

**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED  
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED  
31 MARCH 2018**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED  
Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS Financial Statements of **ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs below and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation

of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We have considered the material weaknesses identified and reported in our separate Report on the Internal Financial Controls Over Financial Reporting in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements for the year ended March 31, 2018.

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

### **Basis for Qualified Opinion**

1. As explained in Note 51 of the Standalone Ind AS Financial Statement, pursuant to certain events/transactions in the Holding Company and its subsidiaries, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Holding Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm (including identification of certain systemic lapses and override of internal controls), which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report were communicated by the Board of the Holding Company to the Board of the Company and are summarised in the said Note.

Also, as explained in the said note:

- a) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Standalone Ind AS Financial Statements.
- b) With respect to the other matters identified in the Investigation Report, the Board of Holding Company intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report that are related to the Company including, *inter alia*, initiating an internal enquiry.
- c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.
- d) Various regulatory authorities are currently undertaking their own investigation (refer Note 52 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.
- e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations as and when the outcome of the above is known.

In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments / disclosures which may become necessary as a result of further findings of the

ongoing or future regulatory / internal investigations and the consequential impact, if any, on these Standalone Ind AS Financial Statements.

2. As explained in Note 38(d) of the Standalone Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs granted by Fortis Hospitals Limited, a fellow subsidiary of the Company, were assigned ('Assignee' or 'Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Holding Company and a certain party, the Company is liable for claims owed by the Claimant to the certain party.

The Holding 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 Holding Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with the said certain party.

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

In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rs. 1,800.00 lacs as per notices dated 31 May, 2018 and 1 June, 2018 (ii) Rupees 21,582.00 lacs as per notice dated 4 June, 2018; and (iii) and Rupees 1,962.00 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

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

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

3. As explained in Note 32(3) of the Standalone Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 51(d)(ii) of the Standalone Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, which are not quantifiable, and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and, give

a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and statement of changes in equity for the year ended on that date.

**Emphasis of Matters**

1. We draw attention to the following matters in the Notes forming part of the Ind AS financial statements:
  - a) Notes 36(a) and 36(b) relating to outcome of income tax assessments in respect of Company, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.
  - b) Notes 38(a), (b) and (c) relating to the outcome of civil suit / arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Honourable High Court of Delhi in relation to provision of free treatment / beds to poor by Company.

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

2. We draw attention to Note 50 of the Standalone Ind AS Financial Statements wherein it has been explained that the Standalone Ind AS Financial Statements have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

**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 Notes 48 and 51(d)(i), the Company during the year has acquired 70.62% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, Company 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 Fortis Hospitals Limited/ Company.

With regard to the above acquisition, we are informed that pre-approval from the Audit Committee was obtained for acquiring the equity interest, but not for advancing the loans to the subsidiary. 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 at the time of acquisition, as determined by the Company.

In view of the above, we are unable to determine whether these transactions are prejudicial to the interests of the Company.



2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
- a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone Ind AS Financial Statements.
  - b) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, in our opinion proper books of account as required by law relating to preparation of the aforesaid Standalone Ind AS Financial Statements have been kept so far as it appears from our examination of those books.
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Standalone Ind AS Financial Statements.
  - d) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) The matters described in the Basis for Qualified Opinion paragraphs, the Emphasis of Matters paragraphs above and the matters described in paragraph 1 above of this section, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above and in the matters described in paragraph 1 above of this section.
  - h) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", Our report expresses an adverse opinion on the Internal Financial Controls over Financial Reporting of the Company, for the reasons stated therein.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements. Refer Notes 36(a), 36(b), 38(a), 38(b) and 38(c).
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 34 of the Standalone Ind AS Financial Statements.
    - iii. There were no amount which are required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 34 of the Standalone Ind AS Financial Statements.

**Deloitte  
Haskins & Sells LLP**

3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, which is subject to the possible effect of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report, the matters described in paragraph 1 above of this section and the material weakness described in Basis for Adverse Opinion in our separate Report on the Internal Financial Controls over Financial Reporting.

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



Gurugram  
July 6, 2018  
RT/YK/ 2018

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

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date)**

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

We have audited the internal financial controls over financial reporting of **ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Board of Directors' Responsibility for Internal Financial Controls**

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

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements of our Audit Report.

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Basis for Adverse Opinion**

The matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 of the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on the Standalone Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of investments where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company has not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

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

### **Adverse Opinion**

In our opinion, to the best of our information and according to the explanations given to us, because of the effect/possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



**Deloitte  
Haskins & Sells LLP**

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

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



A handwritten signature in black ink that appears to read "Rashim Tandon".

**RASHIM TANDON**

Partner

(Membership No. 095540)

Gurugram  
July 6, 2018  
RT/YK/2018

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 3 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 and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report and the material weaknesses described in the Basis for Adverse Opinion in our separate Report on the Internal Financial Controls Over Financial Reporting)**

- (i) In respect of its Property, plant and equipment(PPE) :
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment (PPE).
- (b) The Property, plant and equipment (PPE) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) In respect of freehold land amounting to Rupees 21.11 Lacs, the Company has not been able to provide us with original tittle deed in order for us to verify if such immovable property is held in the name of the Company.

In respect of the leasehold land of hospital below, whose lease deeds have been given as security for loans and confirmed to us by the lenders, we report that:

Particulars of land	Gross Block as at 31 March, 2018 (Rupees in lacs)	Net Block as at 31 March, 2018 (Rupees in lacs)	Remarks
Leasehold land of the hospital*	377.11	377.11	The lease deed is in the name of "Escorts Heart Institute and Research Centre, Delhi", which amalgamated into Escorts Heart Institute and Research Centre, Chandigarh under Societies Registration Act.  Escorts Hearth Institute and Research Centre, Chandigarh was thereafter incorporated as company "Escorts Heart Institute and Research Centre Limited" under the Companies Act, 1956.

\*In respect of the above leasehold land, Delhi Development Authority (DDA) has terminated the lease deed and allotment letters as explained in note 38(a) and 38(b) to the financial statements. The Company has appealed against the termination and matter is pending before the Supreme Court.

Other than for the immovable properties above, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all other immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on which we are unable to comment, the Company has granted loans, secured or unsecured, to companies, firms, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on which we are unable to comment, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Works Contract Tax, Customs Duty, Value Added Tax, Goods and Services Tax and Cess with the appropriate authorities during the year and that there are no undisputed amounts in respect of these dues which have remained outstanding as at 31 March, 2018 for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise Duty.
  - (b) Details of dues of Income-tax, Customs Duty and Service Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:



Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rupees in lacs)	Amount Unpaid (Rupees in lacs)
Central Excise and Customs Law	Custom Duty	Central Excise and Service Tax Appellate Tribunal	1990-91 to 1993-94 and 2002-03	678.02	528.02
Income Tax Act	Income Tax & Interest Thereon	Income Tax Appellate Tribunal, Delhi	2001-02 (Delhi Society)	12,436.90	12,436.90
Income Tax Act	Income Tax & Interest Thereon	Income Tax Appellate Tribunal, Delhi	2001-02 (Chandigarh Society)	10,532.16	10,532.16
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2004-05	214.67	214.67
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2005-06	83.16	83.16
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2006-07	99.33	99.33
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2007-08	56.48	56.48
Income Tax Act	Income Tax & Interest Thereon	Supreme Court of India	2003-04 to 2007-08	1,512.47	1,512.47
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2009-10	109.03	109.03
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2010-11, 2011-12	91.25	91.25
Income Tax Act	Income Tax & Interest Thereon	Income Tax Appellate Tribunal, Delhi	2003-04	22.77	22.77
Income Tax Act	Income Tax & Interest Thereon	High Court of Rajasthan	2008-09	16.00	16.00
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2010-11	94.00	94.00
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2014-15	26.00	26.00
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2013-14	333.00	333.00
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2016-17, 2017-18	1,229.00	1,229.00
			<b>TOTAL</b>	<b>27,534.24</b>	<b>27,384.24</b>

We are informed that there are no dues in respect of Works Contract Tax, Value Added Tax and Goods and Services Tax as at 31 March, 2018 which have not been deposited on account of any dispute.



- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a bank during the year. The Company has neither taken any loans or borrowings from financial institutions or government, nor has it issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) As explained in Note 51 of the Ind AS 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 (refer Note 52 of the Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

Subject to the above, and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) Except for the effects / possible effects of the matters described in paragraph 2 of the Basis for Qualified Opinion (and our comments in paragraph 1 (a) under the section 'Report on Other Legal and Regulatory Requirements') of our Audit Report on which we are unable to comment, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the completeness/correctness of the disclosures/details of related party transactions in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



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

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



Gurugram  
July 6, 2018  
RT/YK/2018

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

**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2018**

Particulars	Notes	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, Plant and Equipment	4	12,483.27	12,118.63
(b) Capital work-in-progress	4(a)	-	89.94
(c) Intangible assets	5	288.70	377.25
(d) Intangible assets under development	5(a)	162.35	135.35
(e) Financial assets			
(i) Investments			
a) Investment in subsidiaries	6	16,178.08	16,174.62
b) Investment in associate	6	65,000.00	65,000.00
(ii) Loans	8	794.50	-
(ii) Other financial assets	9	744.03	655.83
(f) Deferred tax assets (Net)	14	3,623.04	2,937.30
(g) Non-current tax assets	13	1,184.18	318.29
(h) Other non-current assets	12	222.88	265.33
<b>Total non-current assets (A)</b>		<b>100,681.03</b>	<b>98,072.54</b>
<b>B. Current assets</b>			
(a) Inventories	10	356.17	711.17
(b) Financial assets			
(i) Trade receivables	7	4,377.12	4,250.73
(ii) Cash and cash equivalents	11	587.89	153.42
(iii) Loans	8	-	1,675.00
(iv) Other financial assets	9	1,810.10	1,149.87
(c) Other current assets	12	249.85	559.61
<b>Total current assets (B)</b>		<b>7,381.13</b>	<b>8,499.80</b>
<b>Total assets (A+B)</b>		<b>108,062.16</b>	<b>106,572.34</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	15	200.03	200.03
(b) Compulsory convertible preference share capital	15	40.18	40.18
(c) Other equity	16	79,185.66	80,416.55
<b>Total equity (A)</b>		<b>79,425.87</b>	<b>80,656.76</b>
<b>Liabilities</b>			
<b>B. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	9,514.55	3,243.91
(b) Provisions	19	1,671.65	1,478.76
<b>Total non-current liabilities (B)</b>		<b>11,186.20</b>	<b>4,722.67</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	1,649.96	8,819.01
(ii) Trade payables	21	10,073.61	7,328.45
(iii) Other financial liabilities	18	3,298.27	2,708.60
(b) Provisions	19	1,526.96	1,602.95
Other current liabilities	22	901.29	733.90
<b>Total current liabilities (C)</b>		<b>17,450.09</b>	<b>21,192.91</b>
<b>Total liabilities (B+C)</b>		<b>28,636.29</b>	<b>25,915.58</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>108,062.16</b>	<b>106,572.34</b>

See accompanying notes forming part of the standalone Ind AS financial statements 1-52

In terms of our report attached.

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

  
**RASHIM TANDON**  
Partner



Place : Gurugram  
Date : **06 JUL 2018**

For and on behalf of the Board of Directors  
**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**

  
**DR. KOUSAR ALI SHAH**  
Whole Time Director  
DIN: 07854645

  
**COL. HARINDER S. CHHAL**  
Director  
DIN: 5148823

Place : Gurugram  
Date : **06 JUL 2018**





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED  
STANDALONE STATEMENT OF PROFIT AND LOSS**

	Notes	Year ended March 31, 2018 (Rupees in Lacs)	Year ended March 31, 2017 (Rupees in Lacs)
<b>I</b> Revenue from operations	23	39,726.93	43,255.42
<b>II</b> Other income	24	259.70	804.41
<b>III Total income (I+II)</b>		<b>39,986.63</b>	<b>44,059.83</b>
<b>IV Expenses</b>			
i) Purchases of medical consumable and drugs		9,954.34	11,041.26
ii) Changes in inventories of medical consumable and drugs	25	355.00	(299.94)
iii) Employee benefits expense	26	11,396.23	11,285.63
iv) Finance costs	27	1,772.63	1,570.15
v) Depreciation and amortisation expense	28	1,613.12	1,568.00
vi) Other expenses	29	16,838.87	16,997.62
<b>Total expenses (IV)</b>		<b>41,930.19</b>	<b>42,162.72</b>
<b>V Profit/(Loss) before exceptional item/ tax (III-IV)</b>		<b>(1,943.56)</b>	<b>1,897.11</b>
<b>VI Exceptional Loss</b>	30	(57.74)	-
<b>VII Profit/(Loss) before tax (V-VI)</b>		<b>(2,001.30)</b>	<b>1,897.11</b>
<b>VIII Tax expense</b>			
i) Current tax	31	-	764.47
ii) Deferred tax charge / (credit)	31	(715.33)	42.38
<b>Total tax expense / (credit)</b>		<b>(715.33)</b>	<b>806.85</b>
<b>IX Profit/(Loss) after tax (VII-VIII)</b>		<b>(1,285.97)</b>	<b>1,090.26</b>
<b>Other comprehensive income</b>			
i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(84.69)	546.09
ii) Deferred tax relating to items that will not be reclassified to profit or loss	31	29.59	(188.99)
<b>X Total other comprehensive income</b>		<b>(55.10)</b>	<b>357.10</b>
<b>XI Total comprehensive income for the year (IX-X)</b>		<b>(1,230.87)</b>	<b>733.16</b>
Earnings per equity share (for continuing operations):			
i) Basic (in Rupees)	41	(53.54)	45.39
ii) Diluted (in Rupees)	41	(53.54)	45.39

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

1-52

In terms of our report attached.

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

  
**RASHIM TANDON**



Place : Gurugram  
Date : **06 JUL 2018**

For and on behalf of the Board of Directors  
**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**

  
**DR. KOUSAR ALI SHAH**  
Whole Time Director  
DIN: 07854645

  
**COL. HARINDER S. CHEHAL**  
Director  
DIN: 5148823

Place : Gurugram  
Date : **06 JUL 2018**



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

	Notes	Year ended March 31, 2018 (Rupees in Lacs)	Year ended March 31, 2017 (Rupees in Lacs)
<b>Cash flows from operating activities</b>			
Profit/(Loss) for the year		(1,285.97)	1,090.26
Adjustments for:			
Income tax expense recognised in profit or loss	31	(715.33)	806.85
Finance costs recognised in standalone statement of profit or loss	27	1,407.09	1,432.74
Interest income recognised in standalone statement of profit or loss	24	(259.14)	(804.41)
Unclaimed balances and excess provisions written back	23(b)	(60.14)	(384.02)
Loss/(Profit) on disposal of property, plant and equipment	24(b)	(0.56)	1.14
Bad Debts written off		-	20.96
Impairment loss recognised on trade receivables	29(x)	915.30	443.75
Provision for Doubtful advances	29(y)	50.80	30.21
Depreciation and amortisation of expense	28	1,613.12	1,568.00
Provision for Contingencies	29(z)	41.31	-
Impairment of intangible assets	29(ab)	334.50	-
Provision for litigation		-	347.64
<b>Operating profit/(loss) before working capital changes</b>		<b>2,040.97</b>	<b>4,553.13</b>
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables		(1,041.69)	(125.40)
(Increase)/decrease in inventories		355.00	(299.94)
(Increase)/decrease in other assets		260.47	(133.92)
(Increase)/decrease in financial assets		(694.04)	36.12
Increase/ (Decrease) in trade payables		2,805.30	2,504.41
Increase/ (Decrease) in financial liabilities		26.14	(752.84)
Increase/ (Decrease) in provisions		160.28	1,393.63
Increase/ (Decrease) in other liabilities		167.39	145.25
<b>Cash generated from operations</b>		<b>4,079.83</b>	<b>7,320.44</b>
Income taxes refund/(paid)(net)		(865.89)	(1,374.10)
<b>Net cash generated by operating activities (A)</b>		<b>3,213.94</b>	<b>5,946.34</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of assets		220.38	2.81
Payments for property, plant and equipment		(1,068.64)	(4,880.37)
Payments for intangible assets		(449.89)	(175.37)
Fixed deposits		(1.73)	(44.22)
Loans to subsidiary Company		880.50	27,298.00
Investment in subsidiary Company		(3.46)	(35,000.00)
Interest received		202.19	5,351.20
<b>Net cash (used in)/generated by investing activities (B)</b>		<b>(220.65)</b>	<b>(7,447.95)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,128.99	1,829.25
Repayment of Long Term borrowings		(1,200.00)	(1,200.00)
(Repayment) / proceeds of short term borrowings		(1,226.18)	1,189.01
Interest paid		(2,047.57)	(785.20)
<b>Net cash (used in) / flows from financing activities (C)</b>		<b>(2,344.76)</b>	<b>1,033.06</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>648.52</b>	<b>(468.55)</b>
Cash and cash equivalents at the beginning of the year	11	(1,710.59)	(1,242.03)
<b>Cash and cash equivalents at the end of the year</b>	11	<b>(1,062.07)</b>	<b>(1,710.59)</b>

See accompanying notes forming part of the standalone Ind AS financial statements 1-52

In terms of our report attached.

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


  
**RASHIM TANDON**  
Partner



Place : Gurugram  
Date : **06 JUL 2018**

For and on behalf of the Board of Directors  
**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**

  
**DR. KOUSAR ALI SHAH**  
Whole Time Director  
DIN: 07854645

  
**COL. HARINDER S. SHEHA**  
Director  
DIN: 5148823

Place : Gurugram  
Date : **06 JUL 2018**




**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	(Rupees in lacs)		(Rupees in Lacs)	
	Balance at	Changes during the year	Balance at	Total
<b>a. Equity share capital</b>				
Balance at March 31, 2016	200.03	-	200.03	
Changes in equity share capital during the year	-	200.03	200.03	
Balance at March 31, 2017	200.03	-	200.03	
Changes in equity share capital during the year	-	200.03	200.03	
Balance at March 31, 2018	200.03	-	200.03	
<b>b. Convertible non-participating preference share capital</b>				
Balance at March 31, 2016	40.18	-	40.18	
Changes in preference share capital during the year	-	40.18	40.18	
Balance at March 31, 2017	40.18	-	40.18	
Changes in preference share capital during the year	-	40.18	40.18	
Balance at March 31, 2018	40.18	-	40.18	
<b>c. Other equity Particular</b>				
	Securities premium reserve	General Reserve	Reserve and surplus Capital reserve	Retained earnings
Balance at March 31, 2016	29,960.15	848.20	10,683.74	38,191.29
Profit for the year (a)	-	-	-	1,090.26
Other comprehensive income/(loss) for the year, net of income tax (b)	-	-	-	(357.10)
<b>Total comprehensive income/(loss) for the year (a+b)</b>	-	-	-	<b>733.16</b>
Balance at March 31, 2017	29,960.15	848.20	10,683.74	38,924.45
(Loss) / Profit for the year (c)	-	-	-	(1,285.97)
Other comprehensive income/(loss) for the year, net of income tax (d)	-	-	-	55.10
<b>Total comprehensive income/(loss) for the year (c+d)</b>	-	-	-	<b>(1,230.87)</b>
Balance at March 31, 2018	29,960.15	848.20	10,683.74	37,693.58
				<b>79,185.68</b>


In terms of our report attached.


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

  
**RASHIM TANDON**  
Partner  
Membership No: 095440



For and on behalf of the Board of Directors  
**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**

  
**DR. KOUSAR ALI SHAH**  
Whole Time Director  
DIN: 07854845

  
**COL. HARINDER S. CHEHAL**  
Director  
DIN: 5148823

Place : Gurugram  
Date **06 JUL 2018**



Place : Gurugram  
Date **06 JUL 2018**

**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**1) Nature of operations**

Escorts Heart Institute and Research Centre Limited ('EHIRCL' or the 'Company') was incorporated in the year 2000. EHIRCL is a limited company and is providing the highest standards of cardiac care to patients. The Company has also set up various Heart Command Centers/ Satellite Centers. The Company is a wholly owned subsidiary of Fortis Healthcare Limited ('FHL'). FHL is a listed entity on both BSE Limited and National Stock Exchange of India Limited.

The registered office of the Company is located at SCO 11, Sector-11-D, Chandigarh -160011 and the principal place of business of the Company is located at Escorts Heart Institute and Research Centre Limited, Okhla Road, New Delhi - 110025.

**2) Application of new and revised Ind ASs**

**Appendix B to IndAS 21, Foreign currency transactions and advance consideration**

On March 28, 2018, Ministry Of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to IndAS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018.

The directors of the Company do not expect that the adoption of the amendments to the standards will have an impact on the financial statements of the Company.

**IndAS 115, Revenue with Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs has notified the IndAS115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:-

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IndAS8-Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

**3) Significant accounting policies**

**3.1 Statement of Compliance**

The Standalone Ind AS financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

The Standalone Ind AS financial statements have been prepared under the historical convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair value at the end of the each reporting period, as stated in the accounting policies below. The accounting policies have been applied consistently over all the periods presented in the Standalone Ind AS financial statements.

**3.2 Basis of preparation and presentation**

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



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

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

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

### **3.3 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a subsidiary, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### **3.4 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade allowances for deduction and rebates and other similar allowances.

The Company assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

#### Operating Income (IPD and OPD)

Operating income is recognised as and when the services are rendered / pharmacy items (medical consumables and drugs) are sold. Revenue from sale of goods are recognised when all the significant risks and rewards of ownership of goods have been passed to the buyer which coincides with the delivery of goods. The Company collects sales taxes and value added taxes (VAT/GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Unbilled revenue is recorded for the patient where the patient are not discharged and invoices are not raised for the period closing date.

#### Income from Satellite Centers

Income from satellite centers is recognised on accrual basis in accordance with the terms of respective agreements entered into in respect thereof.





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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Income from Clinical Research

Income from clinical research is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Income from Sponsorships

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

Income from Rent

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

Export benefits

Income from 'Service Export from India Scheme' (SEIS) is recognised 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

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

### **3.5 Leasing**

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

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property, plant and equipment. Rental income on operating lease is recognised 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 recognised 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.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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### **3.6 Foreign currencies**

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

At the end of each reporting period

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

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

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

### **3.7 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

### **3.8 Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognised in Standalone statement of profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in Standalone statement of profit or loss in the period in which they become receivable.

### **3.9 Employee benefits**

- i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans like provident fund, employee state insurance are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Standalone statement of profit and loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit.

A liability for a termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognises any related restructuring costs.

ii) Short-term and other long-term employee benefits:

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Standalone statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iii) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined benefit scheme the contribution of which is being deposited with "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

### 3.10 Taxation

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

i) Current tax

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





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Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

ii) Deferred tax

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

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

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Company reassess unrecognised deferred tax assets and, the Company recognises a previously unrecognised Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable company and the same taxation authority.

iii) Current and deferred tax for the year

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

**3.11 Property, plant and equipment(PPE)**

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

Land under lease with perpetual lease term is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.



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**Components of costs**

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

Subsequent expenditure related to an item of Property, plant and equipment is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Standalone statement of profit and loss in the period during which such expenditure is incurred.

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

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

Depreciation commences when the assets are ready for their intended use. Depreciation on all Property, plant and equipment are provided on straight line method based on the reassessment of pattern of economic usage of the assets over their remaining useful life. The estimated useful life of Property, plant and equipment, are as follows:

<b>Property, plant and equipment</b>	<b>Useful Lives</b>
Building*	30 Years
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and fittings	10 years
Office equipment's	5 years
Vehicles	4 - 8 years

\*Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

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

**3.12 Intangible Assets**

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

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or development, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards.

Amortisation commences when the assets are ready for their intended use and is recognised on a straight line basis over their estimated useful life.

**Software**

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



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Business rights

Cost of Business rights is amortised over a period of agreement of purchase.

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

**3.13 Impairment of tangible and intangible asset other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

**3.14 Inventories**

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

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**3.15 Provision**

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

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





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

### **3.16 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### **3.17 Segment Reporting**

The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108 'Operating Segments'. The Company's business activity primarily falls within a single geographical segment.

### **3.18 Earnings per share**

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

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

### **3.19 Operating cycle**

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

### **3.20 Financial Instrument**

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

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

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

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



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**Classification of financial assets**

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

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

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

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

Interest income is recognised in the Standalone statement of profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in Standalone statement of profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for financial assets through other comprehensive income'.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Investment in equity instruments are classified as at FVTPL, unless the company provocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

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



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**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**Derecognition of financial assets**

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





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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### **Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss since there are no designated hedging instruments in a hedging relationship.

### **Financial liabilities and equity instruments**

#### **Classification as debt or equity**

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

#### **Equity instruments**

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

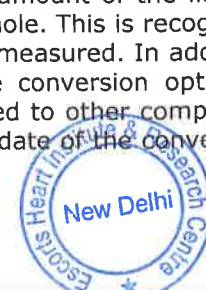
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### **Compound financial instruments**

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible



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note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

### **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.





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

**Financial guarantee contracts**

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**Commitments to provide a loan at a below-market interest rate**

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.



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**Embedded derivatives**

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

**Cash and cash equivalents (for the purpose of Cash Flow Statement)**

Cash and cash equivalents in Cash Flow Statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less and Bank overdraft, which are subject to an insignificant risk of changes in value.

**Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**3.21 Critical Accounting Judgements**

The following are the critical judgements, apart from those involving estimations (refer note 3.22 below), that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognised in the Standalone Ind AS financial statements.

**Assessment of claims and litigations disclosed as contingent liabilities**

There are certain claims and litigations which have been assessed as contingent liabilities by the Management (Refer Notes 36, 37 and 38 below) which may have an effect on the operations of the Company should the same be decided against the Company.

The Management has assessed that no further provision / adjustment is required to be made in these Standalone Ind AS Financial Statements for the above matters, other than what has been already recorded, as they expect a favorable decision based on their assessment and the advice given by the external legal counsels / professional advisors.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Impairment of financial assets**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

**3.22 Critical Accounting Estimates**

**Expected Credit Loss**

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**Useful lives of depreciable/amortisable assets**

The Company reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

**Defined benefit plans**

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Impairment of Investments**

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 3.10(ii).

**Provisions and contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

**Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 3.20.

**Impairment of Intangible assets**

Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Standalone Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Standalone Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization) had no impairment loss been recognized for the asset in prior years.



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**Note 4: Property, Plant and Equipment**

Particulars	Leasehold land (refer note (a),(c), (d) & (e) ) At cost	Building (refer note (b))	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
<b>Cost or deemed cost</b>									
<b>As at April 01,2016</b>	<b>398.22</b>	<b>2,224.42</b>	<b>1,360.58</b>	<b>5,387.85</b>	<b>142.65</b>	<b>126.75</b>	<b>79.07</b>	<b>922.31</b>	<b>10,641.85</b>
Additions	-	772.61	132.40	3,478.51	32.05	27.04	17.33	375.72	4,835.66
Disposals	-	-	(7.44)	(4.82)	-	(0.42)	(1.25)	-	(13.93)
<b>As at March 31,2017</b>	<b>398.22</b>	<b>2,997.03</b>	<b>1,485.54</b>	<b>8,861.54</b>	<b>174.70</b>	<b>153.37</b>	<b>95.16</b>	<b>1,298.03</b>	<b>15,463.59</b>
Additions	-	341.95	123.06	1,451.93	46.93	31.48	25.27	-	2,020.62
Disposals	-	(17.74)	(118.19)	(536.47)	(29.09)	(17.32)	(6.95)	(163.85)	(889.62)
<b>As at March 31,2018</b>	<b>398.22</b>	<b>3,321.24</b>	<b>1,490.41</b>	<b>9,777.00</b>	<b>192.54</b>	<b>167.53</b>	<b>113.48</b>	<b>1,134.18</b>	<b>16,594.60</b>
<b>Accumulated Depreciation</b>									
<b>As at April 01,2016</b>	-	<b>185.71</b>	<b>215.99</b>	<b>1,013.46</b>	<b>27.46</b>	<b>66.39</b>	<b>13.80</b>	<b>419.46</b>	<b>1,942.27</b>
Charge for the year	-	205.32	161.76	603.29	25.25	34.76	13.64	362.18	1,406.19
Disposals	-	-	(0.84)	(2.42)	-	(0.06)	(0.19)	-	(3.51)
<b>As at March 31,2017</b>	-	<b>391.03</b>	<b>376.91</b>	<b>1,614.32</b>	<b>52.71</b>	<b>101.09</b>	<b>27.26</b>	<b>781.64</b>	<b>3,344.95</b>
Charge for the year	-	211.27	139.86	874.51	20.66	34.53	15.38	139.97	1,436.18
Disposals	-	(17.74)	(76.56)	(392.95)	(23.10)	(15.97)	(3.07)	(140.41)	(669.80)
<b>As at March 31,2018</b>	-	<b>584.55</b>	<b>440.21</b>	<b>2,095.88</b>	<b>50.27</b>	<b>119.65</b>	<b>39.57</b>	<b>781.20</b>	<b>4,111.33</b>
<b>Net Block(As at March 31,2017)</b>	<b>398.22</b>	<b>2,606.00</b>	<b>1,108.63</b>	<b>7,247.22</b>	<b>121.99</b>	<b>52.28</b>	<b>67.90</b>	<b>516.39</b>	<b>12,118.63</b>
<b>Net Block(As at March 31,2018)</b>	<b>398.22</b>	<b>2,736.69</b>	<b>1,050.20</b>	<b>7,681.12</b>	<b>142.27</b>	<b>47.88</b>	<b>73.91</b>	<b>352.98</b>	<b>12,483.27</b>

**Note 4 (a) : Capital work-in-progress**

Capital work in progress as at March 31, 2018 is Nil (as at March 31, 2017 Rupees 89.94 lacs).

Notes :

(a) During the financial year 2005-06, in respect of hospital land, Delhi Development Authority has terminated all the allotment letter lease/ deeds for which the Company has filed appeal in the Delhi High Court. Re-possession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 38).

(b) Residential building includes three flats which have been taken on joint ownership with the doctors and the cost capitalised in the books of accounts relates to share of the Company. The Gross Block is Rupees 233 lacs and Net block is Rupees 166.89 lacs as at March 31, 2018.

(c) No amortisation has been made in respect to leasehold land, since it has been taken on a perpetual lease.

(d) Leasehold Land includes Rupees 21.11 lacs (Previous Year Rupees 21.11 lacs) for which, the deed is not in possession of the Company. The Company has written to the Delhi Development Authority to provide a copy of the deed and reply is awaited.

(e) Leasehold land deed having carrying value of Rupees 371.11 lacs (Previous Year Rupees 371.11 lacs) of the hospital have been given as security for loan taken by the Holding Company and its Subsidiaries.

(f) Certain assets owned and belonging to the Company, including but not limited to vehicles having WDV of Rupees 43.51 lacs, computers and other IT related equipments, are in possession of the erstwhile Chairman, Mr. Malvinder Mohan Singh. The company is in the process of taking suitable measures to recover possession of such assets.





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**Note 5 : Intangible assets**

Particulars	(Rupees in Lacs)			
	Particulars	Software	Business Rights (refer note (i))	Total
<b>Cost or deemed cost</b>				
<b>Gross Block</b>				
<b>As at April 01, 2016</b>	<b>699.45</b>	-	-	<b>699.45</b>
Additions	40.02	-	-	40.02
Deletions	-	-	-	-
<b>As at March 31, 2017</b>	<b>739.47</b>	-	-	<b>739.47</b>
Additions	2.89	420.00	-	422.89
Deletions	(10.03)	-	-	(10.03)
<b>As at March 31, 2018</b>	<b>732.33</b>	<b>420.00</b>	<b>420.00</b>	<b>1,152.33</b>
<b>Amortization and impairment</b>				
<b>As at April 01, 2016</b>	<b>200.41</b>	-	-	<b>200.41</b>
Charge for the year	161.81	-	-	161.81
Deletions	-	-	-	-
<b>As at March 31, 2017</b>	<b>362.22</b>	-	-	<b>362.22</b>
Charge for the year	147.29	29.65	-	176.94
Impairment (refer note (i))	-	334.50	-	334.50
Deletions	(10.03)	-	-	(10.03)
<b>As at March 31, 2018</b>	<b>499.48</b>	<b>364.15</b>	<b>364.15</b>	<b>863.63</b>
<b>Net block (As at March 31, 2017)</b>	<b>377.25</b>	-	-	<b>377.25</b>
<b>Net block (As at March 31, 2018)</b>	<b>232.85</b>	<b>55.85</b>	<b>55.85</b>	<b>288.70</b>

**Note 5 (a) : Intangible assets under development**

Intangible assets under development as at March 31, 2018 is Rupees 162.35 lacs (as at March 31, 2017 Rupees 135.35 Lacs).

**Notes :**

(i) During the current year company has purchased business rights from Escorts Heart Centre Limited for Rupees 420.00 Lacs on July 18, 2017, which has been re-assessed for the impairment at the year ended on March 31, 2018. The Management has recorded an impairment loss of Rupees 334.50 Lacs at the year ended March 31, 2018 based on the assessment of future cash flow considering definite period of contract.



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Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>6. Investments (refer note (a) below)</b>		
<b>Non Current</b>		
<b>Unquoted Investments (all fully paid)</b>		
<b>(a) Investments in Equity Instruments</b>		
<b>Investment in subsidiaries (measured at cost)</b>		
i) Fortis Asia Healthcare Pte Limited 32,722,596 (32,722,596 as at March 31, 2017) ordinary shares of SGD 1 each	12,720.52	12,720.52
ii) Fortis Healthstaff Limited 4,900,000 (1,440,000 as at March 31, 2017) equity shares of Rupees 10 each. (refer note 48 and 51(d)(i))	147.46	144.00
Less: Provision for diminution in value other than temporary	(144.00)	(144.00)
<b>A</b>	<b><u>12,723.98</u></b>	<b><u>12,720.52</u></b>
<b>(b) Investment in Debt Instruments</b>		
<b>Investment in subsidiaries (measured at cost)</b>		
Fortis Asia Healthcare Pte Limited 10,000,000 ( 10,000,000 as at March 31, 2017) Redeemable preference shares of SGD 1 each redeemable on expiry of 5 years from date of allotment at a premium of 5% per annum (refer note 44)	3,454.10	3,454.10
* The Company has subscribed to the preference shares of Fortis Asia Healthcare Pte. Limited on December 14, 2010. The shares were allotted on December 15, 2010 were redeemable on December 15, 2015. As per the addendum dated December 14, 2015, the shares are redeemable on March 31, 2019. (refer note 44)		
<b>B</b>	<b><u>3,454.10</u></b>	<b><u>3,454.10</u></b>
<b>Investment in associate (measured at cost)</b>		
Fortis Hospitals Limited 13,000,000 (13,000,000 as at March 31, 2017) .01% Non- Cumulative Compulsory Convertible Preference Shares of face value of Rupees 10 each compulsory convertible into equal number of equity shares on expiry of 10 years from date of allotment. i.e. (60,00,000 on February 18, 2026 and 70,00,000 on May 30, 2026) purchased @ Rupees 500 per share	65,000.00	65,000.00
<b>C</b>	<b><u>65,000.00</u></b>	<b><u>65,000.00</u></b>
<b>Investment in subsidiaries (measured at cost)</b>	<b><u>16,178.08</u></b>	<b><u>16,174.62</u></b>
<b>Investment in associate (measured at cost)</b>	<b><u>65,000.00</u></b>	<b><u>65,000.00</u></b>
<b>TOTAL AGGREGATE UNQUOTED INVESTMENTS</b>	<b><u>81,178.08</u></b>	<b><u>81,174.62</u></b>
<b>TOTAL NON CURRENT INVESTMENTS</b>	<b><u>81,178.08</u></b>	<b><u>81,174.62</u></b>
<b>Aggregate carrying value of unquoted investments</b>	<b><u>81,178.08</u></b>	<b><u>81,174.62</u></b>



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Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>a. Investments</b>		
<b>(a) Financial Assets measured at cost</b>		
i) Equity instruments - Equity Shares	12,723.98	12,720.52
ii) Equity instruments - compulsory convertible preference shares (refer note 47)	65,000.00	65,000.00
	<b>77,723.98</b>	<b>77,720.52</b>
<b>(b) Financial Assets measured at cost</b>		
i) Debt instruments - Redeemable preference shares	3,454.10	3,454.10
	<b>3,454.10</b>	<b>3,454.10</b>

**7. Trade receivables (Unsecured)**

**Current**

(a) Considered good	4,377.12	4,250.73
(b) Considered doubtful	4,670.45	3,755.16
Allowance for doubtful debts (expected credit loss allowance)	(4,670.45)	(3,755.16)
	<b>4,377.12</b>	<b>4,250.73</b>

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

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. There are customers who represents more than 5% of the total balance of trade receivable. The management has carried out assessment of the customers and does not foresee any default on receipt from these customers.

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

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

The Company has recorded an allowance of Rupees 4,670.45 lacs towards trade receivables. The Management believes that no further allowance is required in addition to allowance for doubtful debts already recorded.

The trade receivables are pledged as security towards borrowings taken by the Company.

**8. Loans (Unsecured)**

**Non-current (measured at amortised cost)**

**Considered good**

(a) Loans to subsidiary company (Refer Note 43) *	794.50	-
<b>Total</b>	<b>794.50</b>	<b>-</b>

**Current (measured at amortised cost)**

**Considered good**

(a) Loans to fellow subsidiary (Refer Note 43)	-	1,675.00
	-	<b>1,675.00</b>

**Considered doubtful**

(a) Loans to body corporates and others	966.92	966.92
	<b>966.92</b>	<b>966.92</b>

**Allowance for doubtful loans**

	(966.92)	(966.92)
	<b>-</b>	<b>1,675.00</b>

\* Intercorporate deposit to Fortis Healthstaff Limited provided on July 27, 2017 with a due date of March 31, 2019.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>9. Other financial assets (Unsecured)</b>		
<b>Non current (measured at amortised cost)</b>		
<b>Considered good</b>		
(a) Security deposits	93.47	90.95
(b) Deposit accounts with banks*	539.28	537.56
(c) Interest accrued and due on bank deposit	55.63	27.32
(d) Interest accrued and not due on loan to subsidiary	55.65	-
	<b>744.03</b>	<b>655.83</b>
*Fixed deposits is under lien with banks and is restricted from being exchanged for more than 12 months from the Balance Sheet date.		
<b>Current (measured at amortised cost)</b>		
<b>Considered good</b>		
(a) Security deposits	27.10	38.23
(b) Interest accrued and due on loans and deposits	-	27.01
(c) Advances recoverable from related parties	1,087.30	470.57
(d) Staff advance	5.28	4.55
(e) Accrued operating income	690.42	609.51
	<b>1,810.10</b>	<b>1,149.87</b>
<b>Considered doubtful</b>		
(a) Advances recoverable	16.07	16.07
(b) Staff advance	51.32	47.04
	<b>67.39</b>	<b>63.11</b>
<b>Allowance for Doubtful financial assets</b>		
(a) Advances recoverable	(16.07)	(16.07)
(b) Staff advance	(51.32)	(47.04)
	<b>(67.39)</b>	<b>(63.11)</b>
	<b>1,810.10</b>	<b>1,149.87</b>
<b>10. Inventories</b>		
<b>(Valued at lower of cost and net realisable value)</b>		
Medical consumables and drugs	356.17	711.17
	<b>356.17</b>	<b>711.17</b>
<b>11. Cash and cash equivalents</b>		
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 standalone statement of cash flows can be reconciled to the related items in the standalone balance sheet as follows:		
<b>Cash and cash equivalents as per Ind AS 7</b>		
(a) Balances with Banks		
- on current accounts	212.19	103.50
- deposits with original maturity of less than three months	254.87	-
(b) Cash		
- on hand	36.61	44.31
- Forex on hand	-	5.61
- Cash in Transit	84.22	-
<b>Cash and cash equivalents as per balance sheet</b>	<b>587.89</b>	<b>153.42</b>
Bank overdraft	(1,649.96)	(1,864.01)
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>(1,062.07)</b>	<b>(1,710.59)</b>





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>12. Other assets (Unsecured)</b>		
<b>Non-current</b>		
<b>Considered good</b>		
(a) Capital advances	8.78	54.00
(b) Balances with customs excise and other authorities paid under protest	150.00	150.00
(c) Prepaid expenses	64.10	61.33
	<b>222.88</b>	<b>265.33</b>
<b>Current</b>		
<b>Considered good</b>		
(a) SEIS licences in hand	10.07	151.87
(b) Accrued operating income ( Service Export from India Scheme)	113.39	106.28
(c) Advance to vendors	9.59	129.13
(d) Prepaid expenses	70.02	124.07
(e) Advances others	46.78	48.26
	<b>249.85</b>	<b>559.61</b>
<b>Considered doubtful</b>		
(a) SEIS licences in hand	76.36	76.36
(b) Advance to vendors	64.96	43.12
(c) Advances others	48.56	23.88
	<b>189.88</b>	<b>143.36</b>
<b>Allowance for doubtful assets</b>		
(a) SEIS licences in hand	(76.36)	(76.36)
(b) Advance to vendors	(64.96)	(43.12)
(c) Advances others	(48.56)	(23.88)
	<b>(189.88)</b>	<b>(143.36)</b>
	<b>249.85</b>	<b>559.61</b>
<b>13. Non-Current tax assets</b>		
(a) Advance income tax (net of provision for taxation)	1,184.18	318.29
	<b>1,184.18</b>	<b>318.29</b>

**14. Deferred tax (Net)**

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

Recognised in standalone statement of profit and loss account and Other Comprehensive Income

Deferred tax assets/(liabilities) in relation to:

	As at March 31, 2017	Credit / (Charge) to Profit or loss	Credit / (Charge) to Other Comprehensive Income	As at March 31, 2018
Property, plant and equipment	382.56	(241.74)	-	140.82
Intangible assets	17.21	135.98	-	153.19
Allowance for expected credit loss on advances	407.95	36.15	-	444.10
Allowance for expected credit loss on receivables	1,299.58	332.46	-	1,632.04
Employee benefits	830.00	64.07	(29.59)	864.48
Carried forward loss	-	388.41	-	388.41
	<b>2,937.30</b>	<b>715.33</b>	<b>(29.59)</b>	<b>3,623.04</b>

Deferred tax assets/(liabilities) in relation to:

	As at April 01, 2016	Credit / (Charge) to Profit or loss	Credit / (Charge) to Other Comprehensive Income	As at March 31, 2017
Property, plant and equipment	614.37	(231.81)	-	382.56
Intangible assets	3.32	13.89	-	17.21
Allowance for expected credit loss on advances	464.78	(56.83)	-	407.95
Allowance for expected credit loss on receivables	1,140.07	159.51	-	1,299.58
Employee benefits	568.16	72.86	188.99	830.00
	<b>2,790.70</b>	<b>(42.38)</b>	<b>188.99</b>	<b>2,937.30</b>



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>15 (i) Share capital</b>		
<b>Authorised Share Capital:</b>		
2,050,000 (2,050,000 as at March 31, 2017) Equity Shares of Rupees 10 each	205.00	205.00
450,000 (450,000 as at March 31, 2017) 0.01% Compulsory Convertible Preference Shares ("CCPS") of Rupees 10 each	45.00	45.00
<b>Total authorised share capital</b>	<b>250.00</b>	<b>250.00</b>
<b>Issued, subscribed and fully paid up shares</b>		
<b>2,000,310 (2,000,310 as at March 31, 2017) Equity Shares of Rupees 10 each</b>	200.03	200.03
<b>401,769 (401,769 as at March 31, 2017) 0.01% CCPS of Rupees 10 each</b>	40.18	40.18
<b>Total issued, subscribed and fully paid up share capital</b>	<b>240.21</b>	<b>240.21</b>

Notes :

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

**Equity Shares**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	(Rupees in Lacs)	Number	(Rupees in Lacs)
At the beginning of the year	20,00,310	200.03	20,00,310	200.03
<b>Outstanding at the end of the year</b>	<b>20,00,310</b>	<b>200.03</b>	<b>20,00,310</b>	<b>200.03</b>

**Preference Shares**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	(Rupees in Lacs)	Number	(Rupees in Lacs)
At the beginning of the year	4,01,769	40.18	4,01,769	40.18
<b>Outstanding at the end of the year</b>	<b>4,01,769</b>	<b>40.18</b>	<b>4,01,769</b>	<b>40.18</b>

**(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. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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) Terms/ rights attached to Compulsory convertible preference Shares**

During the year ended March 31, 2013, the Company issued 401,769 0.01% Compulsory Convertible Preference shares of Rupees 10 each at a premium of Rupees 7,456.98 per share. These shares are convertible into equal number of equity shares, provided price for conversion of Investor CCPS into equity share shall not be less than the investment valuation. The holders of each CCPS shall be entitled to receive dividends in respect of the par value of the Investor CCPS at a rate of 0.01%, payable at the end of period of 15 years from the closing date. Holder of CCPS shall have voting rights relating to liquidation or a resolution or any other matter which directly affects or varies the right of the holders. 0.01% CCPS are compound instruments as it also contain liability towards payment of 0.01% dividend at the end of the period of 15 years. Such liability component is insignificant to the total instrument and therefore, not segregated from the instrument value.

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

**Equity Shares**

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	(Rupees in Lacs)	No. of Shares held	(Rupees in Lacs)
Fortis Healthcare Limited*, the Holding company	20,00,310	200.03	20,00,310	200.03

\*Including 50 equity shares held by its nominees.

**Compulsory Convertible Preference Shares**

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, fellow subsidiary and an associate	4,01,769	100%	4,01,769	100%

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

**Equity Shares**

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited*, the Holding company	20,00,310	100%	20,00,310	100%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**Compulsory Convertible Preference Shares**

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, fellow subsidiary and an associate	4,01,769	100%	4,01,769	100%



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Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>16 Other Equity</b>		
<b>(A) Securities premium account</b>		
Opening balance	29,960.15	29,960.15
<b>Closing balance</b>	<b>29,960.15</b>	<b>29,960.15</b>
<b>(B) General reserves</b>		
Opening balance	848.20	848.20
<b>Closing balance</b>	<b>848.20</b>	<b>848.20</b>
<b>(C) Capital reserve</b>		
Opening balance	10,683.74	10,683.74
<b>Closing balance</b>	<b>10,683.74</b>	<b>10,683.74</b>
<b>(D) Surplus in the statement of profit and loss</b>		
Opening balance	38,924.45	38,191.29
Profit / (Loss) for the year	(1,285.97)	1,090.26
Other comprehensive Income arising from remeasurement of defined benefit obligation net of income tax	55.10	(357.10)
<b>Net surplus in the statement of profit and loss</b>	<b>37,693.57</b>	<b>38,924.45</b>
<b>Total (A+B+C+D)</b>	<b>79,185.66</b>	<b>80,416.55</b>



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Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
	<b>17. Non current borrowings</b>	
<b>Secured - at amortised cost</b>		
(a) Term Loans - from banks		
- ICICI Bank (note 1)	1,592.63	2,776.84
- HDFC Bank (note 2)	1,710.07	2,193.25
- YES Bank (note 3)	85.99	-
Current Maturities of term loans (Refer Note 18)		
- ICICI Bank	(1,592.63)	(1,200.00)
- HDFC Bank	(526.18)	(526.18)
- YES Bank	(10.33)	-
	<b>1,259.55</b>	<b>3,243.91</b>
<b>Unsecured - at amortised cost</b>		
(b) Loan from fellow subsidiaries (note 4)	8,255.00	-
	<b>9,514.55</b>	<b>3,243.91</b>

Note 1 :- The term loan has been taken from ICICI Bank at I Base Plus Spread of 1.75% p.a. secured against first pari passu charge over movable assets and the second pari passu charge over the current assets of the company and exclusive charge over debt service reserve account (DSRA). The loan is further secured by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited. The current average effective interest rate is 10.17% p.a. , payable on monthly basis. The Loan is repayable in 18 structured quarterly instalments beginning at the end of seven quarters (December 27, 2014) from first draw down date i.e. March 28, 2013 upto March 27, 2019.

Note 2 :- The term loan has been taken from HDFC Bank at 3 years HDFC MCLR+ 0.65% per annum for purchase of PPE. The Loan has first and exclusive charge on the PPE purchased through this loan. The current average effective interest rate is 9.28% p.a. , payable on monthly basis. The Loan is repayable in 18 structured quarterly instalments beginning from first draw down date i.e. February 18, 2017 upto May 18, 2021.

Note 3 :-The term loan has been taken from YES Bank at yearly YES MCLR+ 0.50% per annum for purchase of PPE. The Loan has first and exclusive charge on the fixed assets purchased. The current average effective interest rate is 9.30% p.a. , payable on monthly basis. The Loan is repayable in 26 structured quarterly instalments beginning from first draw down date i.e. February 15, 2018 upto May 15, 2024.

Note 4 :-The loan from Malar Star Medicare Limited were provided on September 27, 2013 and Fortis Malar Hospitals Limited were provided on January 31, 2017 at an interest rate of 10.50% and 11.50% respectively which is repayable on or before March 31, 2018 and interest is repayable on demand or maturity. During the current year, the agreement has been amended to extend the repayment upto June 30, 2019 by addendum.

**The terms of repayment of term loans and other loans are stated below.**

**As at March 31, 2018**

S.no	Particulars	Carrying Amount*	Amount outstanding*	Terms of repayment	Rate of interest	Total charge amount
1	Term Loan from ICICI Bank	1,592.63	1,600.00	The Loan is repayable in 18 structured quarterly instalments beginning at the end of seven quarters from first draw down date	I Base Plus Spread of 1.75% p.a	5000 Lacs
		(2,776.84)	(2,800.00)			
2	Term Loan from HDFC Bank	1,710.07	1,710.07	The Loan is repayable in 18 structured quarterly instalments beginning from first draw down date.	3years HDFC MCLR+ 0.65% p.a	2500 Lacs
		(2,193.25)	(2,193.25)			
3	Term Loan from YES Bank	85.99	85.99	The Loan is repayable in 26 structured quarterly instalments beginning from first draw down date.	yearly YES MCLR+ 0.50% p.a	2500 Lacs
		(-)	(-)			

\*Balance in brackets represent previous year figures.

**18. Other financial liabilities**

**Current**

**Secured - at amortised cost**

(a) Current maturities of long term debt (refer note 17)	2,129.14	1,726.18
<b>Unsecured</b>		
(a) Security deposits	29.22	25.83
(b) Interest accrued and due on borrowings from related party	-	653.22
(c) Interest accrued and due on borrowings from bank	13.41	16.47
(d) Interest accrued and due on MSME vendors (Refer note 46)	10.64	-
(e) Capital creditors	930.94	114.09
(f) Employee payable	184.92	172.81
	<b>3,298.27</b>	<b>2,708.60</b>



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Particulars	As at March 31, 2018 (Rupees in Lacs)	As at March 31, 2017 (Rupees in Lacs)
<b>19. Provisions</b>		
<b>Non current</b>		
(a) Provision for gratuity (refer Note 39)	1,671.65	1,478.76
	<u>1,671.65</u>	<u>1,478.76</u>
<b>Current</b>		
(a) Provision for gratuity (refer Note 39)	65.99	175.91
(b) Provision for compensated absences	736.64	743.62
<b>Others</b>		
(a) Provision for contingencies**	46.71	5.40
(b) Provision for litigation (refer Note 37)*	678.02	678.02
	<u>1,526.96</u>	<u>1,602.95</u>

\* During previous year, Provision of Rupees 347.63 lacs is made on account of penalty levied by the (a) The Commissioner of Customs (Import and General), Delhi towards classification of imported surgical machine under Custom Duty Act, 1962.

Further, provision of Rupees 330.39 Lacs recorded in earlier years towards custom duty liability on import of medical equipments, spares and consumables levied on the Company considering it to be as a commercial establishment under Custom Duty Act, 1962.

The Company has challenged the aforesaid matters and the provision will be settled on closure of the matter.

**\*\* Provision for contingencies :**

Particulars	As at March 31, 2017	As at March 31, 2017
Opening balance	5.40	5.40
Add: provision made during the year	41.31	-
Less: utilized during the year	-	-
<b>Closing balance</b>	<u>46.71</u>	<u>5.40</u>

Provision for contingency is made against clinical research studies and amount of refund due to the patients, which is expected to be settled in due course and therefore considered as current in nature.

**20. Current Borrowings**

**Secured - at amortised cost**

(a) Bank overdraft*	1,649.96	1,864.01
	<u>1,649.96</u>	<u>1,864.01</u>

**Unsecured - at amortised cost**

(a) Loan from fellow subsidiaries**	-	6,955.00
	<u>-</u>	<u>6,955.00</u>
	<u>1,649.96</u>	<u>8,819.01</u>

\* The bank overdraft facility limit of Rupees 2,000 lacs has been taken from HDFC Bank at the interest rate of 9.00 %, secured against the exclusive charge on current assets.

\*\* The loan from Malar Star Medicare Limited were provided on September 27, 2013 and Fortis Malar Hospitals Limited were provided on January 31, 2017 at an interest rate of 10.50% and 11.50% respectively which were repayable on or before March 31, 2018 and interest were repayable on demand or maturity. During the current year, the agreement has been amended to extend the repayment upto June 30, 2019 by addendum.

**21. Trade Payable**

(a) Total outstanding dues of micro enterprises and small enterprises. (refer Note 46)	94.55	61.93
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	9,979.06	7,266.52
	<u>10,073.61</u>	<u>7,328.45</u>

**22. Other current liabilities**

(a) Advance from patients	372.60	403.92
(b) Statutory payable	462.76	288.81
(c) Others	65.93	41.17
	<u>901.29</u>	<u>733.90</u>



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Particulars	Year ended March 31, 2018 (Rupees in Lacs)	Year ended March 31, 2017 (Rupees in Lacs)
<b>23. Revenue from operations</b>		
<b>(a) Sale of services</b>		
i) Operating Income - In Patient Department (IPD)	34,495.04	38,487.46
ii) Operating Income - Out Patient Department (OPD)	4,477.51	4,143.90
iii) Income from medical services	556.56	689.15
iv) Income from satellite centres	213.01	136.03
v) Income from clinical research	96.61	85.74
	<b>39,838.73</b>	<b>43,542.28</b>
Less: Trade discounts	662.53	1,081.31
	<b>39,176.20</b>	<b>42,460.97</b>
<b>(b) Other operating revenues</b>		
i) Income from rent (refer note 33)	199.11	176.20
ii) Export benefits	112.55	98.60
iii) Sponsorship income	153.38	109.92
iv) Scrap sale	8.67	15.62
v) Sale of plasma	12.34	9.80
vi) Excess liabilities no longer required written back	60.14	384.02
vii) Miscellaneous income	4.54	0.29
	<b>550.73</b>	<b>794.45</b>
<b>Total Revenue from operation (a+b)</b>	<b>39,726.93</b>	<b>43,255.42</b>
<b>24. Other Income</b>		
<b>(a) Interest income</b>		
i) Bank deposits	50.92	44.18
ii) Interest on financial assets carried at amortised cost	-	3.90
iii) Interest on loans	191.73	626.44
iv) Interest on income tax refund	16.49	129.89
<b>(b) Others Gains and losses</b>		
i) Profit on sale of assets (net)	0.56	-
<b>Total other Income (a+b)</b>	<b>259.70</b>	<b>804.41</b>





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Particulars	Year ended March 31, 2018 (Rupees in Lacs)	Year ended March 31, 2017 (Rupees in Lacs)
<b>25. Changes in inventories of medical consumable and drugs</b>		
(a) Inventory at the beginning of the year	711.17	411.23
(b) Inventory at the end of the year	356.17	711.17
Decrease/ (increase) in inventories [(a)+(b)]	<u>355.00</u>	<u>(299.94)</u>
<b>26. Employee benefits expense</b>		
(a) Salaries, wages and bonus	10,594.75	10,535.49
(b) Gratuity expense	162.40	101.10
(c) Compensated absences	97.08	79.20
(d) Contribution to provident and other funds	477.85	474.44
(e) Staff welfare expenses	64.15	95.39
	<u>11,396.23</u>	<u>11,285.63</u>
<b>27. Finance costs</b>		
(a) Interest expense		
- on term loans	439.99	523.00
- on cash credit	147.02	108.82
- on others	820.08	665.00
- on MSME vendors	10.64	-
- on defined benefit plan	164.59	113.54
- on financial liabilities carried at amortised cost	16.35	22.38
(b) Other borrowing cost (including bank charges)	173.96	137.41
	<u>1,772.63</u>	<u>1,570.15</u>
<b>28. Depreciation and amortisation expense</b>		
(a) Depreciation of Property, Plant and Equipment	1,436.18	1,406.19
(b) Amortisation of intangible assets	176.94	161.81
	<u>1,613.12</u>	<u>1,568.00</u>
<b>29. Other expenses</b>		
(a) Contractual manpower	1,401.54	1,296.63
(b) Power, fuel and water	996.46	1,181.89
(c) Housekeeping expenses including consumables	497.18	298.53
(d) Patient food and beverages	782.77	720.81
(e) Pathology laboratory expenses	1,771.91	1,734.45
(f) Radiology expenses	275.48	245.40
(g) Consultation fees to doctors	1,133.85	1,074.90
(h) Professional charges to doctors	4,840.06	4,770.12
(i) Repairs and maintenance -		
- Building	1.22	5.56
- Plant and machinery	565.91	534.84
- Others	491.91	433.04
(j) Rent-		
- Equipments	228.17	323.76
- Others	138.12	194.02
(k) Donations	50.00	50.00
(l) Legal and professional fee (refer note (i) below)	173.85	391.19
(m) Travel and conveyance	139.45	226.68
(n) Rates and taxes	84.56	95.72
(o) Recruitment & training	6.12	10.70
(p) Printing and stationary	128.19	150.47
(q) Communication expenses	48.93	75.81
(r) Insurance	226.96	194.25
(s) Marketing and business promotion	1,486.92	1,849.30
(t) Loss on sale of assets (net)	-	1.14
(v) Foreign exchange fluctuation loss (net)	3.67	135.53
(w) Bad debts and sundry balances written off (net)	-	20.96
(x) Allowance for doubtful receivables (refer note 7)	915.30	443.75
(y) Allowance for doubtful advances	50.80	30.21
(z) Provision for contingencies	41.31	-
(aa) Provision for litigations	-	347.64
(ab) Impairment of intangible assets (refer note 5)	334.50	-
(ac) Corporate social responsibility expenses (refer note 45)	-	129.72
(ad) Miscellaneous expenses	23.74	30.60
	<u>16,838.87</u>	<u>16,997.62</u>
<b>Note i : Auditor's remuneration comprises (excluding indirect taxes)</b>		
For audit	12.75	12.75
For limited review	8.25	8.25
For tax audit	3.00	3.00
For reimbursement of expenses	3.28	1.99
	<u>27.28</u>	<u>25.99</u>





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Particulars	Year ended March 31, 2018 (Rupees in Lacs)	Year ended March 31, 2017 (Rupees in Lacs)
<b>30. Exceptional Loss</b>		
(a) Extraordinary loss (refer note 42)	57.74	-
	<b>57.74</b>	<b>-</b>
<b>31. Income tax</b>		
<b>Recognised in Profit or loss account</b>		
<b>Current tax</b>		
(a) In respect of the current year	-	764.47
	<b>-</b>	<b>764.47</b>
<b>Deferred tax</b>		
(a) In respect of the current year	(715.33)	42.38
	<b>(715.33)</b>	<b>42.38</b>
<b>Tax expense/(credit) recognised through profit &amp; loss account</b>	<b>(715.33)</b>	<b>806.85</b>
<b>Recognised in Other Comprehensive Income</b>		
<b>Deferred tax</b>		
In respect of the current year	(29.59)	(188.99)
<b>Tax credit recognised through Other Comprehensive income</b>	<b>(29.59)</b>	<b>(188.99)</b>
<b>The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax from continuing operations	(2,001.30)	1,897.11
Enacted income tax rate in India	34.944%	34.608%
Income tax expense calculated	(699.34)	656.55
Effect of expenses not deductible in determining taxable profit	8.65	150.30
Effect of change in tax rates	6.37	-
Others	(31.01)	-
<b>Total</b>	<b>(715.33)</b>	<b>806.85</b>
Adjustments recognised in the current year in relation to prior years	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>(715.33)</b>	<b>806.85</b>

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the corporate tax rate of 34.944% and 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.



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**32. Related party disclosures**

<b>Names of Related Parties and related party relationship (Refer Note 32(3) below)</b>	
Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited) (up to February 16, 2018) (refer note 1 below)
Intermediate Holding Company	Fortis Healthcare Holdings Private Limited ('FHHPL') (up to February 16, 2018) (refer note 1 below)
Holding Company	Fortis Healthcare Limited ('FHL')
Subsidiary Companies	Fortis Asia Healthcare Pte Limited ('FAHPL')
	Fortis Healthstaff Limited ('FHSL') - ( w.e.f July31, 2017)
Fellow Subsidiaries (with whom transactions have been taken place)(through Ultimate Holding Company)	RWL Healthworld Limited (formerly known as Religare Wellness Limited) (up to February 16, 2018) (refer note 2 below)
	Medsorce Healthcare Private Limited ('MSHPL') (up to February 16, 2018) (refer note 2 below)
Fellow Subsidiaries (with whom transactions have been taken place) (through FHL)	SRL Limited
	Fortis Hospitals Limited ('FHsL') ( and an associate)
	Fortis Malar Hospitals Limited ("FMHL")
	Stellant Capital Advisory Services Private Limited
	Malar Stars Medicare Limited ("MSML")
	Fortis Emergency Services Limited ('FESL')
Key Management Personnel	Dr. Somesh Kumar Mittal (Whole time Director)(upto July 15, 2017)
	Dr. Kousar Ali Shah (Whole time Director) (from June 28, 2017)
	Harinder Singh Chehal (Director)
Individuals (directly or indirectly) having control or significant influence over reporting enterprise	(a) Mr. Malvinder Mohan Singh ('Up to February 13, 2018')
	(b) Mr. Shivinder Mohan Singh ('Up to February 13, 2018')
Enterprises owned or significantly influenced by Ultimate Holding Company	Healthfore Technologies Limited (up to February 16, 2018) (refer note 2 below)
Enterprises owned or significantly influenced by key management personnel or their relatives (parties with whom transactions have taken place)	Fortis Charitable Foundation (up to February 13, 2018)
	Escorts Heart Centre Limited(up to February 13, 2018)

Note: Related parties have been identified by the management.

<b>Particulars</b>	<b>Relationship</b>	<b>Year ended March 31, 2018 (Rupees in lacs)</b>	<b>Year ended March 31, 2017 (Rupees in lacs)</b>
<b>Transactions made during the year:</b>			
<b>Interest income</b>			
Fortis Healthstaff Limited	Subsidiary Company	61.83	-
Fortis Hospitals Limited	Fellow Subsidiary and an associate	129.90	626.35
<b>Rent income</b>			
RWL Healthworld Limited (formerly known as Religare Wellness Limited)	Fellow Subsidiary (through Ultimate Holding Company)	101.36	93.49



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Particulars	Relationship	Year ended March 31, 2018 (Rupees in lacs)	Year ended March 31, 2017 (Rupees in lacs)
<b>Transactions made during the year:</b>			
<b>Interest expense</b>			
Malar Stars Medicare Limited	Fellow Subsidiary	643.65	643.65
Fortis Malar Hospitals Limited	Fellow Subsidiary	176.43	21.35
Harinder Singh Chehal	Director	0.01	-
<b>Pathology laboratory expenses</b>			
SRL Limited	Fellow Subsidiary	1,704.65	1,645.56
<b>Travel and conveyance</b>			
Fortis Emergency Services Limited	Fellow Subsidiary	38.71	110.95
<b>Legal &amp; professional expense</b>			
Stellant Capital Advisory Services Private Limited	Fellow Subsidiary	-	80.50
<b>Income from Medical Services</b>			
Fortis Healthcare Limited	Holding Company	34.18	41.29
Fortis Healthstaff Limited	Subsidiary Company	9.16	5.88
Fortis Hospitals Limited	Fellow Subsidiary and an associate	213.55	299.13
SRL Limited	Fellow Subsidiary	122.95	112.01
<b>Employee benefits Reimbursement</b>			
Fortis Healthcare Limited	Holding Company	12.00	-
Fortis Healthstaff Limited	Subsidiary Company	-	12.91
Fortis Hospitals Limited	Fellow Subsidiary and an associate	-	3.24
Fortis Emergency Services Limited	Fellow Subsidiary	-	0.20
<b>Consultation fees to doctors</b>			
Fortis Hospitals Limited	Fellow Subsidiary and an associate	-	462.11
<b>Purchase/ transfer of fixed assets</b>			
Fortis Healthcare Limited	Holding Company	7.16	52.04
Fortis Hospitals Limited	Fellow Subsidiary and an associate	108.14	107.61
<b>Purchase of Business Rights</b>			
Escorts Heart Centre Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	420.00	-



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Particulars	Relationship	Year ended March 31, 2018 (Rupees in lacs)	Year ended March 31, 2017 (Rupees in lacs)
<b>Transactions made during the year:</b>			
<b>Purchase of shares in Fortis Healthstaff Limited</b>			
RHC Holding Private Limited	Ultimate Holding Company	2.30	-
Fortis Healthcare Holdings Private Limited	Intermediate Holding Company	1.16	-
<b>Intangible assets under development</b>			
Healthfore Technologies Limited	Enterprises owned or significantly influenced by Ultimate Holding Company	27.00	135.35
<b>IPD/ OPD revenue</b>			
Fortis Healthcare Limited	Holding Company	1.53	0.09
Fortis Hospitals Limited	Fellow Subsidiary and an associate	10.96	6.71
Fortis Charitable Foundation	Enterprises owned or significantly influenced by key management personnel or their relatives	103.49	-
<b>Purchase of medical consumables and drugs</b>			
RWL Healthworld Limited (formerly known as Religare Wellness Limited)	Fellow Subsidiary (through Ultimate Holding Company)	15.53	11.20
Medsorce Healthcare Private Limited	Fellow Subsidiary (through Ultimate Holding Company)	480.53	709.66
<b>Managerial remuneration</b>			
Dr. Somesh Kumar Mittal	Key Management Personnel	68.59	81.07
Dr. Kousar Ali Shah	Key Management Personnel	36.31	-
<b>Loan/Advances given</b>			
Fortis Healthstaff Limited	Subsidiary Company	794.50	-
Fortis Hospitals Limited	Fellow Subsidiary and an associate	3,677.01	6,665.08
<b>Loan/Advances and Interest received back</b>			
Fortis Hospitals Limited	Fellow Subsidiary and an associate	5,352.01	33,963.08



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	Relationship	Year ended March 31, 2018 (Rupees in lacs)	Year ended March 31, 2017 (Rupees in lacs)
<b>Transactions made during the year:</b>			
<b>Loans/Advances paid back</b>			
Fortis Malar Hospitals Limited	Fellow Subsidiary	700.00	-
Harinder Singh Chehal	Director	15.00	-
<b>Loans/Advances Received</b>			
Fortis Malar Hospitals Limited	Fellow Subsidiary	2,000.00	-
Harinder Singh Chehal	Director	15.00	-
<b>Provision for the balance recoverable</b>			
Fortis Charitable Foundation	Enterprises owned or significantly influenced by key management personnel or their relatives	124.32	-
<b>Expenses incurred on behalf of</b>			
Fortis Healthcare Limited	Holding Company	0.84	9.78
Fortis Emergency Services Limited	Fellow Subsidiary	9.16	-
Fortis Hospitals Limited	Fellow Subsidiary and an associate	106.19	60.18
Escorts Heart Centre Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	3.45	3.62
Fortis Healthstaff Limited	Subsidiary Company	5.01	-
Malar Stars Medicare Limited	Fellow Subsidiary	0.50	-
The Medical and Surgical Centre Ltd	Fellow Subsidiary	22.12	-
<b>Collection by Company on behalf of</b>			
Fortis Healthcare Limited	Holding Company	7.61	63.04
Fortis Hospitals Limited	Fellow Subsidiary and an associate	38.66	1,131.67
Escorts Heart Centre Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	8.10	-
<b>Collection on behalf of Company by</b>			
Fortis Healthcare Limited	Holding Company	386.01	498.80
Fortis Hospitals Limited	Fellow Subsidiary and an associate	107.40	-





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Particulars	Relationship	As at March 31, 2018 (Rupees in lacs)	As at March 31, 2017 (Rupees in lacs)
<b>Balances Outstanding at Year End:</b>			
<b>Loans / Advances recoverable</b>			
Fortis Healthcare Limited	Holding Company	-	77.85
Fortis Hospitals Limited	Fellow Subsidiary and an associate	-	1,675.00
Fortis Healthstaff Limited	Subsidiary Company	794.50	-
<b>Unsecured loans received</b>			
Malar Stars Medicare Limited	Fellow Subsidiary	6,130.00	6,130.00
Fortis Malar Hospitals Limited	Fellow Subsidiary	2,125.00	825.00
<b>Interest accrued but not due-payable</b>			
Malar Stars Medicare Limited	Fellow Subsidiary	-	643.65
<b>Interest accrued but not due-receivable</b>			
Fortis Asia Healthcare Pte Limited	Subsidiary Company	-	24.60
Fortis Hospitals Limited	Fellow Subsidiary and an associate	-	-
Fortis Healthstaff Limited	Subsidiary Company	55.64	-
<b>Trade payables</b>			
SRL Limited	Fellow Subsidiary	1,750.13	696.87
Fortis Emergency Services Limited	Fellow Subsidiary	65.86	51.73
Fortis Malar Hospitals Limited	Fellow Subsidiary	-	19.22
Stellant Capital Advisory Services Private Limited	Fellow Subsidiary	-	73.50
<b>Trade receivables</b>			
Fortis Healthcare Limited	Holding Company	729.26	181.96
Fortis Healthstaff Limited	Subsidiary Company	156.74	182.46
Fortis Hospitals Limited	Fellow Subsidiary and an associate	439.73	6.31
<b>Investments in Equity/Debt</b>			
Fortis Asia Healthcare Pte Limited	Subsidiary Company	16,174.62	16,174.62
Fortis Healthstaff Limited	Subsidiary Company	147.46	144.00
Fortis Hospitals Limited	Fellow Subsidiary and an associate	65,000.00	65,000.00
<b>Compulsory Convertible Preference Share</b>			
Fortis Hospitals Limited	Fellow Subsidiary and an associate	40.18	40.18





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Notes:

- 1) Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Fortis Healthcare Limited (Holding Company) w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr Malvinder Mohan Singh, Executive Chairman of the Holding Company till his resignation on February 8, 2018 (accepted by the Board of Holding Company 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 Holding 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 holding 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%.
- 2) Transaction with these parties have been shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances have not been reported as relationship cease to exist as at the balance sheet date.
- 3) 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 51(d)(ii) 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.

**33. Leases**

**(a) Assets taken on Operating Lease:**

- i) The Company has entered into operating lease arrangements for residential premises. The leases are cancellable in nature subject to lock in. The future minimum lease expense in respect of period of lease of the premises, including the optional period of lease is as follows :

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

Particulars	(Rupees in lacs)	
	As at March 31, 2018	As at March 31, 2017
Minimum lease payments :		
Not later than one year	79.20	75.23
Later than one year but not later than five years	253.69	-
<b>Total</b>	<b>332.89</b>	<b>75.23</b>

The total lease payments in respect of such leases recognised in the statement of profit and loss for the year are Rupees 138.12 lacs (FY 2016-17 Rupees 194.02 lacs).

- ii) The Company has also entered into operating lease arrangement for medical equipment. The lease is cancellable in nature.

Lease payments recognised in the Statement of Profit and Loss for the year are Rupees 228.17 lacs (FY 2016-17 Rupees 323.76 lacs).

**(b) Assets given on Operating Lease**

The Company has entered into operating lease arrangements as a lessor for some portion of hospital premises. The leases are cancellable in nature.

Lease income recognised in the Statement of Profit and Loss for the year are Rupees 199.11 lacs (FY 2016-17 Rupees 176.20 lacs)



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
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**34. Commitments:**

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for [net of capital advances of Rupees 8.78 lacs (as at March 31, 2017 Rupees 54.00 lacs)	14.20	136.70
(b) Lease Commitments (Refer Note 33)		
(c) Commitments relating to provision for free treatment/beds to poor. (Refer Note 38(c))		
(d) 0.01% dividend payable on CCPS at the end of period of 15 years from the closing date		

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

There were not amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**35. Contingent liabilities (not provided for) :**

(In addition, refer other litigations and claims assessed as contingent liabilities described in Note 38 below and other income-tax disputes described in Note 36 below)

**(Rupees in lacs)**

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained and internal assessment, the management believes that the Company has good chance of success in these cases and no liability is likely to arise on Company.	7,520.19	7,343.43

**36. Income-tax disputes assessed as contingent liabilities and not provided for, unless otherwise stated:**

- (a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of the Company were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a Company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of the erstwhile Delhi Society and Chandigarh Society. The Assessing Officer, Delhi completed the reopened assessments of the erstwhile Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization was denied in respect of these years. The past accumulated income up to March 31, 1996 was brought to tax and the income of the subsequent years adjudicated to tax as normal business income, thereby raising a cumulative demand of Rupees 10,102.04 lacs (as at March 31, 2017 Rupees 10,102.04 lacs) [including interest of Rupees 6,012.57 lacs (as at March 31, 2017 Rupees 6,012.57 lacs)].



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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The Company challenged the reopening of the assessment for those assessment years before the Hon'ble High Court of Delhi in a Writ Petition. The Writ Petition for the assessment year 1997-98 was decided in favour of the Company vide order dated January 25, 2012. Further, the Hon'ble High Court of Delhi in its order dated December 10, 2012 directed that all proceedings for the assessment years 1998-99 to 2000-01 are liable to be quashed. The appeals filed by the assessee before the CIT (A)-IV, New Delhi against the aforesaid orders for the assessment years 1997-98 to 2000-01 were also allowed in light of the orders passed by Hon'ble High Court of Delhi. The Department further, filed an SLP before the Supreme Court, which was dismissed.

The Assessing Officer had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years were brought to tax, thereby raising a demand of Rupees 12,436.90 lacs (Previous year Rupees 12,436.90 lacs) [including interest of Rupees 6,945.99 lacs (Previous year Rupees 6,945.99 lacs)]. The Company filed an appeal before the Commissioner of Income Tax (Appeals) Delhi against this order, which was decided in favour of the Company. The Income Tax Department has filed an appeal before ITAT, and the matter is currently pending at ITAT.

- (b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of the Company for the assessment year 2001-02 amounting to Rupees 5,233.05 lacs (Previous year Rupees 5,233.05 lacs) and interest thereon amounting to Rupees 2,915.79 lacs (Previous year Rupees 2,915.79 lacs) by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a Company. The Company is of the view that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The ITAT - Chandigarh, vide its order dated March 18, 2008, had remanded the matter to the Assessing Officer, Delhi for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of Rupees 10,532.16 lacs (Previous year Rupees 10,532.16 lacs) [including interest of Rupees 5,465.27 lacs (Previous year Rupees 5,465.27 lacs)]. The Company filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the Assessing Officer, which was decided in favour of the Company during the previous year. Income Tax Department has filed an appeal before ITAT, and the matter is currently pending at ITAT.

The income-tax demands, in respect of (a) and (b) above is Rupees 9,626.66 lacs (Previous year Rupees 10,213.02 lacs) after adjusting necessary funds deposited in an escrow account Rupees 13,342.40 lacs (Previous year Rupees 12,756.04 lacs). Further, as per the share purchase agreement dated September 25, 2005, one third of any excess of these demands after adjusting the recovery from the escrow account would be borne by the said erstwhile promoters and the balance by the Company. During the year 2012-13, the Income Tax Department has recovered the said amount deposited in the escrow account and has adjusted the amount against the aforesaid tax liability relating to the erstwhile Delhi Society. However, Hon'ble High Court Delhi vide order dated July 24, 2013 has held the adjustment to be erroneous and asked the revenue authorities to restore the amount so adjusted back to the escrow account and the revenue authorities have restored the same along with interest to the escrow account for relevant assessment year.

- (c) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2003-04 whereby the Assessing Officer had raised demands of Rupees 424.17 lacs (Previous year Rupees 424.17 lacs) [including interest of Rupees 35.10 lacs (Previous year Rupees 35.10 lacs)] by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court have allowed these claims in favour of the Company. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court which is pending disposal.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143(3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of Rupees 22.77 lacs (Previous year Rupees 22.77 lacs) [including interest of Rupees 3.95 lacs (Previous year Rupees 3.95 lacs)] has been raised on the Company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowances made in the assessment order has been dismissed and the Company has filed appeal before the ITAT, New Delhi, which has been decided in favour of the Company. Application for revival and rehearing of appeal filed before ITAT, which is pending disposal.





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- (d) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2004-05 whereby the Assessing Officer had raised demands of Rupees 404.22 lacs (Previous year Rupees 404.22 lacs) [including interest of Rupees 97.55 lacs (Previous year Rupees 97.55 lacs) by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court have allowed these claims in favour of the Company. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of Rupees 214.67 lacs (Previous year Rupees 214.67 lacs) was raised by disallowing depreciation amounting to Rupees 349.30 lacs (Previous year Rupees 349.30 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to Rupees 13.85 lacs (Previous year Rupees 13.85 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. Company filed further appeal before ITAT and ITAT vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the Company.

- (e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2005-06 whereby the Assessing Officer had raised a demand of Rupees 282.03 lacs (Previous year Rupees 282.03 lacs) [including interest of Rupees 56.79 lacs (Previous year Rupees 56.79 lacs)] on the Company by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the Company and had confirmed the balance amount of demand raised by Assessing Officer. The Company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the Company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the Company. The department has filed further appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of Rupees 83.16 lacs (Previous year Rupees 83.16 lacs) was raised by disallowing depreciation amounting to Rupees 270.40 lacs (Previous year Rupees 270.40 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to Rupees 6.40 lacs (Previous year Rupees 6.40 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. Company filed further appeal before ITAT and ITAT vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the Company.

- (f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2006-07 whereby the Assessing Officer had raised a demand of Rupees 305.16 lacs (Previous year Rupees 305.16 lacs) [including interest of Rupees 44.23 lacs (Previous year Rupees 44.23 lacs)] on the Company by disallowing the claim of key man insurance premium. The Company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the Company and had confirmed the balance amount of demand raised by Assessing Officer. The Company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the Company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department had filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the Company. Department has filed further appeal before the Supreme Court against the said orders of Delhi High Court which is yet to be fixed.





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Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of Rupees 99.33 lacs (Previous year Rupees 99.33 lacs) was raised by disallowing depreciation amounting to Rupees 136.43 lacs (Previous year Rupees 136.43 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to Rupees 18.79 lacs (Previous year Rupees 18.79 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. Company filed further appeal before ITAT, which vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the Company.

- (g) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2007-08 vide order dated December 24, 2009, whereby the Assessing Officer had raised a demand of Rupees 96.90 lacs (Previous year Rupees 96.90 lacs) [including interest of Rupees .76 lacs (Previous year Rupees .76 lacs) on the Company by disallowing the claim of key man insurance premium and software development charges. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court have allowed these claims in favour of the Company. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of Rupees 56.48 lacs (Previous year Rupees 56.48 lacs) was raised by disallowing depreciation amounting to Rupees 115.96 lacs (Previous year Rupees 115.96 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to Rupees 10.31 lacs (Previous year Rupees 10.31 lacs) and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. Company filed further appeal before ITAT, which vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the Company.

- (h) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer had made additions of Rupees 407.94 lacs (Previous year Rupees 407.94 lacs) including a sum of Rupees 307.63 lacs (Previous year Rupees 307.63 lacs) out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and a sum of Rupees 100.30 lacs (Previous year Rupees 100.30 lacs) out of the depreciation claimed by the Company on its assets. Thus, reducing the loss from Rupees 2,955.28 lacs (Previous year Rupees 2,955.28 lacs) to Rupees 2,547.34 lacs (Previous year Rupees 2,547.34 lacs). The appeal had been filed with the Commissioner of Income Tax (Appeals), Delhi which has been decided in favour of the Company. Income Tax-Department has further filed an appeal before ITAT- New Delhi, which has been decided in favour of Company. Department has filed further appeal before High Court, which is pending disposal.

- (i) The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of the Company for the assessment years 2008-09 and 2009-10, thereby raising the following demands:

- a) A.Y. 2008-09 - Rupees 16.74 lacs (Previous year Rupees 16.74 lacs) on account of non-deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), payments to retainer doctors (alleging that TDS was deductible u/s 192 instead of 194J) and payment to Fortis Health World Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) - Jaipur and was decided vide order dated January 4, 2011 thereby giving partial relief to the Company and the demand raised has been brought down from Rupees 16.74 lacs (Previous year Rupees 16.74 lacs) to Rupees 5.61 lacs (Previous year Rupees 5.61 lacs) as per order dated December 7, 2011. The Company on protest had paid a sum of Rupees 8.37 lacs (Previous year Rupees 8.37 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund has been received amounting to Rupees 3.36 lacs (Previous year Rupees 3.36 lacs).



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- b) A.Y. 2009-10 - Rupees 0.37 lacs (Previous year Rupees 0.37 lacs) on account of non-deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), and payment to Fortis Health world Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) - Jaipur which was allowed vide order dated August 30, 2011. The Company on protest had paid a sum of Rupees 0.19 lacs (Previous year Rupees 0.19 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund of Rupees 0.42 lacs (Previous year Rupees 0.42 lacs) is receivable.

The Company filed an appeal before the Income-tax Appellate Tribunal, Jaipur against balance issues confirmed vide said orders of CIT (A). Department also filed appeal before ITAT against said orders of CIT (A). As per order dated December 16, 2013, appeal has been decided partially in favour of the Company through Third member reference, the Company has filed appeal before the Hon'ble High Court - Jaipur on the issue of tax deducted u/s 194J by the Company on payments made to retainer doctors as against u/s 192 held to be deductible by the department which has been decided in favour of the Company.

- (j) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2009-10, whereby the Assessing Officer had raised a demand of Rupees 109.03 lacs (Previous year Rupees 109.03 lacs) [including interest of Rupees 23.24 lacs (Previous year Rupees 23.24 lacs)] by making (i) disallowance u/s 36(1)(iii) Rupees 307.89 lacs (Previous year Rupees 307.89 lacs), (ii) disallowance of depreciation - Rupees 69.69 lacs (Previous year Rupees 69.69 lacs), (iii) adding profit on sale of assets - Rupees 20.78 lacs (Previous year Rupees 20.78 lacs), (iv) disallowance u/s 14A - Rupees 54.69 lacs (Previous year Rupees 54.69 lacs), (v) disallowance of short term capital loss - Rupees 592.80 lacs (Previous year Rupees 592.80 lacs) and (vi) addition of exempt income Rupees 640.09 lacs (Previous year Rupees 640.09 lacs). An appeal was filed with the Commissioner of Income Tax (Appeals), Chandigarh, against the disallowances made in the assessment order, which was dismissed. Company filed further appeal before ITAT, which vide its orders dated August 23, 2013, has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.
- (k) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of the Company for assessment year 2010-11, whereby the Assessing Officer has raised a demand of Rupees 83.25 lacs (Previous year Rupees 83.25 lacs) by making i) disallowance u/s 36(1)(iii) Rupees 33.67 lacs (Previous year Rupees 33.67 lacs), ii) disallowance of depreciation Rupees 59.14 lacs (Previous year Rupees 59.14 lacs) and iii) adding profit on sale of assets Rupees 6.31 lacs (Previous year Rupees 6.31 lacs). An appeal was filed before the Commissioner of Income Tax which has been decided in favour of the Company. Department filed further appeal before the Income Tax Appellate Tribunal, New Delhi. Which is pending disposal.

Pursuant to order passed u/s 250, an order u/s 154 has been passed by the AO thereby making disallowance on account of depreciation amounting to Rs.1,47,53,950/- alleging that the addition to fixed assets under the medical equipment are not under the category of life saving equipment eligible to depreciation @ 15% and not 40%.

- (l) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of the Company for assessment year 2011-12, whereby the Assessing Officer has raised a demand of Rupees 8 lacs (Previous year Rupees 8 lacs) by making i) disallowance u/s 36(1)(iii) Rupees 105 lacs (Previous year Rupees 105 lacs), ii) disallowance of interest on Capital work in progress for Rupees 26.86 lacs (Previous year Rupees 26.86 lacs), iii) disallowance of depreciation of Rupees 50.68 lacs (Previous year Rupees 50.68 lacs), iv) adding profit on sale of assets Rupees 4.20 lacs (Previous year Rupees 4.20 lacs). The matter is currently pending as Income Tax Appellate Tribunal, which is pending disposal.
- (m) A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at office of the subsidiary of the Company. Consequent to the same, the department has raised demands for the FY 2015-16 (Rupees 314 lacs) and FY 2016-17 (Rupees 915 lacs) in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the Company and TDS should have been deducted u/s 192 instead of section 194J. The Company has filed an appeal before the CIT (A), which is pending disposal. Based on management assessment, the Company believes that it has good chance of success in this case.





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- (n) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2012-13 whereby the Assistant Commissioner of income tax, Circle 8(2), New Delhi vide order dated March 31, 2016 assessing the income at Rupees 5,073.80 lacs as against Rupees 4,929.58 lacs declared by the Company in the return of income. The Assessing Officer has made disallowances of interest on Capital Work in Progress of Rupees 100.46 lacs and Depreciation of Rupees 43.76 lacs. The Company had filed an appeal on April 25, 2016 with the Commissioner of Income Tax (Appeals) against the regular assessment order passed u/s 143(3) of the Assessing Officer, which is pending disposal.
- (o) Pursuant to assessment under section 143(3) of Income Tax Act, 1961, as order u/s 154 had been passed for assessment year 2013-14 whereby the Assessing Officer had raised demands of Rupees 333 lacs (Previous year Rupees 333 lacs) by disallowing the set off of short term loss of Rs.578.80 lacs claimed in AY 2013-14 and pertaining to AY 2009-10. The Company had filed an appeal with the Commissioner of Income Tax (Appeals) against the assessment order passed of the Assessing Officer, which is pending disposal.
- (p) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of the Company for assessment year 2014-15 whereby the Additional Commissioner of income tax, special range -3, New Delhi vide order dated December 29, 2016 assessing the income at Rupees 7,517.66 lacs as against Rupees 7,485.55 lacs declared by the assessee in the return of income. The Assessing Officer has made disallowances of Rupees 32.11 lacs being depreciation on asset acquired from Delhi society. The Company had filed an appeal with the Commissioner of Income Tax (Appeals) against the regular assessment order passed u/s 143(3) of the Assessing Officer, which is pending disposal.

Based on its internal assessment and advice from its external legal counsels / professional advisors, and on the basis of the documents available, Management believes that it has made adequate provision in these Standalone Ind AS Financial Statements, where required, and it is not probable that there will be any additional outflow of economic resources to settle these income tax disputes.

**37. Provision for litigations - for Custom matters**

- (a) The Commissioner of Customs (Import and General), Delhi had raised a demand on the Company of Rupees 770.27 lacs (Previous year Rupees 770.27 lacs) [including Rupees 347.64 lacs (Previous year Rupees 347.64 lacs) as penalty for mis-declaration of the imported surgical machine with a redemption fine of Rupees 75 lacs (Previous year Rupees 75 lacs) for release of the said machine] on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. The Company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited Rupees 347.64 lacs (Previous year Rupees 347.64 lacs) under protest. During the year 2015-16, final order was received in which the demand amount was restricted to Rupees 347.64 lacs and the department thereafter filed an appeal with the Hon'ble High Court of Delhi for penalty of Rupees 347.64 lacs which was considered as contingent liability as at March 31, 2016. During the year 2016-17, the High Court has confirmed the penalty amount, which the Company has contested but has provided for the same in the books of accounts. During the current year, Company has filed an appeal before the Hon'ble Supreme Court on May 01, 2017 and stay on the Hon'ble High Court of Delhi has been granted.
- (b) The Assistant Collector of Customs had issued an assessment order in an earlier year raising a demand of Rupees 330.38 lacs (Previous year Rupees 330.38 lacs) holding the Company to be a commercial establishment in relation to the import of medical equipment's, spares and consumables. The Company filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. The Company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and to deposit a sum of Rupees 150 lacs (Previous year Rupees 150 lacs) with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of Rupees 330.38 lacs (Previous year Rupees 330.38 lacs) in the books of accounts in the earlier years.

Based on its internal assessment and advice from its external legal counsels and on the basis of the documents available, Management believes that it has made adequate provision in these Standalone Ind AS Financial Statements, where required, and it is not probable that there will be any additional outflow of economic resources to settle these claims and litigations.



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**38. Other litigations and claims assessed as contingent liabilities and not provided for, unless otherwise stated:**

- (a) The Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of the Company. The Company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the Company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The Company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The arbitration application has been dismissed during the year 2013-14. The Civil Suit is still pending with the Hon'ble High Court of Delhi.
- (b) Pursuant to the above order in 38(a), The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against the Company. The Company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The Company had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the Company for resuming the proceedings under the said Act. The Company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order is to be passed. The proceedings are pending in the Court.
- (c) In relation to the order of the Hon'ble High Court of Delhi relating to provision of free treatment/beds to poor, the Directorate of Health Services, Government of NCT of Delhi ('DoHS') appointed a firm to calculate "unwarranted profits" arising to the Company due to non-compliance. The special committee of DoHS stated that before giving a formal hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed firm, which as per their method of calculations amounted to Rupees 73,266.15 lacs, seeking the hospital's comments and inputs if any. The Company responded to such intimation explaining errors and objections to the calculations and is awaiting a formal hearing in the matter with the DoHS. During the FY 2015-16, the Company received notice from DoHS to appear for a formal and final hearing raising demand of recoverable amount of Rupees 50,336.53 lacs for the period till FY 2006-2007 in terms of the above referred judgement. On receipt of the hearing notice, the Company has responded to such notice explaining errors and objections to the calculations. During the previous year, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336.53 lacs within one month. EHIRCL had challenged the demand notice by way of a writ petition in the Hon'ble High Court of Delhi which vide order dated August 1, 2016 has set aside the demand of Rupees 50,336.53 lacs. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. The hearing has been held before the Special Committee of DoHS and order dated May 28, 2018 was passed imposing a penal liability of Rupees 50,336.53 lacs. The order has been challenged before Hon'ble High Court of Delhi and the court passed order dated June 1, 2018 issuing notice and directing that no coercive steps may be taken subject to EHIRCL depositing a sum of Rupees 500 lacs before concerned authority. Based on its internal assessment and advice from its counsels on the basis of the documents available, management believes that it is in compliance of conditions of free treatment and free beds to the poor and expects the demand to be set aside.
- (d) A third party (to whom certain ICDs were assigned by a fellow subsidiary) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Holding Company (together "the Defendants") and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Holding Company is liable for claims owed by the Claimant to the certain party. In connection with this, the Hon'ble District Court passed an ex-parte order directing that any transaction undertaken by the Defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit.



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The Holding 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 Holding Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rs. 1,800.00 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) Rupees 21,582.00 lacs as per notice dated 4 June, 2018; and (iii) and Rupees 1,962.00 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

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

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

Based on advice of external legal counsel, the Management believes the claims are without legal basis and are not tenable and accordingly no adjustment has been made in the Standalone Ind AS Financial Statements with respect to these claims.

### 39. Employee Benefits:

#### 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 "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" managed by the Company.

The Company recognised Rupees. 477.85 lacs (previous year Rupees 474.44 lacs) for Provident Fund and Employee state insurance contribution in the statement of profit and loss account. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

#### Defined Benefit Plan

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. 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.

Particulars	(Rupees in lacs)	
	As at March 31, 2018	As at March 31, 2017
<b>i. Movement in Net Liability</b>		
Present value of obligation at the beginning of the year	1,654.67	1,134.87
Current service cost	162.40	101.10
Interest cost	116.00	80.42
Amount recognised to OCI	(84.69)	546.09
Plan Amendments Cost / (Credit)	-	-
Benefits paid	(111.14)	(207.81)
Present value of obligations at the end of the year	<b>1,737.24</b>	<b>1,654.67</b>





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(Rupees in lacs)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Present value of unfunded obligation	1,737.24	1,654.67
Amounts in the Balance Sheet		
(a) Liabilities	1,737.24	1,654.67
(b) Assets	-	-
(c) Net liability/(asset) recognised in the balance sheet	<b>1,737.24</b>	<b>1,654.67</b>
Current Liability	65.59	175.91
Non-Current Liability	1,671.65	1,478.76
	<b>1,737.24</b>	<b>1,654.67</b>

(Rupees in lacs)

ii. Expense recognised in Statement of Profit and Loss is as follows :	Year ended	Year ended
	March 31, 2018	March 31, 2017
<b>Employee Benefit Expense</b>		
Service cost	162.40	101.10
Past Service Cost	-	-
<b>Finance Cost</b>		
Interest cost	116.00	80.42
<b>Amount charged to Statement to Profit and Loss</b>	<b>278.40</b>	<b>181.52</b>

(Rupees in lacs)

iii. Expense recognised in Statement of Other comprehensive income is as follows :	Year ended	Year ended
	March 31, 2018	March 31, 2017
Net actuarial loss / (gain) due to experience adjustment recognised during the year	(53.92)	103.88
Net actuarial loss / (gain) due to assumptions changes recognised during the year	(30.77)	442.21
<b>Amount charged to Other Comprehensive income</b>	<b>(84.69)</b>	<b>546.09</b>

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

Principal Actuarial assumptions for Gratuity and compensated absences	Year ended	Year ended
	March 31, 2018	March 31, 2017
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Experience gain/(loss) adjustments on plan liabilities (Rupees in lacs)	53.92	103.88

**Notes:**

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Significant actuarial assumption for the determination of the defined obligation are discount rate, and expected salary increase. 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.



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- If the discount rate is 0.5% higher (Lower), the defined benefit obligation would decrease by Rs.58.77 lacs (Increase by Rupees. 62.51 lacs) (as at March 31, 2017: decrease by Rs.57.59 lacs (Increase by Rupees. 61.52 lacs).
- If the expected salary growth increases (decreases) by 1% the defined benefit obligation would increase by Rupees. 127.92 lacs (Decrease by Rupees. 115.16 lacs) as at March 31, 2017: increase by Rupees. 125.86 lacs (Decrease by Rupees. 112.38 lacs).
- The sensitivity analysis above may not represent their individual impact on the plan's end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions while the plan's sensitivity to such changes can vary over time.

#### 40. Financial Instruments

##### 40.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 17, 18 and 20 offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2018 of 16.04%. (See below)

##### Gearing ratio

The gearing ratio at end of the reporting period was as follows.

Particulars	(Rupees in lacs)	
	As at March 31, 2018	As at March 31, 2017
Debt*	13,307.06	14,458.78
Cash and bank balances	(587.89)	(153.42)
<b>Net debt</b>	<b>12,719.16</b>	<b>14,305.36</b>
<b>Total equity</b>	<b>79,425.87</b>	<b>80,656.75</b>
Net debt to equity ratio	16.01%	17.74%

\*Debt is defined as long-term, short-term borrowings and current maturities of long term borrowing (excluding derivative, financial guarantee contracts and contingent consideration).

##### 40.2 Categories of financial instruments

Financial assets	(Rupees in lacs)	
	As at March 31, 2018	As at March 31, 2017
<b>Measured at amortised cost</b>		
Investment in Redeemable preference shares	3,454.10	3,454.10
Cash and Cash equivalents	587.89	153.42
Loans	794.50	1,675.00
Trade Receivables	4,377.12	4,250.73
Other financial assets - non current	744.03	655.83
Other financial assets - current	1810.10	1,149.87
<b>Total</b>	<b>11,767.74</b>	<b>11,338.95</b>

Financial liabilities	(Rupees in lacs)	
	As at March 31, 2018	As at March 31, 2017
<b>Measured at amortised cost</b>		
Borrowings - non current	9,514.55	3,243.91
Borrowings - current	1,649.96	8,819.01



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Trade payables - current	10,073.61	7,328.32
Other financial liabilities - current	3,298.27	2,708.60
<b>Total</b>	<b>24,536.39</b>	<b>22,100.52</b>

**40.3 Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors manages the financial risk of the Company through internal risk reports which analyse exposure by magnitude of risk. The Company has limited exposure from the international market as the Company operations are in India. The Company has limited exposure towards foreign currency risk it earns approx. 10% of its revenue in foreign currency from international patients. Also, capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Company has not taken any derivative contracts to hedge the exposure. However the exposure towards foreign currency foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign Currency.

**40.4 Market Risk**

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

**40.5 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 year are as follows.

**(Rupees in lacs)**

Particulars		As at March 31, 2018		As at March 31, 2017	
		Currency (in lacs)	Equivalent (Rupees in lacs)	Currency (in lacs)	Equivalent (Rupees in lacs)
Import Trade payable	USD	11.19	751.30	1.40	91.89

**40.6 Foreign currency sensitivity analysis**

The Company is mainly exposed to the USD 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 yearend 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 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.

**(Rupees in lacs)**

If increase by 5% Particulars	Currency Impact	
	Year ended March 31, 2018	Year ended March 31, 2017
Impact on profit or loss for the year	(37.57)	(4.59)
Impact on total equity as at the end of the reporting period	(37.57)	(4.59)

**(Rupees in lacs)**





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If decrease by 5% Particulars	Currency Impact	
	Year ended	Year ended
	March 31, 2018	March 31, 2017
Impact on profit or loss for the year	37.57	4.59
Impact on total equity as at the end of the reporting period	37.57	4.59

**40.7 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 fixed rate loans are generally annual loans wherein the interest rate is reset annually based on the market rate of interest.

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 (basis lending rates of respective bank plus spread), 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.

**(Rupees in lacs)**

If increase by 50 basis point Particulars	Interest impact	
	Year ended	Year ended
	March 31, 2018	March 31, 2017
Impact on profit or loss for the year	(16.94)	(24.85)
Impact on total equity as at the end of the reporting period	(16.94)	(24.85)

**(Rupees in lacs)**

If decrease by 50 basis point Particulars	Interest impact	
	Year ended	Year ended
	March 31, 2018	March 31, 2017
Impact on profit or loss for the year	16.94	24.85
Impact on total equity as at the end of the reporting period	16.94	24.85

**40.8 Other price risk**

The Company investment are in the group companies and are held for strategic purposes rather than for trading purposes.

**40.9 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.

**40.10 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. Note given below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.



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**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.

(Rupees in lacs)					
Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
<b>As at March 31, 2018</b>					
Borrowings	2,385.48	628.07	753.03	3,766.57	3,388.69
Bank overdraft	1,649.96	-	-	1,649.96	1,649.96
Loan from a fellow subsidiary	8,255.00	-	-	8,255.00	8,255.00
Trade payables	10,073.61	-	-	10,073.61	10,073.61
Security deposits	29.22	-	-	29.22	29.22
Interest accrued and due on borrowings from bank	13.41	-	-	13.41	13.41
Interest accrued and due on MSME	10.64	-	-	10.64	10.64
Capital creditors	930.94	-	-	930.94	930.94
Employee payable	184.92	-	-	184.92	184.92
<b>Total</b>	<b>23,533.18</b>	<b>628.07</b>	<b>753.03</b>	<b>24,914.27</b>	<b>24,536.39</b>

(Rupees in lacs)					
Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
<b>As at March 31, 2017</b>					
Borrowings	2,154.61	2,365.68	1,312.95	5,833.23	4,970.09
Bank overdraft	1,864.01	-	-	1,864.01	1,864.01
Loan from a fellow subsidiary	7,693.53	-	-	7,693.53	6,955.00
Trade payables	7,328.32	-	-	7,328.32	7,328.32
Security deposits	25.83	-	-	25.83	25.83
Interest accrued and due on borrowings from related party	653.22	-	-	653.22	653.22
Interest accrued and due on borrowings from bank	16.47	-	-	16.47	16.47
Capital creditors	114.09	-	-	114.09	114.09
Employee payable	172.81	-	-	172.81	172.81
<b>Total</b>	<b>20,022.88</b>	<b>2,365.68</b>	<b>1,312.95</b>	<b>23,701.51</b>	<b>22,099.84</b>



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**41. Earnings per share**

Earnings per share (EPS)	Denomination	Year ended	Year ended
		March 31, 2018	March 31, 2017
Profit as per statement of profit and loss	Rupees in lacs	(1,285.97)	1,090.26
Weighted average number of equity shares in calculating Basic EPS	Numbers	2,402,079	2,402,079
Weighted average number of equity shares in calculating Diluted EPS	Numbers	2,402,079	2,402,079
Basic EPS	Rupees	(53.54)	45.39
Diluted EPS	Rupees	(53.54)	45.39

**42. Exceptional Item**

During the current year, the Company closed the Raipur unit in compliance with order no. 2232/2321/2016/9 - 55-4 dated August 22, 2016 from Government of Chattisgarh, wherein it was stated that term of agreement will expire on October 31, 2017. This resulted in closure expense of Rupees 57.74 lacs and has been disclosed as an exceptional item.

**43. Details of loans given to subsidiaries and fellow subsidiaries**

(Rupees in lacs)

	March 31, 2018 (non-current)	March 31, 2017 (non-current)	March 31, 2018 (Current)	March 31, 2017 (Current)
Fortis Healthstaff Limited (Subsidiary)	794.50	-	-	-
Fortis Hospitals Limited (Fellow Subsidiary)	-	-	-	1,675.00
<b>Total</b>	<b>794.50</b>	<b>-</b>	<b>-</b>	<b>1,675.00</b>

(Rupees in lacs)

Name of the party	Rate of Interest	Due date	Secured/ unsecured	March 31, 2018	March 31, 2017
Fortis Healthstaff Limited (Subsidiary)	11.50%	March 31, 2019	Unsecured	794.50	-
Fortis Hospitals Limited (Fellow Subsidiary)	11.50%	March 31, 2018	Unsecured	-	1,675.00
<b>Total</b>				<b>794.50</b>	<b>1,675.00</b>

The above loans have been given for meeting the working capital requirements, purchase of capital assets and investments. (refer note 51(d)(i))

**44. Investment in Non-cumulative Redeemable Preference shares**

The Company had made an investment in non-cumulative Redeemable Preference shares of Fortis Asia Healthcare Pte Limited, subsidiary of the Company. These preference shares were allotted on December 15, 2010 and redeemable on December 15, 2015, at a premium of 5% per annum

These preference shares are redeemable on March 31, 2019 as per revised addendum dated 14 December, 2015.

The Company has not accrued for any premium receivable on redemption of Preference Shares due to uncertainty of the recoverability of premium amount, in view of the inability of the subsidiary company to generate surplus cash required for payment of premium due on redemption. Accordingly the Company has not recognized income aggregating to Rupees 172.71 lacs for the current year and Rupees 1,260.98 lacs as at March 31, 2018.

Based on Management's review of the net assets position of the subsidiary, the amount of investment made in the equity shares of subsidiary company aggregating to Rupees 12,720.52 lacs and in Redeemable Preference shares aggregating to Rupees 3,454.10 lacs has been considered good and fully recoverable by Management.



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**45. Corporate social responsibility**

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of CSR expenditures, as certified by the Management, are as follows:

(Rupees in lacs)			
Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Balance to be spent as per previous year	(A)	25.98	-
Amount required to be spent for the current year	(B)	111.59	155.70
Gross amount required to be spent	(A+B)	137.57	-
Spent during the year (including monitoring expenses)		-	129.72
Balance unspent at the end of the year		137.57	25.98

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

Based on information available with the Company, the balance due to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is Rupees 94.55 lacs (Previous year Rupees 61.93 lacs) and interest amount of Rupees 10.64 lacs (Previous year Rupees Nil) during the year has been paid or payable under the terms of MSMED Act, 2006. Micro and Small enterprises as defined in section 7(1) of the MSMED Act, 2006 have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by auditors.

(Rupees in lacs)		
Particular	As at March 31, 2018	As at March 31, 2017
Details of dues to micro and small enterprises as per MSMED Act, 2006		
- principal amount	94.55	61.93
- interest amount	10.64	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development 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 Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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 Micro Small and Medium Enterprise Development Act, 2006	-	-





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**47. Investment in compulsory convertible preference shares (CCPS):**

The Company has made investment in compulsory convertible preference shares (CCPS) of Fortis Hospitals limited (FHsL) for Rupees 30,000 lacs on February 18, 2016 and Rupees 35,000 lacs on May 30, 2016 aggregating to Rupees 65,000 lacs. The Company uses judgement while classifying its investment. The Company while making classification assessment of the investment in CCPS of FHsL has referred to the criteria of significant influence given in Ind AS 28 Investment in Associates and Joint Ventures and primarily concluded that Company meets the criteria of significant influence in FHsL and therefore, has classified these investment as investment in Associate. In terms of Ind AS 27 separate financial statements the Company has measured these investment in Associate at cost.

The Company has investments in Group Company namely Fortis Hospitals Limited aggregating to Rupees 65,000 lacs (Previous year Rupees 65,000 lacs). As per the latest audited balance sheet of Fortis Hospitals Limited for the year ended March 31, 2018, the accumulated losses have substantially eroded the net-worth of the Company. However, no provision for diminution in the value of the investments is considered necessary as the investments are strategic long-term investments and part of the ongoing bidding process and therefore, the diminution in the value is considered temporary in nature.

**48. Investment and Loan to Fortis Healthstaff Limited (refer note 51(d)(i))**

EHIRCL earlier held 29.38% stake in Fortis Healthstaff Limited (Healthstaff). On July 28, 2017, as a part of its strategic initiative the Company acquired the balance 70.62% stake in Healthstaff. From a valuation perspective though Healthstaff had an enterprise value of Rupees 432 lacs (basis One year EBITDA multiple) , post adjustment of its unsecured debt of around Rupees 794.50 lacs & certain working capital adjustments, the equity value of Healthstaff was a net negative of Rupees 328 lacs. The Company bought the balance 70.62% equity stake of Healthstaff at a consideration of Rupees 3.46 lacs and took over the unsecured debt of Rupees 794.50 lacs resulting in a payment over the fair value of Rupees 432 lacs. The Company has long term business objective to increase the revenue from existing Heart Command Centre (HCC) and/or increase the number of HCC. Since, the acquisition of Healthstaff by EHIRCL was with the intent and the long term objective of deriving value in the HCC business being run by Healthstaff, therefore the acquisition of Healthstaff at the aforesaid equity consideration along with aforesaid debt taken over was decided accordingly.

**49. Proposed Investment in the Holding Company**

The Holding Company is undergoing a bid process to find a suitable buyer to invest into the Company. The Board of the Holding Company in its meeting held on May 29, 2018 decided to initiate a fresh, time-bound process. The details of the process have been disclosed on National Stock Exchange and BSE Ltd. Pursuant to the above, the Board of Directors of the Holding Company have received binding bids on July 3, 2018. The binding bids will be evaluated by the Board of Directors of the Holding Company in consultation with its advisors.

**50. Going concern**

For the year ended March 31, 2018, the financial statement reflects a loss of Rupees 1,230.87 lacs and excess of current liability over current assets of Rupees 10,068.96 lacs. The loss is primarily caused due to capping of stent price by regulatory authority which has resulted in fall in average revenue per operating bed. This has adversely impacted the working capital position as at March 31, 2018. The Company's ability to operate as a going concern is dependent on its ability to obtain working capital financing and support from the Holding Company.

However, the Company's operations during the year continued to generate positive cash flows and the Management believes that the events stated above do not impact the Company's ability to continue as a going concern due to the following:

1. Continued support from the Holding Company for a minimum of 12 months from the date of signing off of these financial statements;
2. In June 2018, the Holding company has secured new line of credit aggregating to Rupees 12,500 lacs. Further, the Holding Company is in process of securing additional line of credit of Rupees 34,000 lacs;
3. The Company is moving from Cardiac to multi-specialty hospital to increase its cash flows;
4. The Company along with the Holding Company has access to unencumbered assets that can be offered as security for any additional funding requirements in the future; and



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Accordingly, the Company's financial statement have been prepared on a going concern basis.

Additionally, the Board of Directors of the Holding Company have, initiated measures to obtain capital infusion through a bidding process.

**51. Investigation initiated by the erstwhile Audit and Risk Management Committee of Holding Company**

- (a) There were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Holding Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Holding Company. The erstwhile Audit and Risk Management Committee of the Holding 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 49,414.00 lacs (principal), placed by the Holding Company's wholly-owned subsidiary, Fortis Hospitals Limited ('FHSL'), with three borrowing companies on July 1, 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Note 38(d) 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 and Holding Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from a promoter group companies, and subsequent repayment of loan by said subsidiary of the Company to the promoter group company (refer Note 48 above).
- (c) The investigation report ("Investigation Report") was submitted to the re-constituted Board of Holding Company on June 8, 2018.
- (d) The re-constituted Board of the Holding Company discussed and considered the Investigation Report and noted certain significant findings of the external legal firm in relation to the Company, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as follows:
- i. During the year, the Company acquired 70.62% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, the Company 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 Fortis Hospitals Limited/ Holding Company.
- ii. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the Promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made, in this regard.
- (e) 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 Note 51 (d) (ii) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors of the Holding Company 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 of the Holding Company 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.

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





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- (g) With respect to the other matters identified in the Investigation Report, the Board of the Holding Company will appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. Towards this end, they will also evaluate internal organizational structure and reporting lines, the delegation of powers of the Board or any committee thereof, the roles of authorized representatives and terms of reference of executive committees and their functional role. We will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report, including *inter alia*, initiating an internal enquiry.
- (h) The regulatory authorities are currently undertaking their own investigation (refer Note 52 below), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a final determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable law and regulations.

Except for the findings of the Investigation Report, including matters on internal control described above, and inability of the Board of Director to, at this juncture (as stated above), make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

- (i) In the event other exposures were to come to light, the Company is committed to appropriately addressing the same, including making additional provisions where required.
- (j) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

## **52. Investigation by Various Regulatory Authorities**

- (a) The Holding 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 Holding Company. In the aforesaid letter, SEBI has summoned the Holding 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. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Holding Company and of its subsidiaries. The Holding Company/ its Subsidiaries are in the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.
- (b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Holding Company. All requisite information in this regard has been duly shared by the Holding Company with the ROC.
- (c) The Holding Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Holding Company, its material subsidiaries, joint ventures and associates. The Holding Company in the process of submitting all requisite information in this regard with SFIO and has in this regard requested SFIO for additional time to submit the information.

- (d) The Investigation Report of the external legal firm has been submitted by the Holding Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.



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The Holding 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.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**Dr. KOUSAR ALI SHAH**  
Whole-time Director  
DIN: 07854645

**COL. HARINDER S. CHEHAL**  
Director  
DIN: 5148823

Place: Gurugram  
Date: **06 JUL 2018**

