

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FORTIS HEALTH MANAGEMENT (EAST) LIMITED
Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **FORTIS HEALTH MANAGEMENT (EAST) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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 Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the transition date opening balance sheet as at 01 April, 2015 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March, 2015 dated 27 May, 2015 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; (Refer Note 29.1)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note 29.2)
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. (Refer Note 29.3)



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- iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of accounts maintained by the Company as produced to us by the Management. (Refer Note 36)
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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




RASHIM TANDON
Partner
(Membership No. 095540)

Place: Gurugram
Date: 25 May, 2017
RT/JB/2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **FORTIS HEALTH MANAGEMNET (EAST) LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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



A handwritten signature in black ink, appearing to read "Rashim Tandon".

RASHIM TANDON
Partner
(Membership No. 095540)

Place: Gurugram
Date: 25 May, 2017
RT/JB/2017

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ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any 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) According to the information and explanations given to us, the requirement to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- (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 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, 2017 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 and Sales Tax, Value Added Tax and Customs Duty.
 - (b) There are no dues of Income Tax, Service Tax and cess which have not been deposited as on 31 March 2017 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. The Company has not taken any loans or borrowings from financial institutions or government, nor has it issued any debentures during the year.



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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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 persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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




RASHIM TANDON
Partner
(Membership No. 095540)

Place: Gurugram
Date: 25 May, 2017
RT/JB/2017

**FORTIS HEALTH MANAGEMENT (EAST) LIMITED
BALANCE SHEET AT MARCH 31, 2017**

Particulars	Notes	As at March 31, 2017 (Rupees in '000)	As at March 31, 2016 (Rupees in '000)	As at April 01, 2015 (Rupees in '000)
ASSETS				
A. Non-current assets				
(a) Property, plant and equipment	4	19,490.21	25,233.83	32,957.61
(b) Intangible assets	5	2,418.57	3,745.31	678.18
(c) Financial assets				
(i) Other financial assets	6	4,750.82	4,280.01	3,854.82
(d) Non-current tax assets (Net)	7(i)	2,238.32	1,858.66	914.13
(e) Other non-current assets	7(ii)	1,067.52	1,206.89	1,924.95
Total non-current assets (A)		29,965.44	36,324.69	40,329.69
B. Current assets				
(a) Inventories	8	814.40	651.81	799.06
(b) Financial assets				
(i) Trade receivables	9	4,269.29	3,850.24	3,125.86
(ii) Cash and cash equivalents	10	10,557.46	6,604.07	16,211.55
(iii) Other financial assets	6	1,728.44	987.48	1,737.94
(c) Other current assets	7(ii)	548.45	1,208.12	3,745.12
Total current assets (B)		17,918.04	13,301.72	25,619.53
Total assets (A+B)		47,883.48	49,626.41	65,949.22
EQUITY AND LIABILITIES				
C. Equity				
(a) Equity share capital	11	500.00	500.00	500.00
(b) Other equity	12	(71,686.06)	(62,782.13)	(39,249.89)
Total equity (C)		(71,186.06)	(62,282.13)	(38,749.89)
Liabilities				
D. Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	82,142.85	87,061.91	74,107.84
(ii) Other financial liabilities	14	10,002.09	1,642.85	6,805.36
(b) Provisions	15	1,188.00	624.00	402.00
Total non-current liabilities (D)		93,332.94	89,328.76	81,315.20
E. Current liabilities				
(a) Financial liabilities				
(i) Trade payables	16	21,548.93	17,549.75	18,529.44
(ii) Other financial liabilities	14	18.25	2,874.48	2,099.55
(b) Provisions	15	953.00	680.00	626.00
(c) Other current liabilities	17	3,216.42	1,475.55	2,128.92
Total current liabilities (E)		25,736.60	22,579.78	23,383.91
Total liabilities (D+E)		119,069.54	111,908.54	104,699.11
Total equity and liabilities (C+D+E)		47,883.48	49,626.41	65,949.22
See accompanying notes forming part of the financial statements	1-39			

In terms of our report attached.

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

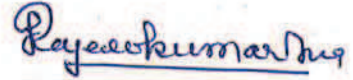

RASHIM TANDON
Partner
Membership No: 095440



Place : Gurugram
Date : 25 May, 2017

For and on behalf of the Board of Directors
FORTIS HEALTH MANAGEMENT (EAST) LIMITED


HARINDER SINGH CHahal
Director
DIN 05148823


RAJEEV KUMAR DUA
Director
DIN 06974102

Place : New Delhi
Date : 25 May, 2017





FORTIS HEALTH MANAGEMENT (EAST) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Year ended March 31, 2017 (Rupees in '000)	Year ended March 31, 2016 (Rupees in '000)
I Revenue from operations	18	129,011.56	122,191.73
II Other income	19	7,419.76	546.71
III Total Income(I+II)		136,431.32	122,738.44
IV Expenses			
i) Purchases of medical consumable and drugs		13,353.67	14,411.85
ii) Changes in inventories of medical consumable and drugs	20	(162.59)	147.25
iii) Employee benefits expense	21	19,962.41	20,531.03
iv) Finance costs	22	11,084.50	10,178.16
v) Depreciation and amortisation expense	23	4,279.41	12,856.71
vi) Other expenses	24	97,023.85	87,737.71
Total Expenses (IV)		145,541.25	145,862.71
V Profit/(Loss) before exceptional item/ tax (III-IV)		(9,109.93)	(23,124.27)
VI Exceptional Loss	25		433.97
VII (Loss) before tax (V-VI)		(9,109.93)	(23,558.24)
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		206.00	26.00
ii) Income tax relating to items that will not be reclassified to profit or loss			
VIII Total other comprehensive income/(loss)		206.00	26.00
IX Total comprehensive income/(loss) for the year (VII+VIII)		(8,903.93)	(23,532.24)
Earnings per equity share (for continuing operations):			
i) Basic (in Rupees)	31	(0.18)	(0.47)
ii) Diluted(In Rupees)		(0.18)	(0.47)

See accompanying notes forming part of the financial statements

1-39

In terms of our report attached.

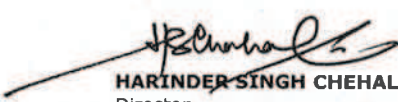
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants



RASHIM TANDON
Partner
Membership No: 095440



Place : Gurugram
Date : 25 May, 2017

For and on behalf of the Board of Directors
FORTIS HEALTH MANAGEMENT (EAST) LIMITED


HARINDER SINGH CHEHAL
Director
DIN 05148823


RAJEEV KUMAR DUA
Director
DIN 06974102

Place : New Delhi
Date : 25 May, 2017



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Year ended March 31, 2017 (Rupees in '000)	Year ended March 31, 2016 (Rupees in '000)
Cash flows from operating activities		
Profit for the year	(9,109.93)	(23,558.24)
Adjustments for:		
Finance costs recognised in profit or loss	10,569.86	9,803.36
Interest income recognised in profit or loss	(542.97)	(425.19)
Gain on disposal of property, plant and equipment under finance lease.	(6,876.79)	(121.52)
Depreciation and amortisation of non-current assets	4,279.41	12,856.71
Operating loss before working capital changes	<u>(1,680.42)</u>	<u>(1,444.88)</u>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(419.06)	(724.38)
(Increase)/decrease in inventories	(162.59)	147.25
(Increase)/decrease in financial assets	(470.80)	(425.19)
(Increase)/decrease in Other financial assets	(647.39)	3,659.61
Increase/ (Decrease) in trade payables	3,999.14	(979.69)
Increase/ (Decrease) in provisions	837.00	276.00
Increase/ (Decrease) in other liabilities	(1,115.35)	774.95
Cash generated from operations	340.53	1,283.67
Income taxes paid/(refund)	-	(944.52)
Net cash generated by operating activities	<u>340.53</u>	<u>339.15</u>
Cash flows from investing activities		
Payments for property, plant and equipment	172.69	(7,934.83)
Net cash (used in)/generated by investing activities	<u>172.69</u>	<u>(7,934.83)</u>
Cash flows from financing activities		
Proceeds from borrowings	3,642.85	14,808.14
Repayment of borrowings	(8,561.91)	(1,854.07)
Interest paid	8,359.23	(14,965.87)
Net cash (used in)/generated by financing activities	<u>3,440.17</u>	<u>(2,011.80)</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,953.39</u>	<u>(9,607.48)</u>
Cash and cash equivalents at the beginning of the year	6,604.07	16,211.55
Cash and cash equivalents at the end of the year	<u>10,557.46</u>	<u>6,604.07</u>

Note 10

In terms of our report attached.

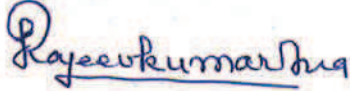
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


RASHIM TANDON
Partner
Membership No: 095440



For and on behalf of the Board of Directors
FORTIS HEALTH MANAGEMENT (EAST) LIMITED


HARINDER SINGH CHEHAL
Director
DIN 05148823


RAJEEV KUMAR DUA
Director
DIN 06974102

Place : Gurugram
Date : 25 May, 2017

Place : New Delhi
Date : 25 May, 2017




FORTIS HEALTH MANAGEMENT (EAST) LIMITED
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

Particulars	(Rupees in '000)
a. Equity share capital	
Balance at April 1, 2015	500.00
Changes in equity share capital during the year	-
Balance at March 31, 2016	500.00
Changes in equity share capital during the year	-
Balance at March 31, 2017	500.00

(Rupees in '000)		
b. Other equity	Reserve and surplus	
Particular	Retained earnings	Total
Balance at April 1, 2015	(39,249.89)	(39,249.89)
Profit/(Loss) for the year	(23,558.24)	(23,558.24)
Other comprehensive income for the year, net of deferred tax	26.00	26.00
Total comprehensive income/(loss) for the year	(62,782.13)	(62,834.13)
Balance at March 31, 2016	(62,782.13)	(62,834.13)
Profit/(loss) for the year	(9,109.93)	(9,109.93)
Other comprehensive income/(loss) for the year, net of deferred tax	206.00	206.00
Total comprehensive income/(loss) for the year	(71,686.06)	(72,150.06)
Balance at March 31, 2017	(71,686.06)	(71,686.06)

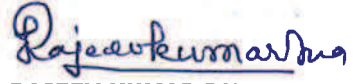
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants


RASHIM TANDON
Partner
Membership No: 095440



For and on behalf of the Board of Directors
FORTIS HEALTH MANAGEMENT (EAST) LIMITED


HARINDER SINGH CHEHAL
Director
DIN 05148823


RAJEEV KUMAR DUA
Director
DIN 06974102

Place : Gurugram
Date : 25 May, 2017

Place : New Delhi
Date : 25 May, 2017



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1) Nature of operations

Fortis Health Management (East) Limited ('the Company' or 'FHM(E)L') was incorporated on April 13, 2011 to carry on the business of promotion, maintenance, management, operation and conduct of healthcare and related services and providing consultancy for establishment of healthcare services. FHM(E)L is 100% subsidiary of Fortis Hospitals Limited.

The registered office of the company is located at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi- 110025 and the principal place of business of the company is located at A-25, Block AB, Community Centre, Safdarjung Enclave, New Delhi - 110029.

2) Application of new and revised Ind ASs

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

As at the date of authorisation of the financial statements, the Company has not applied the following revisions to the Ind AS that have been issued by MCA but are not yet effective:

Ind AS 102 (Amendment)	Measurement of cash settled awards, modification of cash settled awards and equity settled awards that includes a 'net settlement' feature
Ind AS 7 (Amendment)	Disclosure of changes in liabilities on account of financing activities.

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.

3) Significant accounting policies

3.1 Statement of Compliance

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

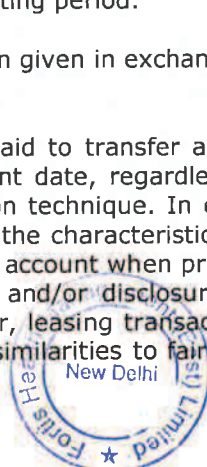
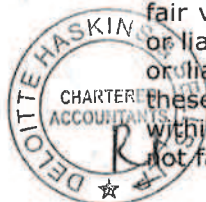
Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3.22 for the details of first-time adoption exemptions availed by the Company.

3.2 Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these 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.



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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.

As at 31 March 2017, the Company has share capital of Rupees 50,000 (in '000) and accumulated losses of Rupees 71,686.04 (in '000) and net current liabilities of Rupees 25,736.55 (in '000). Additional funds required for the operation of the Company would be made available with the support of Fortis Healthcare Limited ('FHL'), the holding company of Fortis Hospitals Limited immediate holding company, for which FHL has provided appropriate assurances to the management. Management, based on continuing financial and operational support from FHL, has prepared these financial statements on a going concern basis and does not consider need for any adjustments to the carrying value of assets and liabilities. FHL has provided the management a letter of support for continuing financial and operational support for the foreseeable future which covers more than one year from the date of approval of these financials statements.

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 returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

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

Operating income is recognised as and when the services are rendered / pharmacy items (medical consumables and drugs) are sold. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.



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Income from Sponsorships

Sponsorship income is recognized 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.

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 capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property, plant and equipment. Rental income on operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

3.6 Foreign currencies

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

At the end of each reporting period

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- 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.



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

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

3.9 Employee benefits

- i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans 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.

Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.

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

Defined benefit costs are categorised as follows:

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

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



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The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

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

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

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

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

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

iii) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. 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 statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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



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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 unrecognized deferred tax assets and, the company recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

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

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

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

iii) Current and deferred tax for the year

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

3.11 Property, plant and equipment(PPE)

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

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Components of costs

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

Subsequent expenditure related to an item of 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.



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

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

Depreciation commences when the assets are ready for their intended use. Depreciation on all Property, plant and equipment except land provided on a straight line method based on the estimated useful life of PPE, which is follows:

Property, plant and equipment	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and fittings	10 years
Office equipment's	5 years

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

The useful life of 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

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

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

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 construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards.

The Cost of Intangible assets are amortized on a straight line basis over their estimated useful life which is as follows.

Software

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

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 statement of profit and loss.

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

3.14 Inventories

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

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

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).

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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be



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measured reliably. The Company does not recognize 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'. Healthcare services include various patient services delivered through clinical establishment, medical service companies, pathology and radiology services etc.

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

3.18 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 profit or loss.

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

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

Classification of financial assets

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



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

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

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

Interest income is recognised in 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 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'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

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

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

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

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, 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



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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 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part



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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.

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.



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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.

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.

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.

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

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

3.21 First time adoption – mandatory exceptions, optional exemptions

Overall principle



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

a) Exceptions: -

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively.

b) Optional Exemptions: -

Deemed cost for property, plant and equipment, investment property, and intangible assets

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

Determining whether an arrangement contains a lease

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

3.22 Critical Accounting Estimates

Expected Credit Loss / Impairment Trade Receivables

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.



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Note 4: Property, plant and equipment

Particulars	(Rupees in '000)							Total
	Leasehold Improvements	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments		
Cost or deemed cost								
Gross Block								
As at April 1, 2015	8,625.60	3,961.22	17,201.96	939.72	349.43	1,879.68	32,957.61	
Additions (Note 2)	359.23	-	3,404.59	23.06	491.21	165.48	4,443.57	
As at March 31, 2016	8,984.83	3,961.22	20,606.55	962.78	840.64	2,045.16	37,401.18	
Additions (Note 1)	-	69.17	-	-	18.26	-	87.43	
Disposals (Note 1)	-	(1,352.70)	(1,253.58)	(340.90)	-	(16.47)	(2,963.65)	
As at March 31, 2017	8,984.83	2,677.69	19,352.97	621.88	858.90	2,028.69	34,524.96	
Accumulated Depreciation								
As at April 1, 2015								
Charge for the year (Note 2)	8,984.83	319.05	1,878.95	138.84	287.17	558.51	12,167.35	
As at March 31, 2016	8,984.83	319.05	1,878.95	138.84	287.17	558.51	12,167.35	
Charge for the year	-	170.71	1,552.17	52.92	343.37	505.37	2,624.54	
Disposals	-	73.88	91.87	56.10	-	21.01	242.86	
As at March 31, 2017	8,984.83	563.64	3,522.99	247.86	630.54	1,084.89	15,034.75	
Net Block(As at March 31, 2015)	8,625.60	3,961.22	17,201.96	939.72	349.43	1,879.68	32,957.61	
Net Block(As at March 31, 2016)	-	3,642.17	18,727.60	823.94	553.47	1,486.65	25,233.83	
Net Block(As at March 31, 2017)	-	2,114.05	15,829.98	374.02	228.36	943.80	19,490.21	

Note 1: The company had certain fixed assets on finance lease. During the current year the finance lease agreement has been terminated w.e.f 30 June, 2016. Accordingly the assets have been removed from PPE and outstanding finance lease liability has been reversed.

Note 2: The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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Note 5 : Intangible assets

(Rupees in '000)

Particulars	Software	Total
Gross Block		
As at April 1, 2015	678.18	678.18
Additions	3,756.51	3,756.51
As at March 31,2016	4,434.69	4,434.69
Additions	85.28	85.28
As at March 31,2017	4,519.97	4,519.97
Amortization and impairment		
As at April 1, 2015 (Note 3)		
Charge for the year	689.38	689.38
As at March 31,2016	689.38	689.38
Charge for the year	1,412.02	1,412.02
As at March 31,2017	2,101.40	2,101.40
Net block		
As at April 1, 2015	678.18	678.18
As at March 31,2016	3,745.31	3,745.31
As at March 31,2017	2,418.57	2,418.57

Note 3: The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2017 (Rupees in '000)	As at March 31, 2016 (Rupees in '000)	As at April 01, 2015 (Rupees in '000)
6. Other financial assets			
Non-current			
Unsecured, considered good			
(a) Security deposits	4,750.82	4,280.01	3,854.82
	4,750.82	4,280.01	3,854.82
Current			
Unsecured, considered good			
(a) Staff advance	54.56	17.56	187.25
(b) Others	-	351.46	-
(c) Accrued operating income	1,673.88	618.46	1,550.69
	1,728.44	987.48	1,737.94
7(i). Tax Assets And Liabilities			
Non-current tax assets			
(a) Advance income tax (net of provision for taxation)	2,238.32	1,858.66	914.13
	2,238.32	1,858.66	914.13
7(ii). Other assets			
Non-current			
Unsecured, considered good			
(a) Capital advances	341.45	29.24	294.49
(b) Prepaid expenses	726.07	1,177.65	1,630.46
	1,067.52	1,206.89	1,924.95
Current			
Unsecured, considered good			
(a) Prepaid expenses	548.45	1,208.12	3,745.12
	548.45	1,208.12	3,745.12
8. Inventories			
(Valued at lower of cost and net realisable value)			
(a) Medical consumables and drugs	814.40	651.81	799.06
	814.40	651.81	799.06
9. Trade receivables			
Current, Unsecured			
(a) Considered Good	4,269.29	3,850.24	3,125.86
(b) Considered Doubtful	1,248.04	1,098.25	1,017.63
Allowance for doubtful debts (expected credit loss allowance)	(1,248.04)	(1,098.25)	(1,017.63)
	4,269.29	3,850.24	3,125.86

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 risk of non-payment from these customers is considered low as most of these balances relates to Government bodies / Government enterprises for which the default risk is considered low.

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

10. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

(a) Balances with Banks			
- on current accounts	10,478.63	6,524.58	15,899.28
(b) Cash			
- on hand	78.83	79.49	312.27
Cash and cash equivalents as per balance sheet	10,557.46	6,604.07	16,211.55



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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Particulars	As at	As at	As at
	March 31, 2017 (Rupees in '000)	March 31, 2016 (Rupees in '000)	April 01, 2015 (Rupees in '000)
EQUITY AND LIABILITIES			
11 (i) Equity share capital			
Authorised Share Capital:			
5,000,000 (5,000,000 as at March 31, 2016 and 5,000,000 as at April 1, 2015) Equity shares of Rs. 10 each	50,000.00	50,000.00	50,000.00
Total authorised share capital	50,000.00	50,000.00	50,000.00
Issued, subscribed and fully paid up shares			
50,000 (50,000 as at March 31, 2016 and 50,000 as at April 1, 2015) Equity shares of Rs. 10 each full paid up	500.00	500.00	500.00
Total issued, subscribed and fully paid up share capital	500.00	500.00	500.00

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, 2017		As at March 31, 2016		As at April 01, 2015	
	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000
At the beginning of the year	50,000	500.00	50,000	500.00	50,000	500.00
Outstanding at the end of the year	50,000	500.00	50,000	500.00	50,000	500.00

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Equity Shares

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000
Fortis Hospitals Limited*, the Holding company	50,000	500.00	44,000	440.00	44,000	440.00

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

Equity Shares

Name of Shareholder	As at March 31, 2017		Year ended March 31, 2016		As at April 01, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited*, the Holding company	50,000	100%	44,000	88%	44,000	88%
Dr. Alok Chopra	-	0%	3,000	6%	3,000	6%
Dr. Ashwani Chopra	-	0%	3,000	6%	3,000	6%

*including 6 equity shares held by its nominees

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



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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Particulars	As at March 31, 2017 (Rupees in '000)	As at March 31, 2016 (Rupees in '000)
12 Other Equity		
i) Reserve and Surplus		
(a) Deficit in the statement of profit and loss		
Opening balance	(62,782.13)	(39,249.89)
Profit / (Loss) for the year	(9,109.93)	(23,558.24)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	206.00	26.00
Net deficit in statement of profit and loss	<u>(71,686.06)</u>	<u>(62,782.13)</u>

Particulars	As at March 31, 2017 (Rupees in '000)	As at March 31, 2016 (Rupees in '000)	As at April 01, 2015 (Rupees in '000)
13. Non Current Borrowings			
Secured - at amortised cost			
(a) Finance lease obligation*		8,561.91	10,415.98
(b) Loan from holding company**	82,142.85	78,500.00	63,691.86
	<u>82,142.85</u>	<u>87,061.91</u>	<u>74,107.84</u>

* The interest rate implicit in the lease is 12.5% p.a. The gross investment in lease i.e., lease obligation plus interest is payable in monthly installments of Rs. 250,000 each over the period of 12 years and balance 104 installments (previous year 116 installments) are pending as per terms of lease arrangement. During the current period the finance lease was terminated and assets capitalised were disposed from the books and finance lease obligation was reversed.

**The loan from Holding company carries interest at 12.50% p.a. and is repayable after March 31, 2018.

14. Other financial liabilities

Non-current

Unsecured

(a) Interest accrued but not due on borrowings	10,002.09	1,642.85	6,805.36
	<u>10,002.09</u>	<u>1,642.85</u>	<u>6,805.36</u>

Current

Secured - at amortised cost

(a) Current maturities of long term debt		1,854.07	2,099.55
(b) Capital creditors	18.25		

Unsecured

(a) Interest accrued and due on borrowings		1,020.41	
	<u>18.25</u>	<u>2,874.48</u>	<u>2,099.55</u>

15. Provisions

Non current

(a) Provision for gratuity (Refer Note 30)	1,188.00	624.00	402.00
	<u>1,188.00</u>	<u>624.00</u>	<u>402.00</u>

Current

(a) Provision for gratuity (Refer Note 30)	13.00	3.00	2.00
(b) Provision for compensated absences (Refer Note 30)	940.00	677.00	624.00
	<u>953.00</u>	<u>680.00</u>	<u>626.00</u>

16. Trade Payable

Unsecured, Current

(a) Trade payables	21,548.93	17,549.75	18,529.44
	<u>21,548.93</u>	<u>17,549.75</u>	<u>18,529.44</u>

17. Other current liabilities

(a) Advance from patients	885.46	222.00	850.50
(b) Statutory payable	2,330.96	1,253.55	1,278.42
	<u>3,216.42</u>	<u>1,475.55</u>	<u>2,128.92</u>



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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Particulars	Year ended March 31, 2017 (Rupees in '000)	Year ended March 31, 2016 (Rupees in '000)
18. Revenue from operations		
(a) Sale of services		
i) Operating Income - In Patient Department	107,213.51	101,122.28
ii) Operating Income - Out Patient Department	23,084.27	21,431.30
	130,297.78	122,553.58
Less: Trade discounts	1,601.51	862.25
	128,696.27	121,691.33
(b) Other operating revenues		
i) Income from rent	-	500.40
ii) Miscellaneous income	315.29	-
	315.29	500.40
Total Revenue from Operation (a+b)	129,011.56	122,191.73
19. Other Income		
(a) Interest income		
i) Interest on others	542.97	425.19
(b) Other non-operating income		
i) Miscellaneous income	-	121.52
ii) Gain on disposal of property, plant and equipment under finance lease	6,876.79	-
Total other Income (a+b)	7,419.76	546.71



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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Particulars	Year ended March 31, 2017 (Rupees in '000)	Year ended March 31, 2016 (Rupees in '000)
20. Increase / decrease in inventories of medical consumables and drugs		
(a) Inventory at the beginning of the year	651.81	799.06
(b) Inventory at the end of the year	814.40	651.81
Decrease/ (increase) in inventories [(a)-(b)]	<u>(162.59)</u>	<u>147.25</u>
21. Employee benefits expense		
(a) Salaries, wages and bonus	17,867.70	18,312.51
(b) Gratuity expense	273.00	277.00
(c) Leave encashment	306.00	195.11
(d) Contribution to provident and other funds	1,195.59	1,343.46
(e) Staff welfare expenses	320.12	402.95
	<u>19,962.41</u>	<u>20,531.03</u>
22. Finance costs		
(a) Interest expense		
- on term loans	10,569.86	8,902.94
- on finance lease	-	900.42
(b) Bank charges	514.64	374.80
	<u>11,084.50</u>	<u>10,178.16</u>
The weighted average rate on funds borrowed generally is 11% per annum (2015-2016: 11% per annum).		
23. Depreciation and amortisation expense		
(a) Depreciation of property, plant and equipment	2,867.39	12,167.33
(b) Amortisation of intangible assets	1,412.02	689.38
	<u>4,279.41</u>	<u>12,856.71</u>
24. Other expenses		
(a) Contractual manpower	4,669.47	5,607.93
(b) Power, fuel and water	4,017.79	4,573.78
(c) Housekeeping expenses including consumables	566.33	852.23
(d) Patient food and beverages	1,467.34	1,673.57
(e) Pathology laboratory expenses	8,227.08	9,054.30
(f) Radiology expenses	6,019.41	4,212.80
(g) Consultation fees to doctors	32,140.97	20,766.75
(h) Professional charges to doctors	7,722.84	14,710.58
(i) Repairs and maintenance -		
- Building	397.58	629.38
- Plant and machinery	2,169.61	1,721.51
- Others	424.46	627.93
(j) Rent-		
- Hospital buildings, offices and labs	21,537.48	15,265.74
- Others	176.41	448.94
(k) Legal and professional fee	796.69	1,157.46
(l) Travel and conveyance	254.34	663.78
(m) Rates and taxes	438.69	75.21
(n) Printing and stationary	418.77	601.68
(o) Communication expenses	960.82	857.23
(p) Insurance	665.66	666.75
(q) Marketing and business promotion	3,251.09	2,900.17
(r) Auditors' remuneration		
- Audit fee	375.00	375.00
- Tax audit fee	75.00	75.00
- Out of pocket expenses	25.00	24.73
(s) Provision for doubtful receivables	201.03	171.01
(t) Miscellaneous expenses	24.99	24.25
	<u>97,023.85</u>	<u>87,737.71</u>
25. Exceptional items		
(a) Statutory bonus *	-	433.97
	<u>-</u>	<u>433.97</u>

* Statutory bonus recorded amounting Rupees 433.97 ('000) in the previous year ended March 31, 2016 represents the amounts accrued for bonus payable to existing employees of the company for the period from April 01, 2014 to December 31, 2015 due to enactment of the Payment of Bonus (Amendment) Act, 2015 with retrospective effect from April 01, 2014.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT MARCH 31, 2016 AND APRIL 01, 2015

Particulars	Note No	IGAAP as on 1 April 2015 (Rupees in '000)	Opening Ind AS Adjustment (Rupees in '000)	Ind AS as on 1 April 2015 (Rupees in '000)	IGAAP as on 1 April 2016 (Rupees in '000)	Opening Ind AS Adjustment (Rupees in '000)	Ind AS as on 31 March 2016 (Rupees in '000)
ASSETS							
A. NON-CURRENT ASSETS							
(a) Property, plant and equipment		32,957.61	(0.00)	32,957.61	25,233.84	(0.02)	25,233.83
(b) Intangible assets		678.18	0.00	678.18	3,745.31	0.00	3,745.31
(c) Financial assets							
(i) Other financial assets		3,854.82	-	3,854.82	4,280.01	-	4,280.01
(d) Non-current tax assets (Net)		914.13	-	914.13	1,858.66	-	1,858.66
(e) Other non-current assets	(a)	2,439.67	(514.72)	1,924.95	1,749.22	(542.34)	1,206.89
Total non-current assets (A)		40,844.41	(514.72)	40,329.69	36,867.03	(542.35)	36,324.69
B. CURRENT ASSETS							
(a) Inventories		799.06	-	799.06	651.81	-	651.81
(b) Financial assets							
(i) Trade receivables		3,125.86	-	3,125.86	3,850.24	-	3,850.24
(ii) Cash and cash equivalents		16,211.56	(0.01)	16,211.55	6,604.07	-	6,604.07
(iii) Other financial assets		1,737.94	-	1,737.94	987.48	-	987.48
(c) Other current assets	(a)	3,455.43	289.69	3,745.12	918.44	289.68	1,208.12
Total current assets (B)		25,329.85	289.68	25,619.53	13,012.04	289.68	13,301.72
Total assets (A+B)		66,174.26	(225.04)	65,949.22	49,879.07	(252.67)	49,626.41
EQUITY AND LIABILITIES							
A. EQUITY							
(a) Share capital		500.00	-	500.00	500.00	-	500.00
(b) Other equity		(39,024.85)	(225.04)	(39,249.89)	(62,529.46)	(252.67)	(62,782.13)
Equity attributable to owners of the Company (A)		(38,524.85)	(225.04)	(38,749.89)	(62,029.46)	(252.67)	(62,282.13)
B. NON-CURRENT LIABILITIES							
(a) Financial Liabilities							
(i) Borrowings		74,107.84	-	74,107.84	87,061.91	-	87,061.91
(ii) Other financial liabilities		6,805.36	-	6,805.36	1,642.85	-	1,642.85
(b) Provisions		402.00	-	402.00	624.00	-	624.00
Total non-current liabilities (B)		81,315.20	-	81,315.20	89,328.76	-	89,328.76
C. CURRENT LIABILITIES							
(a) Financial liabilities							
(i) Trade payables		18,529.44	-	18,529.44	17,549.74	-	17,549.75
(ii) Other financial liabilities		2,099.55	-	2,099.55	2,874.48	-	2,874.48
(b) Provisions		626.00	-	626.00	680.00	-	680.00
(c) Other current liabilities		2,128.92	-	2,128.92	1,475.55	-	1,475.55
Total current liabilities (C)		23,383.91	-	23,383.91	22,579.77	-	22,579.78
Total liabilities (B+C)		104,699.11	-	104,699.11	111,908.53	-	111,908.54
Total equity and liabilities (A+D)		66,174.26	(225.04)	65,949.22	49,879.07	(252.67)	49,626.41



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
EFFECT OF IND AS ADOPTION ON THE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes No	IGAAP For the year ended 1 April 2016 (Rupees in '000)	Opening Ind AS Adjustment (Rupees in '000)	Ind AS For the year ended 1 April 2016 (Rupees in '000)
I				
Revenue from operations		122,191.73	-	122,191.73
II				
Other income		121.52	425.19	546.71
III Total Income (I+II)		122,313.25	425.19	122,738.44
IV Expenses				
(a) Purchases of medical consumable and drugs		14,411.85	-	14,411.85
(b) Changes in inventories of medical consumable and drugs		147.25	-	147.25
(c) Employee benefits expense		20,536.04	(5.01)	20,531.03
(d) Finance costs	(c)	10,147.16	31.00	10,178.16
(e) Depreciation and amortisation expetise		12,856.71	-	12,856.71
(f) Other expenses	(d)	87,284.88	452.83	87,737.71
Total Expenses		145,383.89	478.82	145,862.71
V Profit/(Loss) before exceptional item and tax (III-IV)		(23,070.64)	(53.63)	(23,124.27)
Exceptional item		433.97	-	433.97
VI Profit/(Loss) before tax		(23,504.61)	(53.63)	(23,558.24)
VII Profit/(Loss) for the period (V+VI)		(23,504.61)	(53.63)	(23,558.24)
Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss				
a) Remeasurement of the defined benefit plan	(a)	-	26.00	26.00
IX Total other comprehensive income/(loss)		-	26.00	26.00
X Total comprehensive income for the year (VIII+IX)		(23,504.61)	(27.63)	(23,532.24)



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
RECONCILIATION OF TOTAL EQUITY AS AT MARCH 31, 2016 AND APRIL 01, 2015

	As at March 31, 2016 (Rupees in '000)	As at April 1, 2015 (Rupees in '000)
Total equity (shareholder's funds) under previous GAAP	(62,029.46)	(38,524.86)
Adjustment made :		
(a) Security Deposit	(252.67)	(225.03)
Total adjustment	(252.67)	(225.03)
Total equity (shareholder's funds) under per IND AS	(62,282.13)	(38,749.89)

(a) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. Also, Interest cost on defined benefit obligation have been classified under finance cost

(b) Under Ind AS, security deposit have been measured at amortised cost. Accordingly, where security deposits of non-current nature didn't carry any contractual interest or the interest was below market interest rate, the deposit were discounted based on the interest rate determined by the management equal to its interest cost of borrowing of the company.

(c) Under Ind AS, interest cost on loans is measured at amortised cost which have been determined using effective interest rate method.

(d) Under previous GAAP, Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Under Ind AS, such expense is not recognised on a straight line basis for leases where the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. The Management has analysed the increase in certain lease arrangements and has determined that such increase is to compensate the cost inflation, being in line with general cost inflation.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26. Related party disclosures

Names of related parties and related party relationship

Related Parties where control exists:-		
(a)	Ultimate Holding Company	RHC Holding Private Limited (holding of Fortis Healthcare Holdings Private Limited)
(b)	Holding Company	Fortis Healthcare Holdings Private Limited (Holding of Fortis Healthcare Limited)
		Fortis Healthcare Limited (Holding company of Fortis Hospitals Limited)
		Fortis Hospitals Limited
(c)	Fellow Subsidiaries (parties with whom transactions have taken place)	SRL Limited (SRL) (Subsidiary of Fortis Healthcare Limited)
		SRL Diagnostics Private Limited (SRLDPL) (Subsidiary of SRL)
(d)	Individuals having control over voting power	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh

The disclosures in respect of Related Party Transactions are as under:

Transaction details	(Rupees '000)	
	Year ended March 31, 2017	Year ended March 31, 2016
Transactions during the year:		
Pathology laboratory expenses:		
SRL Limited (Fellow subsidiary)	8,226.21	8,052.04
SRL Diagnostics Private Limited (Fellow subsidiary)	-	1,002.26
Rental Income during the year		
SRL Diagnostics Private Limited (Fellow subsidiary)	-	500.40
Consultation fees to doctors		
Fortis Hospitals Limited(Holding Company)	-	29.61
Fortis Healthcare Limited (Holding Company)	-	108.08
Expenses incurred on behalf of company by related party		
Fortis Hospitals Limited (Holding Company)	-	30.55
Expenses incurred by the Company on behalf of related party (Doctor Charges)		
Fortis Healthcare Limited (Holding Company)	41.94	637.39
Interest expenses on loan taken from		
Fortis Hospitals Limited (Holding Company)	10,206.21	7,182.59
Loan taken during the year		
Fortis Hospitals Limited (Holding Company)	3,642.85	83,988.92
Loan Repaid during the year		
Fortis Hospitals Limited (Holding Company)	-	75,986.15
Purchase of Intangible Fixed Assets on behalf of Company by Related Party		
Fortis Healthcare Limited (Holding Company)	-	3,426.99

(Rupees '000)

Balance outstanding at the year end:	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payable			
SRL Limited (Fellow subsidiary company)	1,453.99	1,158.60	556.90



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

SRL Diagnostics Private Limited (Fellow subsidiary company)	-	-	470.32
Other current liabilities:			
Fortis Healthcare Limited(Holding Company)	4,587.00	4,932.92	2,035.25
Fortis Hospitals Limited (Holding Company)	251.05	1,542.15	8,692.94
Interest Accrued but not due on borrowings			
Fortis Hospitals Limited (Holding Company)	10,002.09	1,624.85	6,805.36
Long term Borrowings			
Fortis Hospitals Limited (Holding Company)	82,143.00	78,500.00	63,691.86

All the above related party transaction mentioned above is at arm's length.

27. Leases

a) Finance lease: Company as lessee

The Company had obtained certain fixed assets on finance lease. During the current year the finance lease agreement has been terminated w.e.f 30 June, 2016. Accordingly the assets have been removed from fixed assets and outstanding finance lease liability has been reversed. The total minimum lease payment during the year is Rupees 750.00 ('000) (Rupees 3,000.00 ('000) year ended March 31, 2016) and total finance charges recognised in the statement of profit and loss for the year is Rupees 264.65 ('000) (Rupees 900.42 ('000) year ended March 31, 2016).

The total future minimum lease payments (MLP) are as under:

(Rupees in '000)

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2015
Minimum lease payments :			
Not later than one year	-	3,000.00	3,000.00
Later than one year but not later than five years	-	12,000.00	12,000.00
Later than five years	-	10,808.33	13,808.33
Total	-	25,808.33	28,808.33

Present value of MLP :

(Rupees in '000)

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2015
Minimum lease payments :			
Not later than one year	-	1,854.07	2,099.55
Later than one year but not later than five years	-	5,487.30	6,213.91
Later than five years	-	3,074.61	4,202.07
Total	-	10,415.98	12,515.53

b) Operating lease: Company as lessee

The Company has obtained hospital building on operating lease. The total lease payment in respect of such leases recognized in the statement of profit and loss for the year is Rupees 21,537.48 ('000) (Rupees 15,265.74 ('000) year ended March 31, 2016)



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in '000)

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Minimum lease payments :			
Not later than one year	20,700.00	-*	8,556.34
Later than one year but not later than five years	25,875.00	-	-
Later than five years	-	-	-
Total	46,575.00	-	8,556.34

*The Lease agreement toward the hospital unit of the Company expired on 31 October 2015. During the current year, the Company have reentered into operating lease agreement dated July 01, 2016 till June 30, 2019. Lock-in period for 3 years.

c) Operating lease: Company as lessor

The Company had discontinued operating lease arrangements for some portion of hospital premises in FY 2015-16. The leases were cancellable in nature.

Lease payments recognised in the Statement of Profit and Loss for the year are Rupees Nil (FY 2015-16 Rupees 500.40 ('000))

28. Commitments:

(Rupees in '000)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for [net of capital advances of Rupees 341.00 ('000) (as at March 31, 2016 Rupees 29.24 ('000) and as at March 31, 2015 Rupees 294.49 thousand)	134.43	185.27	2,440.51
(b) Lease Commitments (Refer Note 27)			

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.

29. Contingent liabilities (not provided for) in respect of:

29.1 The Company does not have any pending litigations which would impact its financial position.

29.2 The Company did not have any long-term contracts including derivative contracts for which there no were any material foreseeable losses.

29.3 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

30. Employee Benefits Plan:

Defined Benefit Plan

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service subject to a maximum limit of Rupees 1,000,000 in terms of the provisions of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service. The Gratuity fund is unfunded.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

(Rupees in '000)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
i. Movement in Net Liability			
Present value of obligation at the beginning of the year	627.00	404.00	190.00
Current service cost	273.00	268.00	222.00
Interest cost	49.00	31.00	18.00
Amount recognised to OCI	(61.00)	(85.00)	(26.00)
Plan Amendments Cost / (Credit)	(313)	9.00	-
Benefits paid	-	-	-
Present value of obligations at the end of the year	1,201.00	627.00	404.00
Present value of unfunded obligation	1,201.00	627.00	404.00
Amounts in the Balance Sheet			
(a) Liabilities	1,201.00	627.00	404.00
(b) Assets			
(c) Net liability/(asset) recognised in the balance sheet	1,201.00	627.00	404.00
Current Liability	13.00	3.00	2.00
Non-Current Liability	1,188.00	624.00	402.00
	1,201.00	627.00	404.00

(Rupees in '000)

ii. Expense recognised in Statement of Profit and Loss is as follows :	Year ended	Year ended
	March 31, 2017	March 31, 2016
Service cost	273.00	268.00
Past Service Cost	-	9.00
Interest cost	80.42	31.00
Amount charged to Statement to Profit and Loss	353.42	308.00
iii. Expense recognised in Statement of Other comprehensive income is as follows :		
Net actuarial loss / (gain) due to experience adjustment recognised during the year	(123.00)	(85.00)
Net actuarial loss / (gain) due to assumptions changes recognised during the year	62.00	0.00
	61.00	(85.00)

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 March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Rate for discounting liabilities	7.25%	7.75%	7.75%
Expected salary increase rate	7.50%	3.75%	3.75%
Withdrawal / Employee Turnover Rate			
Age up to 30 years	18%	18%	18%
Age from 31 to 44 years	6%	6%	6%
Age above 44 years	2%	2%	2%
Mortality table used	Indian Assured Lives Mortality (2006-08)		
Experience gain/(loss) adjustments on plan liabilities	(61.00)	(85.00)	(26.00)



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes:

- a) 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.
- b) Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.
- If the discount rate is 0.5% higher (Lower), the defined benefit obligation would decrease by Rs.62.00 thousands (Increase by Rs. 67.00 thousands) (as at March 31, 2016: decrease by Rs. 32.00 thousands (increase by Rs. 35.00 thousands)).
 - If the expected salary growth increases (decreases) by 1% the defined benefit obligation would increase by Rs. 137.00 thousands (Decrease by Rs. 120.00 thousands) as at March 31, 2016: increase by Rs. 72.00 thousands (decrease by Rs. 63.00 thousands)).

31. Earnings per share

Earnings per share (EPS)	Denomination	Year ended	Year ended
		March 31, 2017	March 31, 2016
Loss as per statement of profit and loss	Rupees in Lacs	(9,109.93)	(23,558.24)
Weighted average number of equity shares in calculating Basic and Diluted EPS	Numbers	50,000	50,000
Basic EPS	Rupees	(0.18)	(0.47)
Diluted EPS	Rupees	(0.18)	(0.47)

32. Exceptional Item

Statutory bonus amounting to Rupees 433.97 thousand recorded in the previous year represents the amounts accrued for bonus payable to existing employees for the period from April 1, 2014 to December 31, 2015 due to enactment of The Payment of Bonus (Amendment) Act, 2015 with retrospective effect from April 1, 2014 for which notification was issued in January, 2016.

33. Financial Instruments

- i) **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 optimization of the debt and equity balance.
The capital structure of the Company consists of net debt (borrowings as detailed in notes 14b) 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, 2017 of (1.01) (see below).

Gearing ratio

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

Particulars	(Rupees in '000)		
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Debt*	82,142.85	87,061.91	74,107.84
Cash and bank balances	10,557.46	6,604.07	16,211.55
Net debt	71,585.39	80,457.84	57,896.29
Total equity	(71,186.06)	(62,282.13)	(38,749.89)
Net debt to equity ratio	(1.01)	(1.29)	(1.49)



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*Debt is defined as long-term and short-term borrowings, as described in notes 13(b).

ii) Categories of financial instruments

(Rupees in '000)

Financial assets	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Measured at amortised cost			
(a) Security Deposit (FVTPL)	4,750.82	4,280.01	3,854.82
(a) Cash and bank balances	10,557.46	6,604.07	16,211.55
(b) Trade Receivables	4,269.29	3,850.24	3,125.86
(c) Other Financial assets	1,728.44	987.48	1,737.94
Total	21,306.01	15,721.80	24,930.17

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

(Rupees in '000)

Financial liabilities	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Measured at amortised cost			
(a) Borrowings	82,142.85	87,061.91	74,107.84
(b) Trade payables	21,548.93	17,549.75	18,529.44
(c) Other financial liabilities	10,020.34	4,517.34	8,904.91
Total	113,712.12	109,129.00	101,542.19

iii) Financial risk management objectives

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

The BOD manages the financial risk of the company through internal risk reports which analyse exposure by magnitude of risk.

Market Risk

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

a) Interest rate risk management

The company is not exposed to interest rate risk because company borrow funds at both fixed and floating interest rates.

b) 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.

c) 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.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2017					
Borrowings	-	-	82,142.85	82,142.85	82,142.85
Trade payables	21,548.93	-	-	21,548.93	21,548.93
Capital Creditors	18.25	-	-	18.25	18.25
Other financial liabilities	-	-	10,002.09	10,002.09	10,002.09
Total	21,567.18	-	92,144.94	113,712.12	113,712.12

(Rupees in '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2016					
Borrowings	-	-	87,061.91	87,061.91	87,061.91
Trade payables	17,549.75	-	-	17,549.75	17,549.75
Other financial liabilities	-	2,874.48	1,642.85	4,517.33	4,517.34
Total	17,549.75	2,874.48	88,704.76	109,128.99	109,128.99

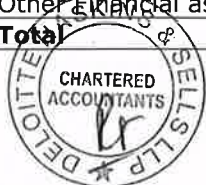
(Rupees in '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2015					
Borrowings	-	-	63,691.86	63,691.86	63,691.86
Trade payables	18,529.44	-	-	18,529.44	18,529.44
Other financial liabilities	-	2,099.55	6,805.36	8,904.91	8,904.91
Total	18,529.44	2,099.55	70,497.22	91,126.21	91,126.21

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

(Rupees in '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2017					
Trade receivables	4,269.29	-	-	4,269.29	4,269.29
Cash and cash equivalents	10,557.46	-	-	10,557.46	10,557.46
Security Deposits (Assets)	-	-	6,000.00	6,000.00	4,750.82
Other financial assets	1,728.44	-	-	1,728.44	1,728.44
Total	16,555.19	-	6,000.00	22,555.19	21,306.01



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2016					
Trade receivables	3,850.24	-	-	3,850.24	3,850.24
Cash and cash equivalents	6,604.07	-	-	6,604.07	6,604.07
Security Deposits (Assets)	-	-	6,000.00	6,000.00	4,280.01
Other Financial assets	987.48	-	-	5,267.49	5,267.49
Total	11,441.79	-	6,000.00	21,721.80	20,001.81

(Rupees in '000)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2015					
Trade receivables	3,125.86	-	-	3,125.86	3,125.86
Cash and cash equivalents	16,211.55	-	-	16,211.55	16,211.55
Security Deposits (Assets)	-	-	6,000.00	6,000.00	3,854.82
Other Financial assets	1,737.94	-	-	1,737.94	1,737.94
Total	21,075.35	-	6,000.00	27,075.35	24,930.17

34. Fair value measurement

Financial Assets measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

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

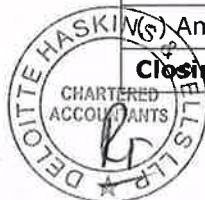
During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The Management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

36. Specified Bank Notes (SBN)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016 the denomination wise SBNs and other notes as per the notification is given below:

(Rupees'000)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	207.00	0.24	207.24
(+) Permitted receipts		2,302.40	2,302.40
(+) Cash Withdrawal	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	207.00	2,173.69	2,380.69
Closing cash in hand as on 30.12.2016	-	128.95	128.95



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Explanation : for the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407 (E), dated 8 November, 2016.

37. First Time Ind AS Adoption Reconciliations

For all periods up to and including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the following

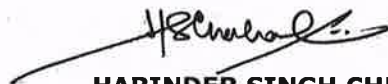
- a) Effect of Ind AS adoption on the standalone balance sheet as at March 31, 2016 and April 01, 2015.
- b) Reconciliation of total equity as at March 31, 2016 and April 01, 2015.
- c) Effect of Ind AS adoption on the standalone profit and loss for the year ended March 31, 2016.

38. Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

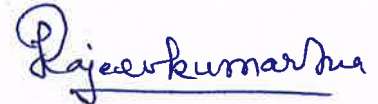
39. The comparative financial information of the Company for the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31 March 2015 have been restated to comply with Ind AS and in accordance with the format prescribed in MCA Circular Notification No. GSR 404(E) [F.NO.17/62/2015CLV], dated 6 April 2016.

For and on behalf of the Board of Directors

Place: Gurugram
Date: 25 May, 2017



HARINDER SINGH CHEHAL
Director
DIN 05148823



RAJEEV KUMAR DUA
Director
DIN 06974102

