidiary with effect from 15- January-2019 ) |
| | Escorts Heart and Super Speciality Hospital Limited ( Associate upto 14- January-2019 ) ( Subsidiary with effect from 15- January-2019 ) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Nature | Company |
|---|---|
| | Fortis Global Healthcare Infrastructure Pte. Limited |
| | Hospitalia Eastern Private Limited ( Associate upto 14-January-2019) (Subsidiary with effect from 15- January-2019) |
| | Lanka Hospitals Corporation Plc |
| | Lanka Hospitals Diagnostics (Pvt) Ltd |
| | Sunrise Medicare Private Limited |
| Joint Ventures (parties with whom transactions have taken place) | DDRC SRL Diagnostics Services Private Limited |
| | SRL Diagnostics (Nepal) Private Limited (formerly known as Super Religare Reference Laboratories (Nepal) Private Limited) |
| | Fortis C-Doc Healthcare Limited (C-Doc) |
| | Fortis Cauvery, Partnership Firm (Joint Venture of FCCL) |
| Key Management Personnel ('KMP')/ Directors and their Relatives (with whom transactions have been taken place) | Mr. Malvinder Mohan Singh – Executive Chairman & Lead-Strategic Initiatives (Resigned as Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018) (refer note 3 below) |
| | Mr. Malvinder Mohan Singh – Chairman at SRL (Resigned as Chairman and Director on 26-May-2018) |
| | Mr. Shivinder Mohan Singh - Non-Executive Vice Chairman (Resigned as Non-Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018) |
| | Mr. Bhavdeep Singh –Chief Executive Officer (up to 17-March-2019) |
| | Mr. Ravi Rajgopal – Independent Director (w.e.f. 27-April-2018) |
| | Mr. Shirish Moreshwar Apte - Additional Director (w.e.f. 31-December-2018) |
| | Ms. Suvalaxmi Chakrobarty – Independent Director (w.e.f. 27-April-2018) |
| | Mr. Chintamani Aniruddha Bhagat - Additional Director (w.e.f. 13-November-2018) |
| | Mr. Indrajit Banerjee – Independent Director (w.e.f. 27-April-2018) |
| | Dr. Chan Boon Kheng – Additional Director (w.e.f. 13-November-2018) |
| | Mr. Girish Gupta - Chief Financial Officer (w.e.f. 01-October-2018) |
| | Mr. Gagandeep Singh Bedi - Chief Financial Officer (up to 30-September-2018) |
| | Mr. Rahul Ranjan - Company Secretary (up to 30-September-2018) |
| | Dr. Brian William Tempest - Non-Executive Independent Director (up to 22-May-2018 ) |
| | Mr. Harpal Singh - Non-Executive Director (Resigned on 20-May-2018 ) |
| | Lt. Gen. Tejinder Singh Shergill - Non-Executive Director (From 12-Feburary-2018 till 20-May-2018) |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Nature | Company |
|---|---|
| | Ms. Joji Sekhon Gill - Non-Executive Independent Director (up to 07-March-2018) |
| | Mr. Pradeep Ratilal Raniga - Non-Executive Independent Director (up to 22-March-2018) |
| | Dr. Preetinder Singh Joshi - Non-Executive Independent Director (up to 19-March-2018) |
| | Ms. Shradha Suri Marwah - Non-Executive Independent Director (up to 14-November-2017) |
| | Mr. Sumit Goel- Company Secretary (w.e.f. 01-October-2018) |
| | Dr. Nithya Ramamurthy - Director |
| | Dr. Radhi Malar ( Daughter of Dr. Nithya Ramamurthy Director) |
| | Dr. Anand M ( Son in Law of Dr. Nithya Ramamurthy Director) |
| | Mr. C.K. Nageswaran – WTD |
| | Mr. Rakesh Laddha – Chief Financial Officer at FHsL (up to 08-March- 2018) |
| | Mr. Ashish Bhatia -Non Executive Director at FHsL (up to 19-January- 2018) |
| | Ms. Anika Parashar - Non-Executive Director at FLFL (up to 28-August-2018) |
| | Mr. Daljit Singh - Non Executive Director at FLFL (up to 20-May-2018) |
| | Ms. Sabina Vaisoha - Non-Executive Director at FHsL (up to 21-May- 2018) |
| | Mr. Baljinder Sharma - Director at FHIL and FGHML |
| | Mr. Rohit Bhasin - Independent Director (w.e.f. 26-June-2018) |
| Enterprises significantly influenced by KMP and their relatives (with whom transactions have been taken place) | Best Healthcare Private Limited (From 15-December-2017 till 16-February-2018) (refer note 3 below) |
| | Fern Healthcare Private Limited (From 15-December-2017 till 16-February-2018) (refer note 3 below) |
| | Modland Wears Private Limited (From 15-December-2017 till 16-February-2018) (refer note 3 below) |
| | Healthfore Technologies Limited (up to 16-February-2018) (refer note 3 below) |
| | Religare Health Insurance Company Limited (up to 16-February-2018) (refer note 3 below) |
| | Trivitron Health Care Private Limited |
| | Jacob Ballas Capital India Private Limited |
| | Bar Chem |
| | Mauritius International Trust Company Limited |
| | Finserve Shared Services Private Limited |
| | Ligare Aviation Limited (up to 16-February-2018) |
| | Hale & Tempest Company Limited |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Nature | Company |
|---|---|
| Enterprises controlled by KMP or their Relatives (with whom transactions have been taken place) | Fortis Nursing and Education Society (up to 13-February-2018) (refer note 3 below) |
| | Fortis Charitable Foundation (up to 13-February-2018) (refer note 3 below) |
| Subsidiary of holding company, Joint venture of subsidiary of holding company and Joint ventures of holding company (with whom transactions have been taken place) | Apollo Gleneagles Hospital Limited (from November 13, 2018) |
| | Apollo Hospitals Enterprises Limited (from November 13, 2018) |
| | Continental Hospitals Private Limited (from November 13, 2018) |
| | Ravindranath GE Medical Associates Private Limited (from November 13, 2018) |

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---:|---:|
| **Transactions during the year** | | |
| **Operating income (including income from medical services, management fees from hospitals, rental and pharmacy income)** | | |
| DDRC SRL Diagnostics Services Private Limited | 347.72 | 355.18 |
| Fortis Charitable Foundation | - | 1,004.44 |
| Fortis Health Management Limited | 159.91 | 152.02 |
| International Hospital Limited | 102.26 | 3,355.01 |
| Medical and Surgical Centre Limited | 1,283.68 | 1,304.59 |
| Religare Health Insurance Company Limited | - | 269.99 |
| RWL Healthworld Limited | - | 879.98 |
| SRL Diagnostic (Nepal) Private limited | 204.28 | 170.55 |
| Bar Chem | 0.33 | 1.85 |
| Fortis C-Doc Healthcare Limited | 109.43 | 113.04 |
| Jacob Ballas Capital India Private Limited | 0.05 | 0.45 |
| RHT Health Trust | 6,876.17 | 2,638.70 |
| Apollo Gleneagles Hospital Limited | 24.44 | - |
| Apollo Hospitals Enterprises Limited | 0.59 | - |
| Lanka Hospitals Diagnostics (Pvt) Ltd | 143.27 | - |
| Fortis CSR Foundation | 22.67 | - |
| | | |
| **Dividend income** | | |
| RHT Health Trust | 96,405.81 | 4,075.64 |
| Lanka Hospitals Corporation Plc | 270.01 | 292.83 |
| DDRC SRL Diagnostics Services Private Limited | - | 100.00 |
| SRL Diagnostic (Nepal) Private limited | - | 15.00 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Hospital service fees expenses** | | |
| International Hospital Limited | 20,733.30 | 26,049.69 |
| Fortis Health Management Limited | 1,676.73 | 2,120.13 |
| Escorts Heart and Super Speciality Hospital Limited | 7,635.61 | 9,707.27 |
| | | |
| **Consultation fees to doctors** | | |
| Fortis C-Doc Healthcare Limited | 84.92 | 104.31 |
| Dr. Nithya Ramamurthy | 189.00 | - |
| Dr. Radhi Malar | 22.28 | - |
| Dr. Anand.M | 36.22 | - |
| | | |
| **Purchase of goods/ services** | | |
| DDRC SRL Diagnostics Services Private Limited | 1.90 | 27.68 |
| Fortis Health Management Limited | 1.91 | 1.79 |
| Medsource Healthcare Private Limited | - | 1,817.59 |
| RWL Healthworld Limited | - | 306.23 |
| Trivitron Health Care Private Limited | 147.83 | 157.51 |
| Healthfore Technologies Limited | - | 30.33 |
| | | |
| **Legal and professional fees** | - | |
| Healthfore Technologies Limited | - | 2.61 |
| Hale & Tempest Company Limited | 3.84 | 23.26 |
| Finserve Shared Services Private Limited | - | 191.75 |
| Mauritius International Trust Company Limited | 14.10 | 4.98 |
| | | |
| **License user agreement fees for "Fortis"** | | |
| RHC Holding Private Limited | - | 59.00 |
| | | |
| **License user agreement fees for "SRL"** | | |
| RHC Holding Private Limited | - | 223.13 |
| | | |
| **Communication expenses** | | |
| Healthfore Technologies Limited | - | 2.23 |
| **Rent expenses** | | |
| Bar Chem | 44.71 | 393.89 |
| Malvinder Mohan Singh | - | 168.05 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Corporate social responsibility expenses** | | |
| Fortis CSR Foundation | 310.23 | - |
| | | |
| **Managerial / KMP remuneration** | | |
| Malvinder Mohan Singh | - | 266.77 |
| Gagandeep Singh Bedi | 390.83 | 303.88 |
| Rahul Ranjan | 37.92 | 97.95 |
| Bhavdeep Singh | 678.49 | 1,183.70 |
| Girish Gupta | 64.43 | - |
| Sumit Goel | 22.65 | - |
| **Salary and other reimbursement of expenses paid, now recoverable** | | |
| Mr. Malvinder Mohan Singh | - | 2,002.39 |
| | | |
| **Provision for recovery of salary and other reimbursement** | | |
| Mr. Malvinder Mohan Singh | - | 2,002.39 |
| RHC Holding Private Limited | - | 46.02 |
| | | |
| **Reversal of amount paid in earlier years** | | |
| Mr. Malvinder Mohan Singh | - | 735.33 |
| | | |
| **Purchase of PPE / intangible assets** | | |
| Healthfore Technologies Limited | - | 332.22 |
| Escort Heart Centre Limited | - | 420.00 |
| Trivitron Health Care Private Limited | 17.58 | |
| | | |
| **Assignment of loan to** | | |
| Best Healthcare Private Limited | - | 18,400.00 |
| Fern Healthcare Private Limited | - | 15,507.00 |
| Modland Wears Private Limited | - | 13,336.00 |
| **Interest accrued on loan to** | | |
| Fern Healthcare Private Limited | - | 1,108.03 |
| Best Healthcare Private Limited | - | 933.82 |
| Modland Wears Private Limited | - | 803.08 |
| | | |
| **Loan taken** | | |
| Gagandeep Singh Bedi | - | 100.00 |
| Ashish Bhatia | - | 10.00 |

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Rakesh Laddha | - | 7.50 |
| Anika Parashar | - | 298.50 |
| Daljit Singh | - | 30.00 |
| Bhavdeep Singh | - | 75.00 |
| | | |
| **Loans repaid** | | |
| RHC Holding Private Limited | - | 1,002.50 |
| Rakesh Laddha | - | 7.50 |
| Anika Parashar | - | 298.50 |
| Daljit Singh | - | 30.00 |
| Bhavdeep Singh | - | 75.00 |
| Gagandeep Singh Bedi | - | 100.00 |
| Ashish Bhatia | - | 10.00 |
| | | |
| **Interest expense** | | |
| Fortis Global Healthcare Infrastructure Pte. Ltd. | 5,208.05 | 6,710.24 |
| RHC Holding Private Limited | - | 7.73 |
| Gagandeep Singh Bedi | - | 0.85 |
| Ashish Bhatia | - | 0.01 |
| Anika Parashar | - | 2.29 |
| Daljit Singh | - | 0.25 |
| Bhavdeep Singh | - | 0.62 |
| | | |
| **Interest expense on delayed payment of hospital service fees** | | |
| International Hospital Limited | 68.51 | 303.58 |
| Escorts Heart and Super Speciality Hospital Limited | 19.91 | 95.86 |
| Fortis Health Management Limited | 6.70 | - |
| **Loans/advances given** | | |
| Fortis C-Doc Healthcare Limited | - | 135.00 |
| International Hospital Limited | - | 1,315.92 |
| Fortis Health Management Limited | - | 515.43 |
| Escorts Heart and Super Speciality Hospital Limited | - | 909.13 |
| Mr. C.K. Nageswaran | 16.50 | - |
| | | |
| **Loans/ advances received back** | | |
| Bhavdeep Singh | - | - |
| Escorts Heart and Super Speciality Hospital Limited | - | 921.00 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| International Hospital Limited | - | 1,663.71 |
| Fortis Health Management Limited | - | 420.00 |
| Fern Healthcare Private Limited | - | 7,000.00 |
| Fortis C-Doc Healthcare Limited | 25.00 | 36.00 |
| **Interest converted into loan** | | |
| Fortis C-Doc Healthcare Limited | - | 132.15 |
| | | |
| **Interest income** | | |
| Bhavdeep Singh | | |
| International Hospital Limited | - | - |
| Fortis C-Doc Healthcare Limited | - | 182.44 |
| Fortis Nursing and Education Society | - | - |
| Best Healthcare Private Limited | - | 511.52 |
| Fern Healthcare Private Limited | - | 464.65 |
| Modland Wears Private Limited | - | 439.91 |
| | | |
| **Allowance for doubtful loan (reversed)** | | |
| Fortis C-Doc Healthcare Limited | 25.00 | - |
| | - | |
| **Provision made for interest income on loans to** | - | |
| Fortis C-Doc Healthcare Limited | - | 182.44 |
| Fern Healthcare Private Limited | - | 1,556.95 |
| Best Healthcare Private Limited | - | 1,430.88 |
| Modland Wears Private Limited | - | 1,229.17 |
| | | |
| **Provision for doubtful receivable/ advances** | | |
| Fortis Charitable Foundation | - | 458.09 |
| Sunrise Medicare Private Limited | - | 10.00 |
| Fern Healthcare Private Limited | - | 11,400.00 |
| Best Healthcare Private Limited | - | 15,507.00 |
| Modland Wears Private Limited | - | 13,336.00 |
| | | |
| **Impairment of investment** | | |
| Lanka Hospitals Corporate Plc | 5,586.00 | 4,905.00 |
| | | |
| **Deposits given to related parties** | | |
| Bar Chem | - | 74.10 |

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---:|---:|
| | | |
| **Deposits taken from related parties** | | |
| Healthfore Technologies Limited | - | 3.49 |
| **Expenses incurred by the company on behalf of** | | |
| SRL Diagnostic (Nepal) Private limited | 22.20 | 13.18 |
| Escorts Heart Centre Limited | - | 3.45 |
| Fortis Health Management Limited | 4.11 | 4.20 |
| International Hospital Limited | 80.95 | 1,057.64 |
| Medsource Healthcare Private Limited | - | 0.17 |
| Fortis Nursing and Education Society | - | 4.62 |
| Fortis C-Doc Healthcare Limited | - | 12.35 |
| Fortis CSR Foundation | 2.14 | - |
| Medical and Surgical Centre Limited | 19.21 | 27.58 |
| RWL Healthworld Limited | - | 1.03 |
| Healthfore Technologies Limited | - | 25.69 |
| | | |
| **Expense incurred on behalf of company by** | | |
| DDRC SRL Diagnostics Services Private Limited | 118.32 | 126.29 |
| Escorts Heart and Super Speciality Hospital Limited | 1,082.68 | 1,078.31 |
| Fortis Health Management Limited | 305.83 | 268.92 |
| Fortis Charitable Foundation | - | 106.02 |
| Hale or Tempest Company Limited | - | 21.37 |
| International Hospital Limited | 2,209.30 | 1,408.42 |
| SRL Diagnostic (Nepal) Private limited | 18.19 | 8.74 |
| RHC Holding Private Limited | - | 279.34 |
| Fortis C-Doc Healthcare Limited | 37.89 | - |
| Ligare Aviation Limited | - | 5.70 |
| Healthfore Technologies Limited | - | 76.02 |
| RWL Healthworld Limited | - | 2.91 |
| Hale & Tempest Company Limited | 3.01 | - |
| | | |
| **Collection by the company on behalf of** | | |
| Fortis Health Management Limited | - | 32.45 |
| International Hospital Limited | - | 1.92 |
| Fortis Charitable Foundation | - | 15.92 |
| CDOC Healthcare Private Limited | 3.30 | 0.46 |
| Escorts Heart Centre Limited | - | 8.10 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Fortis CSR Foundation | 79.95 | - |
| **Collection on behalf of company by** | - | |
| International Hospital Limited | 39.20 | 21.70 |
| Fortis C-Doc Healthcare Limited | - | 5.70 |
| | | |
| **Director sitting fees** | | |
| Brian William Tempest | 4.72 | 24.66 |
| Harpal Singh | 4.72 | 23.48 |
| Joji Sekhon Gill | - | 4.69 |
| Pradeep Ratilal Raniga | - | 10.56 |
| Preetinder Singh Joshi | - | 7.49 |
| Shradha Suri Marwah | - | 1.15 |
| Shivinder Mohan Singh | - | 4.69 |
| Sabina Vaisoha | 3.54 | 1.40 |
| Lt. Gen Tejinder Singh Shergill | 4.72 | 13.22 |
| Baljinder Sharma | - | 4.22 |
| Chintamani Aniruddha Bhagat | 8.26 | - |
| Indrajit Banerjee | 57.82 | - |
| Northern TK Venture Pte. Limited (Dr. Chan Boon Kheng) | 11.80 | - |
| Northern TK Venture Pte. Limited (Dr. Tan Seel Leng) | 7.08 | - |
| Northern TK Venture Pte. Limited (Low Soon Teck) | 9.44 | - |
| Ravi Rajgopal | 53.10 | - |
| Rohit Bhasin | 9.44 | - |
| Shirish Moreshwar Apte | 5.90 | - |
| Suvalaxmi Chakrobarty | 56.61 | - |
| | | |
| **Purchase of investment in compulsory convertible debentures, non-convertible bonds and equity shares** | | |
| RHT Health Trust Services Pte. Limited | 1,11,189.09 | - |
| Fortis Global Healthcare Infrastructure Pte. Limited | 3,55,441.08 | - |
| | | |
| **Corporate guarantee withdrawn for loan taken by** | | |
| Fortis C-Doc Healthcare Limited | - | 1,031.00 |
| | | |
| **Sale of investment in Fortis Medicare International Limited to** | | |
| Fortis Global Healthcare Infrastructure Pte. Ltd. | - | 4.75 |
| **Investment received against services rendered** | | |

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---:|---:|
| RHT Health Trust | - | 994.35 |
| | | |
| **Investment in Hiranandani Healthcare Private Limited purchased from** | | |
| Fortis Healthcare Holdings Private limited | - | 6,100.00 |
| | | |
| **Investment in Fortis Healthstaff Private Limited purchased from** | | |
| RHC Holding Private Limited | - | 2.30 |
| Fortis Healthcare Holdings Private limited | - | 1.16 |
| | | |
| **Investment of equity shares of Fortis Emergency Services Limited purchased from** | | |
| RHC Holding Private Limited | - | 2.55 |

**Balance Outstanding at the year end**

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---:|---:|
| **Loans/advance recoverable** | | |
| Escorts Heart and Super Speciality Hospital Limited | - | 1.00 |
| Fortis Health Management Limited | - | 88.41 |
| Hospitalia Eastern Private Limited | - | 1,781.00 |
| International Hospital Limited | - | 6.85 |
| Bar Chem | 74.10 | - |
| Fortis C-Doc Healthcare Limited | 1,417.72 | 1,443.75 |
| SRL Diagnostic (Nepal) Private limited | 21.77 | 20.03 |
| Medical and Surgical Centre Limited | - | 4.81 |
| Lanka Hospitals Diagnostics (Pvt) Ltd | 3.97 | - |
| Jacob Ballas Capital India Private Limited | 0.23 | - |
| | | |
| **Unsecured loans** | | |
| RHT Health Trust | - | 496.82 |
| | | |
| **Compulsory convertible debentures** | | |
| Fortis Global Healthcare Infrastructure Pte. Ltd. | - | 33,365.95 |
| **Investments (at initial cost)** | | |
| Sunrise Medicare Private Limited | 0.31 | 0.31 |
| Fortis CSR Foundation | 5.00 | 5.00 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Lanka Hospitals Corporation Plc | 19,762.82 | 19,762.82 |
| Medical and Surgical Centre Limited | 1,312.69 | 1,312.69 |
| RHT Health Trust | 67,937.27 | 66,902.86 |
| International Hospital Limited | - | 46,716.77 |
| DDRC SRL Diagnostics Services Private Limited | 950.88 | 950.88 |
| SRL Diagnostic (Nepal) Private limited | 150.00 | 150.00 |
| | | |
| **Investments (at net book value)** | | |
| Lanka Hospitals Corporation Plc | 9,523.26 | 16,101.19 |
| Medical and Surgical Centre Limited | 3,535.85 | 3,368.33 |
| RHT Health Trust | 2,596.32 | 70,601.97 |
| International Hospital Limited | - | 46,717.04 |
| DDRC SRL Diagnostics Services Private Limited | 3,167.33 | 2,706.10 |
| SRL Diagnostic (Nepal) Private limited | 207.97 | 191.35 |
| | | |
| **Impairment of investment** | | |
| Sunrise Medicare Private Limited | 0.31 | 0.31 |
| Fortis CSR Foundation | 5.00 | 5.00 |
| Lanka Hospitals Corporate Plc | 10,491.65 | 4,905.00 |
| | | |
| **Other balance recoverable** | | |
| Fortis C-Doc Healthcare Limited | - | 59.93 |
| Fortis Cauvery | 13.25 | - |
| | | |
| **Trade receivables** | | |
| DDRC SRL Diagnostics Services Private Limited | 17.57 | 11.49 |
| SRL Diagnostics (Nepal) Private Limited | 84.81 | 97.77 |
| Fortis Health Management Limited | - | 63.45 |
| International Hospital Limited | - | 761.11 |
| Medical and Surgical Centre Limited | 28.65 | 628.99 |
| Religare Health Insurance Company Limited | - | 51.13 |
| Fortis C-Doc Healthcare Limited | 208.47 | 126.01 |
| RHT Health Trust | - | 454.74 |
| Sunrise Medicare Private Limited | 10.00 | 10.00 |
| Fortis CSR Foundation | 4.08 | - |
| Apollo Gleneagles Hospital Limited | 12.55 | - |
| Continental Hospitals Private Limited | 0.02 | - |

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Ravindranath GE Medical Associates Private Limited | 0.12 | - |
| Apollo Hospitals Enterprises Limited | 1.55 | - |
| Lanka Hospitals Diagnostics (Pvt) Ltd | 3.38 | - |
| | | |
| **Provision for doubtful receivable** | | |
| Sunrise Medicare Private Limited | 10.00 | 10.00 |
| Fortis Cauvery | 13.25 | - |
| | | |
| **Provision for doubtful loan recoverable** | | |
| Fortis C-Doc Healthcare Limited | 1,417.72 | 1,442.72 |
| | | |
| **Interest accrued on delayed payment of hospital service fees** | | |
| Escort Heart and Speciality Hospital Limited | - | 18.95 |
| | | |
| **Trade payables and other liabilities** | | |
| Bar Chem | - | 21.40 |
| Escorts Heart and Super Speciality Hospital Limited | - | 2,215.65 |
| Fortis Health Management Limited | - | 597.61 |
| International Hospital Limited | - | 5,842.07 |
| Fortis Global Healthcare Infrastructure Pte. Ltd. | - | 7,463.68 |
| DDRC SRL Diagnostics Services Private Limited | - | 9.08 |
| Jacob Ballas Capital India Private Limited | - | 0.28 |
| Trivitron Health Care Private Limited | 16.54 | 8.54 |
| Fortis C-Doc Healthcare Limited | 5.35 | - |
| | | |
| **Interest accrued but not due on loan or advances** | | |
| International Hospital Limited | - | 4,235.88 |
| Escorts Heart and Super Speciality Hospital Limited | - | 8.22 |

**Notes:**

1. As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

2. Amount shown is inclusive of perquisites (including ESOP exercise, if any), employer's contribution to provident fund and excluding reimbursement of expenses.

3. Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Group w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr. Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore, by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent company of the Group till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

continued to exercise significant influence over the Group till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

4. During the previous year, transactions with these parties have been shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances as at March 31, 2018 have not been reported as the relationship ceased to exist as at the balance sheet date.

5. Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 31 (d) (iv), (ix) and (x) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

**10. Leases**

**(a) Assets taken on Finance Lease**

The Group has finance leases of land and building and medical equipment. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. The total finance charges paid in respect of such leases recognised in the Consolidated Statement of Profit and Loss during the year is ₹ 380.21 lacs (Previous year ₹ 437.63 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

**(₹ in lacs)**

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Minimum payments | Present value of MLP | Minimum payments | Present value of MLP |
| Not later than one year | 385.00 | 200.73 | 385.16 | 307.78 |
| Later than one year but not later than five years | 1,570.68 | 416.69 | 1,485.41 | 535.55 |
| Later than five years | 10,071.09 | 3,337.62 | 10,532.60 | 3,269.39 |
| **Total minimum lease payments*** | **12,026.77** | **3,955.04** | **12,403.17** | **4,112.72** |
| Less: amount representing finance charges | (8,071.73) | - | (8,290.45) | - |
| **Present value of minimum lease payments** | **3,955.04** | **3,955.04** | **4,112.72** | **4,112.72** |
| **Current** | | **200.73** | | **307.78** |
| **Non-Current** | | **3,754.31** | | **3,804.94** |

* In case one subsidiary 'FHTL', under the lease agreement, FHTL is required to pay annual rental of ₹ 32.55 lacs till December 31, 2032. Rent shall be revised thereafter at the end of each successive period of 30 years and such increase shall not at each such time exceed one-half of the increase in the letting value of land as assessed by collector or additional collector of Delhi. The finance lease obligation represents the perpetuity value of annualized lease payment, which is ₹ 971.64 lacs and will remain same till perpetuity. The finance charge will be ₹ 32.55 lacs on annual basis till perpetuity. Also, the finance charges have been paid till date.

**(b) Assets taken on operating lease**

In respect of the Group, hospital/ office premises and certain medical equipment are obtained on operating lease. The leases are both cancellable and non- cancellable in nature and the total lease payments in respect of such leases (gross of capitalisation) recognised in the consolidated statement of profit and loss for the year ended March 31, 2019 is ₹ 8,968.90 lacs (Previous period ₹ 9,141.22 lacs). The total future minimum lease payments under the non-cancellable operating leases are as under:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 3,095.39 | 2,868.77 |
| Later than one year but not later than five years | 5,382.32 | 6,149.22 |
| Later than five years | 6,097.10 | 7,351.91 |

**(c) Assets given on operating lease**

The Group has sub-leased some portion of hospital premises (including other assets listed in table below) and certain medical equipment. The total lease income received / receivable in respect of hospital premises recognized in the consolidated statement of profit and loss for the year are ₹ 1,727.78 lacs (Previous year ₹ 1,255.68 lacs). The equipment lease rental received in respect of medical equipment recognized in the consolidated statement of profit and loss for the year are ₹ 834.38 lacs (Previous year ₹ 929.12 lacs). The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 791.64 | 356.22 |
| Later than one year but not later than five years | 1,002.06 | 306.17 |
| Later than five years | - | - |

The details of assets given on lease is as follows:

**(₹ in lacs)**

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| **Building** | 289.04 | 23.72 | **265.32** | 330.34 | 18.98 | **311.36** |
| **Plant and machinery** | 96.66 | 96.66 | - | 96.66 | 96.66 | - |
| **Medical equipment** | 5,479.49 | 3,137.38 | **2342.11** | 5,569.01 | 2,798.24 | **2,770.77** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| **Furniture and fittings** | 129.28 | 129.22 | **0.06** | 149.18 | 148.13 | **1.05** |
| **Computers** | 51.37 | 51.37 | - | 56.40 | 56.40 | - |
| **Office Equipment** | 10.10 | 10.10 | - | 10.10 | 9.93 | **0.17** |
| **Vehicles** | 15.70 | 13.63 | **2.07** | 15.70 | 11.71 | **3.99** |
| **Total** | **6,071.64** | **3462.08** | **2609.56** | **6,227.39** | **3,140.05** | **3,087.34** |

11. **Borrowings**

**I. Long-term borrowings (including current maturities)** (₹ in lacs)

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| Security and guarantee details | Repayment terms | Interest rate per annum | Non-current | Current | Non-current | Current |
| **A. Term loan from banks – Secured** | | | | | | |
| **Hiranandani Healthcare Private Limited (HHPL)**<br>The loan is secured by first charge on current assets, property plant and equipment and equitable mortgage of residential flat held in HHPL. It is further secured by Corporate Guarantee issued by the Company. | Repayable in 60 equated monthly equal instalments. | HDFC Base Rate + 1.65 % (floating) | - | - | - | 733.33 |
| The loan is secured by first charge on current assets, property plant and equipment and equitable mortgage of residential flat held in Hiranandani Healthcare Private Limited. It is further secured by Corporate Guarantee issued by the Company. | Repayable in 60 equated monthly equal instalments. Interest to be served monthly with monthly rests. | HDFC Base Rate + 0.75 % (floating) | 666.77 | 500.00 | 1,166.77 | 500.00 |

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| **Particulars** | | | **March 31, 2019** | | **March 31, 2018** | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Fortis Healthcare International Limited (FHIL)**<br>The loan is secured by first charge:<br>i. Cash collateral account<br>ii. Shares of FAHPL in FHIPL<br>iii. RHT units held by FHIL<br>iv. Shares in Lanka Hospital Corporation Limited held by FHIPL<br>v. Mortgage of the Tong Building Singapore till November 30, 2017 | Repayable by 11 October 2019.<br>The Company has repaid the loan on April 27, 2018. | 6m SIBOR + 3.50% (spread) | - | - | 12.64 | 30,271.15 |
| **Fortis Hospitals Limited (FHsL)**<br>During the year ended March 31, 2015, one of the Subsidiary Company (FHsL) availed a loan of ₹ 12,500 lacs which was secured by way of first pari-passu charge on the moveable PPE and current assets of the subsidiary and equitable mortgage of the property of certain hospitals owned by FHsL.<br>During the year ended March 31, 2016, FHsL further availed medical equipment loan of ₹ 2,500 lacs which is secured by exclusive charge on assets purchased through the same loan.<br>These loans are further secured by Corporate Guarantee issued by the Company. | Repayable in 18 structured quarterly instalments within a period of 60 months with repayment starting after 6 months from the date of disbursement (i.e. moratorium period of 6 months). | HDFC Base Rate +1.25% | - | 4,401.93 | 4,423.65 | 3,818.37 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Escorts Heart Institute and Research Centre Limited (EHIRCL)** Secured by first pari-passu charge over movable assets and the second pari-passu charge over the current assets of EHIRCL and exclusive charge over DSRA. The loan is further secured by irrevocable and unconditional corporate guarantee from the Company. | Repayable in 18 quarterly instalments beginning on December 31, 2014 up to March 27, 2019. | ICICI Bank Base Rate +1.25% p.a. payable monthly | - | - | - | 1,592.63 |
| **Escorts Heart Institute and Research Centre Limited (EHIRCL)** Secured by first and exclusive charge on the Property plant and equipment (medical equipment) purchased through this loan. | Repayable in 18 structured quarterly instalments beginning from February 18, 2017 up to May 18, 2021. | 3 years HDFC Bank MCLR + 0.65% p. a. payable monthly | 657.71 | 526.18 | 1,183.89 | 526.18 |
| **Escorts Heart Institute and Research Centre Limited (EHIRCL)** Secured by first and exclusive charge on the PPE (medical equipment) purchased through this loan. | Repayable in 26 structured quarterly instalments beginning from February 15, 2018 up to May 15, 2024. | Yes Bank MCLR+ 0.50% p. a. payable monthly | 669.53 | 129.58 | 75.66 | 10.33 |
| **Fortis Healthcare Limited** Secured by a first pari-passu charge by way of hypothecation of the Company's movable PPE. | Repayable in 52 monthly instalments beginning from October 1, 2015. | HDFC Bank Base Rate + 0.85 % p.a. payable monthly | - | 1,494.76 | 1,494.76 | 1,993.01 |

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Fortis Healthcare Limited** Secured by hypothecation on invoices and insurance copies of that medical equipment. | Repayable in 26 structured quarterly instalments, after a moratorium period of 180 days from the date of disbursement to the Company. | Yes Bank MCLR + 0.50% p.a. payable monthly | 2,480.20 | 568.96 | 2,958.00 | 557.95 |
| **Fortis Healthcare Limited** Term loan from Yes Bank has been taken for ₹ 30,430 lacs which is secured against first pari-passu charge on movable fixed assets, first pari-passu charge on current assets, pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute and Research centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited, pledge on entire shareholding of Group in Lanka Hospitals Corporation Plc, extension of first pari-passu charge on land and building of hospitals in Ludhiana & Vasant Vihar, mortgage over land and building of identified hospital for Yes Bank Limited facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable & moveable assets), negative lien along with submission of title deed of Escorts Heart Institute, Delhi. | Repayable in 48 structured quarterly instalments, from the date of first disbursement. | Yes Bank rate of interest is 13.86 % p.a. | 28,843.74 | 706.74 | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| **Particulars** | | | **March 31, 2019** | | **March 31, 2018** | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Fortis Healthcare Limited**<br>Secured by first pari-passu charge by way of hypothecation on moveable property, plant and equipment (present and future). Also secured by first charge over interest/ dividend/ cash flows arising from CCD (Compulsorily Convertible Debentures). | The loan is repayable in 16 equal quarterly instalments from the date of disbursement<br>The loan has been paid during the year | The rate of interest is 12% per annum (floating) payable monthly linked to RBL Bank's 1 year MCLR. | - | - | - | 9,998.46 |
| **Fortis Hospitals Limited (FHsL)**<br>Term loan of ₹ 15,000 lacs has been taken from ICICI Bank. The loan is secured by first pari-passu charge over moveable assets up to 1x cover and second pari-passu charge over current assets, exclusive charge over DSRA/ fixed deposit. | Repayable in 18 quarterly instalments beginning from March 29, 2013. The loan has been fully paid during the year. | ICICI Bank Base Rate + 1.75% p.a. payable monthly | - | - | - | 4,763.44 |
| **Fortis Hospitals Limited (FHsL)**<br>Loan of ₹ 22,500.00 lacs has been taken from Yes Bank Secured by:<br>a) Exclusively charge over Ludhiana Hospital (Land and building) spread over 3.5 acres<br>b) Exclusively charge over Birdie and Birdie land and building spread over 1,960 sq. yd.<br>c) Corporate guarantee by the Company. | Repayable in 20 equal quarterly instalments, after a moratorium period of 24 months from the date of disbursement to the subsidiary. | Yes Bank MCLR + 0.50% p.a. payable monthly | 18,762.38 | 1,311.47 | 19,835.11 | 824.09 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| **Particulars** | | | **March 31, 2019** | | **March 31, 2018** | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Fortis Hospitals Limited (FHsL)**<br>Loan of ₹ 10,320 lacs has been taken from Yes Bank which is secured by first pari-passu charge on movable fixed assets, first pari-passu charge on current assets, pledge over up to 30% equity shares of Fortis Hospitals Limited, Escorts Heart Institute & Research Centre Limited, Hiranandani Healthcare Private Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited, Extension of first pari-passu charge on land and building in Ludhiana and Vasant Kunj, lien along with the submission of title deed of Escorts Heart Institute, Delhi, mortgage over land and building of identified hospital of Yes Bank Limited facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility and pledge over entire shareholding of Group in Lanka Hospitals, unconditional and irrevocable Corporate guarantee of the Company. | Repayable in 48 structured quarterly instalments within a period of 12 years. | Yes Bank base rate of the MCLR+0.66%. | 9,717.75 | 229.26 | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **Total (A)** | | | **61,798.08** | **9,868.88** | **31,150.48** | **55,589.05** |
| **B. Term loan from body corporate - Secured:** | | | | | | |
| <u>**Fortis Healthcare Limited**</u><br>Secured by exclusive charge by way of hypothecation of the medical equipment, along with all standard accessories. | Repayable in 84 structured monthly instalments, after a moratorium period of 30 days from the date of invoice of medical equipment. | 7.78% p.a. payable monthly | 648.1 | 143.28 | 801.28 | 122.7 |
| <u>**Fortis Hospitals Limited (FHsL)**</u><br>The loan facility from De Lage Landen Financial Services Private Limited is secured by hypothecation of specific equipment of FHsL. | Repayable in 60 equated monthly instalments commencing after 3 months from the date of invoice. | 9.00% p.a. payable monthly | 236.68 | 61.77 | - | - |
| <u>**Fortis Hospitals Limited (FHsL)**</u><br>The loan facility from SREI Equipment Financial Services Private Limited is secured by hypothecation of specific equipment of FHsL. | The loan is repayable in 60 equated monthly instalments commencing after 1 months from the date of invoice. | 10.00% p.a. payable monthly | 225.22 | 52.69 | - | - |

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **International Hospital Limited (IHL)**<br>The loan facility from SREI Equipment Financial Services Private Limited is secured by hypothecation of specific equipment of IHL. | The loan is repayable in 60 equated monthly instalments commencing after 1 months from the date of invoice. | 11.50% p.a. payable monthly | 409.02 | 122.72 | - | - |
| | | **Total (B)** | **1,519.02** | **380.46** | **801.28** | **122.7** |
| **C. From Non-Banking Finance Corporation** | | | | | | |
| **Fortis Healthcare Limited**<br>Secured by pledge of 50.99% equity shareholding of Fortis Hospotel Limited, pledge of 99.99% equity shares of Escorts Heart Institute and Research Centre Limited, pledge of 99.99% shares of Hiranandani Healthcare Private Limited, pledge of 100% CCDs of Fortis Hospotel Limited and pledge of entire shareholding of Fortis Malar Hospitals Limited. | Repayable in 8 equal quarterly instalment starting from 5th quarter from the date of disbursal. The Company has repaid the loan during the year. | 14.00% p.a., payable monthly | - | - | 15,339.89 | - |
| | | **Total (C)** | **-** | **-** | **15,339.89** | **-** |
| **D. Vehicle Loan - Secured:** | | | | | | |
| **Fortis Hospitals Limited (FHsL)**<br>Secured against hypothecation of the specific vehicles purchased. | Repayable in equated monthly instalments over four years. | 7.90% p.a. payable monthly | 16.86 | 13.27 | 30.13 | 12.26 |
| | | **Total (D)** | **16.86** | **13.27** | **30.13** | **12.26** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **E. Finance lease obligation - Secured:** | | | | | | |
| **Fortis Hospitals Limited (FHsL)** Loan is secured by medical equipment taken on lease. | Repayable in seven years in equated monthly instalments. | 10.52% p.a. payable monthly | - | - | - | 37.03 |
| | | **Total (E)** | **-** | **-** | **-** | **37.03** |
| **F. Deferred payment liabilities - Secured:** | | | | | | |
| **Fortis Hospitals Limited (FHsL)** Deferred payment facility taken is secured by first charge by way of hypothecation of specific equipment of FHsL. | Repayable in 60 structured monthly instalments commencing from June 2014. | Not Applicable | - | 14.69 | 19.56 | 53.88 |
| **Fortis Hospitals Limited (FHsL)** Deferred payment facility has been taken during the year previous and is secured by first charge by way of hypothecation of specific equipment of FHsL. | The loan is repayable in 84 structured monthly instalments commencing from September 2017. | 7.88% p.a. payable monthly | 268.29 | 48.87 | 313.24 | 54.96 |
| | | **Total (F)** | **268.29** | **63.57** | **332.80** | **108.84** |

**I. Long-term borrowings (including current maturities)** **(₹ in lacs)**

| Particulars | | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| **Security and guarantee details** | **Repayment terms** | **Interest rate per annum** | **Non-current** | **Current** | **Non-current** | **Current** |
| **G. Finance lease obligations - Unsecured:** | | | | | | |
| **Fortis Hospotel Limited**<br>Finance lease of land of Shalimar Bagh | | | 392.45 | 32.55 | 576.03 | 111.49 |
| **Fortis Hospitals Limited (FHsL)**<br>Finance lease obligation for Bangalore – La femme Hospital | | | 674.09 | 15.87 | 661.5 | 14.23 |
| **Fortis Healthcare Limited**<br>Finance lease obligation for Chennai – Arcot Road Hospital | | | 2,687.77 | 115.28 | 2,567.41 | 182.06 |
| | | **Total (G)** | **3,754.31** | **163.70** | **3,804.94** | **307.78** |
| **H. Loan from a body corporate - Unsecured:** | | | | | | |
| **Fortis Healthcare International Pte. Limited (FHIPL)**<br>The loan is repayable to Fortis Medicare International Ltd. | | | 106.19 | - | 99.84 | - |
| | | **Total (H)** | **106.19** | **-** | **99.84** | **-** |
| **I. Compulsory convertible debentures - Unsecured:** | | | | | | |
| **Fortis Hospotel Limited (FHTL)**<br>These Compulsory Convertible Debentures (CCD's) are convertible into 131,026,000 equity shares of the subsidiary at a price of ₹ 32.55 per share. The investor of CCD has a right to convert each CCD into the conversion share at any time on or prior to the maturity date which is 18 years from the date of issuance of the CCDs. | | 17.50% | - | - | 43,253.38 | - |
| | | **Total (I)** | **-** | **-** | **43,253.38** | **-** |
| **TOTAL(I=A+B+C+D+E+F+G+H+I)** | | | **67,462.75** | **10,489.88** | **94,812.74** | **56,177.66** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### II. Short term borrowings

(₹ in lacs)

| Security and guarantee details | Repayment terms | Interest rate | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **L. Bank overdrafts - Secured:** | | | | |
| **Escorts Heart Institute and Research Centre Limited (EHIRCL)**<br>The bank overdraft facility of ₹ 2,000 lacs secured against the first charge on current assets of Escorts Heart Institute and Research Centre Limited. | Not Applicable | 9.00% p.a. payable monthly | 1,384.18 | 1,649.96 |
| **Fortis Healthcare Limited**<br>The bank overdraft facility of ₹ 4,000 lacs secured against the first pari-passu charges on PPE of Mohali Hospital & current assets of the Company. During the year, the Company has taken an additional overdraft facility of ₹ 5,000.00 lacs which is secured by exclusive charge on 30% shares of Fortis Hospitals Limited, pari-passu charge over moveable PPE of Fortis Hospitals Limited, current assets of the Company and exclusive charge on the land and building of Ludhiana Hospital and Birdie and Birdie Relators Private Limited. The same is repayable on demand.<br>Further the Company has also taken overdraft facility of ₹ 1,000 lacs which is secured by first pari-passu charge on current assets of the Company. | Not Applicable | Base rate + margin as agreed time to time p.a. payable monthly | 3,098.44 | 7,847.52 |
| **Fortis Hospitals Limited (FHsL)**<br>Overdraft facility of ₹ 10,000 lacs secured against the first pari-passu charge on stock, book debts and other current assets of FHsL. | Not Applicable | Laxmi Vilas Bank One-year MCLR p.a. payable monthly | - | 9,972.08 |
| **Fortis Hospitals Limited (FHsL)**<br>Overdraft facility of ₹ 4,000.00 lacs secured against the first pari-passu charge on moveable fixed assets and current assets of FHsL. The facility was further secured by corporate guarantee issued by the Company. | Not Applicable | HDFC Bank Base rate+1.90% | 2,385.78 | 2,742.32 |

(₹ in lacs)

| Security and guarantee details | Repayment terms | Interest rate | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **Fortis Hospitals Limited (FHsL)**<br>Overdraft facility from of ₹ 5,500.00 lacs secured against exclusive charge on land and building of Ludhiana Hospital, exclusive charge on land and building in Birdie and Birdie Realtors Private Limited, first pari-passu charge on current assets, second pari-passu charge on movable fixed assets, pledge on 30% shares of Fortis Hospitals Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited held by the Company and Corporate Guarantee of the Company. | Not Applicable | Yes, Bank MCLR Plus 0.05% payable monthly | 8,968.22 | 5,268.00 |
| | **Total (L)** | | **15,836.62** | **27,479.88** |
| **M. Cash credit from bank - Secured:** | | | | |
| **SRL Limited (SRL)**<br>Secured by way of first charge on SRL's entire current assets. They are further secured by way of a second charge on the SRL's PPE, excluding specific vehicles and equipment financed by the bodies corporate and others, both present and future. | Repayable on demand | 10.50% p.a. payable monthly | - | 981.48 |
| **SRL Limited (SRL)**<br>Secured by way of first charge on SRL's and its subsidiaries entire current assets. Further secured by way of a second charge on the SRL's PPE, excluding specific vehicles and equipment financed by the bodies corporate and others, both present and future. | Repayable on demand | 10.35% - 10.65% p.a. payable monthly | 198.77 | 1,006.02 |
| | **Total (M)** | | **198.77** | **1,987.50** |
| **N. Bill discounting - Secured:** | | | | |
| **Fortis Hospitals Limited (FHsL)**<br>Secured against exclusive charge on the bills submitted and further charge on the movable fixed assets and mortgage of certain hospital properties. The facility is further secured by way of first pari-passu charge on the current assets and Corporate Guarantee of the Company. | It is repayable within one year from the date of import of medical equipment. | Base rate Plus 1.50% p.a. | - | 1,715.58 |
| | **Total (N)** | | **-** | **1,715.58** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Security and guarantee details | Repayment terms | Interest rate | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **O. Working capital demand loan / term loan from bank – secured:** | | | | |
| **Fortis Healthcare Limited**<br>Secured by share pledge of the FHL 21% shareholding in Fortis Hospitals Limited.<br>Whereas in the previous year the loan was secured by share pledge of the FHL 51% shareholding in Fortis Hospitals Limited & personal guarantee of Mr. Malvinder Mohan Singh. | The loan is repayable in maximum 90 days from the date of disbursement. | Variable | - | 1,000.00 |
| **Fortis Healthcare Limited**<br>Secured by share pledge of the FHL 30% shareholding in Fortis Hospitals Limited on first charge basis and fixed deposits provided by third party.<br>Whereas in the previous year the loan was secured by pari-passu charge over moveable PPE at Mohali hospital and current assets of FHL & personal guarantee of Mr. Malvinder Mohan Singh. | The loan is repayable in maximum 90 days from the date of disbursement no rollover is permitted. | SCB MCLR plus agreed margin | - | 10,200.00 |
| **Fortis Healthcare Limited**<br>Short-term loan has been taken for ₹ 110,000 lacs to repay non-convertible debentures holders at Religare Healthcare Trust (RHT) which is secured by pledge over the Company's designated dividend account opened overseas for the purpose of receiving dividend of RHT. The loan is repayable within 6 months commencing January 14, 2019 carrying rate of interest of 9% p.a. | Repayable in 6 months | 10.5% | 90,000.00 | - |

(₹ in lacs)

| Security and guarantee details | Repayment terms | Interest rate | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **Fortis Healthcare Limited**<br>Short-term loan has been taken for ₹ 15,000 lacs for meeting day to day working capital requirements which is secured against first pari-passu on movable fixed assets, first pari-passu charge on current assets, pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited, pledge over entire shareholding of Group in Lanka Hospitals Corporation Plc subject to regulatory approvals, extension of first pari-passu charge on land and building of hospitals in Ludhiana and Vasant Vihar, mortgage over land and building of identified hospital for YBL facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable & moveable assets), negative lien along with submission of title deed of Escorts Heart Institute, Delhi. | Repayable by October 10, 2019 | 11.20% p.a. | 15,000.00 | - |
| **Fortis Healthcare Limited**<br>The Company has an overdraft facility/ working capital facility from Yes bank with overdraft limit of ₹ 5,000.00 lacs and secured by exclusive charge on 30% shares of FHsL, pari-passu charge over moveable fixed assets of the Company, current assets of the Company and exclusive charge on the land and building of hospitals of Ludhiana and Vasant Vihar with rate of interest being MCLR plus margin, as may be agreed from time to time. | Repayable on demand | 10.48% | 2,000.00 | - |
| | **Total(O)** | | **107,000.00** | **11,200.00** |
| | | | | |
| **P. Loans from banks - Secured:** | | | | |
| **RHT Health Trust Manager Pte. Ltd.**<br>Loan is secured by units of RHT Health Trust held by RHTTM. | Repayable within one year from the date of loan taken | 3.86% to 4.20% | - | 2,743.06 |
| | **Total (P)** | | **-** | **2,743.06** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| Security and guarantee details | Repayment terms | Interest rate | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **Q. Loan from a body corporate - Unsecured:** | | | | |
| **Fortis Healthcare International Limited** Interest free loan has been taken from Fortis Medicare International Limited. | The loan is repayable on demand. | Nil | 38.84 | 103.20 |
| | **Total (Q)** | | **38.84** | **103.20** |
| **TOTAL (II= L+M+N+O+P+Q)** | | | **123,074.23** | **45,229.21** |

**12. Commitments**

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| a) Estimated amount of contracts remaining to be executed on capital account [net of capital advances of ₹ 496.51 lacs (as at March 31, 2018 ₹ 632.53 lacs)] | 5,746.15 | 6,207.77 |

a. As part of Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies. Accordingly, the Group has till date accrued ₹ 205.03 lacs (as at March 31, 2018 ₹ 205.03 lacs) as provision for contingency.

b. As per an Exit Agreement dated 12 June 2012, certain non-controlling shareholders of SRL Limited have the right to exercise a Put Option on the Company on the occurrence of certain events as described in the Exit Agreement. During the current year ended March 31, 2019, The Company has recorded a cumulative liability in its consolidated financial statements in accordance with the requirements of Ind AS 32 - "Financial Instruments: Presentation" with a corresponding debit to "other Equity" for an amount of ₹ 118,000.00 lacs.

c. Going concern support in form of funding and operational support letters has been issued by the Group in favour of Fortis C-Doc Healthcare Limited (Joint Venture).

d. The Group has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. The Group does not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.

e. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**13. Contingent liabilities (not provided for):**

(In addition, refer other litigations and claims assessed as contingent liabilities described in Note 14 below)

**(₹ in lacs)**

| **Particular** | **As at** | |
|---|---|---|
| | **March 31, 2019** | **March 31, 2018** |
| Income tax | 60,404.76 | 51,678.53 |
| Medical negligence | 36,062.61 | 24,947.43 |
| Value Added Tax | 4,167.47 | 4,167.47 |
| Custom | 540.02 | 540.02 |
| Service Tax & GST | 1,806.65 | 1,512.30 |
| Others | 50,705.57 | 50,672.42 |
| **Grand Total** | **153,687.08** | **133,518.17** |

On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. Since the ruling, a variety of trade associations and industry groups have advocated to the Indian government, highlighting the harm to the information technology sector, other industries and job growth in India that would result from a retroactive application of the ruling. The Group anticipate the Indian government will review the matter and believe there is a substantial question as to whether the Indian government will apply the Supreme Court's ruling on a retroactive basis. As such, the Group has been legally advised not to consider that there are any probable obligations for periods prior to date of aforesaid judgment. The Group is further evaluating its next course of action in this matter.

Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The Group believes that none of the above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. The cash flows in respect of above matters are determinable only on receipt of judgments/decisions pending at various stages/forums.

**14. Other litigations and claims assessed as contingent liabilities and not provided for, unless otherwise stated:**

**I.** A third party (to whom the ICDs were assigned – refer note 29 below) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and have, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party( "Party") , the Company is liable for claims owed by the Claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favor of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 31).

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

In addition to the above, the Company has also received four notices from the Claimant claiming (i) ₹ 1,800.00 lacs as per notices dated May 30, 2018 and June 1, 2018 (ii) ₹ 21,582.00 lacs as per notice dated 4 June 2018; and (iii) ₹ 1,962.00 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, by a different entity claiming itself to be representative of the Party and is seeking substitution of its name in place of Assignee as plaintiff.

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

During the current year, the Party also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi

Based on advice of external legal counsel, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these Consolidated Financial Statements with respect to these claims.

**II.** In respect of Escorts Heart Institute and Research Centre Limited ('EHIRCL'), a subsidiary of the Company, that was formed after amalgamation of Escorts Heart Institute and Research Centre ('EHIRC'), Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as a company:

i. Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These matters are currently pending before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer. Based on the external legal counsel opinions, the Company is of the understanding that EHIRCL will be able to suitably defend the termination order and eviction proceedings.

ii. In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to poor, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS stated that before giving a hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed Firm, which as per their method of calculations amounts to ₹ 73,266.00 lacs for the period 1984-85 to 2011-12, seeking hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, EHIRCL received notice from DoHS to appear for a formal and final hearing which raised a demand of ₹ 50,336.00 lacs for the period till FY 2006 -2007, against which EHIRCL again responded explaining errors and objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit ₹ 50,336.00 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 set aside the demand and disposed of the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing the penalty of ₹ 50,337.00 lacs. This order was challenged before the Delhi High Court and the Court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of ₹ 500.00 lacs before the concerned authority. EHIRCL has deposited ₹ 500 lacs on June 20, 2018. Next hearing in this matter is scheduled in July 2019. Based on its internal assessment and advice from its counsels on the basis of the documents available, the management believes that EHIRCL is in compliance of conditions of free treatment and free beds to the poor and expects the demand to be set aside.

**III.** Navi Mumbai Municipal Corporation ('NMMC') terminated the Hospital lease agreement with HHPL vide order dated January 18, 2017 (Termination Order') for certain alleged contravention of the Hospital Lease agreement. HHPL has filed Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition has been tagged with Special Leave Petition which has also been filed by HHPL for inter alia challenging the actions of State Government, City Industrial Development Corporation and NMMC which led to the passing of the said Termination Order. The Hon'ble Supreme Court of India in the hearing held on January 30, 2017 ordered "Status Quo'. SLP has been admitted on January 22, 2018 and "Status Quo" has been continuing. Based on external legal counsel opinion, management is confident that HHPL is in compliance of conditions of Hospital Lease Agreement and accordingly considers that no adjustment is required to these Consolidated Financial Statements

**IV.** In respect of Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company, FMHL had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the previous year ended March 31, 2016, CMDA has issued an Order stating that the regularization application made by FMHL has not been allowed. FMHL had preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order.

On May 3, 2016 CMDA has also served a Locking & Sealing and De-occupation Notice to FMHL stating that in view of CMDA's Order dated March 18, 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon FMHL to restore the land to its original position within 30 days from the date of the Notice. The Company appealed to the High Court of Judicature at Madras and obtained a stay order on June 2, 2016 directing CMDA not to proceed further, till the matter is disposed. As directed by the Hon'ble High Court, CMDA Officials inspected the hospital premises and directed the Company to provide ramp facility for easy evacuation of patients. FMHL has ramped up its fire detection and safety measures, constructed horizontal walkways and obtained a Certificate from an independent agency on the adequacy of measures taken for fire prevention and safety.

FMHL, 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/going concern as the Company has fair chance of success in the aforesaid Appeal / writ petition.

**V.** SRL, a subsidiary of the Company, has received a legal Notice from an ex-employee on 29th June 2018 claiming a sum of ₹. 935.00 Lacs with respect to Provident Fund, Variable Pay and ESOPs. Further the Company has also received a legal Notice from the same ex-employee on June 29, 2018 claiming a sum of ₹. 1,923.00 Lacs with respect to certain Technology transfer amounts allegedly due to him. On April 2, 2019, the Company is in receipt of fresh Legal Notice under Insolvency and Bankruptcy Act from the ex-employee seeking amount of ₹. 3,638 Lacs (₹ 1,131 Lacs on account of technology Transfer Agreement and ₹.1,341 Lacs on account of Short Salary Payment, ₹. 131.00 Lacs on account of PF Contribution of Company; ₹ 310.00 Lacs on account of performance bonus; ₹ 722.00 Lacs towards loss of ESOPs (145,708 stock) which were granted to him under the ESOP 2009 Scheme of SRL.

Based on an advice of the in-house legal counsel on the merits of the claim, the Company and SRL are of the opinion that claims made by ex-employee may not be sustainable.

**15.** SRL Diagnostics Private Limited ('SRLD') has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, provision is recognized for the ESIC liability with respect of SRLD's Kolkata unit.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**16. Employee Stock Option Plan**

i. The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiaries and Holding company. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. As at March 31, 2019, the following schemes were in operation:

As at March 31, 2019, the following schemes were in operation:

| Particulars | Date of grant | Date of Board Approval | Date of Shareholder's approval | Number of options granted | Vesting Period | Exercise Period up to |
|---|---|---|---|---|---|---|
| **Grant I** | February 13, 2008 | July 30, 2007 | September 27, 2007 | 458,500 | February 13, 2009 to February 12, 2013 | February 11, 2018 |
| **Grant II** | October 13, 2008 | July 30, 2007 | September 27, 2007 | 33,500 | October 13, 2009 to October 12, 2013 | October 12, 2018 |
| **Grant III** | July 14, 2009 | July 30, 2007 | September 27, 2007 | 763,700 | July 14, 2010 to July 13, 2014 | July 13, 2019 |
| **Grant IV** | October 14, 2010 | July 30, 2007 | September 27, 2007 | 1,302,250 | October 1, 2011 to September 30, 2015 | September 30, 2020 |
| **Grant V** | September 12, 2011 | July 30, 2007 | September 27, 2007 | 200,000 | September 12, 2012 to September 11, 2016 | September 11, 2021 |
| **Grant VI** | February 23, 2012 | August 12, 2011 | September 19, 2011 | 4,050,000 | September 23, 2012 to September 23, 2015 | February 22, 2019 |
| **Grant VII** | June 10, 2013 | August 12, 2011 | September 19, 2011 | 3,715,000 | June 20, 2013 to June 09, 2016 | June 09, 2020 |
| **Grant VIII** | November 12, 2014 | August 12, 2011 | September 19, 2011 | 240,000 | Nov 12, 2014 to Nov 11, 2017 | November 10, 2021 |
| **Grant IX** | June 01, 2015 | August 12, 2011 | September 19, 2011 | 100,000 | Jun 01, 2015 to May 31, 2018 | May 31, 2022 |
| **Grant X** | August 05, 2015 | August 12, 2011 | September 19, 2011 | 2,500,000 | Aug 05, 2015 to Aug 04, 2018 | August 22, 2022 |

The details of activity under the Plan have been summarized below:

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Number of options | Weighted Average Exercise Price (₹) | Number of options | Weighted Average Exercise Price (₹) |
| Outstanding at the beginning of the year | 3,839,650 | 164.38 | 5,241,950 | 149.43 |
| Forfeited during the year | 79,500 | 158.00 | 472,700 | 125.56 |
| Exercised during the year | 1,003,600 | 97.33 | 929,600 | 99.79 |
| Outstanding at the end of the year | 2,756,550 | 162.04 | 3,839,650 | 164.38 |
| Excercisable at the end of the year | 2,756,550 | 162.04 | 3,839,650 | 164.38 |

During the previous year, in respect of 2,500,000 numbers of ESOP, the terms of issue were modified.

The details of exercise price for stock options outstanding at the end of the year are:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Range of exercise prices | ₹ 50.00 to 163.30 | ₹ 50.00 to 163.30 |
| Number of options outstanding | 2,756,550 | 3,839,650 |
| Weighted average remaining contractual life of options (in years) | 3.19 | 4.56 |
| Weighted average fair value of options granted (in ₹) | 68.76 | 59.23 |
| Weighted average exercise price (in ₹) | 162.04 | 164.38 |

**Stock Options granted**

There have been no grants made in the current year by the Company. The weighted average fair value of stock options granted during the year March 31, 2018 is ₹ 98.90. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Exercise Price | ₹ 50.00 to ₹ 163.30 | ₹ 50.00 to ₹ 163.30 |
| Expected Volatility | 6.42% to 34% | 6.42% to 34% |
| Life of the options granted (Vesting and exercise period) in years | 2 years to 7 years | 2 years to 7 years |
| Average risk-free interest rate | 7.31% to 8.70% | 7.31% to 8.70% |

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2007 and ESOP Scheme 2011) as at transition date.

**Note:**

1. The Group has recognized expense in relation to employee stock option plan of ₹ 336.66 lacs (previous year ₹ 911.01 lacs).

2. In respect of 79,500 fully vested option forfeited during the year amount aggregating to ₹ 127.58 lacs (previous year Nil) has been transferred to general reserve.

3. In respect of 1,003,600 fully vested option exercised during the year amount aggregating to ₹ 511.20 lacs (previous year Nil) has been transferred to general reserve.

ii. In case of Fortis Malar Hospital Limited (FMHL), employees (including senior executives) of FMHL 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 FMHL on 31 July 2008/28 May 2009 and by shareholders in the annual general meeting held on 29 September 2008 /21 August 2009. The following are some of the important conditions to the scheme: The details of activity under the Plan have been summarized below:

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date

The plan was effective from August 21, 2009.

The details of activity under the Scheme are summarized below:

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Number of options | Weighted Average Exercise Price (₹) | Number of options | Weighted Average Exercise Price (₹) |
| Outstanding at the beginning of the year | 140,000 | 26.20 | 160,000 | 26.20 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | (57,500) | 26.20 | (20,000) | 26.20 |
| Expired during the year | 3,750 | 26.20 | - | - |
| Outstanding at the end of the year | 78,750 | 26.20 | 140,000 | 26.20 |
| Exercisable at the end of the year | 78,750 | 26.20 | 140,000 | 26.20 |

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. The Intrinsic value method has been used for computing the weighted average fair value of options considering the following inputs:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Grant date share price | 26.20 | 26.20 |
| Exercise Price (in ₹) | 26.20 | 26.20 |
| Expected Volatility* | 67.42% | 67.42% |
| Life of the options granted (Vesting and exercise period) in years | 5 | 5 |
| Weighted average remaining contractual life of options (in years) | - | - |
| Average risk-free interest rate | 7.50% | 7.50% |
| Expected dividend rate | 0% | 0% |

*Expected volatility has been determined considering the daily volatility of the stock prices on Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

On the date of transition to Ind AS (i.e. 1 April 2015), FMHL had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2008) as at transition date.

iii. A subsidiary (SRL Limited) has provided share-based payment scheme to the eligible employees and directors of SRL Limited and its subsidiary. The shareholders of SRL granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' and 'SRL Limited Employee Stock Option Scheme 2013'. SRL has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with SRL Limited. Details of these schemes are as follows :

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|---|---|---|---|---|---|---|---|
| Scheme | ESOP 2009 | ESOP 2013 | ESOP 2013 | ESOP 2013 | ESOP 2013 | ESOP 2013 | ESOP 2013 |
| Date of grant | August 22, 2009 | September 30, 2013 | November 2, 2015 | November 8, 2016 | March 22, 2017 | May 06, 2017 | August 02, 2017 |
| Date of Board Approval | August 22, 2009 | August 23, 2013 | August 23, 2013 | August 23, 2013 | August 23, 2013 | May 06, 2017 | August 02, 2017 |
| Date of Shareholder's approval | August 17, 2009 | September 30, 2013 | September 30, 2013 | September 30, 2013 | September 30, 2013 | May 06, 2017 | August 02, 2017 |
| Number of options granted | 1,517,470 | 200,000 | 995,937 | 75,000 | 125,000 | 25,000 | 25,000 |
| Number of options cancelled | 847,945 | 134,000 | 663,437 | - | - | - | - |
| Number of options exercised | 154,716 | 66,000 | - | - | - | - | - |
| Number of options issued | 154,716 | 66,000 | - | - | - | - | - |
| Number of options not yet vested | - | - | 332,500 | 75,000 | 125,000 | - | 25,000 |
| Number of options not yet exercised | 514,809 | - | - | - | - | - | - |
| Vesting Period | Over three years - 22 August 2009 to 21 August 2012 | Over three years - 30 September 2016 to 30 September 2018 | Over three years - 2 November 2018 to 1 November 2020 | Over three years - 7 November 2019 to 7 November 2021 | Over three years - 22 March 2020 to 22 March 2022 | Over three years - 26 May 2020 to 26 May 2022 | Over three years - 02 August 2020 to 02 August 2022 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|---|---|---|---|---|---|---|---|
| Exercise Period up to | Up to August 21, 2019 | Up to September 29, 2022 | Up to November 01, 2022 | Up to November 01, 2022 | Up to November 01, 2022 | Up to November 01, 2022 | Up to November 01, 2022 |
| Grant value | 40 | 201 | 428 | 674 | 674 | 674 | 674 |

During the year, out of the above stated ESOP-2013 (Grant- III), employees to whom 140,000 ESOPs were granted, the vesting period of those ESOPs have accelerated from the current term of five years to 1.5 years and the same vested on May 10, 2017.

The details of activity under the Plan have been summarized below:

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average exercise price (₹) | Number of Options | Weighted Average exercise price (₹) |
| Outstanding at the beginning of the year | 1,502,288 | 320.49 | 1,651,482 | 303.19 |
| Granted during the year | - | - | 50,000 | 674.00 |
| Exercised during the year | 7,869 | 40.00 | 64,125 | 40.00 |
| Forfeited/ Cancelled during the year | 422,110 | 394.67 | 135,069 | 373.04 |
| Outstanding at the end of the year | 1,072,309 | 293.34 | 1,502,288 | 320.49 |
| Exercisable option at the end of the year | 514,809 | 40.00 | 574,788 | 40.00 |
| Remaining life | 2.06 | | 4.00 | |
| Range of exercise price (₹) | 40-674 | | 40-674 | |

The weighted average fair value of stock options granted during the year is ₹ Nil (March 31, 2018: ₹ 674). Black-Scholes model has been used for computing the weighted average fair value considering the following inputs:

| Particulars | Grant II | Grant III | Grant IV- V | Grant VI- VII |
|---|---|---|---|---|
| Date of Grant | September 30, 2013 | November 02, 2015 | November 08, 2016<br>March 22, 2017 | May 06, 2017<br>August 02, 2017 |
| Grant date share price (in ₹) | 201 | 428 | 674 | 674 |
| Exercise price (in ₹) | 201 | 428 | 674 | 674 |
| Expected volatility (s) | 17.41% | 15.54% | 15.54% | 16.19% |
| Average risk-free interest rate | 8.70% | 7.63% | 7.63% | 6.95% |
| Life of option granted | 5yrs | 5yrs | 5yrs | 5yrs |
| Expected dividend rate | 1.00% | 0.47% | 0.47% | 0.47% |

**Note:**

1. The Company has recognised expense in relation to employee stock option plan of ₹ 38.37 lacs (previous year ₹ 282.16 lacs).
2. In respect of 140,000 fully vested option forfeited during the year amount aggregating to ₹ 161.24 lacs (previous year Nil) has been transferred to general reserve.

3. On the date of transition to Ind AS (i.e. 1 April 2015), SRL Limited had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2009) as at transition date.

17. **Employee Benefits Plan:**

**Defined benefit obligation**

The Group's contribution towards its employee provident fund is a defined contribution retirement plan for qualifying employees. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" and "Escorts Heart Institute and Research Centre Limited PF Trust" which is recognized by the income tax authority and rest payment is made to provident fund commissioner.

The Group recognised ₹ 4,530.27 lacs (previous year ₹ 4,584.49 lacs) for Provident Fund, Employee state insurance and Superannuation fund contribution in the Consolidated Statement of Profit and Loss. The Contribution payable to the plan by the Group is at the rate specified in rules to the scheme.

**Defined benefit plan**

The Group companies have a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefits based on last salary drawn and completed number of year of services. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expenses recognized in the Consolidated Statement of Profit and Loss and the amounts recognized in the balance sheet.

(₹ in Lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **i. Movement in net liability** | | |
| Present value of obligation at the beginning of the year | 7,838.42 | 7,405.11 |
| Current service cost | 1,230.57 | 1,098.37 |
| Past service cost | 4.39 | 85.65 |
| Interest cost | 555.16 | 476.14 |
| Amount recognised to OCI | (352.88) | (254.78) |
| Obligation transferred from subsidiary | 126.80 | (3.63) |
| Benefits paid | (828.83) | (968.44) |
| Present value of obligations at the end of the year | **8,573.63** | **7,838.42** |
| **Present value of unfunded obligation** | | |
| **Amounts in the Balance Sheet** | | |
| (a) Liabilities | 8,573.63 | 7,838.42 |
| (b) Assets | (723.84) | (711.65) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(c) Net liability/(asset) recognised in the balance sheet** | **7,849.79** | **7,126.77** |
| Current liability | 1,263.68 | 679.86 |
| Non-current liability | 6,586.11 | 6,446.91 |
| **Change in fair value of plan assets** | | |
| Fair value of plan assets at the beginning of the year | 711.65 | 717.11 |
| **Expenses recognised in Statement of Profit and Loss:** | | |
| -Expected return on plan assets | 41.49 | 49.01 |
| **Recognised in Other Comprehensive Income:** | | |
| -Return on plan assets (excluding amount included in net interest expense) | 32.79 | (3.57) |
| Contributions by employer | 63.02 | 19.67 |
| Benefit payments | (125.11) | (70.57) |
| **Closing value of plan assets** | **723.84** | **711.65** |

**i. Expense recognised in Statement of Profit and Loss is as follows:**

(₹ In lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Amount recognised in employee benefit expense** | | |
| Service cost | 1,230.57 | 1,098.37 |
| Past Service Cost | 4.39 | 85.65 |
| **Total** | **1,234.96** | **1,184.02** |
| **Amount recognised in finance cost** | | |
| Interest cost | 555.16 | 427.14 |
| **Total** | **555.16** | **427.14** |
| **Grand Total** | **1,790.12** | **1,660.16** |

**ii. Expense recognized in Statement of Other comprehensive income is as follows:**

(₹ In lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Net actuarial loss / (gain) due to experience adjustment recognised during the year | (330.34) | (233.39) |
| Net actuarial loss / (gain) due to assumptions changes recognised during the year | (23.80) | (21.39) |
| Net return on plan assets (excluding interest income) | 1.26 | 3.57 |
| | **(352.88)** | **(253.23)** |

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

| Particular | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discounting rate (p.a.) | 7.25%-8.00% | 7.25%-8.00% |
| Expected salary increase rate (p.a.) | 6.00-8.00% | 6.00-8.00% |
| Withdrawal rate | | |
| Age up to 30 years | 10.00%-39.00% | 10.00% - 33.00% p.a. |
| Age from 31 to 44 years | 6.00% - 26.00% | 6.00% - 18.00% p.a. |
| Age above 44 years | 0.00% to 15.00% | 0.00% - 12.00% p.a. |
| Mortality table used | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

**Notes:**

1. The estimates of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constants.

**(₹ in lacs)**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| **Particulars** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Change in discount rate by 0.5% | 1,833.56 | 2,001.14 | 1,696.60 | 1,895.03 |
| Change in salary increase rate by 1% | 2,295.84 | 2,089.34 | 2,177.41 | 1,942.98 |
| Change in withdrawal rate by 5% | 1,735.93 | 1,739.89 | 1,614.93 | 1,636.65 |

3. Certain companies within the Group have invested in the schemes with Life Insurance Corporation of India (LIC) for the plan assets.

   The plan assets of SRL Diagnostics Private Limited as on the Balance sheet date are fully invested in Insurer Managed Funds. The details of investments maintained by LIC are not made available and therefore has not been disclosed.

   **Provident Fund:**

   The Group makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Group is obliged to meet interest shortfall, if any, with respect to covered employees.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| **Assumptions:** | |
|---|---|
| Discount rate (p.a.) | 7.50% p.a. |
| Expected return on exempt fund | 8.80% p.a. |
| Expected EPFO return | 8.65% p.a. for first year |
| | 8.60% p.a. thereafter |
| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate |

**Withdrawal Rate**

| **Unit** | **Withdrawal Rate** |
|---|---|
| Fortis Emergency Services Limited | Ages From 20 - 30 - 12.50%; |
| | Ages From 31 - 58 - 15.00% |
| Others | Ages From 20 - 30 - 18.00%; |
| | Ages From 31 - 44 - 6.00%; |
| | Ages From 45 - 58 - 2.00% |

**The assessed actuarial liability in respect of future anticipated shortfall is as follows:**

| **Provident fund scheme** | **(₹ in lacs)** |
|---|---|
| Gross actuarial liability (as at March 31, 2019) | 111.71 |
| Fund reserves and surplus (as at March 31, 2019) | 257.90 |
| Net liability | Nil |

**Historical return on fund**

| **Year** | **Approximate Rate of Return Earned by Fund** |
|---|---|
| 2014-15 | 9.71% |
| 2015-16 | 9.80% |
| 2016-17 | 9.71% |
| 2017-18 | 9.08% |
| 2018-19 | 8.91% |

**Asset allocation as at March 31, 2019**

| **Asset Category** | **Percentage** |
|---|---|
| Government Securities | 10.45% |
| State Government Securities | 42.09% |
| Private Sector Securities | 28.34% |
| Public Sector Securities | 14.18% |
| Equity Mutual Funds | 4.94% |
| **Total** | **100.00%** |

**18. Financial Instruments**

**Capital Management**

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 6(xix), 6(xx) and 6(xxiii) offsets by cash and bank balances) and total equity of the company.

The Group is not subject to any externally imposed capital requirements other than for covenants under various loan arrangements of the Group.

The Holding Company's Board of Directors reviews the capital structure of the Group on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2019 is as follows.

**Gearing ratio**

The gearing ratio at end of the reporting period was as follows

(₹ in lacs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Debt [refer note 6(xviii), 6(xxii) and 6(xix)] | 201,527.80 | 203,166.56 |
| Cash and cash equivalents* [refer note 6(xiii) and 6(xvi)] | (85,585.08) | (14,731.85) |
| Net debt | **115,942.72** | **188,434.71** |
| Total equity | **711,249.32** | **531,695.55** |
| Net debt to equity ratio | **16.30%** | **35.44%** |

*As at March 31, 2018, Balances with bank - on current account under lien not included above. Refer note 6(xiv).

**Categories of financial instruments**

(₹ in lacs)

| Financial assets | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Measured at fair value through profit or loss (FVTPL)** | | |
| Mutual Funds | 7,928.72 | 33,506.37 |
| **Measured at amortised cost** | | |
| Investment in non-convertible debentures in associate | - | 46,717.04 |
| Cash and cash equivalents | 79,405.19 | 12,961.62 |
| Other bank balances | 6,179.89 | 9,005.52 |
| Loans | 5,056.59 | 5,141.33 |
| Trade Receivables | 54,241.57 | 47,018.78 |
| Other Financial assets | 11,527.99 | 15,014.88 |
| **Total** | **164,339.95** | **169,365.54** |

At the end of the reporting period, there are no significant concentrations of financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Financial liabilities | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Measured at fair value through profit or loss (FVTPL)** | | |
| Put option | 118,000.00 | - |
| **Measured at amortised cost** | | |
| Borrowings | 201,026.86 | 196,219.63 |
| Trade payables | 75,352.49 | 76,276.25 |
| Other financial liabilities | 9,820.3 | 17,902.78 |
| **Total** | **404,199.65** | **290,398.66** |

**19. Financial risk management objectives**

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets including market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors manages the financial risk of the Group through internal risk reports which analyze exposure by magnitude of risk. The Group has limited exposure from the international market as the Group's operations are primarily in India. However, the Group has limited exposure towards foreign currency risk as it earns less than 10% of its revenue from in foreign currency from international patients. Also, capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Group has not taken any derivative contracts to hedge the exposure. However, the exposure towards foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign currency.

**Market Risk**

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

**a) Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

**(₹ in lacs)**

| Particulars | Foreign Currency | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|
| | | Foreign Currency Amount | ₹ | Foreign Currency Amount | ₹ |
| **Trade payables** | **USD** | 31.53 | 2,184.09 | 25.82 | 1,681.84 |
| | **Euro** | - | - | 0.33 | 26.21 |
| | **AED** | - | - | 0.48 | 8.42 |
| **Cash and bank balances** | **SGD** | 1,204.34 | 61,074.19 | 39.94 | 1,984.48 |

(₹ in lacs)

| Particulars | Foreign Currency | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|
| | | Foreign Currency Amount | ₹ | Foreign Currency Amount | ₹ |
| | MUR | 15.18 | 29.81 | 15.38 | 29.44 |
| | AED | 0.11 | 2.08 | 10.00 | 177.39 |
| | Euro | 0.00 | 0.06 | - | 0.01 |
| | USD | 0.19 | 12.99 | 0.25 | 12.75 |
| | LKR | - | - | 539.09 | 248.22 |
| **Trade receivables** | USD | 9.48 | 657.01 | 18.75 | 1,219.95 |
| | AED | - | - | 4.56 | 80.81 |
| | MUR | 26.98 | 52.99 | 9.66 | 18.49 |
| **Loans taken** | SGD | 2.87 | 145.79 | 609.56 | 30,283.82 |
| | AED | 13.41 | 252.95 | 5.63 | 99.84 |

**Foreign currency sensitivity analysis**

The group is mainly exposed to the USD, SGD, EURO, LKR, AED & MUR currency.

The following table details the Group's sensitivity to a 5% increase and decrease in ₹ against USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity where the Rupee strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(₹ in lacs)

| **If increase by 5%** | **Currency impact USD** | |
|---|---|---|
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | (75.70) | 463.72 |
| Increase / (decrease) in total equity as at the end of the reporting period | (75.70) | 463.72 |
| **If decrease by 5%** | **Currency impact USD** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | 75.70 | (463.72) |
| Increase / (decrease) in total equity as at the end of the reporting period | 75.70 | (463.72) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

| If increase by 5% | Currency impact EURO | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Increase / (decrease) in profit or loss for the year | - | (1.31) |
| Increase / (decrease) in total equity as at the end of the reporting period | - | (1.31) |
| **If decrease by 5%** | **Currency impact EURO** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | - | 1.31 |
| Increase / (decrease) in total equity as at the end of the reporting period | - | 1.31 |

(₹ in lacs)

| If increase by 5% | Currency impact SGD | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Increase / (decrease) in profit or loss for the year | 3,046.42 | (1,414.97) |
| Increase / (decrease) in total equity as at the end of the reporting period | 3,046.42 | (1,414.97) |
| **If decrease by 5%** | **Currency impact SGD** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | (3,046.42) | 1,414.97 |
| Increase / (decrease) in total equity as at the end of the reporting period | (3,046.42) | 1,414.97 |

(₹ in lacs)

| If increase by 5% | Currency impact AED | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Increase / (decrease) in profit or loss for the year | (12.54) | 7.50 |
| Increase / (decrease) in total equity as at the end of the reporting period | (12.54) | 7.50 |
| **If decrease by 5%** | **Currency impact AED** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | 12.54 | (7.50) |
| Increase / (decrease) in total equity as at the end of the reporting period | 12.54 | (7.50) |

(₹ in lacs)

| If increase by 5% | Currency impact MUR | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Impact on profit or loss for the year | 4.14 | 2.40 |
| Impact on total equity as at the end of the reporting period | 4.14 | 2.40 |

| If decrease by 5% | Currency impact MUR | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Impact on profit or loss for the year | (4.14) | (2.40) |
| Impact on total equity as at the end of the reporting period | (4.14) | (2.40) |

(₹ in lacs)

| If increase by 5% | Currency impact LKR | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Impact on profit or loss for the year | - | 12.41 |
| Impact on total equity as at the end of the reporting period | - | 12.41 |
| **If decrease by 5%** | **Currency impact LKR** | |
| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| Impact on profit or loss for the year | - | (12.41) |
| Impact on total equity as at the end of the reporting period | - | (12.41) |

**Interest rate risk management**

The Group is exposed to interest rate risk because Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(₹ in lacs)

| If increase by 50 basis point | Interest Impact | |
|---|---|---|
| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Increase / (decrease) in profit or loss for the year | (542.63) | (649.33) |
| Increase / (decrease) in total equity as at the end of the reporting period | (542.63) | (649.33) |
| **If decrease by 50 basis point** | **Interest Impact** | |
| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
| Increase / (decrease) in profit or loss for the year | 542.63 | 649.33 |
| Increase / (decrease) in total equity as at the end of the reporting period | 542.63 | 649.33 |

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**Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group takes due care while extending any credit as per the approval matrix approved by Board of Directors.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Liquidity and interest risk tables**

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

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

**(₹ in lacs)**

| Particulars | Within 1 year | More than 1 year | Total | Carrying amount |
|---|---|---|---|---|
| **As at March 31, 2018** | | | | |
| Borrowings (current and non-current) | 118,675.95 | 137,033.65 | 255,709.60 | **196,219.63** |
| Trade payables | 76,276.25 | - | 76,276.25 | **76,276.25** |
| Other financial liabilities (current and non-current) | 16,658.80 | 1,243.98 | 17,902.78 | **17,902.78** |
| **Total** | **211,611.00** | **138,277.63** | **349,888.63** | **290,398.66** |

**(₹ in lacs)**

| Particulars | Within 1 year | More than 1 year | Total | Carrying amount |
|---|---|---|---|---|
| **As at March 31, 2019** | | | | |
| Borrowings (current and non-current) | 148,256.16 | 94,447.85 | 242,704.01 | **201,026.86** |
| Trade payables | 75,352.49 | - | 75,352.49 | **75,352.49** |
| Other financial liabilities (current and non-current) | 126,507.63 | 1,312.66 | 127,820.29 | **127,820.29** |
| **Total** | **350,116.28** | **95,760.51** | **445,876.79** | **404,199.64** |

**20. Fair value measurement**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**As at March 31, 2019**

| Particulars | Note | Carrying Value* | | | Fair value measurement using* | |
|---|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Loans (Non-current) | (b) | - | 2,946.98 | 2,946.98 | - | - |
| Other financial assets (Non-current) | (b) | - | 5,694.03 | 5,694.03 | - | - |
| Other investments (current) | (a) | 7,928.72 | - | 7,928.72 | 7,928.72 | - |
| Trade receivables | (a) | - | 54,241.57 | 54,241.57 | - | - |
| Cash and cash equivalents | (a) | - | 79,405.19 | 79,405.19 | - | - |
| Other bank balances | (a) | - | 6,179.89 | 6,179.89 | - | - |
| Loans (current) | (a) | - | 2,109.61 | 2,109.61 | - | - |
| Other financial assets (current) | (a) | - | 5,833.96 | 5,833.96 | - | - |
| **Total** | | **7,928.72** | **156,411.23** | **164,339.95** | **7,928.72** | **-** |

| Particulars | Note | Carrying Value* | | | Fair value measurement using* | |
|---|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 | Level 3 |
| **Financial Liabilities** | | | | | | |
| Borrowings | (c) | - | 77,952.63 | 77,952.63 | - | - |
| Borrowings – Current | (a) | - | 123,074.23 | 123,074.23 | - | - |
| Trade payables – Current | (a) | - | 75,352.49 | 75,352.49 | - | - |
| Other financial liabilities – Non-Current | (a) | - | 1,312.67 | 1,312.67 | - | - |
| Other financial liabilities – Current | (a)/(d) | 118,000.00 | 8,507.63 | 126,507.63 | - | 118,000.00 |
| **Total** | | **118,000.00** | **163,125.42** | **281,125.42** | **-** | **118,000.00** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**As on March 31, 2018**

| Particulars | Note | Carrying Value* | | | Fair value measurement using* | |
|---|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Loans (Non-current) | (b) | - | 1,945.25 | 1,945.25 | - | - |
| Other financial assets (Non-current) | (b) | - | 4,295.60 | 4,295.60 | - | - |
| Other investments (current) | (a) | 33,506.37 | - | 33,506.37 | 33,506.37 | - |
| Trade receivables | (a) | - | 47,018.78 | 47,018.78 | - | - |
| Cash and cash equivalents | (a) | - | 12,961.62 | 12,961.62 | - | - |
| Other bank balances | (a) | - | 9,005.52 | 9,005.52 | - | - |
| Loans (Current) | (a) | - | 3,196.08 | 3,196.08 | - | - |
| Other financial assets (Current) | (a) | - | 10,719.28 | 10,719.28 | - | |
| Investment in non -convertible debentures in associate (Non-current) | (b) | - | 46,717.04 | 46,717.04 | - | 46,717.04 |
| **Total** | | **33,506.37** | **135,859.17** | **169,365.54** | **33,506.37** | **46,717.04** |

| Particulars | Note | Carrying Value* | | | Fair value measurement using* | |
|---|---|---|---|---|---|---|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | Level 2 | Level 3 |
| **Financial liabilities** | | | | | | |
| Borrowings | (c) | - | 150,990.40 | 150,990.40 | - | - |
| Borrowings – Current | (a) | - | 45,229.23 | 45,229.23 | - | - |
| Trade payables – Current | (a) | - | 76,276.25 | 76,276.25 | - | - |
| Other financial liabilities – Non-Current | (a) | - | 1,243.98 | 1,243.98 | - | - |
| Other financial liabilities – Current | (a) | - | 16,658.80 | 16,658.80 | - | - |
| **Total** | | **-** | **139,408.26** | **139,408.26** | **-** | **-** |

The following methods / assumptions were used to estimate the fair values:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.

(b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

(c) The Group's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

(d) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019 and March 31, 2018.

*There are no financial instruments measured at fair value through Other Comprehensive Income. Similarly there are no financial instruments which are valued under category Level 1.

**Financial Instruments measured at amortized cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Valuation technique used to determine fair value of:**

**(a) Put option**

The management has used Comparable companies' quoted multiple method (CCM) for determining the fair value of the put option.

The key assumption used in the estimation of fair value of the instrument is the value of Enterprise value/ Earnings before interest, tax, depreciation and amortization (EV/ EBITDA multiple). As at March 31, 2019 the weighted average EV/ EBITDA multiple has been determined at 22.5x.

Management has identified that a reasonably possible change in the key assumption could cause a change in fair value of the instrument. The following table shows the amount by which the fair value would change on change in this assumption by 1%. All other factors remaining constant.

**(₹ in lacs)**

| Increase/ (decrease) in fair value | As at March 31, 2019 |
|---|---|
| **EV/ EBITDA multiple** | |
| Increase by 1% | 1,000.00 |
| Decrease by 1% | (1,000.00) |

**(b) Other investment (current) (in mutual funds)**

The fair value is calculated by using the publicly available net asset value (NAV) as published by the mutual funds as on reporting date.

Management has identified that a reasonably possible change in the NAV could cause a change in fair value of the instrument. The following table shows the amount by which the fair value would change on change in NAV by 5%.

| Increase/ (decrease) in fair value | As at March 31, 2019 |
|---|---|
| **NAV** | |
| Increase by 5% | 396.45 |
| Decrease by 5% | (396.45) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(c) Investment in non-convertible debentures**

The fair value of Non-convertible debentures is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.

Management has identified that a reasonably possible change in the key assumption could cause a change in fair value of the investment. The following table shows the amount by which the fair value would change on change in this assumption by 1%. All other factors remaining constant.

**(₹ in Lacs)**

| **Increase/ (decrease) in fair value** | **As at March 31, 2019** |
|---|---|
| **Interest rate** | |
| Increase by 1% | 6,519.27 |
| Decrease by 1% | (7,200.93) |

**Fair value measurements using significant unobservable inputs (Level 3)**

The following table presents the changes in level 3 items for the year ended March 31, 2019 and March 31, 2018:

| **Particulars** | **Investment in non-convertible debentures** | **Put option** |
|---|---|---|
| **As at March 31, 2017** | **46,717.04** | - |
| | | |
| **As at March 31, 2018** | **46,717.04** | - |
| Elimination due to business combination (refer note 26) | 46,717.04 | |
| Addition during the year (refer note 12 b) | - | 118,000.00 |
| **As at March 31, 2019** | - | **118,000.00** |

21. During the year, the Group has capitalized the following expenses. Expenses disclosed under the respective notes are gross of amount capitalized by the Group as per details below:

| **Particulars** | **As at March 31, 2019 ₹ in lacs** | **As at March 31, 2018 ₹ in lacs** |
|---|---|---|
| **Opening balance (A)** | **8,986.88** | **8,963.12** |
| **Employee benefits expense (B)** | | |
| Salaries, wages and bonus | 336.97 | 314.09 |
| **Total (B)** | **336.97** | **314.09** |
| **Other expenses(C)** | | |
| Contractual manpower | 318.70 | 92.74 |
| Legal and professional fee | - | 80.52 |
| Travel and conveyance | 25.40 | 13.52 |
| Communication expenses | 0.56 | 2.18 |
| Miscellaneous expenses | - | 16.97 |
| **Total (C)** | **344.66** | **205.93** |
| **Total (D=A+B+C)** | **9,668.51** | **9,483.14** |
| Amount capitalized to fixed assets (E) | (469.49) | (19.72) |
| Provision for impairment (F) | - | (476.54) |
| **Carried forward to intangible assets under development (G=D-E-F)** | **9,198.62** | **8,986.88** |

22. The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2019.

23. **Exceptional items**

a. The Company invested in Escorts Heart Institute and Research Centre Limited ('EHIRCL') in 2005 which resulted in goodwill of ₹ 45,817.57 lacs in the consolidated financial statements.

During the previous year, Raipur unit within EHIRCL was closed in compliance with order no. 2232/2321/2016/9 - 55-4 dated August 22, 2016 from Government of Chhattisgarh, wherein it was stated that term of agreement will expire on October 31, 2017 with efflux of time and there will be no renewal thereof. On account of above, the Group recorded an impairment loss of ₹ 4,531.00 lacs in carrying value of Goodwill and other exceptional loss of ₹ 57.74 lacs.

At the year end, the management performed an impairment test for the remaining carrying value of goodwill. The recoverable value determined based on discounted cash flows is lower than the remaining carrying value of goodwill and a further impairment loss of ₹ 4,030.79 lacs (previous year ₹ 12,473.09 lacs) has been recognized for the year ended March 31, 2019 in the carrying value of goodwill.

The recoverable amount of this CGU is based on value-in-use calculations which uses discounted cash flow projections. The fair value measurement has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

| ( In percent) | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Discount rate | 12.70 | 15.00 |
| Terminal value growth rate | 4.00 | 4.00 |
| Compound average net sales growth rate | 10.34 | 10.98 |

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Management has identified that a reasonably possible change in the key assumptions could cause a change in amount of impairment loss/ (reversal). The following table shows the amount by which the impairment loss/ (reversal) would change on change in these assumptions, all other factors remaining constant:

**(₹ in lacs)**

| Increase/ (decrease) in impairment loss | For the year ended March 31, 2019 |
|---|---|
| **Discount rate** | |
| Increase by 1% | 3,846.43 |
| Decrease by 1% | (4,030.79) |
| | |
| **Terminal value growth rate** | |
| Increase by 1% | (2,506.33) |
| Decrease by 1% | 2,148.29 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections include specific estimates for seven years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound average net sales growth rate, consistent with the assumptions that a market participant would make.

b. Birdie & Birdie Realtors Private Limited, a subsidiary company of the Group owns a freehold property in New Delhi. During the current year, the Management performed impairment testing based on the current estimated fair value of the property and impaired goodwill of ₹ 2,486.64 lacs. During the previous year, the management has recorded goodwill impairment of ₹ 6,941.59 lacs.

The recoverable amount for this CGU has been determined based on the net realizable value of land and building. The fair value measurement has been categorized as Level 3 fair value.

c. The Company through its subsidiary Fortis Healthcare International Pte. Ltd. bought 64,120,915 shares @ 62 LKR total value in ₹ 19,762.82 lacs in year ended March 31, 2012 representing 28.60% of total equity of Lanka Hospital Corporation Plc, which is listed in Lanka Stock exchange. The average volume of trading is not significant.

During the previous year, the management of the subsidiary performed an impairment test for the carrying value of its investment in associate in Lanka Hospital Corporation Plc. The carrying value of its investment as on March 31, 2018 was 21,006.19 lacs in the consolidated financial statements. However, the fair value at published price quotation has been consistently below the carrying value and therefore there is a likely permanent diminution in the value of the Investment. An impairment loss of ₹ 5,586.00 lacs (previous year ₹ 4,905.00 lacs) has been recognized for the year ended March 31, 2019 to reflect the said carrying value to its likely recoverable value based on the published price quotation (Level 1 Fair value) as at March 31, 2019 as the management of the subsidiary is of the view that the subsidiary may not be able to recover the cost of its investment.

d. The Company through its step-down subsidiary Stellant Capital Advisory Services Private Limited acquired RHT Health Trust Trustee Manager ('RHTTM') in year ended March 31, 2016 which resulted in goodwill of ₹ 8,642.34 lacs in consolidated financial statements.

During the current year, the management performed an impairment test for the carrying value of goodwill of RHTTM. The recoverable value has been determined to be NIL as the management does not intend to have future operations in the subsidiary and accordingly, an impairment loss of ₹ 4,880.58 lacs (previous year ₹ 3,761.76 lacs) has been recognized for the year ended March 31, 2019.

e. The Company through its wholly owned subsidiary Fortis Hospitals Limited has invested (Equity and loan) in Fortis C-Doc Healthcare Limited which is a joint venture in which Fortis holds 60% stake at an amount of ₹ 622.85 lacs through equity and amount of ₹ 1,623.34 lacs (including interest accrued) through loan. During the previous year, the management had performed an impairment test for the investment in Fortis C-Doc Healthcare Limited as it has been persistently making losses. Considering the recoverability of the investment (Equity and loan) in doubt, with no current foreseeable chances of recovery of the amount, an impairment loss of ₹ 1,623.34 lacs was recognized for the year ended March 31, 2018 at consolidated level.

During the current year, the Company has received an amount of ₹ 25.00 lacs from Fortis C-Doc and shown it as an exceptional gain.

f. During the previous year, exceptional item amounting to ₹ 158.53 lacs represents expenses on composite scheme of arrangement and amalgamation. Also Refer note 28.

g. Stellant Capital Advisors Services Private Limited, a subsidiary company of the Group provides advisory services. The Management performed an impairment test for the carrying value of goodwill. The recoverable value has been determined to be NIL as the management does not intend to have future operations in the subsidiary and accordingly, an impairment loss of ₹ 494.38 lacs has been recognized for the year ended March 31, 2019 in the carrying value of goodwill.

h. The Management performed an impairment test for the carrying value of property, plant and equipment, intangible assets and goodwill for Faridabad hospital (CGU). The recoverable value determined based on discounted cash flows is lower than the remaining carrying value of property, plant and equipment, intangible assets and goodwill and an impairment loss of ₹ 1,879.22 lacs has been recognized for the year ended March 31, 2019.

The recoverable amount of this CGU is based on value-in-use calculations which uses discounted cash flow projections. The fair value measurement has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

| (In percent) | March 31, 2019 |
|---|---|
| Discount rate | 12.70 |
| Terminal value growth rate | 4.00 |
| Compound average net sales growth rate | 7.87 |

The discount rate is a post tax measure estimated based on the historical industry average weighted-average cost of capital.

Management has identified that a reasonably possible change in the key assumptions could cause a change in amount of impairment loss/ (reversal). The following table shows the amount by which the impairment loss/ (reversal) would change on change in these assumptions, all other factors remaining constant.

**(₹ in lacs)**

| Increase/ (decrease) in impairment loss | For the year ended March 31, 2019 |
|---|---|
| **Discount rate** | |
| Increase by 1% | - |
| Decrease by 1% | (757.40) |
| **Terminal value growth rate** | |
| Increase by 2% | (1,879.22) |
| Decrease by 2% | - |

i. The Management performed an impairment test for the carrying value of property, plant & equipment, intangible assets and goodwill for Jaipur hospital (CGU). The recoverable value determined based on discounted cash flows is lower than the remaining carrying value of property, plant and equipment, intangible assets and goodwill and an impairment loss of ₹ 3,024.23 lacs has been recognized for the year ended March 31, 2019.

The recoverable amount of this CGU is based on value-in-use calculations which uses discounted cash flow projections. The fair value measurement has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| (In percent) | March 31, 2019 |
|---|---|
| Discount rate | 12.70 |
| Terminal Value growth rate | 4.00 |
| Compound average net sales growth rate | 10.94 |

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Management has identified that a reasonably possible change in the key assumptions could cause a change in amount of impairment loss/ (reversal). The following table shows the amount by which the impairment loss/ (reversal) would change on change in these assumptions, all other factors remaining constant.

**(₹ in lacs)**

| Increase/ (decrease) in impairment loss | For the year ended March 31, 2019 |
|---|---|
| **Discount rate** | |
| Increase by 1% | - |
| Decrease by 1% | (202.10) |
| **Terminal value growth rate** | |
| Increase by 2% | (2,132.78) |
| Decrease by 2% | - |

The cash flow projections include specific estimates for seven years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound average net sales growth rate, consistent with the assumptions that a market participant would make.

24. The Group has subscribed to 98,000 ordinary shares of Fortis Medicare International Limited ('FMIL') of USD 1 each during the year ended March 31, 2011, the details of which are given below:

**(₹ in lacs)**

| Particulars | March 31, 2018 |
|---|---|
| Cost of Investment | 47.68 |
| Share in losses for the current year | 38.76 |
| Share in post-acquisition losses upto the beginning of the year | 1,381.97 |
| Exchange translation adjustments | (386.00) |
| Reversal on disposal of investment in FMIL | (1,759.06) |
| Payable against losses of associate | - |

The Group had an agreement with the shareholders of FMIL, as per which Group had committed to make payments on behalf of associate to satisfy obligations of it. During the previous year, the Group has disposed off the investment in FMIL and there are no further obligations of the Group against the investment. Accordingly, the provision created against the losses of the associate had been reversed during the previous year in the Consolidated Financial Statements.

25. **Corporate Social Responsibility**

As per Section 135 of the Companies Act, 2013 and rules therein, the Companies within the Group are required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of corporate social responsibility expenditures as certified by Management are as follows:

(₹ in lacs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Balance to be spent as per previous year (A) | 408.24 | 25.98 |
| Amount required to be spent for current year (B) | 638.81 | 497.18 |
| Gross amount required to be spent (A+B) | 1,047.05 | 523.16 |
| **Spent during the year** | | |
| (i) construction/acquisition of any asset | - | - |
| (ii) on purposed other than (i) above | 421.20 | 114.92 |
| Balance unspent at end of the year | 625.95 | 408.24 |

**26. Business combinations**

During the year ended March 31, 2019, effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited and Fortis Health Management Limited and consequently Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Company had already held earlier 51% stake), from the wholly owned subsidiaries of RHT. With the completion of the transaction, the aforesaid Indian entities under RHT became wholly owned subsidiaries (direct/indirect) of the Company. The transaction was for a consideration of ₹ 466,630.17 lacs. The consideration included ₹ 106,301.00 lacs paid towards acquisition of residual 49% stake in Fortis Hospotel Limited (in which the Company had already held 51% stake and therefore by virtue of it was already part of the consolidated financial statements of the Company) and accordingly the consideration paid for acquisition of other Indian entities under RHT was ₹ 360,328.41 lacs. The transaction is accounted as business combination and consequent to a preliminary purchase price allocation, a goodwill of ₹ 180,070.70 lacs has been recorded in respect of the acquisition of the RHT Indian entities other than Fortis Hospotel Limited (it being existing subsidiary of the Company).

a. The following table summarizes the recognised amount of assets acquired and liabilities assumed at the date of acquisition in relation to acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited and Hospitalia Eastern Private Limited.

(₹ in lacs)

| Particulars | Fair value |
|---|---|
| Property, plant and equipment | 201,752.42 |
| Intangible Assets | 4.18 |
| Capital work in progress | 22,159.78 |
| Non-Current advance tax | 13,204.32 |
| Cash and cash equivalents | 9,091.47 |
| Trade and other receivables | 1,346.16 |
| Other financial assets | 40,805.39 |
| Other assets | 1,032.40 |
| Inventory | 54.60 |
| Trade payables | (3,055.76) |
| Provisions for employee benefits | (335.40) |
| Other liabilities | (50,302.52) |
| Borrowings | (49,510.07) |
| Deferred tax liabilities, recognised on business combination | (5,989.26) |
| **Net assets acquired** | **180,257.71** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The management estimates that if the acquisition had occurred on April 01, 2018, consolidated revenue and consolidated loss before tax and other comprehensive income for the year ended March 31, 2019 would have been ₹ 450,448.02 lacs and ₹ 6,188.07 lacs. Management has determined these amounts on the basis that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 01, 2018.

**Measurement of fair values**

The valuation techniques for measurement of fair value is as follows

**Property, plant and equipment**

Market approach and cost approach: In conducting the analysis, the Group relied on the most appropriate approaches dependent on the type of asset being valued and availability of information. Market approach has been adopted to estimate the fair value of land, whereas for rest of the asset classes, the Group has adopted cost approach to estimate the fair value.

**Inventories**

Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business.

**Trade receivables**

The trade receivables comprise contractual amount of ₹ 1,346.16 (net of uncollectable amount on the date of acquisition).

**Goodwill**

Goodwill arising from acquisition has been determined as follows:

| Particulars | Amount (₹ in lacs) |
|---|---|
| Consideration transferred | 360,328.41 |
| Fair value of net identifiable assets | 180,257.71 |
| Goodwill | **180,070.70** |

The goodwill is attributable mainly to the synergies expected to be achieved by integrating the entities into the Group's existing hospital business. None of the goodwill recognised is expected to be deductible for income tax purposes.

**b. Acquisition of Non-controlling interest**

On January 15, 2019, the Group acquired the remaining 49.00% in Fortis Hospotel Limited (FHTL) for Rupees 106,301.00 lacs in cash, increasing its ownership interest to 100.00%. Consequently, the entire balance of non-controlling interest amounting to ₹ 81,903.07 lacs on the date of acquisition has been transferred to Other Equity (Retained earnings).

**(₹ in lacs)**

| Particulars | Amount |
|---|---|
| Consideration paid to non-controlling interest | 1,06,301.00 |
| Less: Carrying value of non-controlling interest | 81,903.07 |
| Add: Deferred tax on debt portion of compulsorily convertible debenture | 14,570.41 |
| Less: Debt portion of compulsorily convertible debenture | 42,153.75 |
| **Increase in equity attributable to owners of the Company*** | **3,185.41** |

*Recognized in retained earnings.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

27. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(₹ in lacs)

| S. No. | Name of the entity | Net assets, i.e. total assets minus total liabilities | | Share in PAT | | Share in OCI | | Share in TCI | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount | As % of consolidated net PAT | Amount | As % of consolidated OCI | Amount | As % of consolidated TCI | Amount |
| | Parent | | | | | | | | |
| | Fortis Health care Limited | 117.59% | 8,36,324.21 | (55.02%) | 12,308.35 | (0.50%) | 22.40 | (45.86%) | 12,330.75 |
| | Subsidiaries | | | | | | | | |
| 1 | Escorts Heart Institute and Research Centre Limited | 9.93% | 70,646.99 | 39.61 | (8,861.47) | (1.83%) | 82.58 | 32.65% | (8,778.89) |
| 2 | Fortis Hospitals Limited | (2.81%) | (19,975.71) | 158.95% | (35,559.22) | (1.84%) | 83.32 | 131.94% | (35,475.90) |
| 3 | Fortis Asia Healthcare Pte Limited | (10.87%) | (77,294.50) | 21.23% | (4,749.99) | 101.23% | (4,572.68) | 34.67% | (9,322.68) |
| 4 | Fortis Healthcare International Limited | 9.11% | 64,823.74 | (391.24%) | 87,525.55 | 11.53% | (520.82) | (323.58%) | 87,004.73 |
| 5 | Lalitha Healthcare Private Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| 6 | Fortis Global Healthcare (Mauritius) Limited | (4.07%) | (28,945.31) | (11.92%) | 2,666.68 | 40.91% | (1,847.70) | (3.05%) | 818.97 |
| 7 | Fortis Malar Hospitals Limited | 1.46% | 10,359.43 | (0.78%) | 173.52 | (0.25%) | 11.12 | (0.69%) | 184.65 |
| 8 | Malar Stars Medicare Limited | 0.03% | 183.18 | (0.14%) | 31.88 | (0.03%) | 1.20 | (0.12%) | 33.08 |
| 9 | Fortis HealthStaff Limited | (0.12%) | (849.33) | 0.07% | (16.23) | 0.00% | - | 0.06% | (16.23) |
| 10 | Fortis Lafemme Limited | (0.01%) | (67.78) | 0.04% | (9.33) | 0.00% | - | 0.03% | (9.33) |
| 11 | Fortis Cancer Care Limited | (0.43%) | (3,041.83) | (1.20%) | 267.61 | 0.00% | - | (1.00%) | 267.61 |
| 12 | Fortis Health Management (East) Limited | (0.14%) | (995.74) | 0.69% | (153.44) | (0.03%) | 1.31 | 0.57% | (152.13) |
| 13 | Hiranandani Healthcare Private Limited | 0.36% | 2,531.90 | 2.52% | (563.69) | (0.08%) | 3.56 | 2.08% | (560.13) |
| 14 | SRL Limited | 15.42% | 1,09,660.06 | (38.41%) | 8,592.35 | (1.73%) | 78.14 | (32.25%) | 8,670.49 |
| 15 | Fortis Cauvery | 0.00% | 27.44 | 0.03% | (7.58) | 0.00% | - | 0.03% | (7.58) |
| 16 | Fortis Healthcare International Pte Limited | 5.58% | 39,663.24 | (1.39%) | 311.11 | (136.10%) | 6,147.72 | (24.02%) | 6,458.82 |
| 17 | Birdie and Birdie Realtors Private Limited | (1.54%) | (10,925.50) | 8.13% | (1,819.25) | 0.00% | - | 6.77% | (1,819.25) |
| 18 | Stellant Capital Advisory Services Private Limited | 1.31% | 9,323.48 | 0.56% | (126.12) | 0.01% | (0.41) | 0.47% | (126.53) |
| 19 | RHT Health Trust Manager Pte Ltd | 2.36% | 16,808.27 | (51.31%) | 11,479.46 | 4.01% | (181.35) | (42.02%) | 11,298.11 |
| 20 | Fortis Hospotel Limited | 24.56% | 1,74,679.00 | (40.26%) | 9,007.84 | (0.02%) | 0.79 | (33.50%) | 9,008.63 |
| 21 | Fortis CSR Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |

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(₹ in lacs)

| S. No. | Name of the entity | Net assets, i.e. total assets minus total liabilities | | Share in PAT | | Share in OCI | | Share in TCI | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount | As % of consolidated net PAT | Amount | As % of consolidated OCI | Amount | As % of consolidated TCI | Amount |
| 22 | Fortis Emergency Services Limited | (0.82%) | (5,811.79) | 3.63% | (812.81) | 0.02% | (0.98) | 3.03% | (813.79) |
| 23 | Escort Heart and Super Speciality Hospital Limited | 1.20% | 8,567.72 | 1.81% | (405.03) | (0.04%) | 1.91 | 1.50% | (403.12) |
| 24 | International Hospital Limited | 11.75% | 83,541.72 | 15.02% | (3,359.14) | 0.00% | - | 12.49% | (3,359.14) |
| 25 | Hospitalia Eastern Private Limited | (1.23%) | (8,714.04) | 1.58% | (352.44) | (0.13%) | 5.73 | 1.29% | (346.71) |
| 26 | Fortis Health Management Limited | (6.03%) | (42,921.49) | 6.12% | (1,370.09) | 0.04% | (1.64) | 5.10% | (1,371.73) |
| | | | | | | | | | |
| | Minority interests in all subsidiaries | | | | | | | | |
| 1 | Fortis Malar Hospitals Limited | (0.54%) | (3,863.03) | 0.29% | (64.71) | 0.09% | (4.15) | 0.26% | (68.85) |
| 2 | Malar Star Medicare Limited | (0.01%) | (68.31) | 0.05% | (11.89) | 0.01% | (0.45) | 0.05% | (12.33) |
| 3 | SRL Limited | (6.65%) | (47,263.49) | 17.49% | (3,913.82) | 0.75% | (33.68) | 14.68% | (3,947.50) |
| 4 | Meena Medical Company Limited | | 25.80 | | - | | | | - |
| 5 | Lalitha Healthcare Private Limited | | | | 14.95 | | | | 14.95 |
| 6 | Fortis Hospotel Limited | | | | (3,547.08) | | | | (3,547.08) |
| | | | | | | | | | |
| | Associates (investment as per the equity method) | | | | | | | | |
| 1 | RHT Health Trust | 0.37% | 2,596.32 | (155.40%) | 34,764.57 | 6.89% | (311.17) | (128.13%) | 34,453.40 |
| 2 | Medical and Surgical Centre Limited | 0.50% | 3,535.85 | (0.28%) | 62.56 | (2.32%) | 104.98 | (0.62%) | 167.54 |
| 3 | Lanka Hospitals Corporate Plc | 1.34% | 9,522.77 | (5.07%) | 1,134.71 | 41.10% | (1,856.47) | 2.68% | (721.76) |
| | | | | | | | | | |
| | Joint Ventures (as per the equity method) | | | | | | | | |
| 1 | Fortis C-Doc Healthcare Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| 2 | DDRC SRL Diagnostics Private limited | 0.45% | 3,167.33 | (2.06%) | 461.23 | 0.15% | (6.58) | (1.69%) | 454.65 |
| 3 | Super Religare Reference Laboratories (Nepal) Private Limited | 0.03% | 207.97 | (0.07%) | 16.62 | 0.00% | - | (0.06%) | 16.62 |
| | | | | | | | | | |
| | Consolidation adjustments | (68.08%) | (4,84,209.26) | 560.92% | (125,487.11) | 38.16% | (1,723.66) | 473.11% | (127,210.76) |
| | Total | 100.00% | 7,11,249.32 | 139.23% | (22,371.46) | 100.50% | (4,516.97) | 133% | (26,888.43) |

28. The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business, including that housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ('the Composite Scheme').

During the current year on June 13, 2018, the Board of the Company, SRL and FMHL decided to withdraw from the scheme, subject to the approval of National Company Law Tribunal ("NCLT"). The approval of the NCLT for withdrawal of the Composite Scheme was received on June 15, 2018.

**29. Inter Corporate Deposits (ICDs) by Fortis Hospitals Limited ('FHsL')**

(Also refer to Note 31(d) (i) to (vi) of these Consolidated Financial Statements)

Fortis Hospitals Limited (FHsL), a wholly owned subsidiary of the Company, had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to ₹ 49,414 lacs on July 1, 2017 for a term of 90 days (of which ₹ 40,243 lacs remained outstanding as of March 31, 2018). Further, FHsL received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018 subsequent to which the shareholding of the erstwhile Promoter Group in the Company reduced to 0.77% till March 31, 2018.

In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party ('Assignee company'). Such assignments were subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a charge on the present and future assets of the Borrowers.

As on March 31, 2018 ICDs aggregating to ₹ 44,503 lacs including interest accrued thereon of ₹ 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the amounts due, including interest thereon accrued and recognised in the books of account until March 31, 2018, aggregating to ₹ 44,503 lacs was fully provided during the quarter ended and year ended March 31, 2018.

On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs till March 2018 for the purpose of including the same in the legal claim on the borrowers. However, in line with applicable accounting norms, interest thereon for the quarter and year ended March 31, 2019 amounting to ₹ 1,389 lacs and ₹ 5,634 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the three parties and is taking recourse to available legal remedies for recovery of not only the Principal but also accrued interest thereon till the time of recovery .

Reference is invited to Note 31 regarding the findings in the Investigation Report which indicate that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done during the previous year without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 31 (g) on recent SEBI Order).

**30. Recoverability of certain advances/investment made/expenditure on capital work-in-progress**

a) The Company and its subsidiary SRL Limited had paid security deposits and advances aggregating to ₹ 2,675.71 lacs in the financial year 2013-14 and 2017-18 respectively, to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were either terminated by the Company or expired during the previous year. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to ₹ 2,675.71 lacs. Additionally, expenditure aggregating to ₹ 2,843.00 lacs (as at March 31, 2018 ₹ 2,656.81 lacs) was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which amount is also being claimed

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from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the body corporate under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives have been directed to appear before court. SRL has also initiated arbitration proceeding against the Lessor for recovery of ₹ 460.00 lacs paid towards Security Deposit and for ₹ 304.00 lacs incurred pertaining to the office space. Vide order dated 20th February, 2019 Hon'ble Delhi High court has appointed an arbitrator before whom SRL has filed its claim. Further, SRL has filed its claim before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group has recorded provisions aggregating to ₹ 5,332.52 lacs in the Consolidated Financial Statements for the previous year ended March 31, 2018. Allowance of ₹ 186.15 lacs has been created during the year.

b) FHsL, a wholly owned subsidiary of the Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of ₹ 10,000 lacs, a balance of ₹ 2,375 lacs was outstanding to be received back as of March 31, 2018. Post-dated cheques received from the entity were dishonoured, and FHsL initiated legal proceedings in this regard. FHsL had accrued for the interest amounting to ₹ 174 lacs up to March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity. There has been no movement during the current quarter and year ended March 31, 2019. However, in line with applicable accounting norms, interest thereon for the year ended March 31, 2019 amounting to ₹ 285.00 lacs has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the entity and is taking recourse to available legal remedies for recovery of not only the Principal but also accrued interest thereon till the time of recovery.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to ₹ 2,549.00 lacs towards the amounts due, including interest, in the Consolidated Financial Statements for the year ended March 31, 2018. (Also refer to note 31(d)(vi)).

During the current year on August 9, 2018, the matter was heard in the District Court at Gurugram and the Ld. Judge issued notice to the defaulting entity and its Directors for appearance in Court. Subsequent mediation attempts as directed by Court has failed. Next hearing is scheduled on June 10, 2019.

c) The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. During financial year 2017-18, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investment in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of ₹ 5,510.14 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in these Consolidated Financial Statements for the year ended March 31, 2018.

**31. Investigation initiated by the erstwhile Audit and Risk Management Committee:**

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

*(b)* The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of ₹ 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies

as on July 1, 2017 (refer Note 29 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 14 I and 29 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 ; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer Note 30(c) above); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

*(c)* The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

*(d)* The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.

i) While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the erstwhile promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.

iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company. (Refer note 29). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was sub-judice.

iv. During the previous year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of ₹ 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL /EHIRCL. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited

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was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

v. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.

vi. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, like the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investments.

**Other Matters:**

*(e)* Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 31 (d) (i), (ii), and (vi) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

*(f)* With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Company's Board of Director have also initiated an enquiry of the management of the certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

*(g)* It is in the above backdrop, that it is pertinent to mention that during the previous year the Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under Section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of ₹ 473 Crores reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries furnished all requisite information and documents requested by SEBI.

In furtherance of the above, on October 17, 2018 SEBI passed an ex-parte Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company, which were prima facie fictitious and fraudulent in nature and which resulted in inter alia diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim directions that inter alia directed the Company to take all necessary steps to recover ₹ 40,300 lacs along with due interest from erstwhile -promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay ₹ 40,300 lacs (approx.) along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHSL) had then filed applications for modification of the order, for deletion of name of FHSL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHSL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019 SEBI has confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHSL to take all necessary steps to recover ₹ 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

Company and FHsL have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Company and FHsL.

The matter before SEBI is sub-judice and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

*(h)* As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Consolidated Financial Statements for the year ended March 31, 2018.

No further adjustments have been required to be made in Consolidated Financial Statements for the year ended March 31, 2019. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

*(i)* In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction,

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FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

**32. Investigation by Various Regulatory Authorities:**

a) During the previous year the Registrar of Companies (ROC) under Section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.

b) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under Section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company has submitted all requisite information in this regard with SFIO, as requested from time to time.

c) The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known.

**33. Investment in the Company**

The Board of Directors had approved an equity infusion of ₹ 400,000 lacs (235,294,117 shares at a price of ₹ 170 per equity share) into the Company by Northern TK Venture Pte Ltd, Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, have the right to appoint 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained, as a result of which the Mandatory Open offer was kept in abeyance. The Company has accordingly filed application for modification of the said order.

Out of the proceeds the Company has used a sum of ₹ 356,630 lacs for substantially funding the acquisition as described in note 26 and balance towards repayment of debt and general corporate purposes.

**34. Letter of Appointment of erstwhile Executive Chairman**

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as non-est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of Section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Consolidated Financial Statements with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received vehicles which were being used by him except for IT assets and excess amounts paid to him. (Also refer Note 31(g) on recent SEBI Order).

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under Section 197 of the Companies Act 2013 for remuneration & other reimbursement), aggregating to ₹ 2,002.39 lacs (comprising reversal of FY 2016-17 expenditure of ₹ 735.33 lacs, which has been disclosed as an exceptional income in the Consolidated Financial Statements for the year ended March 31 2018, and expenditure of ₹ 1,267.00 lacs relating to FY 2017-18) was shown as recoverable in the Consolidated Financial Statements of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ₹ 2,002.39 lacs was made which has been shown as an exceptional item in the Consolidated Financial Statements for the year ended March 31, 2018.

35. SRL, a subsidiary of the Company, had paid ₹ 603 lacs managerial remuneration to its Executive Chairman, Malvinder Mohan Singh, which was in excess of the limits set out under Section 197 of the Companies Act 2013. The amount paid in excess of the limits aggregating to ₹ 48 lacs was shown as advances recoverable as part of other financial assets in the Consolidated Financial Statements for the year ended March 31, 2018. As the Executive Chairman was associated with the subsidiary Company in his capacity of a Whole Time Director till May 27, 2018, during the previous quarter the subsidiary Company has adjusted the excess amounts paid to him for the year ended March 31, 2018 from the amounts payable to him for the period April 1, 2018 to May 27, 2018.

36. The Group has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under Section 92D for its international transactions as well as specified domestic transactions. Based on the transfer pricing regulations/ policy, the transfer pricing study for the year ended March 31, 2019 is to be conducted on or before due date of the filing of return and the company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

37. During the year, Fortis Cancer Care Limited (FCCL), a step-down subsidiary of the Company entered into definitive agreements in relation to sale of its entire shareholding in Lalitha Healthcare Private Limited (LHPL), representing 79.43% of the total issued and paid up equity share capital of LHPL, to the remaining promoters of LHPL. With the consummation of the transaction, LHPL ceased to be a step-down subsidiary of the Company and therefore LHPL has not been consolidated w.e.f. June 30, 2018. The gain on sale/deconsolidation aggregating to ₹ 306.76 lacs has been shown as an exceptional item for the year ended March 31, 2019.

    Due to deconsolidation of LHPL there has been adjustment to retained earnings for Rs 2,215.56 and to non-controlling interest for ₹ 340.44 lacs respectively.

38. As on December 31, 2017, the erstwhile Promoters and erstwhile Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the erstwhile Promoters / erstwhile Promoter Group entities. In a matter relating to the erstwhile Promoters and the erstwhile Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo be maintained over the shares pledged by the erstwhile Promoter and erstwhile Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the erstwhile promoter holding in the Company shall not apply to shares of the Company as may

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

have been encumbered on or before the date of the interim orders. Consequent to the Banks invoking their rights on the shares of the Company that were pledged by the erstwhile Promoters / erstwhile Promoter Group entities, the holding of the erstwhile Promoters and erstwhile Promoter Group entities in the Company have reduced to 0.16% of the paid-up capital of the Company as at March 31, 2019 (0.77% of the paid-up capital of the Company as at March 31, 2018). Further the Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This has been approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. Application for re classification of erstwhile promoter as "public shareholder" is pending regulatory approvals from the stock exchanges.

39. During the year ended March 31, 2019, a wholly owned subsidiary of the Company in Mauritius entered into a share purchase agreement with various parties for sale of its entire shareholding in Medical and Surgical Centre Limited (MSCL) - Mauritius. The proposed transaction is subject to the approval of the Company's shareholders as well as regulatory approval, if required.

40. The Group has entered in various agreements with equipment manufacturer suppliers. As per agreements, group will get equipments free of cost and reagents have to be purchased from those specific vendors only. These equipments can be replaced at any point of time as per the discretion of the respective vendors.

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: | | |
| -Principal amount due to micro and small enterprises | 4668.05 | - |
| -Interest due on above | - | - |
| The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006 | - | - |

The above information regarding dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Group.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**42. Going concern**

The Group's current liabilities are significantly higher than current asset at March 31, 2019. Additionally, certain events in the previous year adversely impacted performance and cash flow position of the Group. However, considering the fresh equity infusion, expected positive future cash flows, ability to borrow funds to meet any cash requirement, management believes that the going concern assumption in these consolidated financial statements is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these consolidated financial statements on a going concern basis.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration Number: 101248W/W-100022

Sd/-
**PRAVIN TULSYAN**
Partner
Membership Number: 108044

Place : Gurugram
Date : May 24, 2019

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

Sd/-
**RAVI RAJAGOPAL**
Chairman
DIN 00067073

Sd/-
**ASHUTOSH RAGHUVANSHI**
Managing Director & Chief Executive Officer
DIN 02775637

Sd/-
**SUMIT GOEL**
Company Secretary
Membership No.: F6661

Sd/-
**VIVEK KUMAR GOYAL**
Chief Financial Officer

Place : Gurugram
Date : May 24, 2019

**Fortis Healthcare Limited**
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