

# REDEFINING HEALTHCARE

*Specialising in 'You'*



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17th Annual Report 2012-2013

For more than a decade, Fortis Healthcare Limited has been a leader in the integrated healthcare delivery space in India. Driven by the spirit of “saving and enriching lives,” we have ushered in far-reaching changes in the healthcare landscape. Our innate understanding of patient needs, world-class clinical talent, yen for the latest advances in medical and diagnostic technology and overarching emphasis on compassionate care at affordable prices make us the healthcare provider of choice for our patients. We continue to push the limits of medical excellence and challenge ourselves every moment so that we continue to be the healthcare company that specialises in you!

## CONTENT

1

Company  
Information

2

Message from The  
Executive Chairman  
& The Executive  
Vice Chairman

6

Our Guiding  
Spirit

7

Board of Directors

8

Message from  
The Group CEO

10

Message from  
The CEO – India

14

Operations Review

36

Corporate Social  
Responsibility

44	Director's Report
56	Report on Corporate Governance
81	Management Discussion & Analysis Report
96	Auditor's Report & Annexure to Standalone Financials
100	Standalone Financials
155	Abstract to Financials of Subsidiary Companies
158	Statement Regarding Subsidiary Companies (Section 212)
161	Auditor's Report to Consolidated Financials
164	Consolidated Financials



# Company Information

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Malvinder Mohan Singh, Executive Chairman

Mr. Shivinder Mohan Singh, Executive Vice Chairman

Mr. Balinder Singh Dhillon, Executive Director

### **Non-Executive Directors**

Mr. Harpal Singh

Dr. Brian Tempest

Mr. Gurcharan Das

Ms. Joji Sekhon Gill

Mr. Pradeep Ratilal Raniga

Dr. Preetinder Singh Joshi

Mr. Sunil Godhwani

Lt. Gen. Tejinder Singh Shergill

## **GROUP CHIEF EXECUTIVE OFFICER**

Mr. Vishal Bali

## **GROUP CHIEF FINANCIAL OFFICER**

Mr. Sandeep Puri

## **COMPANY SECRETARY**

Mr. Rahul Ranjan

## **AUDITORS**

M/s S. R. Batliboi & Co. LLP, Chartered Accountants, New Delhi

## **REGISTERED OFFICE**

Fortis Healthcare Ltd

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## MESSAGE FROM THE EXECUTIVE CHAIRMAN & THE EXECUTIVE VICE CHAIRMAN

The demand for healthcare in India is robust. We have the advantage of scale and size, and enjoy a leadership position. Clearly, an India focus works to our advantage as we can ramp up our businesses faster and at far lesser incremental expense.

Malvinder Mohan Singh  
Executive Chairman

Shivinder Mohan Singh  
Executive Vice Chairman

Dear Shareholders,

It gives us great pleasure to once again communicate with you through our annual report for the year 2012-13. We set out over a decade ago on our mission to make quality healthcare accessible to all and would like to thank you for your unstinting support in our journey so far.

We are also happy to share with you that in the year gone by, your Company has witnessed a further maturing of processes and systems aligned towards delivering better healthcare to our patients across the Fortis Network.

### Nature of the Healthcare Business

Healthcare is a ubiquitous need and a business that is directed at serving humanity. The demand for medical care and the consequent demand for better hospitals and healthcare facilities grow incessantly, unaffected by economic gyrations.





The setting up of medical infrastructure is capital intensive. This makes the gestation period for payback longer. Whilst a strong portfolio of businesses, such as ours, lends stability, it also brings complexity with various units at different stages of their life cycle and maturity curve. Challenges of predictability in the way economic circumstances pan out during this period require astute and swift judgement for course corrections. The ability to continuously match funding needs with the capital mix becomes vital in navigating difficult economic cycles for long term success.



## Reassessing Priorities- An India Focus

In the last few years, we expanded rapidly beyond India, in Asia, to develop an integrated healthcare-delivery platform in response to the opportunities in the region. Debt for expansion in a growing market is the norm and we incorporated it to our advantage.

In the way the global economic environment has panned out since, and with continuing turbulence, predictability, certainty and consistency are virtues, whilst leveraged funding is perceived as an added risk. This has led us to reassess our own priorities and make necessary adjustments to make India our top priority.

With the prevailing economic circumstances, we also need to factor in and balance the current phase of evolution for Fortis, with imperatives that optimise our growth in the short versus the medium and the long term.

Given these growth realities we have divested our business in Australia and Vietnam, to focus on the Indian healthcare market. We continue to evaluate our portfolio of overseas businesses to ensure the right strategic fit.

There are many reasons that favour this decision. In spite of a recalibrated growth in India's GDP of 5%, the demand supply gap for healthcare delivery services in the country remains considerable. The Indian healthcare market is expected to reach US\$ 119.6 Bn by 2015, reflecting a CAGR of 15.0%. Currently, India accounts for nearly 6% of the world hospital beds and shares 20% of the world's disease burden. This will grow, as India surpasses China by 2030 to become the most populous country in the world. The ageing profile of its citizens, higher purchasing power, growing affluence and a higher incidence of chronic life style and non-communicable diseases, will continue to fuel demand for healthcare services. (Source: Frost & Sullivan report "Independent Report on the Healthcare Industry in the Asia Pacific regions, 17 September 2012")

In India, we have the advantage of scale and size and a leadership position and we need to build on that. Therefore, we believe that an India focus works to our advantage as we can ramp up our businesses faster at far lesser incremental expense by leveraging our existing infrastructure in the country.

To strengthen the sustainability of our model, we have also taken several strategic measures to reduce our debt burden and strengthen our balance sheet.

We successfully listed the Religare Health Trust (RHT) on the Singapore stock exchange, as its main sponsor, and raised gross proceeds of approximately ₹ 2,200 Crore. With this vehicle, we have created a perpetual source of funding for the business and made the move to an asset light model. In addition, we are seeking operate & manage projects and leasing options for growth. This will put us in a stronger position to capitalise on future opportunities in an asset light manner.

Our diagnostics business in India, SRL, witnessed strategic investments from high quality global investors such as the International Finance Corporation (IFC) and the NYLIM Jacob Ballas India Fund.

Fortis has also received further investments at the beginning of FY14, via the subscription of equity and equity linked instruments, from institutional investors, to part fund growth and to further strengthen the balance sheet. IFC, which has a long-term horizon and commitment to



healthcare, has cumulatively invested more than US\$ 100 Mn in the Company.

These measures will together bring down overall debt, enhance profitability and create room for further growth.

The priority for the business going forward is to work towards achieving a significantly higher level of operating leverage that will have a substantial positive impact on our performance and results. This also means that this rationale will drive our future resource allocation programme and help to stagger our investment and capital expenditure over a period of time. Today, we are well on our path to achieving this desired objective.

This year, 2013-14, will witness the launch of three new green-field hospitals in India: The Fortis Memorial Research Institute, Gurgaon (launched May 2013) and hospitals in Chennai and Ludhiana, to be launched later this year. We will also see further consolidation and strengthening of our business and balance-sheet.

### Thrust Areas and Improvements

Fortis, with its large network of 62 healthcare facilities spread across India, has created a highly respected brand, well recognised for comprehensive services and quality. It enjoys a leadership position with a very strong platform of operational capability, deep experience and knowledge of the Indian market-place.

Our greatest strength lies in our people – our pool of doctors, paramedics, nurses and managerial talent – and our processes. This talent pool and knowledge of processes can be easily scaled up and replicated giving us the unique ability to ensure quality growth whilst keeping costs low. Additionally, capacity enhancements at our existing hospitals can be achieved with marginal investment only, enabling us to grow faster. This is good reason why we see bed capacity ramp up from 4,000 operational beds to about 10,000 operational beds before the end of this decade.

Continuous improvement in

the way we work to deliver value to our patients is central to how we think and act. The organisation has invested considerable time in the improvement and standardisation of processes ensuring a consistently high level of service across our hospitals. Other high impact organisation building programmes included the creation of shared services for the Group to drive both efficiencies and economies of scale in the supply-chain and important back office operations.

### Launch of Our Flagship: The Fortis Memorial Research Institute (FMRI)

In the last year, of the five hospitals we set up, our most significant contribution has been the Fortis Memorial Research Institute (FMRI) which was dedicated to the nation in May 2013. We believe this will become the landmark facility for international research and medical talent. Drawing patients from India and abroad for its competence in the treatment of disease complexity, it will be recognised among the top few hospitals in the world.

FMRI represents the culmination of several years of conceptualisation of what a futuristic institute of medical excellence ought to be. It builds on a strong platform of medical programmes that encompass all super-specialities and multi-specialities, providing comprehensive medical services, under one roof. Clinical delivery led actively by the human values of empathy, care, service and a philosophy of ‘healing’ are at its core.

### Building a Strong Base for Indian Healthcare

As frontrunners in healthcare, we have also been instrumental in kick-starting a pan-India industry forum, ‘Nathealth’, that actively supports sectoral players in coming together on

a common platform so that issues of common interest and other important matters can be jointly discussed and addressed. It will go towards building congruence amongst its constituents in creating greater value for patients and ensure that ethical principles of practice are institutionalised not only in our company but in the fabric of every healthcare delivery organisation in the country.

## Corporate Social Responsibility

Fortis Healthcare's spirit of service to humanity is not confined to its facilities. We have actively pitched in with our expertise whenever and wherever a need has arisen. Fortis, through its philanthropic arm, the Fortis Foundation, endeavours to take quality healthcare to the grassroots. Many of these programmes have been institutionalised and revolve around the girl child, healthcare education and the delivery of healthcare through outreach programmes that touch the lives of the less fortunate through community service rendered by Fortis hospitals all over the country.

In association with 'Being Human-The Salman Khan Foundation', we have launched 'The Little Hearts' Programme that aims to treat underprivileged children suffering from congenital heart diseases. We have also supported victims of acid attacks and most recently, we were at the forefront of offering medical aid to the victims of nature's fury in Uttarakhand. It is through such ongoing efforts that we try and assist the less fortunate members of our society to cope with their medical challenges.

## Our Special Thanks to all Fortisians

We would like to place on record the enormous contribution being made every day by our Doctors, Paramedics,



Nursing, Administrative Staff and all other Fortisians, across the Network by putting in dedicated effort to make a difference to every patient. This sense of dedication and personal involvement has helped the organisation to continually improve upon its own benchmarks of patient satisfaction, service quality, clinical outcomes, efficiency and move ahead on the path to prosperity.

Our objective is to create a growth-focused culture that delivers high quality healthcare with warmth and empathy, generating sustainable value for patients and all our stakeholders.

## Conclusion

In conclusion, we would like to say that this has been an immensely satisfying year. We have accomplished much as an organisation and have set the stage for the next phase of growth.

We started Fortis with the intent to serve the people of India and have been successful in our efforts to bring world-class capability, technology and local medical talent in alleviating the burden of disease. We are also happy to see that the Industry is maturing and that India is well poised to leverage its vast Indian medical talent, technology, infrastructure, systems and processes, to provide world-class medical

treatment, with care and compassion, at price points that are affordable.

It is therefore not surprising that more and more international patients are beginning to seek medical attention here and India is beginning to make its mark on the world map as a value market for medical travel, on account of its high quality of medical care, superior service and affordability. We are confident that India will actualise its true potential as the preferred global healthcare destination in the foreseeable future.

We would once again like to extend our very special thanks to all of you and look forward to your continued commitment to Fortis and to the future of healthcare.

With warm regards,

**Malvinder Mohan Singh**  
Executive Chairman

**Shivinder Mohan Singh**  
Executive Vice Chairman

## OUR GUIDING SPIRIT



Late Dr. Parvinder Singh  
Founder Chairman, Fortis Healthcare Limited

TO CREATE A WORLD-CLASS  
INTEGRATED HEALTHCARE  
DELIVERY SYSTEM,  
ENTAILING THE FINEST  
MEDICAL SKILLS COMBINED  
WITH COMPASSIONATE  
PATIENT CARE



## BOARD OF DIRECTORS



Malvinder Mohan Singh



Shivinder Mohan Singh



Balinder Singh Dhillon



Harpal Singh



Dr. Brian Tempest



Gurcharan Das



Joji Sekhon Gill



Pradeep Ratilal Raniga



Dr. Preetinder Singh Joshi



Sunil Godhwani



Lt. Gen. Tejinder Singh Shergill

## MESSAGE FROM THE GROUP CEO

Over the last year, strengthening the Company's balance sheet and taking strategic action to position the Company for the next phase of growth were among our key priorities. We continue to strengthen our efforts, investing in people, technology, innovation and infrastructure.

**Vishal Bali**  
Group Chief Executive Officer

Dear Shareholders,

The year 2013 was significant in Fortis Healthcare's journey in many ways. We crossed several milestones and took some strategic decisions to position your Company for a stronger future. Our growth is a remarkable achievement, but there is so much more that we will do in the years to come to make a difference to our shareholders and our consumers around the world.

Your Company's operating performance over the Financial Year 2012-13 (FY13) has been encouraging. The Consolidated Global Revenue was ₹ 6,052 Crore, up by 103%. The Consolidated Operating EBITDA before considering the impact of the business trust (RHT) related costs represented a margin of 13.4% while the Consolidated Global PAT was ₹ 500 Crore, up from ₹ 72 Crore in FY12. This includes a one-time gain arising from the business trust transaction.

Over the last year, strengthening the Company's balance sheet and taking strategic action to position the Company for the next phase of growth were among our key priorities. We continue to strengthen our efforts, investing in people, technology, innovation and infrastructure.

A significant milestone in our journey during the fiscal was the adoption of an asset light model, a pathbreaking innovation in the healthcare sector. The creation of this asset light model has opened an innovative financing route and a perpetual source of funding to set up our future hospital infrastructure.

In FY13, we launched two new hospitals in India, one in Kangra, Himachal Pradesh, and the other in Dehradun,



Uttarakhand. All through FY13, we were focused on conceptualising, collaborating and constructing our flagship world-class quaternary care facility located in Gurgaon, India, which seamlessly blends a rare assemblage of exceptional clinical talent, cutting-edge medical technology, incomparable hospitality and service along with compassionate care. It gives me great pleasure to share with you that the Fortis Memorial Research Institute became fully operational in early FY14, heralding a new era of healthcare in India. FY14 will see approximately 1,000 beds getting added to our system in India.

Our diagnostics business, SRL, consolidated its position as the leading player in the Indian diagnostics market. Over the period under consideration, our business progressed in sync with the predetermined growth trajectory across all geographies.

In FY13, we divested our 63.51% stake in Dental Corporation Holdings Ltd (DC), Australia, in favour of Bupa, for Aus \$ 276 Mn. The move was strategically aimed at aligning the Company with our current business priorities.

During the year we strengthened the operations of our single speciality Fortis Colorectal Hospital in Singapore, which is the first speciality hospital of its kind in South East Asia focused on colorectal disorders.

RadLink-Asia, our radio diagnostics chain in Singapore, recorded revenues of ₹ 121 Crore versus proforma revenues of ₹ 108 Crore in FY12, representing a growth of 12%. RadLink also received an approval from the Health Sciences Authority to supply specific radiopharmaceuticals to hospitals and healthcare establishments.

In FY13, our business in Hong Kong, Quality Healthcare Medical Services (QHMS), recorded revenues of ₹ 955 Crore compared to proforma revenues of ₹ 755 Crore in FY12, representing a growth of 26%. The Company successfully implemented its speciality centre strategy and network management plan, including radiology. There was a focus on adding



specialities, and a gastrointestinal centre with an endoscopy suite was launched during the year.

Fortis Hoan My, Vietnam, registered revenues of ₹ 250 Crore during the year, representing a growth of 58% over the proforma revenues of FY12. The hospital in Cuu Long witnessed a capacity addition of 200 beds, taking the total number of beds across all Fortis Hoan My facilities to approximately 1,000.

In line with our strategic intent and current imperatives, in June 2013 we also announced the divestment of our entire stake in Fortis Hoan My Medical Corporation to Chandler Corporation, Vietnam for US\$ 80 Mn. In yet another example of our pursuit of the asset light business model, we have entered into a strategic tie-up with Majid Al Futtaim Healthcare to operate and manage clinics in the Middle East.

Some of the other innovative developments in the organisation include the establishment of a companywide Clinical Governance function to review process compliance and implement quality initiatives.

Our proprietary Fortis Operating System (FOS) is also being embedded across network hospitals to ensure delivery of uniform best practices and high quality patient-facing processes directed at improving patient satisfaction.

We have adopted international protocols to ensure world-class patient care with improved measurable and reproducible outcomes through transparency and commitment to evidence-based medicine.

We believe that these steps will enhance the overall quality of care that we deliver to our patients and their families irrespective of the geographies around the world where we operate.

Within the organisation, we continue to build cultural cohesiveness by driving the Fortis Values of Patient Centricity, Integrity, Teamwork, Ownership and Innovation. These values are the pillars on which we continue to strengthen the foundation of the organisation.

On behalf of over 20,000 Fortisians, I assure you of our commitment to continue our efforts to create and deliver value each day. We will continue to push the frontiers of excellence in healthcare.

I take this opportunity to thank you for reposing your trust in us, and would like to assure you that we will relentlessly strive to be worthy of it.

Sincerely,

**Vishal Bali**  
Group Chief Executive Officer

## MESSAGE FROM THE CEO - INDIA

We are directing efforts at strengthening our position as the preferred healthcare provider in India while broadening our clinical footprint. Within the organisation, we continue to build a common culture based on the Fortis Values of Patient Centricity, Integrity, Teamwork, Ownership and Innovation.

**Aditya Vij**

Chief Executive Officer - India

Dear Shareholders,

It gives me great pleasure to share with you that in the year gone by, our India operations continued to perform well. We made significant progress across key areas fundamental to the health of the business.

On the financial front, revenues from the India hospital business grew 20% to ₹ 2,293 Crore in FY13. Operating EBITDA before considering the impact of business trust (RHT) related costs stood at 14.3% in FY13.

Key operating metrics of the hospital business continued to witness robust momentum with the Average Revenue Per Occupied Bed (ARPOB) growing 12% to ₹ 1.04 Crore, Occupancy increasing to 74% (versus 72% in FY12) and Average Length of Stay (ALOS) reducing to 3.8 days (versus 4.0 days in FY12). Improvement in these metrics is the result of the organisation's collective efforts to enhance operational efficiency.

Our attempts at introducing minimally invasive procedures are resulting in reducing length of stay, improving outcomes and creating room for bed turnaround and incremental capacity utilisation. In FY13, the hospital business consolidated its super-speciality position and grew in all core specialities. Revenue from cardiac sciences (that represents 35% of India hospital business revenue) grew by 16% over the corresponding year. Revenue





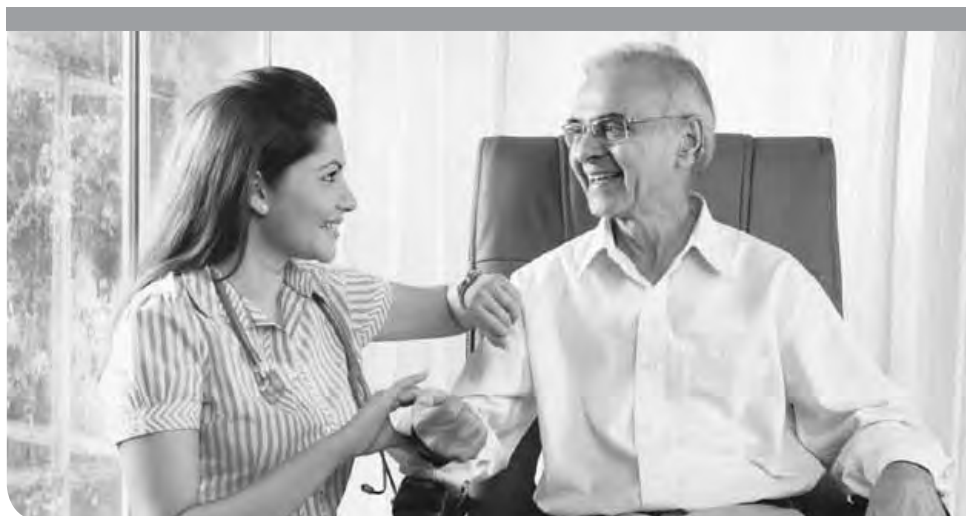
from orthopaedics grew 21%, neuro sciences 15%, renal sciences 31%, pulmonology 56%, gynaecology 26% and gastroenterology 41%.

In FY13, our hospitals in Shalimar Bagh (Delhi) and Anandpur (Kolkata) received accreditation from the National Accreditation Board for Hospitals & Healthcare Providers (NABH), and those in Faridabad (Haryana), B.G. Road (Bengaluru) and Vasant Kunj (Delhi) were reaccredited.

Fortis Mohali received the Joint Commission International (JCI) accreditation for extended services. Given our significant installed base and the potential to leverage existing assets in India, we continue to intensify our efforts in our home market. In FY13, we launched hospitals in Kangra, Himachal Pradesh, and Dehradun, Uttarakhand.

A major development was the setting up of our flagship facility, Fortis Memorial Research Institute, in Gurgaon. The previous year witnessed the soft opening of the hospital, and it became fully functional with 450 beds (phase 1) in early FY2014, providing a positive start to the new financial year. This world-class quaternary care facility brings together cutting-edge medical programmes, top rated clinical talent, and advanced medical technologies, with combined efficient and empathetic service. We have plans to consolidate our presence in India in the coming year by opening new hospitals in Chennai and Ludhiana, and by adding approximately 1,000 beds across the country.

Technology has become a key enabler and a determinant of success for healthcare organisations. Your Company has been at the forefront of embracing technology to enhance efficiency, and improve outcomes. A common integrated Hospital Information System and Financial System was successfully implemented at four of our hospitals in India. This was a critical step for enabling portability of patient information across our network. A



larger initiative to unlock synergies and harmonise processes across our network in India, using a common Oracle ERP system for Finance, Human Resources and Supply Chain functions, has been initiated.

In addition, a business intelligence platform for enabling superior management decision support and a financial consolidation system has been planned. To make the Company more agile, the core IT infrastructure has been redesigned to provide a stable, scalable and secure platform for business growth that will result in significant cost efficiencies.

At Fortis, we remain committed to providing the highest level of medical expertise by focusing on chosen specialties and building comprehensive capability in them through Centres of Excellence (CoEs). These CoEs offer complete services from diagnostics to complex treatments and procedures spanning cardiac sciences, neurosciences, orthopaedics, renal sciences, gastrosciences, oncology, organ transplant, and maternal and child health, illustrating our depth of medical competence.

In addition, we are keenly focussing on measuring and improving clinical outcomes by standardising clinical pathways that measure success and improve patient safety

norms by benchmarking them with the best available internationally. This is being undertaken across specialties for mainstay procedures such as Percutaneous Coronary Intervention (PCI), Coronary Artery Bypass Graft (CABG), Chest Pain Pathways and Total Knee Replacement (TKR), in collaboration with global leaders in acute and intensive care in the world. These will help the Company achieve process synergies, leverage scale and improve overall business efficiency.

Our business depends entirely upon the skills, competence and commitment of our people – doctors, nurses, paramedics, technical and administrative staff.

To help our eminent clinicians exchange knowledge and encourage them to stay abreast of the latest developments in their respective fields, we conducted several clinician engagement programmes, conclaves and training sessions through the year. These included the cardiology and neurology conclaves, the webinar series and the launch of Doctrina, an exclusive portal for clinical knowledge exchange.

On the clinical front, our doctors, nurses and medical staff, as well as laboratory technicians continue to break new ground in the field of healthcare. Your Company has the best clinical talent,



supported by a strong infrastructure backbone.

We have always endeavoured to provide our clinicians a platform to share their clinical acumen and improve outcomes for patients across specialities and facilities. This exchange has facilitated increased diffusion of learning, and is expected to become the cradle for new ideas and path-breaking innovations.

At an operational level, we are directing efforts at strengthening our position as the preferred healthcare provider in India while broadening our clinical footprint by adding new specialities. Within the organisation, we continue to build a common culture based on the Fortis Values of Patient Centricity, Integrity, Teamwork, Ownership and Innovation. The numerous messages we receive each day from our patients and their attendants appreciating the conduct of our people amply demonstrate the efficacy of our cultural leadership programmes.

The Company's diagnostics business, SRL Diagnostics (SRL),

witnessed significant improvement in its operational performance. SRL's revenue stood at ₹ 579 Crore in FY13, compared to ₹ 434 Crore in FY12; with Operating EBITDA margins of 13.9% in FY13, compared to 9.7% in FY12. The two major business verticals of laboratory medicine and imaging contributed 77% and 18% respectively.

The business undertook over 10 million accessions during the year, representing a 16% growth over the previous year.

SRL consolidated its position as the leading player in the Indian diagnostics market, besides venturing into Sri Lanka. The group focused on increasing market penetration, especially in Tier II and Tier III towns; reaching out to prescribers and expanding its customer base.

SRL expanded its total network to over 4,000 collection points (including collection centres and direct clients), 12 reference laboratories and over 230 network laboratories. In addition, several channel improvement initiatives were

undertaken with extended support to SRL's business associates to deepen market penetration. The aim was to improve customer experience at various touch points, and enhance the brand equity of the Company. At the same time, SRL focused on widening its product portfolio to offer patients the latest diagnostic tests in the field. It added over 40 new tests in FY13, taking the total number of tests offered to over 3,600.

I am confident that our actions, efforts and decisions, coupled with your support, will help take your Company to new heights. I take this opportunity to thank you, and reaffirm our resolve to raise the bar in all spheres of our activities.

Warm regards,

**Aditya Vij**  
Chief Executive Officer - India





## OPERATIONS REVIEW

At Fortis, we are driven by the philosophy of “patients first” and are committed to providing comprehensive medical care of the highest order. Our strategy has been to focus on select medical specialities, with the objective of generating measurable, predictable and replicable patient outcomes.



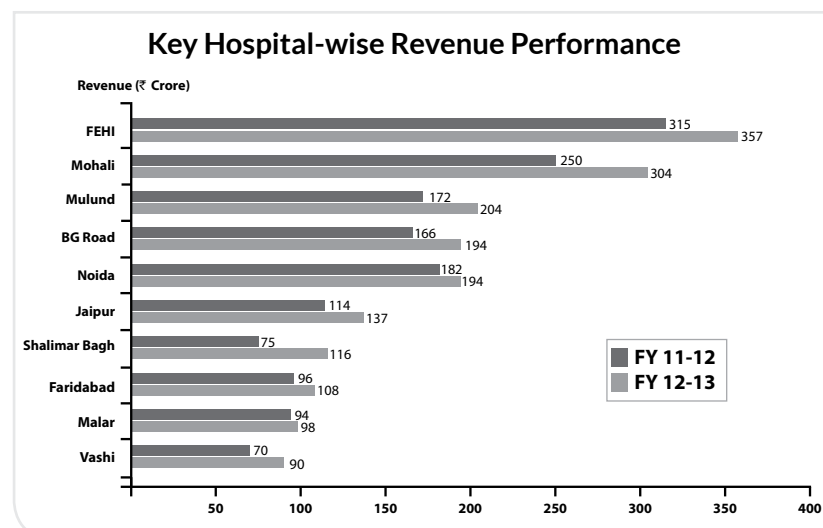


## FINANCIAL PERFORMANCE

For the financial year 2012-13, the Company recorded revenues of ₹ 6,052 Crore, which includes revenue of ₹ 1,808 Crore from the discontinued operations, i.e., Dental Corporation Holdings Limited. Excluding the financials of the discontinued operations, the consolidated revenues from the continuing operations were recorded at ₹ 4,243 Crore, a growth of 62% over the previous year's revenues. This includes revenue of ₹ 2,872 Crore from the India business and ₹ 1,371 Crore from the International business. During FY2012, the revenue of ₹ 2,985 Crore included ₹ 2,340 Crore from the India business and ₹ 645 Crore from the International business (consolidated for the period January to March 2012). For FY13, the India business recorded revenues of ₹ 2,872 Crore, a growth of 23% over FY12's reported revenues. The India hospital business recorded revenue growth of 20% to ₹ 2,293 Crore compared to ₹ 1,909 Crore in FY12.

The Company's Operating EBITDA from continuing operations, excluding other income and exceptional items and after absorbing the costs related to the business trust (RHT), stood at ₹ 347 Crore. Before the impact of the costs related to RHT, the operating performance reflected an EBITDA margin of 11.3%. EBITDA including other income and exceptional items from continuing operations stood at ₹ 1,464 Crore. Profit Before Tax stood at ₹ 699 Crore while Profit After Tax, exceptional items and minority interest stood at ₹ 491 Crore for FY2013.

The total operating EBITDA (including discontinued operations), excluding other income



and exceptional items and after absorbing the costs related to RHT stood at ₹ 679 Crore. Before the impact of the costs related to RHT, the operating performance reflected a margin of 13.4%. The consolidated Profit Before Tax stood at ₹ 796 Crore, while consolidated Profit After Tax, exceptional items and minority interest was at ₹ 500 Crore.

## India Hospital Operations

The India hospital operations continued on its growth trajectory and witnessed 20% revenue growth to ₹ 2,293 Crore compared to ₹ 1,909 Crore in the previous year. The Operating EBITDA margin before the impact of the costs related to the business trust (RHT) stood at 14.3%. International patient revenues for the year across the network stood at ₹ 167 Crore, a growth of 24% over the previous period.

The growth in the India hospital business was primarily due to improvement in operating metrics across various hospitals in the network. For the year 2013, the Average Revenue Per Occupied Bed (ARPOB) was ₹ 1.04 Crore compared to ₹ 0.93 Crore in FY12, a growth

of 12%. Average occupancy across the Fortis hospitals increased to 74% from 72% during the previous year. Average Length of Stay (ALOS) stood at 3.8 days against 4.0 days in FY12, indicating incremental improvement over the previous year.

Specialities, including cardiac sciences, orthopaedics, neurosciences, renal sciences, pulmonology, gastroenterology and gynaecology, continued to perform well. The hospitals across the network in India performed over 64,000 cardiac procedures, over 17,000 oncology procedures and over 15,000 orthopaedic procedures.

In FY13, the Company launched hospitals in Kangra, Himachal Pradesh, and Dehradun, Uttarakhand. Fortis Hospital, Kangra, a 100-bed facility, commenced operations during the first week of July 2012 and is the first corporate, multi-speciality hospital in Himachal Pradesh. The facility at Dehradun is a 50-bed cardiac centre in the city's Deen Dayal Upadhyaya Hospital. This healthcare facility is a Public Private Partnership with the Government of Uttarakhand.

The year also witnessed the soft opening of the Company's flagship facility – the Fortis Memorial Research Institute (FMRI) – in Gurgaon. The hospital became fully functional during early FY2014. This world-class care facility is positioned as a premium referral hospital and brings together cutting-edge clinical programmes, top-rated clinical talent and advanced medical technologies. With a potential capacity for 1,000 beds (450 beds in Phase I), FMRI aims to explore new frontiers in healthcare by adopting a trans-disciplinary, multi-modal approach to clinical diagnoses, interventions and treatment outcomes.

### **India Diagnostic Operations: SRL Ltd**

For the fiscal year 2013, SRL Ltd reported net revenues of ₹ 579 Crore (net of inter-company sales) compared to ₹ 434 Crore reported during FY2012 (from May 2011 to March 2012). The operations witnessed significant improvement with operating EBITDA for the year standing at ₹ 80 Crore, representing a margin of 13.9%, compared to ₹ 42 Crore (margin of 9.7%) reported during the previous year.

SRL consolidated its position as one of the leading players in the Indian diagnostics space through market penetration, especially in Tier II and Tier III towns, reaching out to the prescribers and by expanding its customer base. As a part of the endeavour to enhance its presence and increase its customer base, SRL started 17 new labs and appointed 200 new collection centres across the country. SRL introduced more than 40 new tests during the year, of which nine have been released for the first time in India and are exclusively offered by

SRL. In addition to routine tests, the focus was on high-end tests, including new tests and technologies, and certain specific disease segments like lifestyle disorders, oncology and gynaecology.

With the aim of improving customer experience at various touch points and enhancing the brand equity of the Company, SRL launched various initiatives focused on channel improvement and support to various business associates of the Company.

### **International Operations: Fortis Healthcare International Pte Ltd**

The revenue for the international business from continuing operations was at ₹ 1,371 Crore and contributed 32% to the total revenues. The largest contributor to the international operations was the Company's primary care business in Hong Kong, Quality Healthcare, which recorded revenues of ₹ 955 Crore, a growth of 26% against FY12 proforma revenues of ₹ 755 Crore. The revenue from international operations, including the revenues from the discontinued operations, i.e., Dental Corporation Holding Limited, stood at ₹ 3,180 Crore. The operating EBITDA, including both continuing and discontinued operations, stood at ₹ 404 Crore, representing a margin of 12.7%.

During the year, Quality Healthcare successfully implemented its speciality centre strategy and network management plan. The business focused on adding specialities and witnessed the commissioning of its new Tsim Sha Tsui Specialist Centre, the flagship endoscopy centre with the most advanced medical equipment and facilities, during the year. Quality Healthcare received the Reader's Digest Trusted

Brands Survey Platinum Award for the second consecutive year for outstanding customer satisfaction and brand recognition.

Fortis Hoan My Medical Corporation (FHMC) reported revenues of ₹ 250 Crore, a growth of 58% over the proforma revenues in FY2012. FHMC initiated streamlining of its supply chain processes with regard to drugs and consumables resulting in improved operational efficiency. The effort is being supported by the Global Supply Chain team. During the previous year, the Company witnessed a significant increase in the number of outpatients, and an increase in inpatient admissions across Fortis Hoan My facilities.

In order to strategically realign its resources with its priorities in high-growth markets in Asia, especially India, the Company decided to divest select international businesses. The Company's business in Australia and New Zealand – Dental Corporation Holdings Limited – was divested to Bupa for a consideration of Aus \$ 276 Mn in December 2012. The transaction was concluded on May 31, 2013. The Company, in June 2013, also announced the divestment of its entire stake in the hospital business vertical in Vietnam, i.e., Fortis Hoan My Medical Corporation, to the Chandler Corporation for US\$ 80 Mn.

The Company continues to evaluate its portfolio of overseas businesses to ensure the right strategic fit and adequate realisation of synergistic benefits.

### **INDIA UPDATE**

Fortis Healthcare's network has a total of 62 healthcare facilities across India. We also have hospital clusters in the National Capital Region of Delhi,

Mumbai and Bengaluru, with eight, four and three hospitals respectively, taking the idea of patient proximity and convenience forward. The Fortis group is steadily building capacity and domain strength in the specialities of cardiac sciences, neurosciences, orthopaedics, oncology, renal sciences, gastroenterology, maternal and child health, organ transplant and minimally invasive surgery, among others. This is based on a careful observation and analysis of current and future healthcare opportunities, presented by the country's changing demographics, lifestyle as well as disease patterns. We have equipped our hospitals with the latest technologies and adopted international protocols to ensure world-class patient care. An outstanding team, comprising some of the finest doctors, nurses, paramedics, medical technology experts and administrators, work relentlessly to deliver superior medical care at all our facilities.

### **Fortis Memorial Research Institute, Gurgaon**

A landmark development in the year has been the setting up of our flagship facility, the Fortis Memorial Research Institute (FMRI), in Gurgaon. All through FY13, we were keenly focused on conceptualising, testing and refining the services at this world-class quaternary care facility, in advance of its formal opening, which has happened since.

The hospital brings together a wide range of cutting-edge clinical programmes and the next generation of super-specialisation in oncology, trauma, mother and child health, and paediatric care with embedded centres of excellence in neurosciences, minimal access surgery, cardiac sciences and orthopaedics. This



'Next Generation Hospital' is built on the foundation of trust between the hospital and its patients, and rests on the four strong pillars of Talent, Technology, Infrastructure and Service.

With a potential capacity of 1,000 beds, the hospital has begun serving patients with 450 beds (Phase I). FMRI aims to explore new frontiers in healthcare using a multi-disciplinary approach to clinical diagnosis, interventions and treatment.

Almost all the medical programmes at FMRI, including the core areas of oncology, paediatrics, trauma, and mother and child health, were operationalised by the end of FY2013. In addition, special programmes like bone marrow transplant, day care surgery, cord blood transplant, stem cell banking and research, clinical research and Mamma Mia (a comprehensive offering for expectant mothers) also became functional.

Technologies available at FMRI include the first project for precision radio-surgery in the world, bringing together the expertise of two medical technology companies,

Elekta and Brain Lab, sophisticated diagnostic equipment such as time-of-flight PET-CT (TOF/PET), CT-based integrated Brain Suite, 3Tesla Digital Broadband MRI, 256 Slice iCT Scanner, Bi-Plane Cath Lab, Digital Mammography, e-ICU and an Open Diagnostic Lab.

FMRI has already made a mark with several shining examples of clinical breakthroughs. A rare radionuclide guided parathyroid surgery was performed for the first time in the country. The hospital also performed its first bone marrow transplant in March 2013.

### **Fortis Escorts Heart Institute, New Delhi**

The Fortis Escorts Heart Institute (FEHI) entered its 25th year of service as a premier institution and the ultimate cardiac care destination in the Asia Pacific region. The institute has been setting benchmarks in cardiac care with its path-breaking work for over two decades.

FEHI boasts of a vast pool of renowned doctors who are acknowledged leaders in their respective areas within the discipline of cardiology. These super-specialists



have ceaselessly worked to not only shape FEHI's global reputation as a centre of excellence in cardiac care, but also groomed talent and the next generation of leaders who will power FEHI's journey into the future.

FEHI is equipped with the best infrastructure and the latest technology required for cardiac bypass surgery, minimally invasive surgery (robotics), interventional cardiology, non-invasive cardiology, paediatric cardiology and paediatric cardiac surgery. The hospital is backed by the most advanced laboratories performing the complete range of investigative tests in the field of nuclear medicine, radiology, biochemistry, haematology, transfusion medicine and microbiology.

The premier cardiac care institution continued to expand its sphere of influence. During the year, several medical programmes and initiatives were added. The Fortis Acute Stroke Treatment (FAST) was launched in May 2012. On the

preventive side, considering that diabetes puts individuals to greater heart-related risks, an exclusive helpline for diabetics and their caregivers commenced operations in September 2012. The helpline provides access to information on diabetes, its treatment and containment protocols. Fortis Organ Retrieval & Transportation (FORT), an initiative aimed at helping save lives, was also launched in FY13.

CritiNext, the electronic intensive care unit (eICU) programme for remote hospitals, was significantly expanded, as were the Heart Command Centres (HCCs). Fortis Escorts Heart Institute (FEHI) currently supports several CritiNext sites and over 20 HCCs across 10 states and four countries.

During the year, FEHI set a "Guinness World Record" for conducting 14,161 preventive cholesterol tests in a single day – the highest number achieved by any hospital in the world. FEHI was

adjudged the country's Best Single Speciality Hospital in the Cardiology category at the CNBC TV18-ICICI India Healthcare Awards. *The Week* named FEHI the "Most Preferred Hospital for Cardiology in North India."

The hospital continued to blaze a trail of clinical excellence and set new benchmarks in cardiac care. In a first-of-its-kind procedure conducted in India in FY13, two patients successfully underwent heart valve replacement, without anaesthesia. Further, the drug-eluting bioreabsorbable vascular scaffold (BVS) was formally launched during the fiscal. FEHI also created Fortis's first team of Infusion Nurses to build capacity in this specialised area, and disseminate knowledge and best practices to other group hospitals.

### **Fortis Hospital, Mohali, Punjab**

Fortis Hospital, Mohali, the first hospital of the Fortis group, received the Joint Commission International (JCI) re-accreditation for the second time in succession. The hospital launched a new intensive care unit for orthopaedics and set up an endoscopic ultrasound unit during the fiscal. New medical programmes in the specialities of urology (Holmium Laser) and gastroenterology (EUS) were launched. A liver transplant programme was also initiated. Fortis Mohali made it to the annals of clinical excellence in cardiology with a rare radio angioplasty on a 93-year-old patient. The hospital became the first in the region to use unicondylar implants in joint replacement surgeries. Fortis Mohali also conducted American Heart Association (AHA) certified Basic Life Support (BLS) and Advanced Cardiac Life Support (ACLS) trainings



for doctors and shared the latest treatment modalities in cardiology, orthopaedics, gastroenterology and gastrointestinal surgery, vascular sciences and organ transplant as a part of its continued medical education initiative. The hospital conducted personal hygiene trainings for more than 1,500 school children as a part of its corporate social responsibility programme.

### **Fortis Hospital, Mulund, Mumbai**

The Fortis Hospital at Mulund completed 10 glorious years of service in FY13. The exceptional work being done by the hospital has won the trust of millions of patients as well as a slew of awards and recognitions in FY13. The hospital received the FICCI Award for Operational Excellence and was ranked among the top 10 hospitals by *The Week*, a prestigious national magazine. Fortis Mulund also won the National Award for Energy Conservation.

The hospital has distinguished itself as an excellent clinical centre. In FY13, a significant number of renal transplants were performed. Several live surgical workshops on neurology, oncology and gynaecology were conducted. An impressive array of national and international faculties participated in these sessions. A workshop on “Advances in Critical Care” was also conducted. Besides, a resurgence of paediatric cardiac surgery and liver transplants was observed.

Significant infrastructure improvement work, both in terms of physical infrastructure as well as equipment, was undertaken. A refurbished endoscopy unit, with in-house project management, was made operational during the year.



### **Fortis Hospital, Bannerghatta Road, Bengaluru**

The Fortis Hospital at Bannerghatta Road was recognised as one of the world’s best hospitals for medical tourists by the Medical Travel Quality Alliance (MTQUA), an independent organisation set up to promote safety and quality treatment for medical tourists.

The hospital also notched up several impressive clinical successes through the year in areas as diverse as cardiology, orthopaedics, neurosurgery, urology and kidney transplant programme, and minimal access surgery, among others.

A 38-year-old army official from Burundi, East Africa, who was bedridden for 10 years after a bullet injury, was able to walk again, thanks to our neurologists at Bannerghatta Road. Our neurosurgeons did a complex brain surgery on a 45-year-old man who was suffering from memory loss due to a giant fluid-filled cyst in his brain. The paediatric cardiology team performed a rare life-saving surgery on a nine-month-old baby suffering from aortopulmonary window. This was a congenital heart

defect where a hole between two major blood vessels was causing the blood to rush into the lungs, leading to heightened lung pressure, and threatening life.

### **Fortis Hospital, Noida**

Fortis Noida continues to deliver exceptional healthcare services and raise the bar in terms of clinical excellence. In FY13, the hospital added several new clinical initiatives, including a pain management clinic, a video EEG capability, an endoscopic ultrasound centre and a foot clinic. Fortis Noida cleared the surveillance audits of the National Accreditation Board for Hospitals & Healthcare Providers (NABH) and the ISO, and received the NABH re-certification for its blood bank. The first cadaveric organ transplant of the hospital was conducted during the year and the liver transplant programme, that began last year, was stabilised.

Several new procedures, such as the minimally invasive Nuss procedure for treating Pectus Excavatum (hollow chest – a congenital defect), cochlear implant



and brain stem implant, were introduced at the hospital.

### **Fortis Hospital, Jaipur**

The hospital continued to do outstanding work in cardiology, paediatrics, urology, orthopaedics, endocrinology, gastroenterology and other specialities. In FY13, the hospital commenced new offerings in paediatric critical care, and endocrine and breast surgery. Fortis Jaipur successfully cleared the NABH surveillance audit and received the National Accreditation Board for Testing and Calibrating Laboratories (NABL) re-accreditation. Its linkages with academia were strengthened as the hospital also received Diplomate of National Board (DNB) accreditation for the disciplines of anaesthesia, paediatrics and gastroenterology.

Fortis Jaipur won several national and state-level awards, including the Federation of Indian Chambers of Commerce and Industry

(FICCI) Healthcare Excellence Award in the private sector super-speciality (over 100 bed capacity) category for operational excellence. *The Week*, too, rated the hospital among the best in its 2012 survey. Fortis Jaipur also won the Quality Council of India Award for Process Improvement in Preventive Healthcare and the State Award for Community Leadership for its corporate social responsibility initiatives.

### **Fortis Hospital, Shalimar Bagh, New Delhi**

The hospital launched several new programmes, including bariatric and minimal access surgery, mental health, diabetes management and endocrinology, and strengthened its existing programmes in internal medicine, orthopaedics, nephrology, obstetrics and gynaecology. The hospital has now carved a niche for itself as a premier medical facility for patients in North and West Delhi seeking quality healthcare. The

hospital has also expanded its sphere of influence and is now empanelled with many large corporations as a preferred healthcare provider to their staff members.

### **Fortis Escorts Hospital, Faridabad**

Fortis Escorts Hospital, Faridabad (FEHF), is a 210-bed NABH-certified multi-speciality hospital catering annually to the healthcare needs of more than 100,000 patients in and around Faridabad, a satellite city in the National Capital Region of Delhi. The hospital is the first in the country to acquire the coveted ISO 9001-2001 certification. It is also the first in Haryana to run a comprehensive cardiac care programme and the first to run the Diplomate of National Board (DNB) programme in postgraduate medical education for various specialities.

In FY13, the hospital launched its Department of Mental Health & Behavioural Sciences.

### **Fortis Malar, Chennai**

Fortis Malar, Chennai, is a distinguished multi-speciality hospital providing comprehensive medical care in cardiology, neurology, orthopaedics, nephrology, gynaecology, gastroenterology and urology among other specialities. During the year, our surgeons performed several complex and first-of-its-kind procedures. A patient from Delhi, who had a severe heart failure, was airlifted to Fortis Malar and successfully resuscitated using an artificial heart technology, Extracorporeal Membrane Oxygenation (ECMO). Thereafter, the patient underwent a heart transplant operation. Our

surgeons also successfully performed India's first permanent artificial heart pump implant on a 58-year-old person.

Fortis Malar has, over the years, built a superb team of clinicians who play a vital role in delivering superior patient care and have been instrumental in upholding the values of Fortis. As part of our initiatives to share medical breakthroughs of our clinicians with the wider medical community and foster greater exchange of ideas and knowledge, the "Advanced Heart Failure and Mechanical Assist Meet," a first-of-its-kind conclave, was held in India. Renowned national and international surgeons delivered guest lectures at the event, which was attended by over 100 clinicians.

### **Fortis S. L. Raheja Hospital, Mumbai**

This 140-bed super-speciality tertiary care facility is a Centre of Excellence for oncology. In FY13, the hospital added several new facilities, including a 16-bed state-of-the-art intensive care unit, cardiac operation theatres and emergency rooms.

The Department of Accident and Emergency Medicine at the hospital was inaugurated in March, 2013. The department offers advanced treatment, protocol-driven evaluation and uninterrupted management to rapidly stabilise and treat patients.

Fortis S. L. Raheja hospital also has a centre of excellence for diabetes. In August 2012, the hospital launched a new treatment – Platelet Rich Plasma (PRP) Therapy – for diabetic foot ulcers. Another new treatment, Autologous Stem Cell Therapy, was launched to treat Critical Limb Ischemia (CLI), a condition



where the arteries of the lower extremities are blocked.

During the year, several new programmes were launched at the hospital. These included programmes in interventional neuroradiology, neurology and neurosurgery, and a laparoscopic surgery programme. A sleep lab to diagnose sleep-related problems also became operational.

The hospital pioneered the treatment of breast cancer with conservative breast surgery and intraoperative radio therapy (IORT). IORT is a novel technique that delivers a single high dose of radiation to the cancer-affected area.

### **Fortis Amritsar, Punjab**

The hospital currently has 153 beds, four major operation theatres, two cardiac operation theatres and two cardiac catheterisation labs. The hospital is the only NABH-accredited hospital in the region. In FY13, Fortis Amritsar became a part of CitiNext, Fortis's eICU project. Several speciality outpatient departments (OPDs), notably clinical psychology, paediatrics,

gynaecology and ophthalmology, were launched. Several outreach initiatives in neighbouring areas were also rolled out. The hospital commenced outstation OPD services for cardiac surgery, ENT (head-neck oncology), urology and neurology at Jammu. Fortis Hospital, Amritsar, has been at the forefront of delivering excellent clinical services to the people of the region. The hospital has already begun using dissolvable heart stents. Several rare surgeries were also conducted, including one where a patient's eyesight was restored after a major brain surgery.

### **Fortis Kangra, Himachal Pradesh**

The hospital was inaugurated in FY13 and has become a pivotal centre for providing modern healthcare support to the people of this region. A new catheterisation lab was inaugurated at the hospital and the first angioplasty was also conducted here, in FY13. The hospital is now empanelled with the State Government of Himachal Pradesh as a key medical facility in the region.



### **Fortis Hospitals, Anandpur, Kolkata**

During FY13, the hospital achieved NABH accreditation in a record period of nine months. It also started a number of initiatives, setting up a four-bed paediatric intensive care unit (PICU) and a six-bed neonatal intensive care unit (NICU). The hospital launched five new medical programmes in FY13. These included renal transplantation, heart care, neonatal care, paediatrics and arthroscopy. The hospital also acquired a single balloon enteroscope, a first of its kind in the region. An endobronchial ultrasound (E-BUS) sleep lab was also added.

Among the clinical successes, the hospital's cardiology team successfully implanted a highly advanced cardiac resynchronisation therapy (CRT) device to rectify the heart rhythm of a 70-year-old woman. This was the first such operation to be conducted in the eastern region. An awake brain surgery was

conducted on a 24-year-old woman to relieve her of chronic symptoms of headache and vomiting resulting from a lesion and oedema in the brain. Delicate meningocele closure and craniostomosis surgeries were also successfully conducted by the neurosurgery team at the hospital on a 30-day and a six-month-old child, respectively.

To cater to a large group of geriatric patients, the hospital introduced the concept of 'Shradha Card,' allowing senior citizens to access a number of benefits for a nominal fee. More than 4,000 senior citizens have enrolled for the service. Fortis Anandpur also conducted several health camps, workshops and outreach activities throughout the year for the benefit of the local community.

### **Fortis C-DOC, New Delhi**

The Fortis Centre of Excellence for Diabetes, Metabolic Disorders &

Endocrinology (C-DOC) is the first state-of-the-art tertiary services, referral, research and training centre of its kind in North India. It has completed its first year of service as a comprehensive solution provider for detecting and managing diabetes, and related metabolic and endocrine disorders.

We started the OPD services in February 2012, with a dedicated consortium of internationally acclaimed experts in the fields of diabetes, endocrinology, wound and foot care, diabetes education, clinical nutrition and allied areas. Further, the services were augmented by engaging specialists in gastrointestinal minimal access surgery, orthopaedics, gynaecology, dermatology, vascular surgery, nephrology, and clinical psychology, among others at our main centre at Chirag Enclave, New Delhi. Hyperbaric Oxygen Therapy (HBOT), an advanced technique for treating several conditions, commenced in April 2012. By August, significant improvement in clinical and non-clinical services as well as physical infrastructure was undertaken.

Fortis C-DOC began inpatient operations in September 2012, and surgical services commenced in November. The Centre has successfully performed surgeries related to diabetes and metabolic disorders, weight loss, endocrine surgeries, diabetes-related orthopaedic diseases, and wound and foot care. Several health camps, community health talks, corporate presentations, CMEs and workshops were conducted. A fortnight-long campaign marked the commemoration of the World Diabetes Day. A comprehensively designed course, "TUTOR," was launched to educate and train students to become Certified Diabetes Educators, a category of



healthcare workers much sought after by healthcare professionals involved in diabetes care.

The exceptional work and effort to come up as a comprehensive centre with all related facilities under one roof has been appreciated by the community and a large number of patients.

### Renkare

Renkare is a specialised chain of standalone dialysis clinics offering end-to-end services, including haemodialysis, diagnostics, pharmacy and consultations. Unlike developed countries, an estimated 95% dialysis procedures in India are done in hospitals. Standalone dialysis clinics are a relatively new business in India. The advantage of standalone dialysis clinics is that by focusing on a single speciality, such clinics are able to improve the quality of dialysis and overall outcomes. From a patient's perspective, such clinics offer greater accessibility and convenience. Renkare dialysis clinics typically consist of about seven to 10 machines, with the possibility of scaling up. Currently, there are six Renkare centres in India, five in New Delhi and one in Moradabad.

### Dialysis & End Stage Renal Disease (ESRD)

Dialysis is a process that replaces some of the functions of the kidney in patients suffering from Stage V of chronic kidney disease (CKD), commonly referred to as End Stage Renal Disease (ESRD). Patients suffering from ESRD continue to be on dialysis unless they undergo a kidney transplant.

Studies indicate that diabetes and hypertension contribute to 63% of the ESRD cases in India. With the population of diabetics and people



suffering from CVD projected to grow to 48 Mn and 69 Mn respectively, by 2017, the number of ESRD cases is also expected to increase significantly.

### SRL Ltd, India

SRL Ltd is one of the leading players in the Indian diagnostics industry with a presence in over 450 cities and towns in India. SRL has over 230 laboratories, 21 wellness centres and around 1,290 collection centres.

SRL offers a comprehensive range of over 3,600 diagnostic testing services (routine, specialised and esoteric tests), preventive care testing services and clinical research trial testing services at its laboratories.

For the fiscal year 2013, the business reported net revenue of ₹ 579 Crore against the reported revenue of ₹ 434 Crore for the 11-month period ending March 2012. The business witnessed a 16% increase in its number of accessions to over 10 Mn. During FY13, SRL's focus was on increasing market penetration, especially in Tier II and Tier III towns. Various initiatives were undertaken for channel improvement and support was provided to SRL's business

associates. The aim was to improve customer experience at various touch points and enhance the brand equity of the Company.

As a part of the endeavour to expand access, SRL started 17 new labs and appointed 200 new collection centres during the year. More than 40 tests were also launched, of which nine have been introduced for the first time in India, and are exclusively offered by SRL. A segment-focused strategy led to the launch of Gynaecare, Onco-care and I-care divisions of the sales team.

During the year, the Company focussed on managing its mid-line and improving operating efficiencies, and consequently witnessed significant improvement in its operating profitability.

The Company initiated home collection backed by its e-Pathology service, offering a convenient and end-to-end solution. Customers can order pathology tests, pay securely online, get their samples collected and the tests reports delivered electronically, all from the comfort of their homes or offices. In addition, SRL responded to the

## Breakthrough Medicine at the Core of Our Heart

### First Time in India

**Doctors at Fortis Malar, Chennai, successfully implanted India's first Heart Mate II LVAD (Left Ventricular Assist Device) in a 58-year-old patient suffering from chronic heart failure.**

**More than 1.5 Mn patients suffer from heart failure every year.**

- A 65-year-old obese woman, who was unable to walk for the past six years, came to Fortis Memorial Research Institute (FMRI), Gurgaon after having undergone multiple surgeries, which had failed to align her femur (thigh bone). She underwent a femur replacement at FMRI and could walk with assistance by the third day. By the 15th day, she could walk without assistance.
- Two patients had their heart valves replaced by the Transcatheter Aortic-Valve Implantation (TAVI) technique at the Fortis Escorts Heart Institute (FEHI) without any anaesthesia, as both of them were high-risk patients for surgery. This was the first time that the TAVI technique was attempted in India.
- Five fibroids (uterine tumours), each weighing about 1 kg, were removed from a 42-year-old woman through laparoscopic surgery at Fortis Escorts Hospital, Faridabad (FEHF). The doctors were able to preserve the patient's uterus, which would allow her to conceive normally in future.
- A soldier from Congo, who had a shrapnel from a bomb blast lodged in his heart, was referred to FMRI. The shrapnel was successfully removed and patient returned in good health.
- An 18-month-old girl suffering from hydrocephalus (abnormal swelling of the head), was admitted to the FMRI. The girl had a head circumference of 94 cm, making it one of the rarest cases in the history of medicine. A team of doctors first drained out fluid from the child's head. Almost two weeks later, after the head circumference had dropped to 69 cm, the doctors conducted a series of skull remodelling surgeries to give the child's head a near normal shape.
- A male patient with a highly enlarged prostate weighing more than 200 gm was successfully treated with Holmium Laser Enucleation of the prostate at FEHF. The case was a complicated one

as the patient also had lower urinary tract and coronary artery diseases. The procedure was carried out in a single sitting and the patient was discharged after two days.

- FEHI formally launched the drug-eluting bioreabsorbable vascular scaffold (BVS) after a year of successful clinical trials. The soluble stents support the artery wall long enough for it to remodel itself, and are then simply absorbed by the body.
- A swap kidney transplant, where two couples helped each other, was performed at FEHF. Two women donated a kidney each to the other's husband. One of the recipients had undergone surgery for rectal cancer, which required the removal of his rectum, bladder and kidney. The patient had little space in his abdomen to place the kidney because of the multiple surgeries conducted earlier. The renal transplants were successful and patients are doing well.
- A 52-year-old woman was revived from a deeply comatose condition at the Fortis S. L. Raheja Hospital. The patient had complained of losing consciousness while travelling in a vehicle and of persistent headache. Investigations revealed that the patient had subarachnoid haemorrhage (bleeding into the area between the brain and the thin tissues that cover it) with a haematoma (collection of blood outside the blood vessels) in the left temporal region. Further investigations showed a large aneurysm (a balloon-like bulge of the artery wall) in the affected area. A team of doctors used the coiling technique – a minimally invasive procedure where platinum coils are placed inside an aneurysm to promote clotting, thereby plugging it. Five coils were required to accomplish the task.
- An 83-year-old former police officer was relieved of abdominal aortic aneurysm, which could have been life threatening, after a minimally invasive procedure conducted at Fortis Cauvery Hospital, Mysore. The aneurysm had swollen to 7 cm, increasing the chances of rupture, which would have resulted in death within minutes.
- The paediatric cardiac team at Fortis Hospital, Bannerghatta Road, Bengaluru, performed a life-saving surgery on a nine-month-old child, the only son of a school bus driver from Goa, who was suffering from a rare birth defect called aortopulmonary window (AP Window). A gap between the major blood vessel feeding the child's heart (the aorta) and the one entering his lungs (pulmonary artery) caused too much blood to flow through the lungs.
- Awake Brain Surgery was conducted on a 24-year-old woman with a history of headache and vomiting at Fortis Hospital, Anandpur, Kolkata.
- Doctors at FEHF helped an Iraqi patient to walk after 19 years. The patient had met with an accident, because of which his right foot had to be amputated. His left knee was severely injured, leading to deformity in his left leg. The patient underwent a complex total knee replacement procedure and is now able to walk with the help of an artificial limb and a walker.
- A rare surgery, thoraco-laparoscopic oesophagectomy, of a 74-year-old patient was conducted at Fortis Escorts Hospital, Jaipur.

prolonged fever season, especially dengue, H1N1 and scrub typhus outbreaks, and came out with campaigns for various other seasonal diseases.

## INTERNATIONAL UPDATE

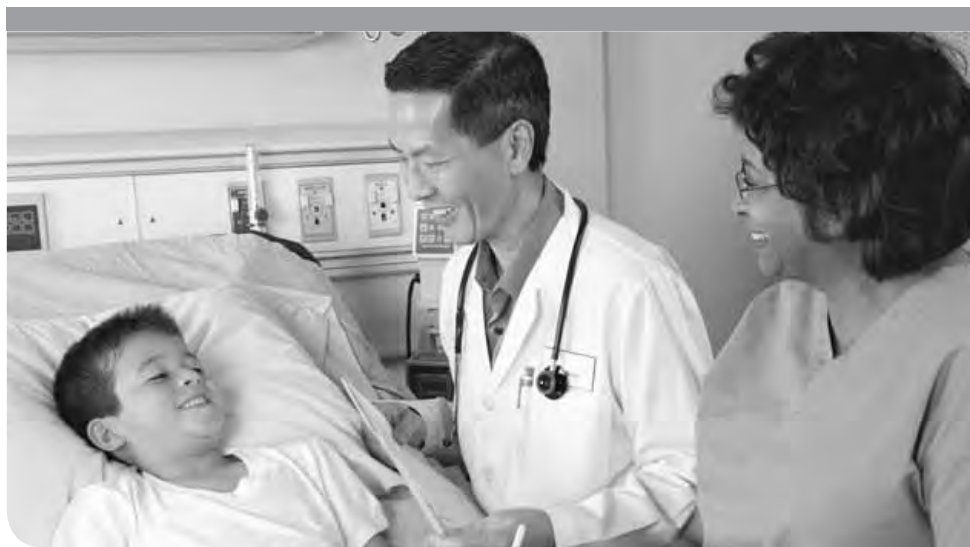
### Quality Healthcare (QH), Hong Kong

Quality Healthcare, the primary care business of the Company in Hong Kong, provides care for private and corporate contract patients through a network of over 100 medical centres and around 500 affiliated clinics. The network recorded more than 2.9 Mn healthcare visits in 2012. During the financial year 2012-13, Quality Healthcare witnessed a robust revenue growth of 26% to ₹ 955 Crore over the proforma revenues in FY2012. QH contributed 16% to the overall Company revenues in FY2013.

Through appropriate cost control, various efficiency improvement initiatives, and a further expansion into more profitable business lines, QH witnessed a strong operational performance in FY2013.

In order to enhance operating efficiency, all procurement processes were centralised with the creation of the Central Procurement Department, allowing the Company to better leverage its purchasing power. During the year, QH started the consolidation process of its laboratory business with its diagnostics and imaging (D&I) business to form a strong D&I unit that can better serve the doctors within the network and QH's patients.

In September 2012, QH officially commenced its new flagship Tsim Sha Tsui Specialist Centre for endoscopy, with the state-of-the-art medical equipment and facilities. QH also made preparations



to operationalise its new, high-end oncology centre which is poised to take specialised cancer treatment to another level.

Efforts are underway for the implementation of a new frontline information system to further improve patient experience by making the processes at the clinic more efficient.

An initiative to strengthen the partnership with our affiliate doctors has also been introduced. It aims to streamline the affiliate's approval and billing process through QH, and at the same time, offer diagnostic and imaging services at a privileged price to the affiliate doctors.

During the year, QH was awarded the Reader's Digest Trusted Brands Survey Platinum Award for outstanding customer satisfaction and brand recognition. In addition, QH was awarded the Most Popular Hong Kong Consumer Brand 2012 award and the Superbrands 2013 Hong Kong's Choice award.

### RadLink-Asia, Singapore

RadLink is amongst Singapore's largest private diagnostic and molecular imaging chains, providing a

comprehensive list of radiology scans through its seven diagnostic imaging centres. RadLink is also supported by its group of primary care clinics, strategically located across key parts of the island, to meet the demands specific to this healthcare vertical. During the fiscal 2013, the Company witnessed a revenue growth of 12% to ₹ 121 Crore against the proforma revenue in FY2012.

RadLink plays a vital role in allowing Fortis to widen its suite of deliverables to the primary care and diagnostic verticals, and cementing its position as a key integrated healthcare player. The Company has been serving referring doctors and patients since the year 2000, and is backed by a panel of highly trained and experienced consultant radiologists with a wide spectrum of sub-specialities. RadLink has vastly expanded its range of imaging services and the number of centres, the latest being the satellite centre housed within the Fortis Colorectal Hospital.

The Company has also been able to contribute to the radiochemistry segment through a cyclotron facility,



Singapore Radiopharmaceuticals Pte Ltd (SRP). SRP has been producing a broad range of radiopharmaceuticals for clinical use at PET centres all across the republic, and remains the only cyclotron in Singapore capable of manufacturing tracers using the isotopes Carbon-11 and Fluorine-18.

The research team at SRP has been instrumental in developing tracers beyond the conventional Fludeoxyglucose (FDG) isotopes, catering to the special clinical needs of the patients. During FY13, SRP routinely produced seven tracers for sale and provided advanced custom labelling services for the pharmaceutical industries drug discovery programmes using molecular imaging to measure drug action within living animals. SRP is driven by clear clinical endpoints – using advanced tracers and molecular imaging tools to improve patient diagnosis and management of disease during therapy, and through

RadLink's PET imaging services with specialised tracers, to guide decisions regarding the appropriate radiotherapy.

The facility underwent a successful Good Manufacturing Practices (GMP) audit by government regulators and cleared a GMP audit by a global pharmaceutical major, which was required for the proposed clinical trial of 18F-FPEB. SRP was also awarded Bizsafe level three certification. During the fiscal, government regulators exempted SRP from the provisions of the Medicine Act (7.4), allowing it to supply various Carbon-11, Fluorine-18 and Gallium-68 non-licensed tracers to all hospitals in Singapore. It is the only such facility in the country to receive such an exemption.

### **Fortis Colorectal Hospital, Singapore**

Fortis Colorectal Hospital (FCH) was officially launched on July 31, 2012.

The hospital is the first specialised centre for treating colorectal diseases in Southeast Asia, and is Fortis Healthcare's first single-speciality hospital in the region. The hospital serves both local and international patients through its comprehensive suite of services that include a 24-hour outpatient colorectal emergency clinic, a clinic for the full spectrum of colorectal conditions, health screening centre for routine screenings, pre-employment medical assessments for specialised colon and bowel screenings and radiological services, including X-ray, ultrasound and CT radiology services.

FCH remains the only facility in the region with a dedicated da Vinci Robotic Surgical System for colorectal surgeries. Since the commissioning of the system in August 2012, FCH has performed the highest number of colorectal robotic-assisted surgeries in the private sector. Other novel treatment options introduced by FCH include the video-assisted anal fistula treatment (VAAFT) for the treatment of complex anal fistulas, and the Interstim II neuro-modulation therapy to treat faecal incontinence.

During its period of operation in FY2013, the hospital reported revenues of ₹ 23 Crore and performed over 700 day care surgeries and had over 200 in-patient cases of major colorectal cancer.

To ensure that the hospital maintains the highest possible level of clinical standards, the FCH Medical Advisory Board (MAB) was established in December 2012. The MAB comprises various standing committees such as Quality Assurance, Accreditation & Credentialing, Therapeutic & Infection Control, Blood Transfusion, Tissue Audit



and Hospital Ethic Committees for effective monitoring of the hospital's level of care and operations.

### **SRL, Dubai**

Located in Dubai's premier Healthcare City, SRL Dubai primarily serves the outsourcing market in the UAE and the Gulf Cooperation Council Operations Review (GCC) countries through a reference lab in the UAE and seven collection agents in the GCC. It has received accreditation from the College of American Pathologists (CAP) and offers around 1,500 individual tests across all sub-specialties, such as immunohistochemistry, molecular diagnostics, cytogenetics, autoimmune disorders, cytopathology, immunoassays, microbiology (routine and specialised), histopathology, protein chemistry, clinical chemistry, haematology, coagulation and infectious disease testing.

For the financial year 2012-13, the Company reported revenues of ₹ 21 Crore, a growth of 34% over the proforma revenues in FY2012. The Company performed over 1,50,000 tests during the fiscal year, a growth of 21% over the previous year. During the year, the Company successfully finished the second audit of its reference lab by CAP. The Company signed a lab management contract with Al Raha Hospital, Abu Dhabi, during the year and witnessed the commencement of send-outs to SRL Dubai from the hospital. It also entered into contracts with two government hospitals in Bahrain and one in Al Ain. The Company also finished the empanelment process with the UAE's largest insurance provider, National Health Insurance Company – Daman.



### **Fortis Hoan My, Vietnam**

Fortis Hoan My Medical Corporation (FHMC) is one of the oldest and largest private healthcare providers in Vietnam with an ownership interest in five full service hospitals across Ho Chi Minh City, Can Tho, Da Nang, Minh Hai and Da Lat, with a total bed capacity of approximately 1,000 beds. For the fiscal year 2013, Fortis Hoan My reported revenues of ₹ 250 Crore, a growth of 58% over the proforma revenue in FY2012. Fortis Hoan My contributed approximately 4% to the Company's overall consolidated revenues.

During the year, the Company witnessed significant increase in the number of outpatients, with the volume of consultations reaching approximately 1.2 Mn. The number of in-patient admissions at Fortis Hoan My facilities, too, registered an increase.

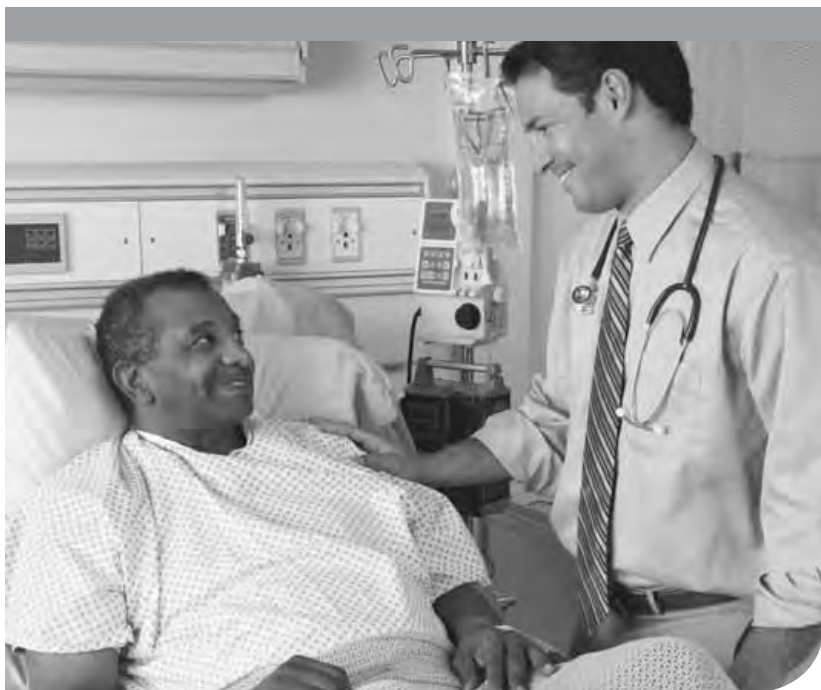
FHMC began streamlining its supply chain processes for drugs and consumables with support from the global supply chain team, resulting in improved operational efficiency.

Fortis Hoan My SaiGon

Hospital became the first Vietnamese hospital to win an award at the Hospital Management Awards (HMA). The hospital won two awards, one each in the Best Service Improvement Hospital and the Corporate Social Responsibility categories. Ever since its acquisition, Fortis Healthcare has utilised its competencies, medical expertise and knowledge to further strengthen the business. It has introduced new medical specialities, streamlined systems and processes, and successfully implemented the Fortis Operating System across various facilities. Fortis, in June 2013, entered into an agreement with Chandler Corporation to sell its entire stake in Fortis Hoan My Medical Corporation for an aggregate consideration of US\$ 80 Mn. This sale of equity stake in FHMC is expected to be completed by the second half of fiscal 2014.

### **Dental Corporation, Australia**

Dental Corporation Holdings Ltd (DC) reported revenue growth of 35% during the year with revenues of ₹ 1,808 Crore as against proforma



revenues of ₹ 1,343 Crore in FY12. DC aggressively expanded its network and ended FY13 with 186 practices and 536 dentists and associate dentists. In December 2012, Fortis Healthcare announced the divestment of its entire stake in DC to Bupa, for a consideration of Aus \$ 276 Mn. The deal was completed on May 31, 2013.

### **Lanka Hospital, Sri Lanka**

Fortis Healthcare owns a 28.6% stake in Lanka Hospitals, while a majority of the stake is owned by Sri Lanka Insurance Corporation Ltd, a Government of Sri Lanka Company.

Lanka Hospitals is a 350-bed multi-speciality tertiary care hospital providing healthcare services across various key specialities, including cardiac sciences, urology, neurosciences, general surgery, ophthalmology, ear nose and throat (ENT), infertility and emergency care services. It also offers laboratory and testing services, pharmacy and

other vital services round the clock for patients seeking urgent medical attention. In 2012, the hospital celebrated a decade of excellence in healthcare. Over the past decade, Lanka Hospitals has revolutionised the healthcare industry in Sri Lanka through infrastructure development and advancement of its services with a view to delivering healthcare that is at par with global standards.

### **MEDICAL SPECIALITY FOCUS**

At Fortis, we are driven by the philosophy of “patients first.” We are committed to providing comprehensive and the highest quality of medical care to all our patients. Given these imperatives, our strategy has been to focus on select medical specialities and build their all-round capacity by adopting the Centres of Excellence (CoE) approach. A CoE, as we envisage, offers a panoramic range of services – ranging from diagnostics to highly

complex treatments and procedures – for patients of all age groups.

### **Centres of Excellence**

We have carefully chosen key medical specialities to be developed as CoEs based on an analysis of the unmet needs in society and gaps in the existing healthcare system, availability of resources, changes in the demographic profile and shifts in the disease burden. We have developed CoEs in the specialities of cardiac sciences, neurosciences, orthopaedics, renal sciences, gastrosciences, oncology, organ transplant, and maternal and child health. In addition, we have equipped our hospitals with the latest technology and adopted international protocols in these areas to ensure world-class patient care.

**Cardiac Sciences** has always been one of our strengths. Our comprehensive services range from preventive cardiology to heart transplants and complex paediatric cardiac procedures. We were pioneers in percutaneous heart valve replacement. We also offer clinical trials for stem cell therapy for heart failure and myocardial infarction. We did a pilot at Fortis Escorts Heart Institute and now plan to launch the Chest Pain Pathway in collaboration with The Medicines Company, one of the global leaders in acute and intensive care in the world. It enables us to be the first in India to provide uniform quality-based care to our patients with improved, measurable and reproducible outcomes, and evidence-based medicine. Fortis Malar, Chennai, performed India’s first HeartMate II LVAD surgery, wherein an artificial heart was implanted in a patient with severe heart failure.

In FY13, our cardiac specialists touched 80,000 lives, conducted more than 54,000 cardiology procedures and performed 10,500 cardiac surgeries. More than 2,000 paediatric cardiac surgeries were also conducted.

**Neurosciences** is a major area of focus and we offer the complete range of services, including neurology, trauma, complicated brain tumour surgeries, functional neurosurgery and rehabilitation. Our globally renowned neurosciences team is equipped with the latest technology and the state-of-the-art infrastructure, enabling us to deliver superior clinical outcomes. Our centres of excellence in neurosciences are equipped with comprehensive neuro-diagnostic and imaging facilities, and staffed with experienced neurophysicians, neurosurgeons and neurologists. The centres treat all neurological disorders, including epilepsy, movement disorders, cerebral strokes and degenerative disorders, and are attached to a fully-equipped hospital that can deal with head trauma, complex brain and spine surgeries and other neurological emergencies round-the-clock. We have advanced microscope and neuro-navigation facilities to conduct complex, precision-driven neurosurgeries. Our surgeons are adept at using endoscopic techniques and the latest minimally-invasive procedures. We did around 6,000 neuro procedures during FY13.

**Orthopaedics** remains a strong focus area for us. We have one of the largest joint replacement programmes in India. We have built a robust and comprehensive orthopaedic programme encompassing all areas of the discipline, ranging from arthroscopy, trauma, spine surgeries



and complex joint replacements. We offer new treatment modalities like platelet-rich plasma for early stage osteoarthritis patients. We are also the favoured destination for hip resurfacing and treating all types of musculo-skeletal problems. We use the most advanced minimal access surgical approach for arthroscopic surgeries and fractures, even those that earlier required extensive surgeries. Our orthopaedics programme is complemented by an accomplished team of rheumatologists, physiotherapists and rehabilitation experts. The orthopaedic centres in many of our hospitals like Bannerghatta Road, Bengaluru, offer complex trauma services through a team of orthopaedic surgeons, highly experienced in high velocity trauma care, with micro-specialisation in bi-columnar acetabular surgery, failed trauma services, infected joint replacement and neglected trauma fractures. We have done around 7,000 joint replacements in the last financial year, with over 15,000 orthopaedic procedures.

**Renal Sciences** is another area where healthcare availability has been traditionally constrained,

primarily because of limited availability of infrastructure and trained clinical resources. We offer comprehensive renal care support in most of our facilities. Under the urology umbrella, we have a full bouquet of treatments – from lithotripsy to laser treatment and even kidney transplants. Our teams have performed very challenging ABO incompatible kidney transplants at Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, New Delhi. We offer cutting-edge technologies like High Intensity Focussed Ultrasound (HIFU) for treatment of prostate cancer in some of our facilities like Fortis Hospital, Bannerghatta Road, Bengaluru. Fortis Hospital & Kidney Institute, Kolkata is dedicated to providing medical and surgical treatment and management of all aspects of adult and paediatric urological conditions.

We specialise in all aspects of kidney care, including haemodialysis, chronic ambulatory peritoneal dialysis (CAPD), peritoneal dialysis and critical care. Our dialysis protocols are benchmarked with global standards and we have strict quality control mechanisms in place to monitor clinical outcomes. We did



over 130,000 dialyses, and carried out over 14,000 procedures in FY13.

**Maternal & Child Health** is another area where Fortis has considerable strengths. Fortis La Femme in Delhi is a dedicated centre that caters to the healthcare requirements of women throughout their life stages. It has been long recognised for its clinical excellence in obstetrics, gynaecology and neonatology. To complement our maternal and child health programme, we have launched Fortis Mamma Mia, a one-stop facility to comprehensively address the needs of expectant mothers, beyond traditional medical care. Mamma Mia educates, prepares and empowers women to cope with the physical changes and fitness challenges that accompany the birthing process. We touched 17,000 lives, and helped deliver over 8,200 babies across the Fortis network in FY13.

**Oncology** continues to be a strong focus area. Going forward, we

plan to significantly strengthen our oncology programme by adding new infrastructure and extending our reach. We already have three oncology centres at Fortis Mulund, Fortis Noida and the Fortis Memorial Research Institute, Gurgaon, offering comprehensive cancer care. These hospitals are equipped with the latest technology and are governed by international treatment protocols. Fortis S. L. Raheja Hospital, Mumbai, has been widely recognised for its excellent chemotherapy treatment protocols. We did 3,000 onco-surgeries, and touched over 23,000 lives, including 13,000 patients who received chemotherapy in FY13.

**Gastrosciences and Transplants** are areas that have seen robust growth. We have added infrastructure and equipment to facilitate excellent patient experience with significant clinical outcomes. Fortis Healthcare's centres of excellence for gastroscience offer services in gastroenterology,

hepatology, and gastrointestinal and bariatric surgery. Enjoying complete infrastructural support, including critical care and high dependency units, and advanced diagnostic and interventional radiology units, and equipped with the state-of-the-art technology and instruments like computer assisted video navigational tools and high precision hand instruments, we specialise in the prevention, diagnosis and treatment of diseases of the digestive tract and liver. We have near-zero conversion rates for laparoscopic cholecystectomy, appendectomy and hernia repairs. Recognising the need for organ transplants, we have started a liver transplant programme in several units, like Noida, Mohali and Mulund last year. We have achieved excellent clinical outcomes and plan to strengthen this programme. We are also in the process of building a much-needed integrated organ retrieval and cadaveric transplant programme across the network. With this initiative, we will be a step closer to addressing the wide gap and facilitating the smooth donor-recipient transition. We did over 5,000 gastrointestinal surgeries during the year, and touched over 15,000 lives.

With patient convenience and comfort in mind, we are increasing our focus on day care surgeries and life-enhancing procedures. Our hospitals are well equipped to offer various elective day care procedures like cosmetic surgeries, endoscopies and chemotherapy, among others. We intend to increase the volume of such procedures performed in our hospitals by creating specialised centres that are supported by trained clinicians and surgeons, and investing in the latest medical technology.



Along with these key super-specialities, we will continue to work on strengthening our backbone of basic services like general surgery, internal medicine and allied specialities.

### Technology and Innovation

We continuously invest in cutting-edge technology to support our clinicians in delivering the best clinical outcomes. Some of the milestone technologies include the first project for precision radio-surgery in the world, bringing together the cutting-edge expertise of two medical technology giants – Elekta and Brain Lab – at our flagship hospital, Fortis Memorial Research Institute, Gurgaon. We have also entered into long-term arrangements with a global leader in medical technologies to collaboratively develop new technologies and methods to treat complex medical conditions.

### Clinician Engagement

Our clinicians are at the heart of our operations. At Fortis, we believe empowering our clinicians is the surest route to securing the future of Fortis as a leader in the healthcare delivery space. As a part of our goal of becoming an employer of choice for the best clinical talent in the country, we have launched an innovative clinician engagement programme. The programme aims to nurture our clinical talent by encouraging a culture of innovation, continuous learning, research and knowledge sharing, thereby enabling them to deliver outstanding care to our patients. Several clinician engagement initiatives, designed to enhance development, collaboration and networking, were held in FY13.



#### Fortis Heart Conclave 2012

A conclave of Fortis's heart specialists was held on September 1-2, 2012, in New Delhi. Around 120 clinicians from Fortis hospitals across India and Vietnam participated in the event. The conclave provided a platform for discussions, debate and free exchange of ideas with the stalwarts in the industry. A structured agenda helped develop an action plan for strengthening our core speciality. The key takeaways included standardised processes for tracking, monitoring and improving clinical outcomes.



#### Fortis Neuro Conclave 2013

A conclave of clinicians of the neurosciences speciality at Fortis was held on March 16-17, 2013, in

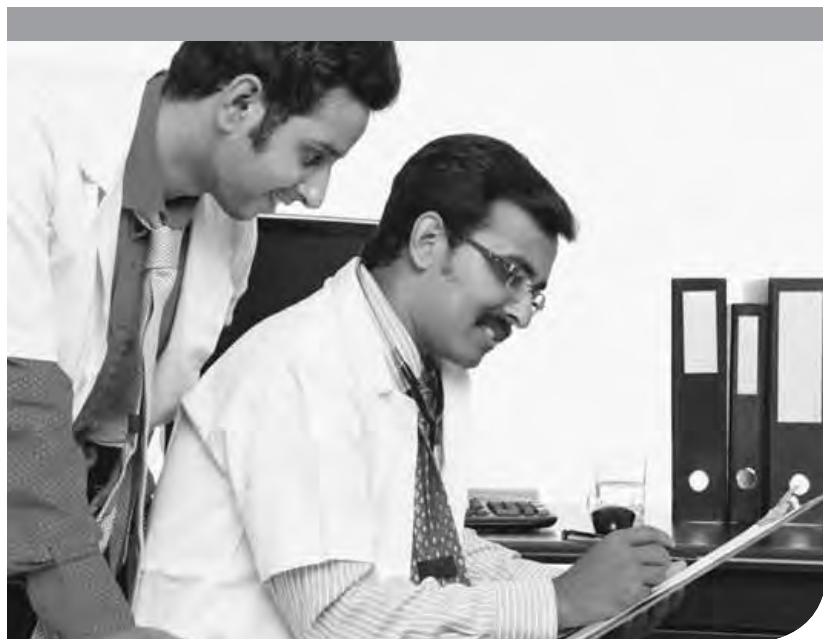
Bengaluru. Around 60 clinicians from all Fortis hospitals across India participated in the conclave. The key objectives of the conclave were to develop knowledge networks, collate outcome analyses with different treatment regimes and protocols from different Fortis centres and encourage neuroscience specialists to explore new areas of diagnostics, therapeutics and patient management, among others.

The key action points identified at the conclave included development of standardised clinical protocols, leveraging network strength and building a culture of knowledge sharing among Fortis's medical fraternity.

**DOCTRINA**  
Interact. Initiate. Inspire.

#### Networking and Knowledge Sharing

To help our clinicians interact, collaborate and share knowledge, two initiatives were launched during the financial year: Doctrina and the Webinar series.



Doctrina is a peer-to-peer network that aims to enrich and enhance the skills and capabilities of our doctors through interaction and collaboration. Through this initiative, Fortis provides a unique platform for doctors to connect with peers and eminent experts across the vast Fortis network. Doctrina encourages clinicians to engage in knowledge sharing and mentoring through medical forums and one-on-one discussions.

#### **Webinar Series**

Fortis's Webinar series leverages the Internet-based information and communication technologies to deliver live and recorded content to Fortis doctors across geographies and time zones. Topics as diverse as colorectal cancer, bronchoscopy – interventional pulmonology, coronary stent for bilateral (TKR), advances in urology, third generation and bioresorbable stents, awake cardiac surgery, robotic cardiac surgery and transcatheter aortic valve replacement were covered.

The attendees included doctors from Singapore and Vietnam, apart from those at several locations in India.

### **HUMAN RESOURCES**

Financial year 2013 was a significant one for the Human Resources function. Concrete steps were taken towards transforming and instituting best-in-class practices. The integration of independent legacy systems has been one of the foremost imperatives for the function in the last financial year. Several important initiatives launched in 2011-12, came to fruition this year.

#### **Values Rollout**

After the announcement of the Fortis Global Values in February 2012, a workshop was designed to disseminate and communicate the new values across the organisation. The workshop reinforces the concept of 'our values' through various exercises and activities. A value-based recognition programme has been integrated into the workshop

design to emphasise the reinforcement of value-linked behaviour. Values workshops were conducted at a country management level followed by a train-the-trainer workshop for the HR heads. Currently, the values and associated behaviours are being cascaded at every individual entity level through these workshops.

### **Leadership Development Initiative 2011**

The Leadership Development Initiative (LDI) programme, which was launched in November 2011, concluded in December 2012 with a Leadership Behaviours Workshop and the Graduation and Convocation Ceremony. The Leadership Behaviours workshop was an experiential platform that gave the participants an opportunity to understand their own leadership style and receive feedback on the same from other participants.

As part of the Graduation and Convocation Ceremony, members of the top leadership team addressed the group on leadership, expectations from the group and the way forward.

### **Grade Restructuring Exercise**

Further unfolding our plans to integrate and create a unified functioning structure, the grade restructuring exercise for executives was conceptualised, establishing a common band structure for the managerial workforce in the organisation. This initiative aims to lay the foundation for creation of integrated HR systems and processes. In the coming year, the focus will be on expanding the scope of the exercise to cover all categories of employees and establishing similar grade structures for all operating entities.

### Process Integration

Another important initiative towards integrated functioning was the establishment of Standard Operating Procedures (SOPs) for the HR function across the country. The HR SOPs were revisited in March 2013. A cross-location team representing both legacy systems was established to review each existing SOP, prevalent practices in both systems and formulate an integrated process framework. The revised SOPs have been approved and communicated to all the concerned stakeholders.

### Shared Services

Payroll across the country has been consolidated and outsourced to a single vendor. This change in vendor will result in considerable savings as the per-employee cost of outsourcing has been reduced by over 70%. The payroll vendor is managed through an in-house shared services centre in Bengaluru.

In the coming year, the HR function will work to take forward our efforts towards integration – with creation of common compensation structures, policies and practices. A lot of the initiatives in FY13-14 will be foundation building in nature, which will support the creation and institutionalisation of business-relevant HR systems and processes.

Automation will be a major area of investment, with HRIS implementation, development of the HR portal, payroll outsourcing and consolidation, e-learning modules for values certification and new joiners' induction, to name a few initiatives.

There will also be renewed focus on establishing frameworks in the areas of talent identification, succession planning, leadership bench strength development and career

architecture design. The HR function will also work towards strengthening accountabilities and improving performance management process through the implementation of goal cascading and balanced scorecard-based goal setting.

FY13-14 will be an important year and will see a focused effort towards strengthening the HR organisation across the country through sustained transformational initiatives.

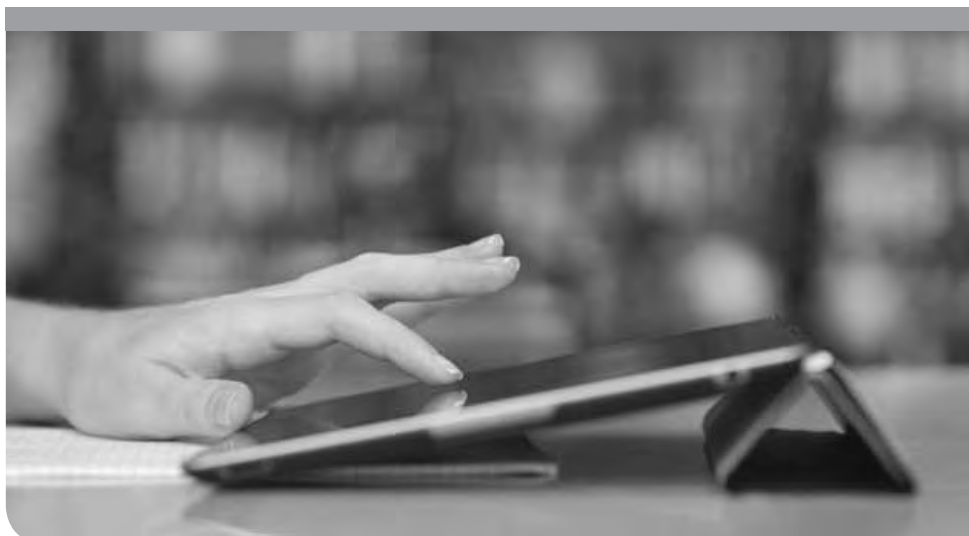
### INFORMATION TECHNOLOGY

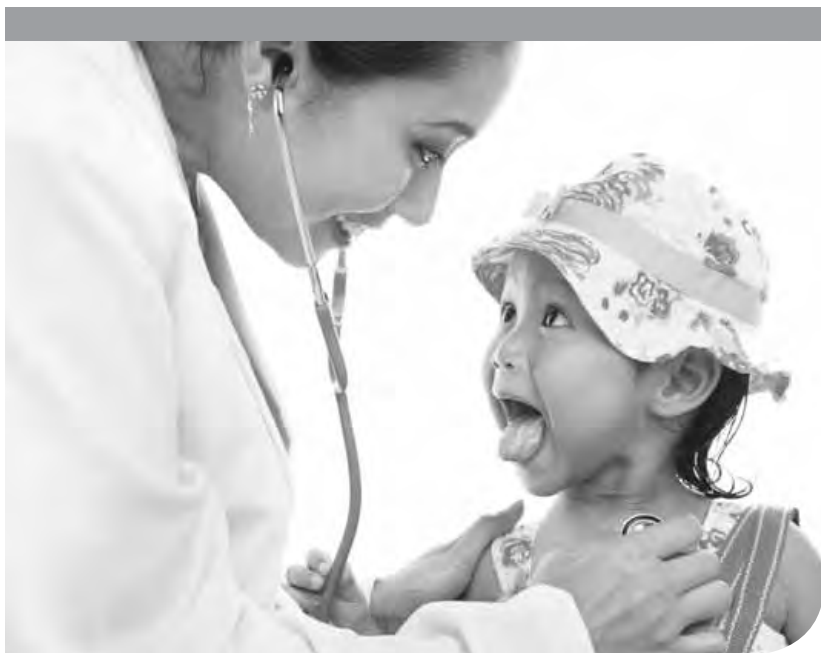
A common, integrated Hospital Information System and Financial System was successfully implemented at four of our hospitals in India, leading to greater efficiency at these hospitals. A larger initiative to unlock synergies and harmonise processes across our network in India using a common Oracle ERP system for Finance, Human Resources and Supply Chain functions has been initiated. In addition, a business intelligence platform for enabling superior management decision support and a financial consolidation system is being

developed. A comprehensive process design exercise covering Finance, Human Resources and Supply Chain was completed during the financial year and will be leveraged for the Oracle ERP implementation. This initiative will enable us to enhance visibility and control across the network in India and will support the implementation of shared services, resulting in greater synergies.

A common Electronic Medical Record (EMR) system was implemented at four hospitals in India, enabling our clinicians to leverage technology for providing superior clinical care. From an organisational standpoint, this was a critical step for enabling patient information portability across our network, for providing cost-effective care. We enhanced patient care by piloting and implementing technology systems for ICU management and patient tracking. The expansion of these initiatives in our network is currently being evaluated.

During the year, we implemented a common e-mail identity for the organisation by transitioning Fortis Hoan My,





Vietnam, and the Fortis hospitals to a common address. We also strengthened our internal networks in India, Singapore and Hong Kong, enabling us to deliver enterprise applications in a secure and cost-effective manner.

To enable the Company to respond rapidly to evolving business needs, the core IT infrastructure, consisting of data centres, networks and e-mail systems, has been re-designed to provide a stable, scalable and secure platform for business growth. This will enable us to scale on demand, based on operational requirements, and will result in significant cost efficiencies.

## MEDICAL STANDARDS & OPERATIONS GROUP

### Quality

During the last financial year, Fortis Hospital, Shalimar Bagh, New Delhi, was awarded the National Accreditation Board of Hospitals

(NABH) certification, while those at Bannerghatta Road (Bengaluru), Faridabad and Vasant Kunj (New Delhi) received NABH re-accreditation. NABH surveillance was conducted at the Fortis hospitals in Noida, Mohali and Jaipur as well as at La Femme.

NABH final assessment was done for the Fortis hospitals at Vashi (Mumbai) and Anandpur (Kolkata). Fortis Hospital, Mohali, received the Joint Commission International (JCI) accreditation for extended services.

Several quality-related initiatives were implemented during the year. About 70 participants attended the NABH implementation training programmes, which were held exclusively for Fortis, and were conducted at the Fortis Memorial Research Institute (FMRI), Gurgaon, and Fortis Hospital, Mulund. A workshop to discuss the annual operating plan (AOP) was conducted with the global team and the regional Quality heads. Clinical Excellence Scorecard (CESC) and Medical

Operating System (MOS) data templates were also implemented.

MOS was consolidated in a majority of our hospitals and a technical review of MOS was undertaken. We undertook a process standardisation exercise, wherein new SOPs were rolled out for medical records, narcotics, dialysis and consent. In addition, 11 consent forms were standardised across all Fortis hospitals.

Templates for capturing and tracking clinical outcomes for three procedures – Percutaneous Coronary Intervention (PCI), Coronary Artery Bypass Graft (CABG) and Total Knee Replacement (TKR) – across the network were developed and implemented at predetermined hospitals after a successful pilot. Moving towards developing transparency and commitment to evidence-based medicine, Fortis has registered with the International Consortium for Health Outcomes Measurement – Coronary Artery Disease (CAD) Working Group.

In view of the rising incidence of antimicrobial resistance, an antimicrobial stewardship programme (AMS) was implemented in all the key hospitals. The focus of this programme is to ensure the proper use of antimicrobials to enhance patient outcomes, reduce the risk of adverse effects and promote costeffectiveness.

### Patient Safety

As a part of the annual patient safety goals, a two-day clinical audit training workshop was conducted in all the key hospitals to provide a method to systematically reflect and review clinical practice to ensure that best practice standards are being followed. An audit of high-risk medications was undertaken at the major hospitals to assess gaps



and the recommendations were implemented.

We also undertook a Point Prevalence Audit for pressure ulcer assessment and management in all the key hospitals to assess the current practice and implemented recommendations for standardised pressure ulcer training.

### **Training and Academics**

New clinical programmes were launched in several units during the year. A paramedic programme for building an Emergency Medical System (EMS) based on international standards in collaboration with the University of Utah, United States, was launched and the first batch of 11 candidates have completed their year-long training. The successful participants will receive international certification from the University of Utah.

## **CLINICAL GOVERNANCE**

The management objective for Clinical Governance at Fortis Healthcare has been defined as a system through which Fortis organisations are accountable for delivering excellence in patient care. With this objective in mind, a new Department of Clinical Governance was launched in the fourth quarter of FY13.

Phase I and Phase II of the programme were completed as scheduled. In Phase I, communication about clinical governance was sent to select key hospitals. In addition, safe surgery checklist data from these hospitals was analysed. Based on the analysis, a draft SOP for the safe surgery checklist was prepared. We also analysed data on serious adverse events, sentinel and never events, monthly data on fresh medico-legal cases (MLCs) and the accreditation status reports, which demarcated the current status of accreditation and the



schedule for the next audit.

In Phase II, the Facility, Zonal and Regional Directors of select key hospitals were made aware of the programme in detail and the percentage of MOS indicators meeting the target were arrived at, including the reporting on Selected CESC Indicators. The clinical governance leads at these hospitals were identified and a Clinical Governance Hospital Committee for the select key hospitals was constituted. We also analysed information about Credentialing & Privileging from the four Joint Commission International (JCI) accredited hospitals.

## **FORTIS OPERATING SYSTEM**

Fortis Operating System (FOS), which began its journey in 2007 with one hospital, has now been extended to 21 units across India. In the fiscal year 2013, we implemented FOS in nine units with the objective of ensuring uniform and high quality patient-facing processes, reducing variance in service delivery and embedding the best practices in operational efficiency.

As an organisation, we took a significant step forward in ensuring patient satisfaction during the fiscal by committing to our patients a standard level of service. We intend to monetarily compensate patients in case any deficiency is pointed out in the service level agreement. Our confidence in our systems and capabilities has prompted us to take a step that is unprecedented in the history of India's healthcare sector. The policy was successfully implemented in Preventive Health Checks (PHC), laboratory and ultrasound.

The FOS annual meet was organised to ensure standard interpretation of metrics and calculation methodology, and to discuss the impact that FOS can have on patient satisfaction. The new audit questionnaire was launched to ensure that departments were using the correct calculation methodology and following the right processes. The questionnaire comprised an exhaustive list of queries for a deeper understanding of the process and calculation methodology.

## CORPORATE SOCIAL RESPONSIBILITY



Fortis Healthcare, through the Fortis Foundation, its philanthropic arm, has been engaged in bringing about a positive change in society. At Fortis, we are cognizant of our role as a responsible corporate citizen and believe that we can make a difference by helping deliver our expertise in healthcare to those at the grassroots. We leverage the same skills, experience, capabilities, technologies and facilities for our social programmes as we do at our various facilities. We believe this is the best way to have the greatest impact, because our interventions are capable of transforming lives, building aware communities and protecting the environment.

In FY 2013, we reached out to 3,18,748 beneficiaries – mostly children – through 404 camps. We also conducted 444 events to spread awareness of issues surrounding mother and child health, adolescent education, HIV/AIDS, cancer and kidney diseases. These camps were attended by close to 95,000 people. We also reached out to around 2,25,000 children and adults, and gifted over 7,500 saplings to parents to celebrate the birth of a girl child in our hospitals.

We implemented several initiatives across 27 Fortis hospitals in India, through the Fortis Foundation and in collaboration with other stakeholders. A number of activities were carried out through the year in support of our objectives.

## MOTHER AND CHILD HEALTH

### Health Camps

- a. The Fortis Foundation extended its support for yet another year to PVR Nest (the philanthropic arm



of PVR Ltd.) by providing access to basic healthcare services to children, and their mothers, who are homeless or live in urban slums. Nine such camps were conducted during 2012-13 with support from four Delhi-based Fortis network hospitals – Fortis Escorts Heart Institute (Okhla Road), Fortis Jessaram Hospital (Karol Bagh), Fortis Flt Lt. Rajan Dhall Hospital (Vasant Kunj) and Fortis Hospital (Shalimar Bagh) – over 800 individuals were covered and provided with free medicines and counselled on preventive healthcare.

- b. In October 2012, the Fortis Foundation and the Fortis Hospital, Mohali, initiated a series of Mother & Child health camps in association with Vatsal Chhaya, a non-profit organisation engaged in educational and vocational training for marginalised women and children. Till March 2013, six such camps were held. Besides providing a medical check-up to the children and their mothers, the camp also offered

haemoglobin tests and basic medicines. Over 1,050 children and their mothers were treated for anaemia, malnutrition and respiratory tract infections.

- c. In December 2012, the Fortis Foundation along with the Fortis Hospital, Noida, initiated a series of health camps for children who are beneficiaries of the non-profit organisation, Vidya and Child. The parents of these children are illiterate or semi-literate domestic workers, daily wage labourers, industrial workers, rickshawpullers and street vendors. Over 450 children underwent a medical check-up and attended talks on preventive healthcare.

### Awareness Sessions

Besides creating awareness amongst marginalised women in urban areas, regular programmes on health and healthy living were also conducted in rural areas near Fortis facilities. The programmes focused on educating participants on various diseases, their causes and prevention. Some of the key messages delivered included the



need for exclusive breastfeeding for the first six months of an infant's life, how breast feeding protects the infant from diarrhoea (a major reason for infant mortality in rural India), the importance of immunisation, nutritional needs of expecting and lactating mothers and the importance of having babies delivered in medical establishments.

## MEDICAL CARE

### A. Health Camps

#### • Patients of Multiple Sclerosis

The Fortis Foundation, in association with Fortis Hospital, Noida, and the Multiple Sclerosis Society of India (MSSI), conducted a medical check-up camp exclusively for multiple sclerosis patients. Consultations were made available with specialists in neurology, psychiatry, gynaecology, dietetics and physiotherapy. More than 90 people, including caregivers, attended the camp.

#### • Differently-abled athletes of Special Olympics Bharat

The Fortis Foundation joined hands with Special Olympics Bharat (SOB) as its Healthcare

Partner. SOB is accredited by the Special Olympics International and conducts year-round sports training and athletic competitions in a variety of Olympic-like sports for children and adults with intellectual disabilities. The programmes are conducted under the aegis of the National Federation for the Development of Sports for the Intellectually Disabled.

#### • Several comprehensive free health camps were held for these special persons in the past year:

- A screening camp was held at Fortis Shalimar Bagh in August 2012, for 60 athletes of SOB. This was a preparatory health camp for the intellectually and physically challenged athletes selected for the World Winter Games, held in South Korea in January 2013. The screening services were provided in the specialities of dentistry,

SHRIYA, A 2 YEAR OLD GIRL, HAS A RARE GENETIC DISORDER – GAUCHER'S DISEASE TYPE 1. SHE NEEDS 2 DOSES OF ERT\* PER MONTH TO SURVIVE, EACH COSTING Rs. 90,000.



**SHRIYA NEEDS  
ALL THE HELP  
THAT  
WE CAN OFFER.**

Support Fortis Foundation  
in saving her life.

Tweet with #saveshriya to help this little angel.  
Fortis Foundation has pledged to donate Rs. 10/- for  
every tweet.

FOR INFORMATION ONLY: ALL DONATIONS WILL BE TRANSFERRED TO THE FOLLOWING ACCOUNT:  
FORTIS CHARITABLE FOUNDATION,  
NEW DELHI - INDIA  
ACCOUNT NUMBER: 022016100399777  
AXIS BANK LTD. B2-B3, SECTOR 16, NOIDA, U.P., INDIA  
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\*ERT - ENZYME REPLACEMENT THERAPY

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Contact us : [information@fortisfoundation.in](mailto:information@fortisfoundation.in)





ophthalmology, audiology and physical therapy.

- b. A similar camp was held at Fortis Kangra (Himachal Pradesh) in December 2012 for 70 intellectually disabled athletes.
- c. Fortis Jaipur also conducted a camp in February 2013 for 178 athletes.

### **B. 'Save Shriya' Twitter campaign**

The Fortis Foundation launched a Twitter campaign to coincide with the 'Joy of Giving Week' in October 2012, highlighting the plight of Shriya, a two-year-old girl child suffering from Type 1 Gauchers disease, a rare genetic disorder. The campaign raised funds for her frequent Enzyme Replacement Therapy (ERT) and also connected her parents with potential donors and well-wishers to support her ERT till she turns 18.

The Foundation pledged to donate ₹ 10 for every tweet and received an overwhelming response. Close to 18,500 tweets were registered with several people imploring others to tweet for her. The tweets were also donated by more than 30 Bollywood actors and other eminent personalities, including Priyanka Chopra (actress), Farhan Akhtar (actor/director), Sachin Tendulkar (cricketer), Vivek Oberoi (actor), Konkona Sen Sharma (actress) and Shashi Tharoor (politician) among others. Several Fortis Healthcare employees also tweeted and made contributions for Shriya's treatment.

### **C. Free treatment to acid attack victims**

The Fortis Foundation is committed to support acid attack victims belonging to the economically weaker



sections of society and provides free medical and psychological care at Fortis network facilities. Acid attacks drastically alter the course of life of the victims, who are mostly girls or young women. Many of these victims have to bear the brunt of domestic and social violence, a menace that has attracted the courts as well as the administration. In several cases, the victims are unable to get proper medical care because of their financial condition.

### **D. Rotary Heartline**

The Fortis Foundation and the Fortis Hospital, Mohali, have partnered with the international organisation, Rotary, to save the lives of children requiring advanced cardiac surgeries, but do not have the means to pay for it. On an average, four cases are treated every month under this programme. Last year, 40 children received treatment for various cardiac ailments.

## **AWARENESS INITIATIVES**

### **A. Cervical Cancer**

An awareness campaign, titled 'Teal to Heal,' was organised in association with Fortis Hospital, Vashi, to educate

women in Mumbai on the growing incidence of cervical cancer, and to impress upon them the importance of pap smear screenings and vaccination for its prevention. Through several awareness initiatives, including public lectures, workshops and seminars, the programme was able to reach over 2,00,000 women across Mumbai. More than 10,000 women have pledged to undergo cervical cancer screening.

Through this campaign, the Fortis Foundation set a Guinness World Record on December 23, 2012, for the highest number of cervical cancer screenings conducted in a single day. The Fortis Hospital at Vashi screened over 751 women in an eight-hour marathon screening, beating the earlier record of 350 participants held by Kaiser Permanente, San Diego (United States).

### **B. Childhood Cancer**

The Fortis Foundation continued to extend its support to Cankids... Kidscan, a non-profit that supports children suffering from cancer. The Foundation was one of its partners for the 12th International Childhood

## Inderjit Kaur, 24 years

### Acid attack victim from Morinda, Punjab

Inderjit was like any other normal 24-year-old girl, full of dreams and aspirations, until everything changed in an instant on December 8, 2011. Manjit, a man who wanted to marry Inderjit, threw acid on her after his marriage proposal was turned down by her family. The incident disfigured Inderjit's face, damaged her eyesight and caused serious injuries on her neck, hands and other parts of her body. She has undergone six reconstructive surgeries, is severely depressed and has become a social recluse because of the loss of vision and her appearance.

Even after running from pillar to post, the family did not receive any monetary support from the state government. Belonging to an economically deprived family and having lost her father a few years ago, Inderjit was at a loss to arrange funds for her treatment. Fortis Foundation took up this case and bore all expenses relating to her psychological counseling and treatment at the Fortis Hospital, Mohali. The Foundation also shouldered the expenses involved in the restoration of her vision through several surgeries conducted at Shankar Nethralaya, Chennai.

## Amanpreet Kaur, 23 years

### Acid attack victim from Bathinda, Punjab

A horrific acid attack on January 31, 2011, left 23-year-old Amanpreet Kaur with severe burn injuries on her face when two masked men threw acid on her. The incident occurred while she was returning home from work at a beauty salon. Police investigations revealed that one of the attackers was Amanpreet's brother-in-law. The woman had allegedly rejected her brother-in-law's advances and snubbed him when he tried to harass her. Angry at being insulted, her brother-in-law threw acid on her. Life has been an agony for her ever since. Her family had to spend all its savings and sell off whatever little property it had to fund her treatment. She had undergone 13 surgeries and needed further treatment. The Fortis Foundation stepped forward to bear the entire expense of her treatment (medical, surgical and psychological) at the Fortis Hospital in Mohali.



Cancer Day (ICCD), which was held on February 15, 2013. This was followed by a month-long awareness drive (February 15 to March 15, 2013) at all Fortis hospitals, in the country. The focus of this year's campaign was on the early detection of cancer in children.

## C. 'Children Against Tobacco' Campaign

In order to make adults more responsible and accountable towards their health and well-being, the Foundation launched the 'Children against Tobacco' campaign in January 2013. Four Fortis network hospitals in Mumbai (Fortis Hiranandani, Fortis S. L. Raheja, and the Fortis hospitals in Kalyan and Mulund) joined the programme to spread awareness of the ill-effects of tobacco, thereby drafting young foot soldiers in creating a "tobacco-free, healthy society." This campaign also created a new Guinness World Record, wherein it collected over 100,000 personalised greeting cards with anti-tobacco messages from students across Mumbai and its neighbouring suburbs. A huge mosaic wall of greeting cards was set up for this campaign. More than 100 schools across Mumbai were involved in this initiative. Oncologists from Fortis hospitals and principals of the participating schools volunteered as campaign ambassadors.

## D. Nanhi Chhaan

Since 2009, the Fortis Foundation has partnered with Nanhi Chhaan Foundation to make people realise the need to protect the girl child and simultaneously save our depleting environment. Till March 31, about 31,000 saplings have been gifted to women giving birth to a girl child at any of the Fortis network hospitals or to those female patients who leave the hospital after treatment. On March 6, 2013, the third annual Fortis Nanhi Chhaan Day was celebrated across 24 Fortis network facilities. Exclusive sapling nurseries were set up and saplings were gifted to patients and their families. They

were also planted within hospital compounds. The aim of this initiative was to increase the understanding of an inverse gender ratio in our country due to the high incidence of female foeticide and depleting tree cover that has an adverse impact on our environment.

### E. Health Talks and Lectures

Regular lectures, educational programmes and training sessions were organised for internal and external stakeholders on different health-related issues. These lectures were held in schools, colleges or public places. Lectures on health issues were also organised for government employees, public sector undertakings (PSUs) and private sector companies. Issues like mother and child health, diabetes, hypertension, back and spine related problems, cervical cancer in women, asthma, the importance of hand hygiene, prevention of coronary disease, stress management, first aid training, arthritis, HIV/AIDS, and women's health were covered.

### F. Spandan

An educational programme, Spandan, was launched in August 2009. It was conducted by the Patient Welfare Department at the Fortis Escorts Heart Institute, Fortis Hospital, Amritsar, and Fortis Escorts Hospital, Jaipur, for patient attendants in waiting areas. The educational sessions aimed at increasing awareness, changing attitudes and disseminating knowledge related to improvement of personal as well as community health. They also provided information regarding diseases, their causes, symptoms, and prevention.



### G. Basic Life Support Training

A Cardiac Pulmonary Resuscitation (CPR) session designed for the general public, public safety personnel, traffic police constables, auto drivers and lifeguards was conducted at Jaipur. The trainees learnt how to administer emergency help to a victim in case of a cardiac arrest. The session involved a multi-media demonstration using computerised mannequins and hands-on training. The programme also had a module on advanced life support systems for general practitioners and allied healthcare professionals. Fortis Jaipur periodically organises a training programme, Saksham, for police officials from Rajasthan. 700 officials were trained on basic life support skills as part of the programme till March 2013.

### H. Sahaayak and Saarthak (Dialysis & Cancer Support Initiative)

Sahaayak is an interactive awareness-building initiative that supports hundreds of dialysis patients and their families. Similarly Saarthak, which

was launched in May 2005, extends support to cancer patients. These voluntary support groups are based at Fortis Hospital, Mohali, and conduct regular meetings, where senior doctors and oncologists interact with patients and their caregivers to resolve health concerns and share best practices.

### I. Chiranjeevi (School Health Plan)

The biggest challenge in accessing healthcare today is its increasing cost and the inability of people to pay the high premium for health insurance. Health insurance therefore eventually benefits those who can afford treatment, while depriving those who cannot. To overcome this paradox, Fortis Hospital, Noida, launched Chiranjeevi, a health plan for school students. The objective of this innovative programme was to provide a complete health assurance package for students and school staff at an affordable price. Last year, 1,606 students of Salwan Public School, Mayur Vihar- Phase 3, Delhi, were insured under this scheme.

## MAKING A DIFFERENCE – TOUCHING LIVES

### SHIVAM KUMAR, 15 YEARS

For several years, Shivam Kumar, a student of Class 9 in a government school in Ghaziabad, Uttar Pradesh, used to complain of fatigue and occasional breathlessness. He could not concentrate on his studies. Concerned about his health, his family initially took him to the Guru Teg Bahadur (GTB) Hospital and later to the G.B. Pant Hospital in Delhi. Investigations revealed that he had rheumatic heart disease and needed a valve replacement. His father, a washerman, could not raise enough funds for the surgery and approached Fortis for support. Shivam was treated free of cost at the Fortis Memorial Research Institute in March 2013.

### RITWIK BHADORIA, 6 MONTHS

Ritwik, a six-month-old infant, was not gaining weight and used to fall ill quite often. Ritwik was taken to a doctor after he fell seriously ill while on a visit to Mumbai. He was diagnosed to be suffering from Ventricular Septal Defect (VSD), a congenital heart ailment. The child's family could not get help because of the high cost of surgery. The family is economically weak. Ritwik's father approached the Fortis Hospital in Mulund, where he was operated. The cost of the child's surgery was borne by Fortis Mulund and the Being Human Foundation. Ritwik turned 10 months old in March 2013, and has showed significant progress.

### AVANI KAMBLE, 2 YEARS

Avani was delivered at a Brihanmumbai Municipal Corporation (BMC) hospital in Mumbai. She used to have frequent bouts of fever. When she was a month old, she was diagnosed with VSD. Though the doctors told her parents that the hole in her heart would reduce with time, the girl's condition continued to deteriorate. The family is from Uran in the district of Raigad, Maharashtra, and the child's father works at a local canteen, earning only ₹ 205 per day. His earnings go towards managing his family of five, including a 95-year-old father, wife and another daughter. A local paediatrician, who reviewed her case when she was two years old, asked the parents to take the child to the Fortis hospital in Mulund, where Avani was treated free of cost. Avani was operated upon in March 2013, and is doing well.







# Directors' Report

Dear Members,

Your Directors have pleasure in presenting here the Seventeenth Annual Report of your Company together with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2013.

## FINANCIAL RESULTS

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

[₹ in Million]

Particulars	Consolidated	
	Year ended March 31, 2013	Year ended March 31, 2012
<b><i>Continuing Operations</i></b>		
Operating Income	42,431.66	26,176.72
Other Income	1,520.14	1,755.41
Exceptional items	9,958.88	63.17
<b>Total Income</b>	<b>53,910.68</b>	<b>27,995.30</b>
Total Expenditure	39,273.22	22,806.43
<b>Operating Profit</b>	<b>14,637.46</b>	<b>5,188.87</b>
Less: Finance Charges, Depreciation & Amortization	7,649.94	4,257.57
<b>Profit before Tax</b>	<b>6,987.52</b>	<b>931.30</b>
Less: Tax Expenses	1,873.91	366.29
<b>Net Profit for the year</b>	<b>5,113.61</b>	<b>565.01</b>
Share in the (Loss)/Profit of Associates	82.37	13.27
Profits/ (losses) attributable to Minority Interest	289.07	(55.94)
<b>Profit for the year from continuing operations (A)</b>	<b>(4,906.91)</b>	<b>634.22</b>
<b><i>Discontinuing Operations</i></b>		
Profit before tax from discontinuing operations	969.33	146.31

## Directors' Report

Particulars	Consolidated	
	Year ended March 31, 2013	Year ended March 31, 2012
Tax expense of discontinuing operations	439.25	42.17
<b>Profit after tax and before minority interest from discontinuing operations</b>	<b>530.08</b>	<b>104.14</b>
Profits attributable to minority interest	437.63	16.14
<b>Profit for the year from discontinuing operations (B)</b>	<b>92.45</b>	<b>88.00</b>
<b>Profit for the year (A+B)</b>	<b>4,999.36</b>	<b>722.22</b>

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

[₹ in Million]

Particulars	Standalone	
	Year ended March 31, 2013	Year ended March 31, 2012
Operating Income	3,529.72	2,812.80
Other Income	1,905.69	1,270.42
Exceptional item	-	1,846.24
<b>Total Income</b>	<b>5,435.41</b>	<b>5,929.46</b>
Total Expenditure	3,541.33	2,765.12
<b>Operating Profit</b>	<b>1,894.08</b>	<b>3,164.34</b>
Less: Finance Charges and Depreciation	1,573.33	1,150.48
<b>Profit before Tax</b>	<b>320.75</b>	<b>2,013.86</b>
Less: Tax Expenses	148.27	-
<b>Net Profit for the year</b>	<b>172.48</b>	<b>2,013.86</b>

### OPERATING RESULTS AND PROFITS

The performance of your Company is manifested in the Operating Revenues and Net Profit posted for the year under review. During the year ended March 31, 2013, the Consolidated Revenues from Operations from continuing operations stood at ₹ 42,431.66 Million as against ₹ 26,176.72 Million for the corresponding previous year registering a growth of 62.10%. The Profit before Depreciation, Interest and Tax stood at ₹ 14,637.46 Million as against ₹ 5,188.87 Million for the corresponding previous year. The Net Profit after Tax but before Profits attributable to Minority Interest and Share in the profits of Associates stood at ₹ 5,113.61 Million as against ₹ 565.01 Million for the corresponding previous year. The Net Profit after Tax but before Profits attributable to Minority Interest and Share in the profits of Associates from discontinue operations stood at ₹ 530.08 Million as against ₹ 104.14 Million for the corresponding previous year.

Your Company has continued to strive towards improving the value proposition it offers to the patients and general public and during the year under review, has made further strides in implementing its strategic growth and development initiatives across various facets of the Organization. Expanding and deepening the footprint of network hospitals has helped us to touch increasing number of lives during the year.

Your Company is a leading healthcare delivery provider in Asia. As of March 31, 2013, the healthcare verticals of the company spanned diagnostics, primary care, day care speciality and hospitals, with an asset base in 11 countries, many of which represent the fastest-growing healthcare delivery markets in the world. The company had a network of 70 healthcare facilities (including projects under development), with over 5,400 operational beds and the potential to reach approx. 11,000 beds. Its inpatient healthcare facilities are situated in India, Singapore, Vietnam and Mauritius. The Company's healthcare facility network is supported by over 600 primary care centres, over 190 specialty day care centres, over 240 diagnostic centres and a base of over 22,000 employees, along with approximately 2,000 people working in its network of managed healthcare facilities. Your Company is driven by the vision of becoming a global leader in the integrated healthcare delivery space and the larger purpose of saving and enriching lives through clinical excellence.

## **CAPITAL RAISING AND CHANGES IN CAPITAL STRUCTURE**

### **Changes in Capital Structure**

Under the terms of the "Employee Stock Option Plan 2007", the Company allotted 27,620 equity shares of ₹ 10 each, against exercise of vested stock options by the eligible employees during the year.

Accordingly, the issued and paid up Equity Share Capital of the Company increased from ₹ 4,051.80 Million divided into 405,179,715 Equity Shares of ₹ 10 each to 4,052.07 Million divided into 405,207,335 Equity Shares of ₹ 10 each.

### **LISTING OF EQUITY SHARES/BONDS**

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the existing Foreign Currency Convertible Bonds (FCCBs) are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange). The requisite annual listing fees have been paid to these Exchanges.

## **SHARES UNDER COMPULSORY DEMATERIALIZATION**

The Equity Shares of your Company are included in the list of specified scripts where delivery of shares in dematerialized (demat) form is compulsory, if the same are traded on a Stock Exchange, which is linked to a Depository. As of March 31, 2013, 99.77% Equity Shares of the Company were held in demat form.

## **STOCK OPTIONS**

The Company had instituted two stock option plans viz, Employees Stock Option Plan 2007 (Plan 2007) and Employees Stock Option Plan 2011 (Plan 2011).

During the year under review, Plan 2011 was amended in the Annual General Meeting held on September 29, 2012 by way of Special Resolution to make a provision for formation of 'Fortis Healthcare Limited Employees Welfare Trust' to administer and implement the ESOP scheme.

During the year under review, no fresh grants were made by the Company under the Plan 2007 and Plan 2011. The relevant details of the Stock Options outstanding as on March 31, 2013 have been set out in Annexure I to this Directors' Report.

## **SUBSIDIARY COMPANIES**

During the year under review:

- The Company initiated internal corporate restructuring within the Group with a view to streamline and focus Group Companies' resources and energies on different divisions and undertakings and to align the businesses with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Subsequent to it RHT, a business trust established in Singapore, was listed on Singapore Exchange Securities Trading Limited in October, 2012.
- In June 2012, SRL Ltd., a subsidiary of the Company, witnessed equity capital infusion by NYLIM Jacob Ballas India Fund III LLC, Mauritius ("NJBIF") and International Finance Corporation ("IFC"). NJBIF and IFC infused ₹ 2,500 million and ₹ 1,200 million respectively in SRL in the form of Compulsorily Convertible Preference Shares ("CCPS"). Post conversion of the CCPS, the company's effective stake in SRL would stand reduced to 54% from 71% presently.
- Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company entered into a Non-Binding Indicative offer to divest its



## Directors' Report

63.51% holding in Dental Corporation, Australia to BUPA Dental Corporation Ltd., Australia for a consideration of AUD 276 million.

- Fortis Health Management (North) Limited ('FHMNL') and Fortis Hospitals Limited ('FHsL') subsidiaries of the Company have filed an application with Hon'ble Delhi High Court for merger of the FHMNL with FHsL from an appointed date of April 01, 2012 (Scheme), with an objective of reducing administrative cost, overhead, managerial & other expenditure and to bring the expertise, technology & facilities under one roof. It would also simplify corporate structure which would provide management more scope to focus on development of business of the companies. In July 2013, the Scheme has been approved by High Court of Delhi.

### **EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to Companies from complying with the provisions of Section 212 of the Companies Act, 1956 (the Act), provided such Companies publish the Audited Consolidated Financial Statements in the Annual Report. Accordingly, in terms of general exemption, the Board of Directors of the Company, in its Meeting held on May 30, 2013, resolved that the Financial Statements and other required documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company for this fiscal.

The Annual Accounts of these subsidiary companies and the related information are open for inspection by any member including the members of subsidiary companies at the registered office of the Company and that of subsidiaries concerned, during the working hours on all working days. The Company will make available these documents to the members including members of subsidiary companies upon receipt of request from them. The members, if they so desire, may write to the Company to obtain a copy of financials of the subsidiary companies.

### **REPORT ON CORPORATE GOVERNANCE**

Your Company continues to place greater emphasis on managing its affairs with diligence, transparency, responsibility and accountability.

Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders

and the society at large, and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

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

Certificate of M/s. Sanjay Grover & Associates, Company Secretary in Whole-time Practice, regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed with the said Corporate Governance Report.

### **PUBLIC DEPOSITS**

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Act, and therefore, no amount of principal or interest was outstanding in respect of deposits from the public as of the date of Balance Sheet.

### **DIVIDEND AND TRANSFER TO RESERVES**

Keeping in view the aggressive growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus, not recommended any dividend for the financial year under review. Also, during the said year, no amount has been transferred to reserves.

### **DIRECTORS**

In accordance with the provisions of the Act and Articles of Association of the Company, Lt. Gen. T. S. Shergill, Mr. Harpal Singh and Dr. P. S. Joshi are liable to retire by rotation at the ensuing Annual General Meeting.

Further in terms of Company's Policy on Director's Retirement, Lt. Gen. T. S. Shergill, having attaining the age of Superannuation has not opted for re-appointment and accordingly will cease to be a Director of the Company with effect from the conclusion of the ensuing Annual General Meeting. Since, no proposal has been received for filling the vacancy, for the present it is proposed not to fill the vacancy created by the retirement of Lt. Gen. Shergill. The Board of Directors extends their sincere appreciation for the valuable contributions made by Lt. Gen. Shergill during his tenure as a Director of the Company.

Mr. Harpal Singh and Dr. P. S. Joshi, being eligible, have offered themselves for re-appointment.

Your Directors recommend the re-appointment of Mr. Harpal Singh and Dr. P. S. Joshi as referred above, at the ensuing Annual General Meeting.

## STATUTORY AUDITORS / AUDITORS' REPORT

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors for the financial year 2013-14.

The Company has received a letter dated May 25, 2013 from them to the effect that their re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Act, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

Based on the recommendations of the Audit, Risk & Controls Committee, the Board of Directors of the Company proposes the re-appointment of M/s S.R. Batliboi & Co., LLP Chartered Accountants, as the Statutory Auditors of the Company.

**The Statutory Auditors have, in their report to the Board of Directors on the Standalone Financial Statements of the Company made the following comments which are self-explanatory:**

### Emphasis of Matter

We draw attention to note 18 to the financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 986.62 lacs. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts and more fully described in note 18 of the accompanying financial statements. Our opinion is not qualified in respect of this matter.

**The Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company, its subsidiaries and associates, made the following comments which are self-explanatory:**

- a) We draw attention to Note 12 (a) and (b) to the financial statements which describe the material uncertainty related to the outcome of certain tax demands against the Company aggregating ₹ 8,922.50 (after adjusting ₹ 14,046.56 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters), related to the amalgamation of EHIRC, Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as the Company. Pending settlement of the aforesaid

matter no adjustments are considered necessary in these financial statements.

- b) We draw attention to Note 11 to the financial statement which describes the material uncertainty related to the outcome of the lawsuit filed by the Company against Delhi Development Authority (DDA) for termination of certain land leases allotted by DDA and consequent eviction notices issued to the Company by the Estate Officer of DDA. Pending settlement of the aforesaid matter no adjustments are considered necessary in these financial statements.
- c) We draw attention to non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 986.62 lacs. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in these financial statements.

Our opinion is not qualified in respect of the aforesaid matters.

## DISCLOSURES UNDER SECTION 217(1) & (2) OF THE COMPANIES ACT, 1956

### Material Changes/Commitments

In May 2013, the Issue Committee of the Board of Directors, allotted 34,993,030 Equity Shares at an issue price of ₹ 92 per Equity Share aggregating ₹ 3,219.4 million under an institutional placement program ("IPP") undertaken by the Company in accordance with Chapter VIII-A of the SEBI (ICDR) Regulations.

In May 2013, the Company sold its entire equity stake (held through its subsidiary) in Dental Corporation to Bupa Dental Corporation Ltd for a total consideration of AUD 276.0 million. The Company, therefore, no longer hold any interest in the business of Dental Corporation.

In June 2013, the Issue Committee of the Board of Directors, allotted 18,833,700 Equity Shares to International Finance Corporation (IFC), on a preferential basis, at an issue price of ₹ 99.09 per Equity Share aggregating ₹ 1,866.2 million. Additionally, the Company also issued US\$ 55,000,000 foreign currency convertible bonds to IFC.

Further the Company, through its subsidiary, recently entered into a definitive agreement to sell its equity stake in Fortis Hoan My Medical Corporation, Vietnam

## Directors' Report

("Hoan My") to Viva Holdings Vietnam (Pte.) Ltd., a wholly owned subsidiary of Chandler Holdings Limited, for an aggregate consideration of US\$ 80.0 million. This transaction is expected to be completed in the second half of Fiscal 2014, subject to applicable shareholder and regulatory approvals. The Company will not hold any interest in the business of Hoan My upon completion of this transaction.

In July 2013, the High Court of Delhi has approved the merger of two subsidiaries of the Company - Fortis Health Management (North) with Fortis Hospitals Limited effective from the appointed date i.e. April 01, 2012.

In August 2013, the Issue Committee of the Board of Directors issued, by way of public subscription, Foreign Currency Convertible Bonds (FCCBs) aggregating US\$ 30,000,000. These FCCBs are listed on Singapore Exchange Securities Trading Limited.

Further, the Company is in process of seeking the Member's approval for preferential allotment to Standard Chartered Private Equity (Mauritius) III Limited.

Except as disclosed above or elsewhere in this Annual Report, during the financial year under review, no material changes have occurred in the nature of the Company's business or that of its subsidiaries and generally in the classes of business in which the Company has an interest.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, is given in Annexure II, forming part of this Directors' Report.

### **PARTICULARS OF EMPLOYEES**

The Statement containing particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding this Statement. Copies of this statement may be obtained by the members by writing to the Company Secretary at the registered

office of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

For the Financial Year 2012-13, the Directors hereby confirm:

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) that the Directors had prepared the Annual Accounts on a going concern basis.

### **ACKNOWLEDGEMENT**

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

Your Directors also take this opportunity to extend a special thanks to the medical fraternity and patients for their continued cooperation, patronage and trust reposed in the Company.

Your Directors also greatly appreciate the commitment and dedication of all the employees at all levels, that has contributed to the growth and success of the Company. Your Directors also thank all the strategic partners, business associates, banks, financial institutions and our shareholders for their assistance, co-operation and encouragement to the company during the year.

**On behalf of the Board of Directors**

Date : August 8, 2013  
Place : Gurgaon

**Malvinder Mohan Singh**  
**Executive Chairman**

## ESOP Disclosure in Directors' Report

**ESOP Disclosure in Directors' Report**  
**Details of Employee Stock Option Plan 2007 and Employees Stock Option Plan 2011 for the year ended March 31, 2013**  
**(as per Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999**

Particulars	Details (Employee Stock Option Plan 2007)											Details (Employee Stock Option Plan 2011)		
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)		
The total number of options granted are 68,07,950 (including reissue of lapsed/cancelled options)	February 13, 2008	4,58,500	71	October 13, 2008	33,500	50	July 14, 2009	7,63,700	77	October 1, 2010	1,302,250	158		
										September 12, 2011	200,000	152		
Outstanding Options as on April 1, 2012		158,880			6,000			42,1,980			200,000			
Pricing Formula	Latest available closing price of the equity shares of the Company, prior to the date of grant of options by the Human Resources & Remuneration Committee (HR & RC), on the Stock Exchange on which the shares of the Company are listed.											4,050,000		
	Date of Grant of Option											Exercise price of the options granted by the HR & RC (₹)		
	Latest available closing price of the shares of the Company at the National Stock Exchange of India Limited (₹)													
	13-Feb-08											71		
	13-Oct-08											50		
	14-Jul-09											77		
	1-Oct-10											158		
	12-Sep-11											132		
	23-Feb-12											111		
	43,840 valid options were vested on February 12, 2013													
Total Number of Options vested during the year	400 valid options were vested on October 12, 2012											Nil		
Total Number of Options exercised	44,940											Nil		
Total Number of Options lapsed/forfeited/cancelled as on March 31, 2013	15,520											200,000		
Total Number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	154,980											3,000,000		
Total Number of Options in force as on March 31, 2013	144,680											3,000,000		
Variation in the terms of the options	Nil											During FY 2012-13 the Plan was amended to provide for formation of Fortis Healthcare Limited Employees Welfare Trust		



## Directors' Report

## Annexure I to Directors' Report

Particulars	Details (Employee Stock Option Plan 2007)										Details (Employee Stock Option Plan 2011)		
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	
Money realized by exercise of the options as on March 31, 2013 (₹)	3,190,740	120,000			4,352,040			Nil			Nil		Nil
Person-wise details of options granted to:													
a) Directors and Key Managerial Employees	21,800*	Nil			1,88,600*			13,500*			2,00,000*		14,00,000*
b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	Nil	During the Financial Year 2008-09, under this grant, more than 5% of the options were granted to 8 employees aggregating 33,500 options*.		During the Financial Year 2009-10, under this grant, more than 5% of the options were granted to 5 employees aggregating 4,25,000 options*.		During the Financial Year 2010-11, under this grant, more than 5% of the options were granted to 3 employees aggregating 2,50,000 options*.		During the Financial Year 2011-12, under this grant, more than 5% of the options were granted to 1 employee aggregating 2,00,000 options*.		During the Financial Year 2011-12, under this grant, more than 5% of the options were granted to 6 employees aggregating 23,00,000 options*.			
c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued Equity Share capital (excluding outstanding warrants & conversions) at the time of grant	Nil	Nil		Nil				Nil			Nil		
Diluted Earnings Per Share (EPS), as reported on consolidated basis, pursuant to the issue of Equity Shares on exercise of the options calculated in accordance with AS 20 for the year ended March 31, 2013	₹ 0.43												
Vesting schedule	Except in cases of death and disability and subject to the right of the HR & RC to, in its absolute discretion, vary or alter the vesting date for an employee or a class of employees, the options will vest in the ratio of 20% each at the end of the first, second, third, fourth and fifth years from the date of grant.										Otherwise than in respect of certain specified circumstances, Options Granted under the Scheme would Vest at the end of three years from the date of Grant of such Options.		
Lock in	Not Applicable												

## Annexure I to Directors' Report

Particulars		Details (Employee Stock Option Plan 2007)												Details (Employee Stock Option Plan 2011)			
		Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	
	Impact on profits and EPS of the last three years			2012-13 Impact on Profits - ₹ 41.28 Million Impact on EPS - ₹ 0.09				2011-12 Impact on Profits - ₹ 33.85 Million Impact on EPS - ₹ 0.13					2010-11 Impact on Profits - ₹ 12.57 Million Impact on EPS - ₹ 0.03				
	Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	Employee Compensation Cost on the basis of the intrinsic value of stock options is zero while on the basis of the fair value of stock options is ₹ 41.28 Million															
	Impact on profits of the Company and on the EPS arising due to difference in the Accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Impact on Profits - ₹ 41.28 Million Impact of EPS - ₹ 0.09															
	Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: ₹ 117.40 Weighted average fair value: ₹ 94.11															
	A description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted-average information:	The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model ("Black Scholes Model") has been used 10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country Volatility is calculated on the movement of the Company's (and comparable companies') share price on the NSE in the past one year, prior to the date of grant. The same volatility is applicable to the Black Scholes Model. No dividend has been paid as yet															
	Method used	The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model ("Black Scholes Model") has been used															
	• Risk free interest rate	10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model															
	• Expected life	The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country															
	• Expected volatility	Volatility is calculated on the movement of the Company's (and comparable companies') share price on the NSE in the past one year, prior to the date of grant. The same volatility is applicable to the Black Scholes Model.															
	• Expected dividends	No dividend has been paid as yet															
	• The price of the underlying share in the market at the time of option grant	₹ 70.95 on NSE on February 12, 2008		₹ 49.05 on NSE on October 10, 2008		₹ 76.95 on NSE on July 13, 2009		₹ 157.75 on NSE on September 30, 2010		₹ 151.95 on NSE on September 9, 2011		₹ 110.75 on NSE on February 22, 2012					
Names of Employees have not been given, keeping in view the sensitivity																	

## **ANNEXURE II TO DIRECTORS' REPORT**

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013.**

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

#### **A. Conservation of Energy**

##### **a) Energy conservation measures taken:**

- Building orientation is designed in a manner that helps to maximize use of day light and to reduce heat gain so as to reduce Energy Consumption.
- The consumption of water is reduced by utilizing the treated waste water for irrigation, for flushing, for making up for Cooling Tower water requirements.
- The Glass used for façade in double glazed and is energy efficient-Low emissivity type which helps in reducing solar heat gain coefficient while improving the visibility.
- Steam condensate is used for heating the water.
- Power Distribution with 11KV HT Supply to minimize transmission losses and voltage drop
- Introduction of roof glazing system to minimize the day time light usage. Energy.

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

- Building envelope has been constructed by using Auto Aerated Concrete Block for better insulation thereby reducing Air Conditioned Load.
- Photo-volt Solar panels have been installed to generate electricity to reduce lighting load

on main grid and also for heating the water thereby reducing consumption of electricity.

- Energy efficient Chillers, DG Sets and Pumps have been installed to reduce energy consumption. Variable Frequency Drives have been installed to conserve energy.
- Timers and Occupancy Sensors have been installed in some offices to optimize the use of electricity.
- Installed Fuel Efficient DG sets with electronic fuel injection system
- Installed photo electric sensors to control operation of street lighting in TS1, TS2, Trumpet

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

- The energy conservation measures taken from time to time have resulted in considerable reduction of energy and thereby reducing the cost.
- Stress given on the use of Building Management Systems resulting in reduction in Chiller running time.

##### **d) Total energy consumption and energy per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:**

- N.A.

#### **B. Technology Absorption**

##### **1. Research & Development (R & D):**

- Services of Tata Energy Research Institute (TERI) have been utilized to achieve sustainable design of building. Fortis Memorial Research Institute has been awarded 4 Star GRIHA Rating post auditing by consultants. Building simulation techniques have been used to achieve energy efficient design for the Hospital by integration of day light and by carefully selecting Light fixtures, engineering equipment.
- Whole Body 3D M-Dixon post contrast imaging - New technique (1<sup>st</sup> time) in MRI

diagnosis which is accepted for presentation in RSNA (Radiology Society of North America). This technique help in assessment of entire body for cancerous lesions and identify the once that is most easily accessible for biopsy.

## **2. Technology Absorption, Adaptation & Innovation:**

### **a) Efforts in brief, made towards technology absorption, adaptation & innovation**

- Variable Frequency Drives (VFDs) have been used in Chillers and critical AHUs.
- Variable Air Volume (VAVs) devices have been used in some AHUs.
- Variable Refrigerant Volumes have been used in some areas.
- 12 nos Rain Water Harvesting Pits have been provided to conserve rain water and improve the water table.
- Linoleum floor has been used in patient areas which is made of natural materials and is bacteriostatic thereby helps in reducing infection.
- Pneumatic Tube System (PTS) has been installed to transfer samples and medicines from patient areas to lab, pharmacy, nursing stations etc.
- Recirculation of treated water to reduce water consumption.
- R 134 a refrigerant has been used which helps in minimize depletion of Ozone Layer.
- Elekta LINAC & Brain lab have joined hands at our hospital for the first time in the world. This has resulted in treating tumors with extreme & unprecedented accuracy and precision.
- Brain Suite is integrated with mobile CT gantry, Navigation system, OR Table & Microscope first time in India. This helps to provide intra operative CT guidance while performing Brain, Spine & Trauma surgery. CT gantry movement on rail & navigation

system helps in localizing tumor & fracture area so that surgeon can decide the procedural approach on table.

- Two Integrated OR (Operation room) - integrated with set of equipment having voice command control which helps reduce the manual interface. During transplantation surgeries, surgeon can see activity of Donor & Recipient surgery ongoing in the other OR.

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

- As a result of installing PTS, usages of man movement and lifts have been reduced.
- The above steps are helping us all across to conserve energy, thus reducing the energy costs at few of our hospitals by a considerable margin over the previous financial year. Won 2 National Awards on National Energy Conservation Day by Government of India - 1st prize Most energy efficient hospital in the country – The Golden Trophy went to Fortis Mulund Hospital and a certificate of merit was awarded to Fortis Nagarbhavi Hospital.
- At Fortis Malar Hospital, we have switched over from conventional energy to Renewable energy (Green energy) and in the process, have also reduced the carbon footprints by a considerable margin.

### **c) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

- Nil

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

- The Company plans to grow the export



## Directors' Report

revenue through medical travel by over 45% in the next financial year. A comprehensive plan has been put in place to ensure that the export income targets are achieved in the coming year.

- The Company plans to consolidate and drive greater business volume through the new representative offices opened in the previous year. The Company will focus on developing further inroads in Iraq, Nigeria, Kenya and Congo. To deepen its reach in Iraq, the Company plans to open smaller information centres in tier II cities such as Babylon, Nasiriah, Najaf, Karbala and Basra. In the Kurdish region, the Company plans to set up an information centre in Erbil. All the information centres are proposed to be opened with the help of local partners. A similar effort is underway in Kenya and Congo. The Company plans to set up a new information centre in Mombasa, Kenya, in addition to an existing office in Nairobi. In Congo, a new information centre is expected to come up in Lubumbashi, apart from the existing office in Kinshasa.
- The Company also plans to enter into formal government contracts in Iraq and the Armed Forces of the UAE.
- New markets being explored in the Gulf region include Qatar, Bahrain and Yemen. Efforts will be made to empanel the Company's doctors in these markets to start conducting OPD's with government/private hospitals in the region.
- The Company is also exploring possibilities of new government/private hospital tie-ups in the Central Asian republics of Uzbekistan and Kazakhstan. The Company is planning to tie up with the various governments of the Pacific islands such as Nauru, Tuvalu, Kiribati and Fiji Islands. These relationships are being pursued through a partner based in New Zealand.
- A new product marketing approach is also being put in place, as part of which certain

key high-end procedures and surgeries have been identified and will be promoted in the global markets. These include liver and kidney transplants, complex cardiac procedures, paediatric cardiac surgeries, bone marrow transplants, high-end oncology treatments and multi-level spinal surgeries. These will be promoted in the key markets through aggressive marketing campaigns directed at the referring hospitals and prominent doctors.

- In the digital space, the Company has built a new website, which will be used to promote these services aggressively. Search Engine Optimisation (SEO), ad-word searches and micro-sites are planned to help expand the Company's digital footprint. The Company plans to use the new website to target the more mature Western markets, namely the UK, the US and Canada.
- The Company will also continue to support local facilitators based in Delhi, Mumbai, Bangalore and Kolkata to drive volumes and revenues. New facilitators in these markets are being continuously identified and targeted.

### b) Total foreign exchange earned and used:

(i) Earnings	: ₹ 2484.92 lacs
(ii) Expenditure	: CIF Value of Imports –
	₹ 587.70 lacs
	Other –
	₹ 4351.83 lacs

# Report on Corporate Governance

## 1. INTRODUCTION

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Good Corporate Governance practice lies at the foundation of Company's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. This is reflected in the Company's philosophy on Corporate Governance.

## 2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. The corporate governance philosophy of the Company finds its foundation through the principles adopted under the Fortis Code of Conduct, Code for Prevention of Insider Trading and Governance Documents and Mandates approved for the Board and its Committees. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasizes the need for transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company believes that the management is the trustee of all investors' capital and is obligated to maximize shareholders value over the long term, while preserving the interests of all its stakeholders, such as employees, customers, business partners / vendors and the society at large. It is committed to high levels of ethics and integrity in all its business dealings that avoid conflicts of interest. In order to conduct business

## Report on Corporate Governance

with these principles, the Company has created a corporate structure based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems.

### 3. BOARD OF DIRECTORS

#### Composition of the Board

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

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

Currently, the Board consists of 11 (Eleven) Members, of whom 3 (Three) are Executive Directors viz., an Executive Chairman, an Executive Vice Chairman and an Executive Director and 8 (Eight) are Non-Executive Directors. Amongst the Non-Executive Directors, 6 (Six) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board’s deliberations and decisions.

The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Other details relating to the Directors as on March 31, 2013 are as follows:

<b>Name of the Director</b>	<b>Position held in the Company</b>	<b>Directorship in other Companies@</b>	<b>Committee Membership in other Companies#</b>	<b>Committee Chairmanship in other Companies#</b>
Mr. Malvinder Mohan Singh	Executive Chairman (Promoter)	5	3	—
Mr. Shivinder Mohan Singh	Executive Vice Chairman (Promoter)	5	—	—
Mr. Balinder Singh Dhillon	Executive Director	—	—	—
Dr. Brian William Tempest	Non-Executive Independent	3	—	—
Mr. Gurcharan Das	Non-Executive Independent	3	—	—
Mr. Harpal Singh*	Non-Executive Non-Independent	4	—	—
Dr. P S Joshi	Non-Executive Independent	8	5	4
Mr. Sunil Godhwani	Non-Executive Non-Independent	9	6	—
Lt. Gen. T S Shergill	Non-Executive Independent	—	—	—
Mr. Pradeep Ratilal Raniga**	Non-Executive Independent	1	—	—
Ms. Joji Sekhon Gill**	Non-Executive Independent	—	—	—

- @ Excluding Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956.
- # Represents membership/chairmanship of Audit Committee & Shareholders' Grievance Committee of Indian Public Limited Companies.
- \* Related to Promoters
- \*\* Appointed as Independent Directors as on May 28, 2012

None of the Directors on Board, is a member in more than ten committees and/or act as a chairman of more than five committees across all the companies in which he is a Director.

Except Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, who are brothers, and Mr. Harpal Singh, who is Mr. Malvinder Mohan Singh's father-in-law, none of the Directors are related to one another.

### **Disclosure regarding appointment or re-appointment of Directors**

During the year ended 31<sup>st</sup> March, 2013, the Board membership was expanded by the addition of Mr. Pradeep Ratilal Raniga and Ms. Joji Sekhon Gill as additional Director(s). They were subsequently re-appointed as Directors by the shareholders in the Annual General Meeting held on 29<sup>th</sup> September, 2012.

In addition, Justice S S Sodhi, being subject to retirement by rotation at the last Annual General Meeting held on 29<sup>th</sup> September, 2012 and expressing a desire not to seek re-election, retired from the Board.

According to the Articles of Association of the Company and Companies Act, 1956, at every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation, shall retire from office and at the same Annual General Meeting such vacancy may be filled up by appointing the retiring director who shall be eligible for re-appointment.

Accordingly, Lt. Gen. T. S. Shergill, Mr. Harpal Singh and Dr. P. S. Joshi are liable to retire at the ensuing Annual General Meeting. The Company has received confirmations recommending their re-appointment at the ensuing Annual General Meeting. The Board has recommended re-appointment of Mr. Harpal Singh and Dr. P. S. Joshi.

Lt. Gen. T. S. Shergil having attaining the age of Superannuation has not opted for re-appointment at the ensuing Annual General Meeting and accordingly will retire upon the completion of his term.

The profiles of these directors in terms of Clause 49 of the Listing Agreement are provided in the Notice convening the ensuing Annual General Meeting.

### **Board Functioning & Procedure**

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

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

Independent Directors are regularly updated on performance of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The agenda for each Board Meeting alongwith background papers are circulated in advance to the Board Members to facilitate meaningful discussion at the meeting. Every Board Member is free to suggest items for inclusion in the agenda.



## Report on Corporate Governance

The Directors are provided free access to offices and employees of the Company. Management is encouraged to invite Company's officials to such Board Meetings at which their presence and expertise helps the Board to develop a full understanding of matters being deliberated.

The Company effectively uses audio / video conferencing facility to enable the participation of Directors who cannot attend the same in person.

Five Board meetings were held during the year ended March 31, 2013. These were held on (i) May 28, 2012; (ii) August 14, 2012; (iii) November 09, 2012; (iv) February 12, 2013; and (v) March 26, 2013

The following table gives the attendance record of the directors at the above said Board Meetings and at the last Annual General Meeting, which was held on September 29, 2012:

<b>Name of the Directors</b>	<b>No. of Board Meetings attended</b>	<b>Attendance at last AGM</b>
Mr. Malvinder Mohan Singh	5	Yes
Mr. Shivinder Mohan Singh	4	Yes
Mr. Balinder Singh Dhillon	5	Yes
Dr. Brian William Tempest^	5	Yes
Mr. Gurcharan Das^	3	No
Mr. Harpal Singh	3	Yes
Ms. Joji Sekhon Gill*	2	No
Mr. Pradeep Ratilal Raniga*	4	No
Dr.P S Joshi	5	Yes
Mr. Sunil Godhwani	1	Yes
Lt. Gen. T S Shergill	5	Yes
Justice S S Sodhi**	2	No

^ Attended one meeting through Video Conference.

\* Appointed as Director w.e.f. May 28, 2012

\*\* Ceased to be Director w.e.f. September 29, 2012

### **Availability of information to the members of Board:**

As required under Clause 49 of the Listing Agreement, to the extent applicable, following information is placed before the Board:

- Annual operating plans and budgets and any updates thereto.
- Capital expenditure plan and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit, risk & controls committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for services rendered by the company.

- Any issue, which involves possible public liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### **Statutory Compliances**

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

### **Code of Conduct**

The Board has prescribed a Code of Conduct ("Code") for all employees of the Company including Senior Management and Board Members, which covers the transparency, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company's property and information. The code is also posted on the website of the Company. In terms of Clause 49 of the Listing Agreement, the Senior Management and Board Members have confirmed the compliance with the Code for the financial year 2012-13. A declaration to this effect signed by the Executive Chairman of the Company, is provided elsewhere in this Report.

## **4. COMMITTEES OF THE BOARD**

In terms of Clause 49 of the Listing Agreement read with the Companies Act, 1956, the Board has formed Three Committees viz. Audit, Risk & Controls Committee, Shareholders' / Investors' Grievance Committee and Human Resources & Remuneration Committee.

Keeping in view the requirements of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of these Committees and the assignment of members to various committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

### **(A) Audit, Risk & Controls Committee (A, R & C Committee)**

#### **Composition:**

As on March 31, 2013, the A,R&C Committee comprised of the following members, namely:

- (i) Dr. Brian William Tempest, Chairman
- (ii) Mr. Harpal Singh
- (iii) Mr. Pradeep Ratilal Raniga
- (iv) Dr. P S Joshi
- (v) Lt. Gen. T S Shergill

## Report on Corporate Governance

All the members of the Committee are financially literate and one member is having requisite accounting and financial management expertise. The Company Secretary acts as the Secretary of the Committee.

The salient roles and responsibilities associated with the A, R&C Committee include, but are not limited to, the following:

1. Reviewing the integrity of the financial reporting process and the financial statements and disclosures.
2. Review :
  - the annual audited financial statements, external auditors' report thereon and related management's discussion and analysis of the financial condition and results of operations and management's report.
  - the interim financial statements of the company, the external auditors' review report thereon and the related management discussion and analysis.
  - and, if advisable, approve or recommend for Board approval all external filings, advisories or press releases which disclose financial results or offer material disclosure of a financial nature.
3. Approval of the appointment of Chief Financial Officer.
4. Oversight of the work of the external auditors in auditing.
5. Review and recommendation of the appointment or re-appointment or replacement or removal of the external auditors and the compensation thereof.
6. Review of report by the external auditors describing their internal quality control procedures and the Audit Plan.
7. Pre-approval of any retainer of the external auditors for any non-audit service to the company or its subsidiaries in accordance with Position Paper adopted by the Committee and the Board.
8. Review of independence of the internal auditors from management having regard to the scope, budget, planned activities and organization structure of the internal audit function.
9. Approval of the Internal Audit Charter and annual review thereof.
10. Review and approval of the appointment of the Chief Auditor.
11. Review of the findings of internal audit on periodical basis.
12. Defining an appropriate Risk management and Internal Control framework and review of the same.
13. Review and approval of key policies and procedures for the effective identification, measurement, monitoring and controlling of the principal business risks (including reputation and legal risks) consistent with the approved risk limits and overall risk appetite.
14. Reporting to the Board on all material risks reviewed by the Committee,
15. Receiving and reviewing regular reports from the management on the legal or compliance matters that may have a material impact on the company.

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the A, R&C Committee. The detailed and exhaustive Mandate of the A, R&C Committee is available on the website of the Company for reference.

## Reporting to the Board

The Chair shall report to the Board on matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

## Meetings of A, R&C Committee and attendance during the year

Five meetings of Audit, Risk & Controls Committee were held during the year ended March 31, 2013. These were held on (i) May 02, 2012; (ii) May 28, 2012 (iii) August 13, 2012 (iv) November 08, 2012 , and (v) February 11, 2013. The attendance of members of the A,R&C Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Dr. Brian William Tempest^	5
2.	Mr. Harpal Singh	3
3.	Dr. P S Joshi	5
4.	Mr. Pradeep Ratilal Raniga*	2
5.	Lt. Gen. T S Shergill	5

^ Attended one meeting through Video Conference.

\* Appointed as Member and Chairman w.e.f. August 14, 2012.

The Statutory Auditors, Internal Auditors, Executive Director, Chief Executive Officer and the Group Chief Financial Officer are generally invited to the meetings of the Audit, Risk & Controls Committee.

## (B) Shareholders' / Investors' Grievance Committee:

### Composition

As on March 31, 2013 , the Shareholders' / Investors' Grievance Committee comprised of the following members, namely:

- (i) Dr. P S Joshi, Chairman
- (ii) Mr. Shivinder Mohan Singh
- (iii) Mr. Harpal Singh

Mr. Rahul Ranjan, Company Secretary acts as the Secretary of the Shareholders'/Investors' Grievance Committee as well as the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

### Terms of Reference

- To approve/refuse/reject registration of transfer/transmission of Shares;
- To authorise issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation/ Replacement/ Re-materialization;
- To issue and allot shares and authorize printing of Share Certificates;
- To affix or authorise affixation of the Common Seal of the Company on Share Certificates of the Company.
- To authorise to sign and endorse Share Transfers and issue Share Certificates approved by the Committee on behalf of the Company.
- To authorise Managers/Officers/Signatories for signing Share Certificates.



## Report on Corporate Governance

- To monitor redressal of shareholders' and investors' complaints about transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- Such other functions as may be assigned by the Board.

The Mandate of the Shareholders'/Investors' Grievance Committee is also available on the website of the Company.

### Details of Investors' Grievances received during the year 2012-13:

Nature of Complaints	Received	Resolved/ Attended	Pending
Non Receipt of CAF/Annual Report/ Miscellaneous	18	18	0
<b>Total</b>	<b>18</b>	<b>18</b>	<b>0</b>

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

No share transfer was pending as on March 31, 2013.

Three meetings of Shareholders'/Investors' Grievance Committee were held during the year ended March 31, 2013. These were held on (i) May 28, 2012 (ii) August 14, 2012, and (iii) February 12, 2013.

The attendance of members of the Shareholders' / Investors' Grievance Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Dr. P S Joshi, Chairman	3
2.	Mr. Shivinder Mohan Singh	3
3.	Mr. Harpal Singh	2

### (C) Human Resources & Remuneration Committee (HR & R Committee):

#### Composition

As on March 31, 2013, the HR & R Committee comprised of the following members:

- (i) Ms. Joji Sekhon Gill, Chairperson
- (ii) Mr. Gurcharan Das
- (iii) Dr. P S Joshi,
- (iv) Mr. Malvinder Mohan Singh
- (v) Lt. Gen. T S Shergill

The salient roles and responsibilities associated with the HR&R Committee include, but are not limited to, the following:

1. Assisting in identifying and finalizing suitable candidates as members of the Board and recommendation of compensations norms.
2. Review and approval of periodic target setting, appraisal and evaluation process(es).
3. Review of compensation packages of the Managing Director and Chief Executive Officer's annually.

4. Review and approval of the compensation and other employment arrangements of the senior Management and reviewing the senior Management Development Plans.
5. Review of all terminations / severance of employments where such has been occasioned for cause of breach of policy.
6. Review and approval of a succession and emergency preparedness plan for the Chief Financial Officer and all senior Management reporting directly to the Chief Executive Officer.
7. Review and recommendation to the Board for approval the grant of stock options or pension rights to the employees and/or Directors of the Company and subsidiary companies and to discharge delegated authorities under different ESOP Plans of the Company.
8. Review of management's assessment of significant human resource risks.
9. Review and, if advisable approve human resource related policies and procedures.

The above-mentioned roles and responsibilities constitute the salient terms of reference and responsibilities for the HR&R Committee. The detailed and exhaustive Mandate of the HR&R Committee is available on the website of the Company for reference.

#### **Meetings of HR & R Committee and attendance during the year**

Three meetings of HR & R Committee were held during the year ended March 31, 2013. These were held on (i) May 02, 2013; (ii) October 29, 2012 (iii) March 26, 2013;

The attendance of members of the HR & R Committee at these meetings was as follows:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>No. of meetings attended</b>
1	Ms. Joji Sekhon Gill, Chairperson*	1
2	Mr. Gurcharan Das**	0
3	Dr. P S Joshi,	3
4	Mr. Malvinder Mohan Singh	3
5	Lt. Gen. T S Shergill	3
6	Justice S S Sodhi^	1

\* Appointed as Member and Chairperson of the Committee w.e.f August 14, 2012.

\*\* Appointed as Member w.e.f. August 14, 2012.

^ Ceased to be a Member w.e.f. August 14, 2012.

Mr. Rahul Ranjan, Company Secretary acts as the Secretary of the HR & R Committee.

The Board of Directors also constituted a Board level Committee viz., Issue Committee which is *inter alia* empowered to take all actions and decide all matters in relation to proposed issuance of securities approved by the Board.

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

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The Directors' remuneration policy of your Company conforms to the provisions of Companies Act, 1956. The remuneration paid/payable to the Executive Directors is as recommended by the HR&R Committee, decided by the Board and approved by the Shareholders and Central Government, if required.

Presently, the Non-Executive Directors are paid sitting fees for attending the Meetings of Board of Directors and various Committees of Board viz. Audit, Risk & Controls Committee, Shareholders'/ Investors' Grievance Committee, Human Resources & Remuneration Committee.

## Report on Corporate Governance

The key components of the Company's Remuneration Policy for the Board Members are:

- Compensation will be based on credentials and the major driver of performance.
- Compensation will be competitive and benchmarked with industry practice.
- Compensation will be fully transparent and tax compliant.

### Remuneration to Directors

#### Executive Directors

Mr. Malvinder Mohan Singh was appointed as a Whole-time Director of the Company designated as the Executive Chairman for a period of 5 years w.e.f. January 11, 2012, not drawing any remuneration. Subsequently, the Central Government also conferred its approval for the appointment of Mr. Singh as the Executive Chairman of the Company. During the year, the Board of Directors in their meeting held on March 26, 2013, approved the variation to the terms of appointment including payment of remuneration for a period of three years w.e.f. April 01, 2013.

Mr. Balinder Singh Dhillon, was appointed as a Whole-time Director of the Company designated as Executive Director for a period of five years w.e.f. January 11, 2012, not drawing any remuneration. Subsequently, the Central Government also conferred its approval for the appointment of Mr. Dhillon as Executive Director of the Company. During the year, the Board of Directors in their meeting held on March 26, 2013, approved the variation to the terms of appointment including payment of remuneration for a period of three years w.e.f. April 01, 2013.

Further, the Board of Directors of the Company has, at its Meeting held on 14th August, 2012, subject to all necessary approvals, as may be required, approved the Re-appointment of Mr. Shivinder Mohan Singh as Executive Vice Chairman of the Company for a period of 3 (three) years w.e.f. 13th November, 2012, on a Remuneration not exceeding 2% of Net Profits of the Company computed in accordance with Section 198 of the Act or ₹ 15,00,00,000 (Rupees Fifteen Crores) per annum, whichever is higher.

The details of remuneration paid to Mr. Singh during the financial year ended March 31, 2013 is as under:

(Amount in ₹)

Salary, Allowances & Perquisites	Retiral Benefits	Service Contract		Total
		Tenure	Notice Period	
52,200,000	1,728,000	3 years w.e.f. November 13, 2012	3 Months	53,928,000

#### Notes:

1. Retiral Benefits of ₹ 1,728,000 are towards 'Employer's PF Contribution'.
2. As the liability for Gratuity & Leave Encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Mr. Shivinder Mohan Singh is not ascertainable and, therefore, not included in the above.

### Non-Executive Directors' Compensation and Disclosures

Except the sitting fees to Non-Executive Directors for attending the Meetings of Board / Committee and an all-inclusive Fees to Non-Executive Directors, subject to approval of Central Government, amounting ₹ 7,50,000 per annum with an additional fees of ₹ 2,50,000 per annum, if they were also a Chairman of any Committee(s) of the Board, there was no other pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

During the year 2012-13, the Company had made applications to the Central Government seeking its approval for payment of all inclusive Fees to Mr. Pradeep R. Raniga and Ms. Joji S. Gill, Non-Executive Directors of the Company. The Company shall make the payment of Fees to them upon receipt of approval.

The details of Sitting Fees paid to Directors and their Shareholding as on March 31, 2013 is as follows:

S. No.	Name of Director	Sitting Fees* (₹)	Shareholding in the Company as on March 31, 2013 (No. of Shares)
1	Mr. Malvinder Mohan Singh	NA	11,508
2	Mr. Shivinder Mohan Singh	NA	11,508
3	Mr. Balinder Singh Dhillon	NA	22,000
4	Dr. Brian William Tempest	200,000	NIL
5	Mr. Gurcharan Das	60,000	10,000
6	Mr. Harpal Singh	220,000	58,003
7	Ms. Joji Sekhon Gill	100,000	NIL
8	Mr. Pradeep Ratilal Raniga	120,000	NIL
9	Dr. P S Joshi	320,000	33,000
10	Mr. Sunil Godhwani	20,000	38,500
11	Lt. Gen T S Shergill	260,000	16,000
12	Justice S S Sodhi^	60,000	NIL

\* For attending the Board Meetings, Audit, Risk & Controls Committee, Shareholders' / Investor' Grievance Committee and Human Resource & Remuneration Committee Meetings.

^ Ceased to be Director on September 29, 2012

The Company has not granted any stock options to any of its Directors except Mr. Balinder Singh Dhillon.

## 5. SUBSIDIARY COMPANIES

During the financial year 2012-13, the Company does not have any of its subsidiaries as "material non-listed subsidiary". Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2012-13, none of the subsidiary companies of the Company has been accounted as a "material non-listed subsidiary" in terms of Clause 49 of the Listing Agreement.

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

Post March 31, 2013, the Hon'ble High Court of Delhi has approved the merger of two subsidiaries of the Company - Fortis Health Management (North) Limited with Fortis Hospitals Limited effective from the appointed date i.e. April 01, 2012.

## 6. EXECUTIVE CHAIRMAN (ECM) & CFO CERTIFICATION

The ECM & CFO certification as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith financial statements for the year ended March 31, 2013. The Board reviewed and took the same on records. The said certificate is provided elsewhere in the Annual Report.

## 7. CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Certificate on Corporate Governance issued by M/s. Sanjay Grover & Associates, Practicing Company Secretary is given elsewhere in the Annual Report.



## Report on Corporate Governance

### 8. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue	Special resolution passed
<b>Annual General Meetings</b>				
2009-10	18-09-2010	11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	<ul style="list-style-type: none"> <li>- Payment of revised remuneration to Mr. Shivinder Mohan Singh, Managing Director, for his remaining tenor as Managing Director of the Company i.e. from April 01, 2008 till November 12, 2009;</li> <li>- Payment of revised remuneration to Mr. Shivinder Mohan Singh, upon his re- appointment as Managing Director of the Company i.e. from November 13, 2009 till November 12, 2012.</li> </ul>
2010-11	19-09-2011	11.00 A.M.	NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016	<ul style="list-style-type: none"> <li>- Payment of an all inclusive fee to each of the Non-Executive Directors (NEDs) of the Company (present or future) for an amount of ₹ 7.50 Lacs p.a. and an additional fee of ₹ 2.50 Lacs to each such NED who is also Chairman of any Committee(s) of the Board or may so become in future, for a period of 5 years w.e.f. 1<sup>st</sup> April, 2011;</li> <li>- Approval for proposed "Employee Stock Option Plan – 2011" for the benefit of employees and directors of the Company;</li> <li>- Approval for extending benefits of said "Employee Stock Option Plan – 2011" to the employees and directors of the Holding or Subsidiary Companies.</li> </ul>
2011-12	29-09-2012	11:30 A.M.	NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016	<ul style="list-style-type: none"> <li>- Re-appointment of Mr. Shivinder Mohan Singh as Executive Vice Chairman w.e.f. November 13, 2013 for 3 years.</li> <li>- Payment of an all inclusive fee to Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, Non Executive Directors.</li> <li>- Approval for proposed "Employee Stock Option Plan – 2011" for the benefit of employees and directors of the Company and also "Fortis Healthcare Limited Employee Welfare Trust" for facilitating the issue, offer and allotment of Stock Options, etc.</li> </ul>
<b>Extra-ordinary General Meeting</b>				
2009-10	09-06-2010	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Preferential Issue of 2,23,52,940 Equity Shares of ₹ 10 each, for cash, at a premium of ₹ 160/- per Equity Share, to M/s Lathe Investment Pte Ltd.

### Details of resolution passed by way of Postal Ballot

During the year ended March 31, 2013, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, the members of the Company have approved following resolutions by means of postal ballot, the details of which are as under:

**A. Business considered vide Notice of Postal Ballot dated June 01, 2012 and whose results were declared on July 13, 2012, at the registered office of the Company at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110025:**

*Ordinary Resolution for (i) transfer of the Company's balance shareholding in Kanishka Healthcare Limited and Fortis Health Management Limited, directly and indirectly, to Religare Health Trust Trustee-Manager Pte. Limited (in its capacity as trustee-manager of Religare Health Trust ("RHT")) and (ii) reduction, from 100% to not less than 26%, of the Company's beneficial stake in RHT, and consequently the Hospital Services Companies, as a result of the proposed Initial Public Offer of units in RHT.*

For the conduct of Postal Ballot exercise, Mr. Mukesh Manglik, Company Secretary in Whole time practice, was appointed as Scrutinizer.

Summary of the result of the aforementioned Postal Ballot, announced by Mr. Shivinder Mohan Singh, Executive Vice Chairman of the Company, on July 13, 2012 is as follows:

Item	No. of valid postal ballot forms received	Votes cast in favour of there solution	Votes against the resolution	No. of invalid postal ballot forms received
Ordinary Resolution for (i) transfer of the Company's balance shareholding in Kanishka Healthcare Limited and Fortis Health Management Limited, directly and indirectly, to Religare Health Trust Trustee-Manager Pte. Limited (in its capacity as trustee-manager of Religare Health Trust ("RHT")) and (ii) reduction, from 100% to not less than 26%, of the Company's beneficial stake in RHT, and consequently the Hospital Services Companies, as a result of the proposed Initial Public Offer of units in RHT.	1638 (representing 342,107,433 Equity Shares)	1437 (representing 342,083,208 Equity Shares)	201 (representing 24,225 Equity Shares)	57 (representing 24,232 Equity Shares)

**B. Business considered vide Notice of Postal Ballot dated December 05, 2012 and whose results were declared on January 15, 2013, at the registered office of the Company at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110025:**

*Special Resolution under Section 81(1A) and other applicable provisions of the Companies Act, 1956, if any, for raising of funds*

For the conduct of Postal Ballot exercise, Mr. Sanjay Grover of M/s. Sanjay Grover & Associates, Company Secretary in Practice, was appointed as Scrutinizer.

## Report on Corporate Governance

Summary of the result of the aforementioned Postal Ballot, announced by Mr. Balinder Singh Dhillon, Executive Director of the Company, on January 15, 2013 is as follows:

Sr. No.	Item	No. of valid Votes*	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid Votes
1.	Special Resolution for raising of funds.	960 (representing 339,459,615 Equity Shares)	901 (representing 331,240,594 Equity shares)	59 (representing 8,219,021 Equity shares)	49 (representing 21,791 Equity shares)

*\*Votes herein include e-voting and physical mode voting.*

**C. Business considered vide Notice of Postal Ballot dated March 26, 2013 and whose results were declared on May 20, 2013, at the registered office of the Company at Escorts Heart Institute and Research centre, Okhla Road, New Delhi – 110025:**

*Special Resolutions for (i) Variation in terms of appointment including remuneration of Mr. Malvinder Mohan Singh, Executive Chairman; (ii) Variation in terms of appointment including remuneration of Mr. Balinder Singh Dhillon, Executive Director; and (iii) Alteration in objects clause of Memorandum of Association of the Company.*

For the conduct of Postal Ballot exercise, Mr. Mukesh Manglik, Company Secretary in Practice, was appointed as Scrutinizer.

Summary of the result of the aforementioned Postal Ballot, announced by Mr. Balinder Singh Dhillon, Executive Director of the Company, on May 20, 2013 is as follows:

Sr. No.	Item	No. of valid Votes*	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid Votes
1.	Special Resolution for variation in terms of appointment including remuneration of Mr. Malvinder Mohan Singh, Executive Chairman.	374 (representing 339,846,159 Equity Shares)	279 (representing 330,295,362 Equity shares)	95 (representing 9,550,797 Equity shares)	8 (representing 1,740 Equity shares)
2.	Special Resolution for variation in terms of appointment including remuneration of Mr. Balinder Singh Dhillon, Executive Director.	371 (representing 339,845,704 Equity Shares)	275 (representing 330,294,981 Equity shares)	96 (representing 9,550,723 Equity shares)	10 (representing 2,190 Equity shares)
3.	Special Resolution for Alteration in objects clause of the Memorandum of Association of the Company.	372 (representing 339,845,709 Equity Shares)	332 (representing 339,837,821 Equity shares)	40 (representing 7,888 Equity shares)	10 (representing 2,190 Equity shares)

*\*Votes herein include e-voting and physical mode voting.*

### Procedure for Voting by Postal Ballot

The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts alongwith the Postal ballot Form and the self-addressed, postage prepaid business reply envelope, are sent to all the members, under secured mode of Posting.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Form received after this date, is strictly treated as if the form has not been received from the member.

The scrutinizer appointed for the purpose scrutinizes the postal ballots received and submits his report to the Company. Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against. Further, presently, no resolution has been proposed to be passed through Postal Ballot at ensuing AGM.

## 9. DISCLOSURES

### Related Parties Transactions

The details of transactions with related parties or others, if any, as prescribed in the Listing Agreement, are placed before the Audit, Risk & Controls Committee periodically.

In cases of material transaction the same are pursued under direct guidance of the Audit Risk and Controls Committee with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, independent Advisory Committees are constituted and external expert opinion sought for Board consideration.

### Accounting Treatment

While in the preparation of financial statements, no treatment different from that prescribed in an Accounting Standards has been followed.

### Utilization of Proceeds from Issues

The proceeds from the Initial Public Offering (IPO), Rights Issue of Equity Shares with detachable warrants and issue of Foreign Currency Convertible Bonds have been utilized as per the objects of the respective issue and details of the same are placed before the A,R&C Committee periodically for its review.

### Compliances by the Company

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities relating to the above.

### Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These Guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial to ensure the long-term sustainability and value generation by business. The guidelines broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support.

As a front runner in Corporate Governance in India, the Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate



## Report on Corporate Governance

Affairs. The Company continues to evaluate its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption in keeping with the Company's business model, in due course of time.

### 10. MANAGEMENT

- (a) Management Discussion and Analysis Report forms part of the Annual Report to the Members.
- (b) During the year under review, no material financial and commercial transaction has been entered by Senior Management personnel, where they have any personal interest that may have potential conflict of the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were duly placed before the Board of Directors on periodic basis.

### 11. INVESTOR RELATIONS - BOOSTING INVESTOR CONFIDENCE

The Company recognizes the need and importance of a proactive and efficient Investor Relations (IR) function in the current business landscape. Given the dynamic nature of the present economic environment, the complexities of the industry we operate in and the size and scale of our business, the requirement to constantly communicate and update the investment community has become imperative.

The Company's Investor Relations (IR) function endeavors to be in a continuous dialogue with existing and potential shareholders and other market participants viz. sell side and buy side analysts, fund managers, equity sales and other shareholders in order to apprise them of the Company's strategy, financial and operational parameters. It seeks to provide timely, accurate and relevant information on the various facets of the Company's performance so as to enable investors to take informed decisions on their investment options. While creating a better understanding of the Company's businesses, a to and fro interaction also provides a channel to take feedback from the investors, allay any concerns and provide the Company management with a perspective from the investment community.

The IR function uses a number of mediums for investor interactions which include periodical quarterly earning calls, participation at international and domestic investor forums, direct one to one meetings and conference calls, press releases, healthcare field trips, etc so as to reach out and effectively communicate with the investment community.

### 12. OTHER DISCLOSURES

The Company has issued 1,000, 5 percent Foreign Currency Convertible Bonds of US\$ 100,000 each aggregating US\$ 100,000,000 in May, 2010. These bonds are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are convertible at the option of the bondholders between May 2013 and May 2015.

#### **Significant Developments after March 31, 2013 till the date of the report:**

- (i) In May 2013, the Issue Committee of the Board of Directors, by a resolution dated 17 May 2013, allotted 34,993,030 Equity Shares at an issue price of ₹ 92 per Equity Share aggregating ₹ 3,219.4 million under an Institutional Placement Programme ("IPP") undertaken by the Company in accordance with Chapter VIII-A of the SEBI (ICDR) Regulations.
- (ii) In June 2013, the Issue Committee of the Board of Directors, by a resolution, allotted 18,833,700 Equity Shares to International Finance Corporation (IFC), on a preferential basis, at an issue price of ₹ 99.09 per Equity Share aggregating ₹ 1,866.2 million.
- (iii) Additionally, the Company also issued US\$ 55,000,000 foreign currency convertible bonds to IFC.
- (iv) In August 2013, the Issue Committee of the Board of Directors issued, by way of public subscription, Foreign Currency Convertible Bonds (FCCBs) aggregating US\$ 30,000,000. These FCCBs shall be listed on Singapore Exchange Securities Trading Limited.
- (v) Further, the Company is in process of seeking Member's approval for preferential allotment to Standard Chartered Private Equity (Mauritius) III Limited.

### 13. CORPORATE ETHICS

As a responsible corporate citizen, the Company has adopted and seeks to follow a lead standard of corporate ethics in both business and corporate interactions. These standards are embodied under its various operational policies, which provide the foundation and act as guiding principles in pursuing business objectives. These policies and guidelines are subject to periodical review and amongst others include:

- a) Position paper on “Independence of Statutory Auditors”
- b) Whistle Blower Policy
- c) Risk Management Policy
- d) Foreign Exchange Risk Management Policy
- e) Global Authority Matrix Policy
- f) Prevention of Sexual Harassment Policy

#### Code of Conduct and Prohibition on Insider Trading

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has instituted a comprehensive Code of Conduct for its Management and Staff. The Code lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

#### Companies from which the Promoters have dis-associated in the last three years

The promoters of the Company have not dis-associated themselves from any Company in the last three years.

### 14. MEANS OF COMMUNICATION

- a) **Quarterly Results:** The quarterly financial results are generally published in Business Standard (English and Hindi Editions).
- b) **Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz. [www.fortishealthcare.com](http://www.fortishealthcare.com)
- c) **News Release, Presentations:** The Company also makes a presentation to the investors and analysts after taking on record the quarterly results by the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors etc are displayed on the Company's website. Official Media Releases are also sent to the stock exchanges before dissemination to the media.
- d) **Intimation to the Stock Exchanges:** The Company also intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

### 15. GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting

##### (i) Date of AGM

The Annual General Meeting is proposed to be held on **Friday, September 27, 2013 at 11.30 A.M. at PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi -110016.**

Posting of Annual Report : On or before September 2, 2013

Last date of receipt of Proxy Form : September 25, 2013 till 11.30 A.M.

- (ii) **The Financial Year of the Company** is starting from April 01 and ending on March 31 of next year.

## Report on Corporate Governance

### (iii) Financial Calendar 2013-2014 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or Before)
1	Financial Reporting for the quarter ending June 30, 2013	August 8, 2013
2	Financial Reporting for the quarter ending September 30, 2013	November 14, 2013
3	Financial Reporting for the quarter ending December 31, 2013	February 14, 2014
4	Financial Reporting for the quarter ending March 31, 2014*	May 15, 2014
5	Annual General Meeting for the year ending March 31, 2014	On or before September 30, 2014

\*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2013-14 in lieu of Unaudited Financial Results for the fourth quarter, on or before May 30, 2014 (or such other period as may be stipulated from time to time).

### (iv) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from **Monday, September 23, 2013 to Friday, September 27, 2013** (both days inclusive).

### (v) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

- The National Stock Exchange of India Limited (NSE), Bandra Kurla Complex, Bandra (E), Mumbai-400051
- The BSE Limited (BSE), PJ Tower, Dalal Street, Fort, Mumbai-400001

The Foreign Currency Convertible Bonds of the Company are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are admitted to trading on the EURO MTF market of the Stock Exchange.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

### (vi) Stock Code of Equity Shares / FCCB's Trade Symbol at National Stock Exchange of India Limited is FORTIS. Scrip Code at BSE Limited is 532843

ISIN for Equity INE061F01013

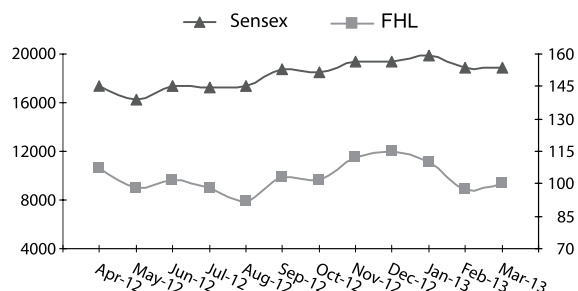
ISIN for FCCBs: XS0508392817

Common code for FCCBs: 050839281

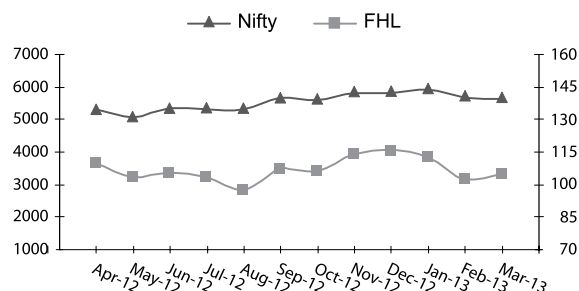
### (vii) Stock Market Data / liquidity:

The Company's shares are among the actively traded shares on NSE & BSE. The monthly trading volumes of the Company's shares on these exchanges and comparison with broad-based indices, viz. BSE Sensex and NSE Nifty is as follows.

Month	Share Price (₹) at BSE			Share Price (₹) at NSE		
	High	Low	Volume	High	Low	Volume
Apr-12	113.75	98.25	26,71,312	113.70	98.00	1,03,57,718
May-12	109.75	92.00	17,12,031	109.65	91.95	88,83,220
Jun-12	103.45	95.40	12,29,497	103.45	95.15	60,32,367
Jul-12	108.40	95.30	12,25,201	108.40	95.15	59,94,876
Aug-12	102.50	89.55	11,65,421	103.00	89.55	79,37,092
Sep-12	105.70	90.80	12,12,415	105.85	90.60	79,27,872
Oct-12	108.95	100.00	11,70,776	109.00	95.00	42,31,800
Nov-12	116.50	98.00	18,43,293	116.35	97.55	60,29,124
Dec-12	119.50	108.00	29,45,075	119.40	107.75	1,04,14,599
Jan-13	117.15	107.10	8,70,849	117.00	107.10	35,95,387
Feb-13	113.65	96.60	16,27,811	116.90	96.30	67,98,195
Mar-13	104.50	93.05	9,22,385	102.95	93.00	35,14,383

**Stock Price Performance-FHL Vs. BSE Sensex**

Based on closing data of BSE Sensex (Pts.) and FHL (₹ per Share)

**Stock Price Performance-FHL Vs. Nifty**

Based on closing data of NSE Nifty (Pts.) and FHL (₹ per Share)

**(viii) Registrar and Transfer Agent**

Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) are acting as Registrar and Transfer Agents (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Link Intime India Private Limited  
44, Community Centre, 2nd Floor, Naraina Industrial Area,  
Phase-1, Near PVR Naraina, New Delhi -110028  
Tel.: +91 11 41410592/93/94 Fax: +91 11 41410591  
Email: delhi@linkintime.co.in

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

**(ix) Nomination Facility**

The shareholders holding shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's website [www.fortishealthcare.com](http://www.fortishealthcare.com)) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

**(x) Dematerialization of Shares**

As on March 31, 2013, 40,42,69,344 Equity shares representing 99.77% of the paid up Equity Capital of the Company had been dematerialized.

The Company's Equity shares have been allotted ISIN (INE061F01013) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

**(xi) Elimination of Duplicate Mailing**

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

**(xii) Share Transfer System**

The Company's share transfer authority has been delegated to the officials of the Company. The delegated authority(ies) attend the share transfer formalities on weekly basis to expedite all matters relating to transfer, transmission, transposition, split and re-materialization of shares and taking on record status of redressal of Investors' Grievance, etc., if any. The share certificate received by the Company/ RTA for registration of transfers, are processed by RTA (on a weekly basis) and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered post.

As per the requirements of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

**(xiii) Reconciliation of Share Capital Audit**

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary for each of the quarter in the financial year 2012-13, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The secretarial audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Secretarial Audit Report for each quarter of the Financial Year ended March 31, 2013, has been filed with Stock Exchanges within one month of end of the respective quarter.

**(xiv) Demat Suspense Account as per Amended Clause 5A of the Listing Agreement:**

Pursuant to the insertion of Clause 5A in the Listing Agreement, the Company has opened a Demat Suspense Account - "Fortis Healthcare Limited IPO Suspense Account" and other information as required under amended Clause 5A of the Listing Agreement is as follows:

- i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 01, 2012: 54 shareholders and 5,182 shares.
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 1 Shareholder for 60 Shares.
- iii. Number of shareholders to whom shares were transferred from suspense account during the year: 1 Shareholder for 60 Shares.
- iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2012: 53 Shareholders and 5122 shares.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares. The details of the shares that have not been credited to Demat Account and are lying in "Fortis Healthcare Limited IPO Suspense Account" can be viewed at Investor Section on the Company's website [www.fortishealthcare.com](http://www.fortishealthcare.com) and the concerned persons are requested to apply to the Company/RTA with requisited documents for transfer of shares to their Demat Account.

Further, as required under Clause 5A.II of the Listing Agreement, as on March 31, 2013, no share in physical form remains unclaimed.



**(xv) Transfer of unclaimed/unpaid amounts to Investor Education and Protection Fund (IEPF):**

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/ unpaid application money remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have to be transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

All concerned pertaining to the above refund of application money are requested to lodge their claims without any delay with the Registrar & Transfer Agent by April 29, 2014, to avoid any hardship.

**(xvi) Share Dematerialization System**

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

**(xvii) Distribution of Shareholding as on March 31, 2013**

Number of equity shares held	No. of Share-Holders	%age of Share-Holders	Amount (in ₹)	(%) to Total
Upto 2,500	101,045	81.573	84,115,120	2.076
2,501 to 5,000	13,944	11.257	52,480,850	1.295
5,001 to 1,0000	4,987	4.026	40,200,320	0.992
10,001 to 20,000	2,093	1.690	31,931,700	0.788
20,001 to 30,000	641	0.517	16,515,660	0.408
30,001 to 40,000	279	0.225	10,091,290	0.249
40,001 to 50,000	258	0.208	12,218,580	0.302
50,001 to 1,00,000	306	0.247	22,887,730	0.565
1,00,001 and above	318	0.257	3,781,632,100	93.326
<b>Total</b>	<b>123,871</b>	<b>100.00</b>	<b>4,052,073,350</b>	<b>100.00</b>

**(xviii) Shareholding Pattern as on March 31, 2013**

S. No.	Category	Number of Shareholders	No. of Shares held	% of Shareholding
A.	<b>Promoters and Promoter Group</b>	<b>9</b>	<b>330,153,949</b>	<b>81.48</b>
B.	<b>Public Shareholding</b>			
1	Banks /Financial Institutions	10	3,429,823	0.85
2	UTI, Mutual Funds & Insurance Cos.	1	1,885	0.00
3	FII's/ Foreign Investors	74	21,192,842	5.23
4	Domestic Companies	1,403	13,762,967	3.40
5	Non-Resident Indians	1,540	1,817,123	0.45
6	Indian Public	120,834	34,848,746	8.59
	<b>Total</b>	<b>123,871</b>	<b>405,207,335</b>	<b>100.00</b>

**(xix) Lock-in of Equity shares**

As on March 31, 2013, none of the share of the Company were under lock-in.

**(xx) Employee Stock Options**

**Employee Stock Option Plan 2007:** The Company has in place the Employee Stock Option Plan 2007, under which a permanent employee of the Company or its Subsidiaries, whether working in India or abroad, and Directors of the Issuer and the Subsidiaries (other than an employee who is a Promoter or part of the Promoter Group, or a Director who directly or indirectly holds more than ten per cent. of the outstanding equity share capital of the Issuer) are eligible for stock options. The grant of these options to eligible employees shall not exceed one percent of the issued and subscribed equity share capital of the Issuer at the time that the options were granted to such employees.

**Employee Stock Option Plan 2011:** The Company has also in place Employee Stock Option Plan 2011, whereunder Permanent Employees and Directors of the Company and of its holding or of its subsidiary company(ies) are eligible (excluding the employee who is either promoter or belong to the Promoter Group, as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI (ESOP) Guidelines"), and the Director who either by himself or through his/her relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company) for the grant of stock options, as may be determined by the HR & Remuneration Committee in line with designated rules. The total number of options to be granted under this Plan shall not exceed 3% of the total Paid up Equity Share Capital of the Company as on August 12, 2011, i.e., 12,154,825 options (3% of 405,160,815 Equity Shares). The maximum number of options to be granted to each employee shall not exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversion) as on the date of grant of options.

During the year under review, The "Employee Stock Option Plan 2011" was amended in the Annual General Meeting held on September 29, 2012 by way of Special Resolution to make a provision for formulation of "Fortis Healthcare Limited Employees Welfare Trust" to administer and implement the revised ESOP scheme.

Detailed information relating to ESOPs, has been given as an annexure to the Directors' Report.

**(xxi) Hospital Location(s)**

- Fortis Hospital, Mohali  
Sector-62, Phase-VIII,  
SAS Nagar, Mohali,  
Punjab-160062.
- Fortis Hospital, Kangra  
Vill. Birta, Post office Ghurkari,  
Tehsil & Distt. Kangra,  
Himachal Pradesh -176001.
- Fortis Hospital, Arcot Road, Chennai  
Kochar PSS Tower, S-7, Arcot Road,  
Vadapalani, Chennai, 600026

**(xxii) Address for Correspondence:**

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

Link Intime India Private Limited  
44, Community Centre,  
2<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase-1, Near PVR Naraina, New Delhi -110028  
Tel.: +91 11 41410592/93/94 Fax: +91 11 41410591  
Email: delhi@linkintime.co.in

**For Investor Assistance**

The Company Secretary,  
Fortis Healthcare Limited  
Escorts Heart Institute and Research Centre, Okhla Road, New Delhi 110025  
Telephone No.: +91 11 2682 5000 Fax No.: +91 11 4162 8435  
Email: secretarial@fortishealthcare.com Website: www.fortishealthcare.com

**16. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49****A. Board of Directors Governance Standards**

On May 1, 2010, the Board adopted Standards for its Governance, named as “Board Governance Standards” formulating therein the standards relating to its composition, its responsibilities, expectations from Board Members, tenure of Board Members, compensation, board evaluation and training, Director’s orientation and education etc. A copy of the said Governance Standard is also available on our website [www.fortishealthcare.com](http://www.fortishealthcare.com).

**B. Remuneration Committee**

The Board of Directors has constituted a HR & R Committee, of which majority is composed of independent Directors. The details of HR & R Committee and its powers have already been discussed in this report.

**C. Shareholders Rights**

The quarterly/ half-yearly results in the prescribed performa are published in leading English and Hindi dailies. The results are also made available on Company’s website [www.fortishealthcare.com](http://www.fortishealthcare.com).

**17. GO GREEN INITIATIVE**

- (a) the shareholders having shares in physical form are requested to register their e-mail ids with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication annual report, etc. through e-mail.
- (b) the shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

**Declaration as required under Clause 49 of the Listing Agreement**

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2013.

August 8, 2013  
Gurgaon

Sd/-  
Malvinder Mohan Singh  
Executive Chairman

## Report on Corporate Governance

### **Executive Chairman and CFO Certificate**

#### **To the Members of**

#### **Audit, Risk and Controls Committee and Board of Directors of Fortis Healthcare Limited**

We, Malvinder Mohan Singh, Executive Chairman, and Sandeep Puri, Chief Financial Officer, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit, Risk & Controls Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit, Risk & Controls Committee that:
  - (i) there has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) there has not been any significant changes in accounting policies except to the extent already disclosed in the financial statement(s), and
  - (iii) there are no instances of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi  
Date : May 30, 2013

**Malvinder Mohan Singh**  
Executive Chairman

**Sandeep Puri**  
Chief Financial Officer

**Certificate on Corporate Governance**

To,

The Members,

Fortis Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by M/s Fortis Healthcare Limited, for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of the certificate of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sanjay Grover & Associates  
Company Secretaries**

Date : August 08, 2013  
Place : New Delhi

**Sanjay Grover  
C.P. No. 3850**



# Management Discussion and Analysis Report

## **INDUSTRY OVERVIEW**

The Asia Pacific region accounted for over 60.0% of the world's population and around 36.0 % of the world's GDP in 2011. The region which is witnessing unprecedented population growth, an increasingly ageing population, higher purchasing power and affluence will continue to drive greater investment in healthcare infrastructure in the future. Given the rapid economic growth in the region, the total healthcare expenditure is expected to reach USD 919.6 billion by 2015 from USD 631.2 billion in 2012, a CAGR of 13.9%.

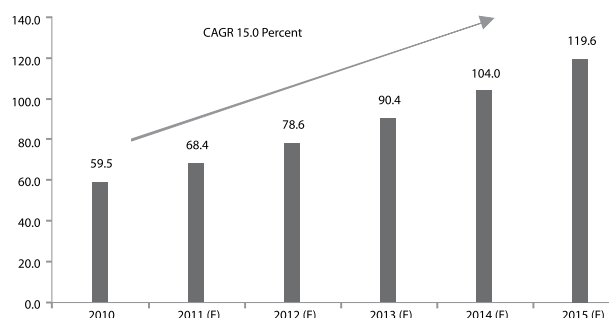
### **Overview of the Healthcare Industry - India**

The Indian healthcare market size was estimated at USD78.6 billion in the year 2012, and is expected to reach USD119.6 billion by 2015, reflecting a CAGR of 15.0% over this period. Out of the total Indian healthcare market in 2010, approximately 70% comprises healthcare delivery services, 20% comprises the pharmaceutical market and the remaining comprises medical technologies and other components. As per WHO 2012 report, India's expenditure on healthcare as a percentage of GDP has increased from 4.0% in 2007 to 4.2% in 2011.

Currently, India Accounts for nearly 6% of the world hospital beds and shares 20% of the world's disease burden. The Indian healthcare delivery system is characterized by two major components public and private. The Government i.e. public healthcare system comprise limited secondary and tertiary care institutions in key cities while focusing on providing basic healthcare facilities in the form of Primary Healthcare Centers (PHCs) in rural areas. The private sector provides the majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, super metros and tier I cities.

In terms of medical expenditure, approximately 66.0% of the expenditure was catered by private hospitals in 2010. Out of this, nearly 10.0% of private healthcare services were catered by corporate hospitals. The remaining private healthcare services are provided by the unorganised sector i.e. trust-owned or owned and run by individual doctors or group of a few doctors.

## Indian Healthcare Industry Market Size (USD Billion)



(Source: Frost & Sullivan Independent report on the healthcare Industry in the Asia Pacific region, 17 September 2012)

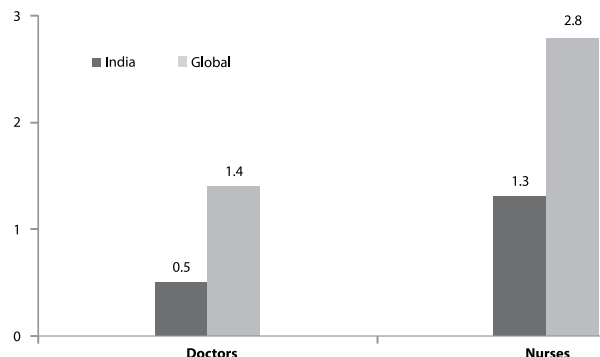
By 2030, India is expected to surpass China to become the world's biggest population. In 2010, nearly 63.6 % of the population was in the age group of 15-64 years. Moreover, there has been a gradual increase in life expectancy over the last decade to an estimated 70.6 years in 2010 up from 57.0 years in 1990.

The changing demographics and increasingly sedentary lifestyle of the population is set to increase the healthcare spend in India. The household expenses towards healthcare are expected to rise from 7.5% in 2005 to 10.0% by 2015. Currently, nearly 70.0-80.0% of healthcare spending including spending on pharmaceuticals is an out-of-pocket expense as only 15.0-20.0% of the population have health insurance.

In terms of the key healthcare service infrastructure statistics, India has a ratio of 0.9 beds per 1,000 people as compared to China, Malaysia and Singapore with ratios of 4.2, 1.8 and 3.1 beds per 1,000 people, respectively. In order to reach the WHO recommendation of 4.0 beds per 1,000 people, the country needs to add approximately 3.7 million beds as of 2011 with an investment of nearly USD 187.5 billion. (Source: Frost & Sullivan Analysis): Assumption (cost of putting 1 hospital bed in India = USD 50,000)

India has a ratio of 0.5 doctors and 1.3 nurses per 1,000 people as compared to the global average of 1.4 doctors and approximately 2.8 nurses per 1,000 people in 2010. Against the global average, this translates into a gap of nearly 1.0 million doctors and 1.8 million nurses as of 2010.

## Density of Manpower in India Vs the Global Average per 1,000 population



(Source: Frost & Sullivan Independent report on the healthcare Industry in the Asia Pacific region, 17 September 2012)

## Key Growth Drivers for Healthcare Industry in India

**Growing Population:** According to the Indian census, the population of the country was estimated at 1.2 billion in 2011 and is expected to reach 1.3 billion by 2015. The rise in population will have a direct correlation to the increasing demand for healthcare services at hospitals, in particular in relation to preventive healthcare, treatment of lifestyle diseases, super speciality care and diagnostic services. In addition, the increase in geriatric population due to increase in average life expectancy, will also lead to a rise in demand for healthcare services.

**Higher Literacy Rate:** The Indian census estimates the literacy level in the country to having increased by 9.2 % in the past decade reaching 74.0% in 2011. With an increasing national literacy rate and the availability of information on the internet, journals, various interactive forums and regional magazines, there is a rapid increase in awareness about healthcare services across all age groups. Such increase in awareness related to healthcare issues and diagnosis, coupled with higher incomes, is expected to increase patient volumes from primary to secondary or tertiary healthcare services.

**Increasing Upper Middle Class Segment:** The economy is driving urbanisation and expanding the middle class population, with more disposable income to spend on healthcare. This is expected to increase awareness of health related issues and will result in patients likely to increase their discretionary spend

on healthcare in the future, especially on preventive healthcare. Such a trend is likely to favour private healthcare delivery practitioners, which are well positioned in secondary and tertiary care services.

**Robust Demand from Corporate Employers:** There is an increasing demand for healthcare management plans (comprising preventive health check-up packages and treatment for employees). This demand is largely being catered to by private healthcare sector players. With such health plans coupled with preventive wellness initiatives offered as benefits to employees by an increasing number of employers, this segment is expected to provide a strong impetus to growth.

**Rising Lifestyle Diseases:** According to the National Commission on Macroeconomics and Health (“NCHM”), coronary heart diseases, cancer, diabetes are expected to affect 62.0 million people (4.9 % of population), 2.5 million people (0.2 % of population), 46.0 million people (3.7 % of population) respectively in 2015 as compared to 36 million people (3.3 % of population), 2.0 million people (0.18 % of population), 31.0 million people (2.8 % of population) in 2005 respectively.

According to WHO and the World Economic Forum, the income loss to India because of lifestyle diseases and is projected to reach USD 54 billion by 2015. This will result in an increase in average revenue per treatment at hospitals as treatment of lifestyle diseases such heart diseases and cancer provide higher revenues to hospitals and will likely result in hospitals assuming a greater share of the healthcare market.

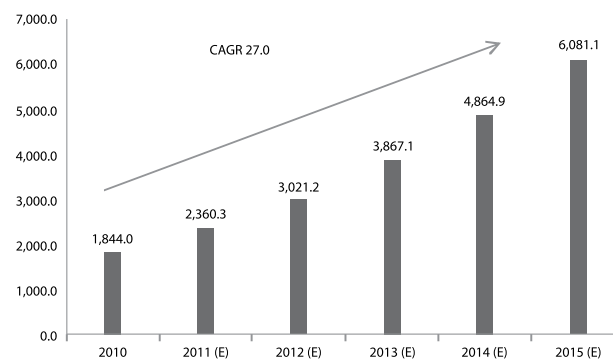
**Medical Tourism:** The Indian medical tourism industry is expected to top the USD 2 bn mark by 2015. In India, the medical tourism patient inflows are mostly from the Middle-Eastern and African nations. However the substantially lower cost, comparable or better infection rates and long waiting periods in developed nations are prompting several citizens from such nations to also visit India for elective treatments as well as critical conditions.

The factors driving medical tourism are the increasing adoption of sophisticated medical technology, rising affluence of the middle income class seeking quality medical care, availability of skilled doctors and para

medical staff and willingness of patients to travel to access specialised treatment not available in their own country.

### Health Insurance

Indian Health Insurance Market Size (Total Insurance Premium) USD Million



(Source: Insurance Regulatory and Development Authority (“IRDA”)., Frost & Sullivan Independent report on the healthcare Industry in the Asia Pacific region, 17 September 2012)

The Indian Healthcare Insurance market is currently at a nascent stage and represents a key growth driver in the Indian healthcare market. The health insurance market continues to be the fastest growing segment in the general insurance industry in India. Health insurance is making healthcare more affordable to a larger segment of the population and is also boosting healthcare expenditures per household. The health insurance market was nearly 3.0% of the total Indian healthcare market size in 2010 and reached nearly 240-250 million people. The market is expected to continue expanding with an increase in insurance coverage. Total insurance premiums are expected to reach USD 6.1 billion by 2015 from USD 1.8 billion in 2010, at a CAGR of 27.0%, which will result in higher insurance coverage in the future.

In 2011, insurance paid nearly 10.0% of all hospitalization expenditures in the country. The increasing penetration of healthcare insurance coupled with various government initiatives to promote healthcare insurance coverage will see a further boost in revenues for private healthcare organizations.

## Trends in Healthcare Industry in India

**Rising Demand in Tier 2 and 3 Cities:** With increasing purchasing power, there is a rising demand for high-quality and speciality healthcare services in tier 2 and 3 cities providing a significant opportunity to private players as the healthcare setup in these cities requires a relatively lower amount of investment and hence result in a faster breakeven.

**Government Incentives:** The Government of India is encouraging corporate hospitals to utilise their capabilities in managing a quality setup. Private sector intervention has become imperative to enhance the efficiency of systems by providing core competencies in operations, technology, funding and technical expertise. This provides an additional revenue stream to private players.

**FDI & PE in Indian Healthcare:** FDI and PE investment in the Indian healthcare sector are increasing. The Department of Industrial Policy and Promotion (DIPP) revealed that hospitals and diagnostic centres, medical and surgical appliances and the drugs and pharmaceuticals sector attracted FDI worth USD 1.1 billion, USD 383 million and USD 4.9 billion between April 2000 and July 2011, respectively.

PE investments in India have also witnessed significant growth in recent years. In year 2011, the total PE and venture capital investment in Indian healthcare was nearly USD 1,010 million as compared to nearly USD 600 million in 2010.

**Innovative delivery models:** Traditionally, hospitals have been considered to be capital-intensive businesses with long gestation or break-even periods. The private sector market players are exploring different delivery models such as setting up day care centers and single speciality hospitals. These have comparatively lower capital requirements and therefore shorter break-even periods.

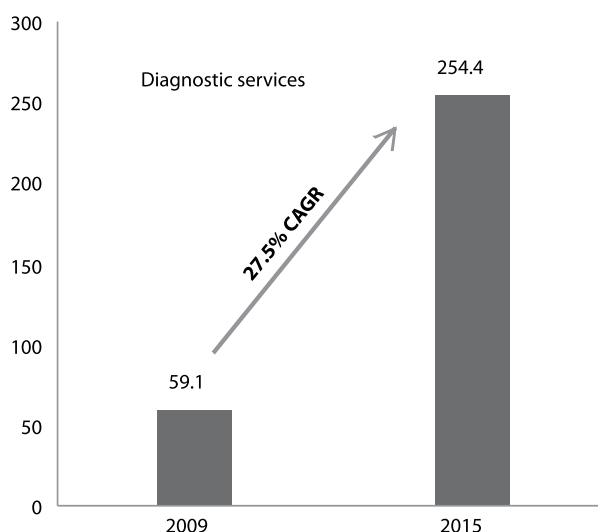
**Government Initiatives to Promote Private Healthcare:** The Government of India has taken numerous steps to promote private healthcare sector in India by providing various subsidies and incentives to motivate private players to invest in the healthcare market. These include various direct and indirect tax benefits, subsidized land, and accounting benefits in the form of higher depreciation and PPP initiatives which range from super speciality care hospitals to community health insurance schemes.

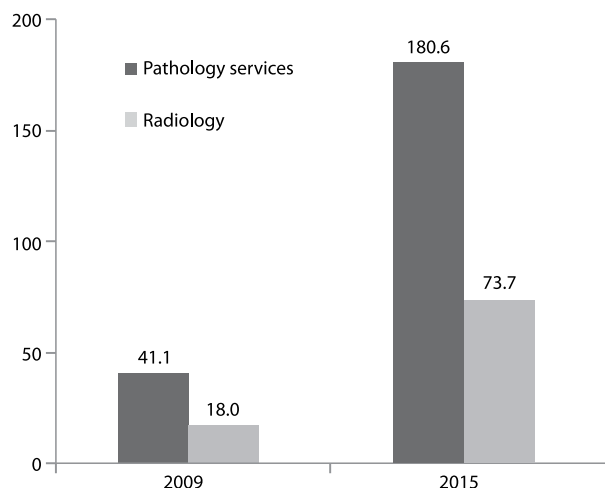
## The Indian Diagnostics Industry

The Indian Diagnostics market is largely unregulated and highly fragmented contributing approximately 3.6% of the overall healthcare market in India. It comprises primarily of clinical pathology, imaging and radiology. The sector in India is expected to grow at a CAGR of 28.0% to approximately ₹ 254.4 billion by 2015. The pathology and imaging and radiology segments are expected to grow to approximately ₹ 180.0 billion at a CAGR of 28.0% and ₹ 74.0 billion at a CAGR of 27.0%, respectively. It is estimated that diagnostic test results impact between 60.0% - 70.0% of medical treatment decisions and hence form an essential element in the delivery of effective healthcare services.

Approximately 10% of the diagnostic market in the country comprise corporate chains that usually operate under a “hub-and-spoke” model, with reference laboratories in one or more key cities, a defined catchment area of surrounding towns and localities and collection centres or pick up points from healthcare centres such as hospitals or nursing homes. Under this model, franchisees also supplement underserved or highly profitable but localised areas. This model allows a corporate chain to leverage its brand recognition across larger areas, covering major cities and towns (*Source: ICRA Management Consulting Services Limited, Indian Diagnostic Services Market Report, January 2011.*).

## Projected Growth in Diagnostic Services:





### Pathology and Radiology Markets (INR Billion)

(Source: ICRA Management Consulting Services Limited Analysis, *Indian Diagnostic Services Market Report, January 2011.*)

Although the corporate presence in this segment is marginal at present, examples from more developed countries indicate that the natural path for progression from the unorganised to the organised sector is related to factors such as income growth, ageing population and migration from rural to urban areas, demand for greater standardisation and accuracy of results, emphasis on accreditations, growth of institutional healthcare (hospital establishments), increasing reach of health insurance and a general demand growth for better quality of diagnosis and healthcare services.

Evidence from more developed diagnostics markets also indicates that even though an increase in corporate diagnostic chains may be a natural progression, factors such as ease of access, integrated services (visiting practitioners, pathology, radiology, pharmacy, etc.), referrals from private practitioners or hospitals and economies of scale play an important role in revenue generation and profitability. Currently, Insurance does not cover diagnostic services referred by physicians and hence the sector could also see a significant growth in demand if insurance would start covering these services as the industry matures. The sector is gradually evolving from a highly fragmented market with small and localised players to more corporate service providers with national and international accreditations for standards of delivery and processes (Source: ICRA Management Consulting Services Limited,

*Indian Diagnostic Services Market Report, January 2011.*). Healthcare delivery organizations that have a strong presence in the hospital segment would find a strategic fit with a presence in diagnostics space, given the potential opportunity in the segment.

### Other select markets in Asia Pacific

#### Hong Kong

The Hong Kong healthcare industry is fairly regulated and characterized by both public and private sector participation. The industry is projected to grow at a CAGR of 6.2% to USD 19.8 Bn by 2015 from USD 13.9 Bn in 2010, a relatively lower growth as compared to the healthcare industry in emerging economies in Asia. The key growth drivers include increasing disposable income, ageing population, growing incidence of lifestyle related diseases, rising private insurance and a higher private spend on healthcare. The industry also faces challenges in terms of supply shortage of medical doctors and nurses and high property prices that restrict the setup of large healthcare infrastructure in the country.

In order to meet the requirements of providing adequate healthcare facilities & services, the government is opening capacity in the private sector to assist in creating more healthcare infrastructure, primarily private hospitals.

Further in order to strengthen primary healthcare services, the government is enhancing public private partnerships and focus on improving the percentage of private insurance which would increase the demand for primary care. Companies that will have an end to end presence in the healthcare value chain i.e. from primary care to diagnostic to healthcare / hospital facilities would be well placed to capture the opportunity in the healthcare space in the country.

#### Singapore

Singapore is one of the wealthiest countries with per capita GDP amongst the highest in the Asia Pacific region. The overall healthcare expenditure constitutes 4% of the country's GDP. The industry comprises both public and private healthcare systems, wherein the key components of healthcare, i.e. primary care services, are being undertaken largely by the private practitioners (approximately 2,000), and hospital services are dominated by the public system.



The key drivers of growth include the ageing population, rising disposable incomes, an influx of non-residents that rely solely on private insurance; a medical tourism industry that is experiencing strong growth; and the existing high burden on the public healthcare system. The Singapore Government ensures affordability, largely through compulsory savings, subsidies, price controls and runs various disease prevention programmes.

### Outlook

The role of private healthcare organizations has significantly increased over the last decade in delivering quality healthcare services. Emerging economies such as India are undergoing a transformation with an increasing demand for high quality healthcare delivery services as a result of burgeoning population and increasing chronic & lifestyle disease ailments. Higher literacy levels and insurance penetration coupled with rising per capita income will add to the need for advanced and modern treatment options in world class healthcare facilities. This will see private players playing a larger role in bridging the demand supply gap in the industry. Healthcare organizations will continue to explore different business models to grow their presence rapidly and with a judicious capital allocation mix. With unending pressure on the public healthcare systems, the governments of many countries have also recognized that private investments in the sector through public private partnership models will have to play a much wider role enabling them to provide quality and affordable healthcare delivery services to its citizens.

### Risks and Challenges

**Innovative Business Models:** The healthcare sector is a capital-intensive sector with the long gestation and payback periods of the project. Many healthcare providers are exploring and moving towards innovative and asset light business models such as lease arrangements, management contracts and business trusts wherein the capital expenditure by the healthcare provider is reduced significantly. Such models if successfully implemented will help healthcare providers to further strengthen focus on their core competency of providing medical services.

**Shortage of Healthcare Professionals:** The industry witnesses a significant shortage of healthcare professionals to meet the demands of the rising population. This challenge is more prominent among the emerging countries such as India where there is a massive gap in healthcare supply and demand, primarily as a result of talent gap, ineffective training policies, lack of government support and lack of incentives for health professionals.

According to the Central Bureau of Health Intelligence (CBHI), the country has over 300 medical colleges and 290 Colleges for Bachelor of Dental Surgery (BDS) courses and had total admission numbers of 34,595 and 23,520 respectively during 2009-10.

For emerging economies like India, the healthcare and education services infrastructure requires substantial investments to reach the recommended levels by world healthcare bodies and meet the growing demand for healthcare services & healthcare professionals in the region. Governments in many emerging economies such as India need to proactively address this huge shortage in infrastructure and manpower by adopting public private partnership models.

### Expanding scope of Services and Specialities:

The region is witnessing a shift in diseases patterns mainly towards the non-communicable diseases, which are caused by environmental degradation, lifestyle changes (especially in the middle-high income groups) and the rapid ageing population. Healthcare budgets will continue to be under tremendous pressure due to the requirement of sophisticated and capital intensive treatment. The spectrum of services being offered by healthcare providers have broadened to preventive, diagnosis, intervention, recovery, rehabilitation and patient management. In terms of treatment, private healthcare providers have broadened their horizons from acute to chronic to preventive and specialised care.

### Healthcare statistics & Population Health Data:

The availability and accessibility of systematic & scientific health data in many countries poses a challenge to healthcare service providers. Health data is imperative in order to understand the risk and behaviour of consumers in order to identify gaps in services

### THE COMPANY

Fortis Healthcare is a leading healthcare delivery provider in Asia. Founded by the iconic Indian business leader, the Late Dr. Parvinder Singh, architect of Ranbaxy Laboratories, Fortis is a manifestation of his vision “to create a world-class integrated healthcare delivery system, entailing medical skills combined with compassionate patient care”. Fortis aspires to become a leader in the healthcare delivery space and is driven by the larger purpose of saving and enriching lives through clinical excellence.

Fortis commissioned its first hospital in 2001 in North India and, in just over a decade, has grown to become a leading healthcare service provider with a presence in primary care, day care specialty, diagnostics and tertiary and quaternary care. As of March 31, 2013, the company had a network of 70 healthcare facilities (including projects under development), with over 5,400 operational beds<sup>(1)</sup> and the potential to reach over 11,000 beds. Its inpatient healthcare facilities are situated in India, Singapore, Vietnam and Mauritius. The Company's healthcare facility network is supported by over 600 primary care centres, over 190 specialty day care centres, over 240 diagnostic centres and a base of over 22,000 employees, along with approximately 2,000 people working in its network of managed healthcare facilities.

In India, the Company is one of the largest private healthcare chains comprising a network of 62 healthcare facilities, including 31 operating hospitals, four day care centres, 20 satellite and heart command centres located in public and private hospitals and 7 healthcare facility projects which are under development or are greenfield land sites. In addition, its Indian diagnostics business has a presence in over 450 cities and towns, with an established strength of over 230 laboratories including 133 self-operated laboratories<sup>(2)</sup>, 28 laboratories located in its own healthcare facilities, 21 wellness centres and 2 international laboratories. It also has over 1,290 sample collection centres, which includes 47 collection centers that are owned and operated and 43 collection centres at locations outside India.

The Company's healthcare facilities use advanced technology and its doctors, nurses and other healthcare professionals follow treatment protocols that match international standards. A majority of the healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients. Some of the healthcare facilities provide super specialty quaternary healthcare to patients in key specialty areas such as cardiac care, orthopaedics, neurosciences, oncology, renal care, metabolic diseases care and mother and child care. The Company has also developed certain healthcare facilities around some of these specialties, which it internally classifies as “Centres of Excellence”.

### Strategic Direction

The company, during the year, has brought in a sharper and stronger focus in geographies and verticals which are better strategic fits and present relatively stronger growth opportunities. To this effect, the company divested its specialty day care centre business, Dental Corporation, Australia (DC) to BUPA for AUD 276 Mn with the transaction being completed in May 2013. Further, in June 2013, the company entered into an agreement with Chandler Holdings Limited to sell its entire stake in the hospital business vertical in Vietnam i.e. Fortis Hoan My Medical Corporation (“Hoan My”) for an aggregate consideration of USD 80 mn. The transaction is expected to be completed by the second half of Fiscal 2014. The company will continue to evaluate its portfolio of businesses to ensure the right strategic alignment.

The above realignment has brought into sharper focus markets like India which offer vast growth opportunities. The company would strategically like to be in a position to be able to participate in this; and keeping in view the capital intensive nature of the business, has chosen to pursue growth basis an asset light model. As part of a key component of the asset light strategy, the company listed a healthcare business trust (The Religare Health Trust) in Singapore in October 2012. This, besides strengthening the company's balance sheet and paring debt, also provides the company with an

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<sup>1</sup> Includes beds at owned, operated, leased and managed facilities and 350 beds of Lanka Hospitals, an associate of the Company

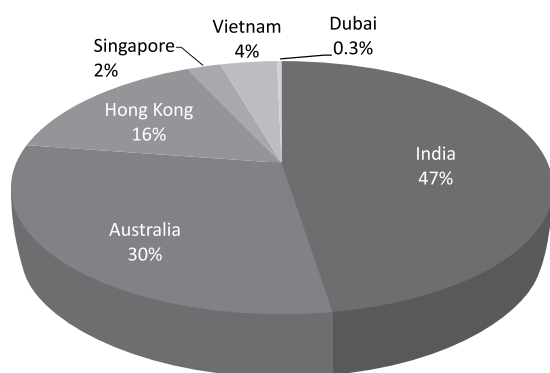
<sup>2</sup> Includes 12 wellness centres within these laboratories.

important vehicle to pursue asset light growth in India.

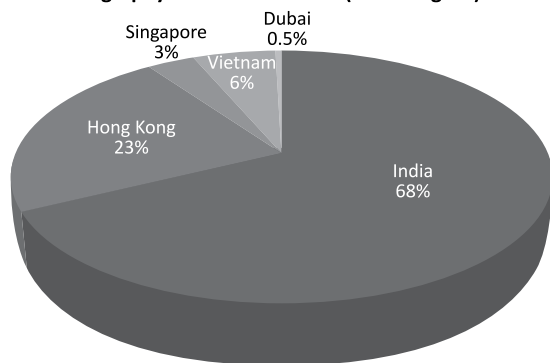
The company's future growth plans would be prioritised on the basis of brownfield and bolt-on capacity expansions within its available asset base. It will, as part of its asset light strategy also lay emphasis on building its network through O&M models. This asset light strategy coupled with its future growth plans will enable the Company to reduce its capital expenditure commitments to a significant extent.

### Fortis's Diversified Geographic and Vertical Presence (FY13)

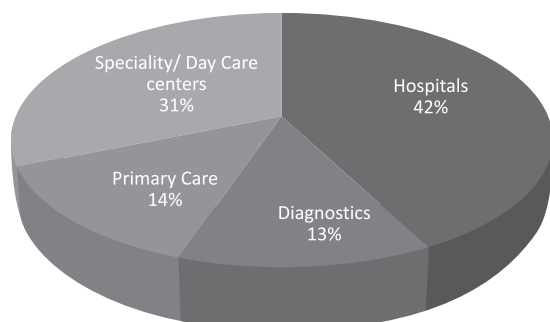
Geography-wise revenue mix



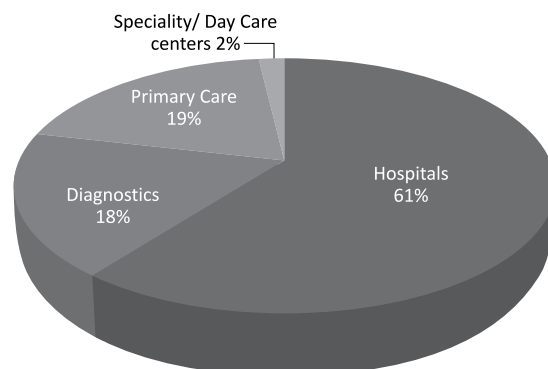
Geography-wise revenue mix (Excluding DC)



Vertical-wise revenue mix



Vertical-wise Revenue Mix (Excluding DC)



### Key developments during the year

#### Launch of Fortis Memorial Research Institute (FMRI), Gurgaon:

In April 2013, the company launched its flagship hospital, the 'Fortis Memorial Research Institute' (FMRI), in Gurgaon which brings the next-generation of super-specialisation in Oncology, Trauma and Paediatric care with embedded centres of excellence at the hospital in Neurosciences, Minimal Access Surgery, Cardiac Sciences and Orthopaedics. With a potential capacity for 1,000 beds (450 beds in Phase I), FMRI aims to explore new frontiers in healthcare using a multi-disciplinary approach to clinical diagnosis, interventions and treatment outcomes. A harmonic blend of the art and science of healthcare is evident in this facility. Some of the milestone technologies installed at FMRI include the first project for precision Radio-surgery in the world bringing together the cutting edge expertise of two medical technology giants – Elekta and Brain Lab. The precision Radio-surgery system is the first such collaboratively created installation in the world involving both companies. Some of the other technology advancements include 3 T Digital MRI with ambient lighting, Advanced Brain Suite, Biplane Cath Lab, Time of Flight PET CT, Digital Mammography, Fibroscan, Voice modulated integrated Operation Theatre, Brain Lab and Cardiac MRI. We are the first hospital in India to build a state of the art centre for cellular medicine at Fortis Memorial research Institute in collaboration with a US based company Totipotent Rx.

#### Commissioning of Fortis Colorectal Hospital, Singapore:

In July 2012, the company commissioned Fortis Colorectal Hospital, the first specialty hospital

dedicated to colorectal diseases, in Singapore. Focusing only on colorectal conditions, the hospital combines state of the art technology and medical expertise with dedicated and personalised care, to offer patients an optimal experience and superior surgical outcomes. Many of the procedures offered are minimally invasive, enabling faster recovery times and requiring short lengths of stay at the hospital. Fortis Colorectal Hospital has a dedicated robotic surgery program for colorectal disorders.

### **Launch of Hospitals at Kangra and Dehradun:**

During the course of Fiscal 2013, the company enhanced its presence by commissioning a healthcare facility each at Kangra and Dehradun. Fortis Hospital, Kangra, a 100 bed facility commenced operations during the first week of July 2012 and is the first corporate, multi-specialty hospital in Himachal Pradesh. The hospital has advanced clinical programmes and provides super-specialized care in Urology, Cardiology, Renal sciences, Orthopaedics, Endocrinology and Pulmonology. The state-of-the-art hospital has a critical care unit, an obstetrics and maternity programme, complete with a Neonatal ICU (NICU). The facility at Dehradun is a 50 bed cardiac center at Deen Dayal Upadhyaya Hospital in Dehradun. This healthcare facility is under a Public Private Partnership model with the Government of Uttarakhand.

**Listing of Religare Health Trust:** Consistent with our asset light strategy, in October 2012, the company transferred a portfolio of select clinical establishments including specific outpatient and day care medical and healthcare services and radiology and imaging diagnostic services to the Religare Health Trust (RHT), which was listed on the Main Board of the Singapore Stock Exchange on 19 October 2012. Subsequent to the listing, the Company, in its capacity as the sponsor of RHT, continues to hold 28.0% of the common units of RHT. The listing provided the company with gross issue proceeds of SGD 511 million pursuant to its initial public offering.

RHT's investment mandate is principally to invest in medical and healthcare assets and services in Asia, Australasia and emerging markets in the rest of the world, and also to develop medical and healthcare assets. It is expected that the medical services will

be provided directly by RHT in collaboration with third parties.

The clinical establishments transferred provide secondary, tertiary and quaternary healthcare services to patients in various specialised fields, including cardiac sciences, neuro sciences, orthopaedics, renal sciences, gastroenterology and oncology. They also include four greenfield clinical establishments located in Chennai, Ludhiana, Hyderabad and Greater Noida and two operating hospitals located in Bengaluru, which are managed and operated by RHT through certain of its subsidiaries.

The strategic rationale for the transfer of the clinical establishments by the Company to RHT includes the following:

- It allows the company to focus on its core activities of providing medical healthcare services;
- It provides the company with an additional source of long term capital;
- Proceeds from the transfer of assets have been utilised to reduce the company's overall indebtedness and strengthened its balance sheet and
- It creates a liquid instrument as shareholding in a listed entity for the company.

In terms of the structure of arrangement between the company and the RHT, RHT, through the Hospital Services Companies i.e. RHT, has entered into Hospital and Medical Services Agreements (HMSAs) with the Fortis Operating Companies i.e. Fortis in respect of each of the clinical establishments held by the Hospital Services Companies. Under the HMSAs, the RHT will provide Clinical Establishment Services to Fortis, while Fortis will have the right to run and manage the operations of the respective clinical establishment and provide additional healthcare services (over and above those provided by the RHT), including without limitation, in-patient services and emergency services at the relevant clinical establishment. In consideration for the provision of the Clinical Establishment Services, the Company will pay RHT the Service Fee, technology renewal fee and a refundable commitment deposit. The RHT will also have other income attributable to the provision of ancillary services at the clinical

establishments. The Service Fee is divided into a fixed quarterly base service fee that increases by 3.0% on an annual basis, along with a variable component of 7.5% of the operating income of the Fortis hospitals under this arrangement during each quarter. Specific infrastructure related maintenance and expansion related capital expenditure is to be borne by the RHT, along with the costs relating to the OPD and radio-diagnostic services provided by them.

The listing of the RHT provides a significant vehicle for the Company for its future expansion plans based on its asset light strategy. It will enable the Company to minimize its requirement of growth and expansion related capital expenditure; which given the nature of the healthcare industry in India, is substantial. While the monies raised from the listing and lower capital expenditure requirements in future will consequently also reduce the Company's finance cost and strengthen its Balance Sheet, it will entail the payment of a service fee (as described above) to the RHT.

*[For further details, please refer to the Religare Health Trust prospectus dated 15 October 2012]*

**Equity infusion in SRL:** In June 2012, SRL witnessed equity capital infusion by NYLIM Jacob Ballas India Fund III LLC, Mauritius ("NJBIF") and International Finance Corporation ("IFC"). NJBIF and IFC infused ₹ 2,500 million and ₹ 1,200 million respectively in SRL in the form of Compulsorily Convertible Preference Shares ("CCPS"). Post conversion of the CCPS, the company's effective stake in SRL would stand reduced to ~54% from 71% currently.

**Institutional Placement Programme:** In May 2013, the Company allotted 34,993,030 equity shares of the Company at an issue price of ₹ 92 per equity share, aggregating to ₹ 3,219.4 million, under the institutional placement programme (IPP) undertaken by the Company. With this the company has met the minimum public shareholding requirements as per the regulatory norms.

**IFC Preference Allotment and FCCB issue:** In June 2013, the Company allotted 18,833,700 equity shares of the Company to International Finance Corporation (IFC), on a preferential basis, at an issue price of ₹ 99.09 per equity share, aggregating to

₹ 1,866.2 million. Further, in June 2013, the company allotted 550 Foreign Currency Convertible Bonds (FCCBs) of US\$ 100,000 each to International Finance Corporation (IFC), on a preferential basis, aggregating to US\$ 55 million. With the allotment of FCCBs, the preferential allotment of equity shares in Fortis, the equity infusion in SRL and its participation in the Institutional Placement Programme (IPP), International Finance Corporation has made a total investment of more than USD 100 million in the Company.

**Preferential allotment of equity shares to Standard Chartered Private Equity:** In July 2013, the Board of Directors authorised the issue of up to 88,55,585 equity shares to Standard Chartered Private Equity Limited, for an aggregate consideration of up to US\$ 13.5 million, on a preferential basis. The allotment of Equity Shares will be subject to execution of necessary agreements and receipt of approvals and consents.

**Issuance of Foreign Currency Convertible Bonds aggregating US\$ 30 mn:** In August 2013, the company concluded issue of its FCCBs aggregating US\$ 30 million, which are listed on Singapore Stock Exchange. The conversion price of the FCCBs is ₹ 99.09 per Equity Share of the company.

### Key Upcoming Projects

Set forth below are certain details relating to our projects, which are currently at advanced stages of development:

#### Fortis Hospital Arcot Road, Chennai

Fortis Hospital Arcot Road in Chennai is the second hospital by the company in the city. This hospital is expected to enhance the scope of services and consolidate its presence in the Chennai market. The Arcot Road project is designed for a 192 bed tertiary care multi-speciality hospital. The civil and interiors work is progressing in nearing completion. The hospital is expected to be launched during the second half of FY14.

#### Fortis Hospital, Ludhiana

Fortis Hospital, Ludhiana is the first hospital by the company in the city and will further enhance the company's presence in the Northern region. The work



at the 215 bed super speciality hospital in Ludhiana is progressing rapidly. The hospital will focus on Neurosciences, Renal care, Gastroenterology, Cardiology, Mother & Child care, and Oncology. The hospital is expected to be launched in H2FY14.

### Oncology Block, Fortis Hospital, Mohali

Fortis Hospital, Mohali is a 300 bed hospital which was commenced during 2001. Given the increasing number of cancer patients in the region and to further provide impetus to the hospital's growth, an oncology block is being set up at the hospital. All civil work at the 55 bed Oncology Block has been completed. Medical equipment has been ordered and installation is underway. The Oncology Block is expected to be functional in the second half of FY14.

**Other Projects:** Several brownfield projects are also being undertaken by the Company which would significantly increase the existing bed capacity over the next 3-5 years. These projects are primarily under an "asset light" model wherein Fortis' capital expenditure would largely be only to the extent of medical equipment and as a result the gestation period would be relatively shorter.

### **Financial and Operational Highlights**

For the financial year 2012-13, the company recorded consolidated revenues from continuing operations<sup>(3)</sup> of ₹ 4243 Crore a growth of 62%<sup>(4)</sup> over the previous year. Including other income and exceptional items related to the profit on sale of investments pertaining to the transfer of clinical establishments to the Religare Health Trust, total income from continuing operations stood at ₹ 5391 Crore against ₹ 2800 Crore in the previous year.

Operating EBITDA i.e. excluding other income and exceptional items and after absorbing the costs related to the Business Trust (RHT) from continued operations stood at ₹ 347 Crore. Before the impact of the costs related to the Business Trust, the operating performance reflected a EBITDA margin of 11.3%.

EBITDA including other income and exceptional items from continuing operations stood at ₹ 1464 Crore. Profit before tax stood at ₹ 699 Crore while Profit after tax, exceptional item and minority interest was at ₹ 491 Crore for FY 2013.

Revenue from discontinued operations i.e. Dental Corporations Holdings Limited stood at ₹ 1808 Crore. The operating EBITDA was at ₹ 332 Crore while the Profit Before Tax and Profit after tax and minority interest stood at ₹ 97 Crore and ₹ 9 Crore respectively.

The total revenue from operations from both continuing and discontinued business stood at ₹ 6052 Crore in FY2013. Operating EBITDA i.e. excluding other income and exceptional items and after absorbing the costs related to the Business Trust (RHT) was at ₹ 679 Crore. Before the impact of the costs related to the Business Trust, the operating performance reflected a margin of 13.4%. The consolidated Profit before tax stood at ₹ 796 Crore while consolidated profit after tax, exceptional item and minority interest was at ₹ 500 Crore

The India business recorded revenue from operations at ₹ 2872 Crore a growth of 23% over FY12 and contributed 68% to the total revenue from continuing operations of the company. The hospital business continued to perform well with revenues at ₹ 2293 Crore for the full year, reflecting a growth of 20% over the previous year. The India diagnostic business revenue stood at ₹ 579 Crore for FY13 compared to ₹ 434 Crore for FY12 (for the 11 month period from May 2011 to March 2012).

Revenue for the International business from continuing operations was at ₹ 1371 Crore and contributed 32% to the total revenues. The largest contributor to the international operations was the company's primary care business in Hong Kong, Quality Healthcare, which recorded revenues of ₹ 955 Crore a growth of 26% on FY12 proforma revenues and contributed 70% to the International operations. Including the revenues from the discontinuing

<sup>3</sup> Excludes the financials of the divested business of Dental Corporation Holding Limited which have hence been shown as discontinued operations in the financials

<sup>4</sup> FY2012 includes the financials of International operations from the last quarter of the fiscal i.e. from the date of consolidation

operations i.e. Dental Corporation Holding Limited, the revenue from international operations stood at ₹ 3180 Crore

For the year 2013, operating EBITDA margins for the India hospital business before considering the impact of the costs related to the Business Trust (RHT) stood at 14.3% while the India diagnostic business recorded an EBITDA margin of 13.9%, a significant improvement over the previous year. Including the operating EBITDA margins from International operations of 12.7% (including Dental Corporation) the overall consolidated operating EBITDA margins for the company stood at 13.4%.

Consequent to the listing of the Religare Health Trust as a part of the Company's asset light strategy; the proceeds raised from the listing enabled the company to strengthen its balance sheet. The Company's net debt to equity ratio reduced to 1.0x as of 31 March 2013 compared to 1.6x as of 31 March 2012. As of June 30, 2013, the net debt to equity ratio further reduced to 0.7x.

As the company continues to add new hospitals and new medical programmes in India, it is maintaining its focus on medical quality in terms of improving and standardising the quality of nursing and also equipping its hospitals with high-end technology. During the year, the company has invested in cutting edge technology to support our clinicians in delivering best clinical outcomes.

The hospitals across the network in India performed approximately 64,000 Cardiac procedures, approximately 17,000 oncology procedures and over 15,000 Orthopaedic procedures. While cardiac and orthopedics volumes grew 11% and 10%, respectively, oncology procedure volumes witnessed a growth of 23%.

Quality continues to be the key focus area at all the Fortis hospitals and it is typical for most hospitals to make focused attempts towards achieving accreditation, commensurate with their relative positioning in the region. During the year under review, Fortis Mohali successfully received its accreditation by the Joint Commission International (JCI) for extended services while Fortis Shalimar Bagh received accreditations from National

Accreditation Board for Hospitals (NABH). Further Fortis BG Road, Faridabad and Vasant Kunj received re-accreditations from National Accreditation Board for Hospitals (NABH). While two hospitals viz Fortis Vashi and Anandpur completed NABH final assessment during the year; four hospitals (Noida, Mohali, La Femme and Jaipur) completed NABH surveillance during the period. The Fortis network currently has 4 JCI accredited hospitals, 12 NABH accredited hospitals, 7 NABH accredited blood banks and 5 NABL accredited laboratories.

The company's Diagnostics Business (SRL) consolidated its position as the leading player in Indian diagnostic space. The focus during the year was on increasing market penetration especially in Tier II and Tier III towns, reaching out to the prescribers and expansion of customer base. Various initiatives were undertaken for channel improvement and support was provided to SRL's business associates on all fronts. The aim was to improve customer experience at various touch points and enhance the brand equity of the company. As a part of the endeavour to reach out to customers in every nook and corner of the country, SRL started 17 new labs and appointed 200 new collection centres. More than 40 tests were launched during the year of which 9 have been released for the first time in India and are exclusively offered by SRL. In addition to routine tests, the focus was on high end tests, including new tests and technologies, and certain specific disease segments like lifestyle disorders, oncology and gynaecology. A segment focused strategy led to the launch of Gynae-care, Onco-care and I-care divisions of the sales team.

On the International business, Quality Healthcare (QH), the Company's primary care business in Hong Kong, recorded a revenue growth of 26% to ₹ 955 Crore in FY13. Through proper cost control, various efficiency improvement initiatives, and a further expansion into more profitable business lines, expanded its EBITDA margin to 8.9%.

In September 2012, QH saw the official commissioning of its new Tsim Sha Tsui Specialist Centre, the flagship Endoscopy centre with the most advanced medical equipment and facilities comparable to

## Management Discussion and Analysis Report

hospitals. In recognition for its outstanding customer satisfaction and brand recognition, QHMS was awarded the Reader's Digest Trusted Brands Survey Platinum Award for the second consecutive year.

Dental Corporation Holdings Ltd (DC), witnessed a revenue growth of 35% during the year to reach revenues of ₹ 1808 Crore. In December 2012, Fortis Healthcare announced divestment of its entire stake in DC to Bupa, for a consideration of Aus \$ 276 Mn. The deal was completed on 31 May 2013.

Fortis Hoan My, the company's business in Vietnam recorded revenue of ₹ 250 Crore against proforma revenues of ₹ 158 Crore in FY2012. Post the divestment of Dental Corporation, in line with its strategic priorities, in June 2013, the company announced the divestment of its entire stake in Fortis Hoan My to Chandler Corporation for USD 80 mn.

### Internal Control Systems

The Board acknowledges its overall responsibility for ensuring the Company has satisfactory systems of internal control. Internal Control Systems and procedures are in place to identify, control and report on major risks, including strategic, people, medical, operational, financial, technological and regulatory risks. The Board monitors exposures to these risks with the assistance of various committees and the senior management.

The fundamental objective of the Company's internal control systems is to manage and mitigate the risks facing the Company. The system comprises a well-established organizational structure and framework for policies and standards. Under the current framework, each geography and functional unit is primarily responsible for implementing effective controls within its area of operation. The Company believes that its internal control systems and procedures are commensurate with its size and have been designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Additionally the CEO and CFO certificate, forming part of the Corporate Governance Report, confirms the existence of effective internal control systems and procedures in the Company.

Management supervision, exception management and a continuous improvement cycle, along with periodical management reviews and a tight budgetary control mechanism support the internal control system. The Internal Audit Department provides an independent, objective evaluation of the adequacy and effectiveness of the internal control system and helps identify opportunities for improvement.

The annual audit plan, prepared on a risk assessment methodology, is discussed and approved by the Audit, Risk and Controls Committee. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. The Head of Internal Audit reports to the Executive Director on an administrative basis but has direct access to the Audit, Risk and Controls Committee and its Chairman, ensuring that independence is preserved.

The Internal Audit Department leverages external expertise (in the form of outsourcing audit field and testing work to professional audit firms and building access to subject matter expertise) and in this regard holds the accountability for setting out the scope and terms of the relationship; managing execution and output of such field work towards rendering its opinion. The findings of the Internal Audit functions are shared within management and action plans are monitored towards resolution under the supervision and guidance of the Audit Risk and Controls Committee.

### Human Resources

#### Our People Agenda

At Fortis Healthcare, people remain the most important asset in enabling the Company to achieve its strategic goals. Fortis continues to attract, develop and engage with talent and endeavours to provide a value centric culture to enable the delivery of performance.

As the business continues to expand, the need to continuously have the right people at the right place to maintain high standards and drive growth through innovative business models and integrated healthcare delivery systems becomes all the more important. The HR function aims to create a stimulating environment that demands performance and nurtures

creativity, recognises achievements individually and collectively.

The year gone by has been an important one for the Human Resources function, with concrete steps being taken towards transformation and instituting best-in-class practices. Integration of independent legacy systems has been one of the foremost imperatives for the function in the last financial year. Several important initiatives, which were launched in 2011-12, came to fruition this year.

As of 31 March 2013, the Company had over 22,000 employees together with approximately 2,000 people employed at our managed healthcare facilities.

### **Values Rollout**

After the announcement of the Fortis Global Values in February 2012, a workshop was designed to proliferate and communicate the new values across the organization. The workshop design introduces and reinforces 'our values' through various exercises and activities. There is also a value based recognition program integrated into the workshop design, which emphasizes reinforcement of value-linked behavior. The values workshops continue to be conducted at all levels in the organization.

### **Grade Restructuring Exercise**

Further unfolding our plans to integrate and create a unified functioning structure, the grade restructuring exercise was implemented, establishing a common band structure for the managerial workforce in the organization. This initiative lays the foundation for creation of integrated HR systems and processes.

### **Process Integration**

Another important initiative towards integrated functioning was the establishment of common Standard Operating Procedures (SOPs) for the HR function across the country. A cross location team representing both legacy systems was established to review each existing SOP, prevalent practices in both systems and formulate an integrated process framework. The revised SOPs have been approved and communicated to all the concerned stakeholders.

In the coming year, the HR function will work to take forward our efforts towards integration. A lot of the

initiatives in FY 13-14 will be foundation building in nature, which will support the creation and institutionalization of business relevant HR systems and processes in the future.

Automation will be a major area of investment, with HRIS implementation, development of the HR portal, payroll outsourcing and consolidation, e-learning modules for values certification and new joiners' induction to name a few initiatives.

### **Information Technology**

A common integrated Hospital Information System and Financial System was successfully implemented at 4 of our hospitals in India leading to realization of efficiencies at these hospitals. A larger initiative to unlock synergies and harmonize processes across our network in India using a common Oracle ERP system for Finance, Human Resources and Supply Chain functions has been started. In addition, a business intelligence platform for enabling superior management decision support and a financial consolidation system has been planned. A comprehensive process design exercise covering processes in Finance, Human resources and Supply Chain was completed during the year and will be leveraged for the Oracle ERP implementation. This initiative will enable us to enhance visibility and control across the network in India and will enable us to implement shared services resulting in realization of further synergies.

A common Electronic Medical Record (EMR) system has been implemented at 4 hospitals in India enabling our clinicians to leverage technology for providing superior clinical care. From an organizational standpoint, this is a critical step for enabling patient portability across our network for providing cost effective care. In addition, to create a common customer experience across our hospitals, implementation of a common Hospital Information System is being planned.

For enabling the company to respond rapidly to evolving business needs, the core IT infrastructure consisting of datacenters, networks and email systems has been redesigned to provide a stable, scalable and secure platform for business growth. This will lead to

## Management Discussion and Analysis Report

our ability to scale on demand based on operational requirements and will result in significant cost efficiencies.

### FORWARD LOOKING STATEMENT

*Except for the historical information contained herein, statements in this discussion which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well*

*as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.*

### References

1. Frost & Sullivan report "Independent Report on the Healthcare Industry in the Asia Pacific regions, 17 September 2012".
2. International Monetary Fund (IMF), United Nations (UN), World Health Organisation (WHO).
3. ICRA Management Consultancy Services Limited Analysis, Indian Diagnostic Services Market Report, January 2011.
4. Market Research Reports, web articles, press clippings, others.

# Independent Auditor's Report

## **To the Members of Fortis Healthcare Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Fortis Healthcare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



## Independent Auditor's Report

considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to note 18 to the financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 986.62 lacs. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts and more fully described in note 18 of the accompanying financial statements. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section

(4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

### For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

per Pankaj Chadha

Partner

Membership No.:91813

Place of signature: Gurgaon

Date: May 30, 2013

## Annexure referred to in our report of even date

Re: Fortis Healthcare Limited ('the Company')

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
  - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
  - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii)
  - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
  - (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v)
  - (a) In our opinion there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products/services of the Company.
- (ix)
  - (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*  
The provisions relating to excise duty are not applicable to the Company.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount involved (Rs.)	Amount paid under protest	Assessment Year to which the amount relates	Forum where dispute is pending
Income Tax Act	Tax Deducted at Source & Interest thereon	50,141,423	Nil	2010-11 and 2011-12	Commissioner of Income Tax (Appeals), Chandigarh

The provisions relating to excise duty are not applicable to the Company.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had issued 3,000 Non-Convertible Debentures of ₹ 1,000,000 each, during the year covered by our audit report. The Company has created charge in respect of debentures issued.
- (xx) The Company has not raised any money by way of public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E

**per Pankaj Chadha**

Partner

Membership No.: 91813

Place of signature: Gurgaon

Date: May 30, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

	Notes	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4(i)	40,953.37	40,950.61
Reserves and surplus	4(ii)	279,551.86	279,509.56
		<u>320,505.23</u>	<u>320,460.17</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4 (iii)	69,743.33	67,978.23
Deferred tax liabilities (net) (refer note 7)		31.84	-
Other long term liabilities	4 (iv)	1,527.02	7,641.56
Long-term provisions	4 (v)	704.11	466.12
		<u>72,006.30</u>	<u>76,085.91</u>
<b>Current liabilities</b>			
Short-term borrowings	4 (vi)	30,056.49	42,266.05
Trade payables	4 (vii)	4,734.31	4,637.61
Other current liabilities	4 (viii)	19,758.32	5,882.22
Short-term provisions	4 (ix)	765.76	417.27
		<u>55,314.88</u>	<u>53,203.15</u>
<b>TOTAL</b>		<u><u>447,826.41</u></u>	<u><u>449,749.23</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	4 (x) (a)	11,454.52	8,321.72
Intangible assets	4 (x) (b)	304.24	130.32
Capital work-in-progress		7,294.23	4,865.09
Non-current investments	4 (xi)	210,268.46	231,008.17
Long-term loans and advances	4 (xii)	83,875.24	50,331.93
Other non-current assets	4 (xiii)	17,428.19	1,664.97
		<u>330,624.88</u>	<u>296,322.20</u>
<b>Current assets</b>			
Current investments	4 (xiv)	30,319.71	-
Inventories	4 (xv)	484.86	425.29
Trade receivables	4 (xvi)	9,305.03	6,249.50
Cash and bank balances	4 (xvii)	10,857.96	1,486.50
Short-term loans and advances	4 (xviii)	65,034.88	139,253.43
Other current assets	4 (xix)	1,199.09	6,012.31
		<u>117,201.53</u>	<u>153,427.03</u>
<b>TOTAL</b>		<u><u>447,826.41</u></u>	<u><u>449,749.23</u></u>

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S. R. Batliboi & Co. LLP**

Firm Registration Number: 301003E

Chartered Accountants

**per Pankaj Chadha**

Partner

Membership No.: 91813

Place : Gurgaon

Date : May 30, 2013

**For and on behalf of the Board of Directors****Shivinder Mohan Singh**

Executive Vice Chairman

**Rahul Ranjan**

Company Secretary

Place : Gurgaon

Date : May 30, 2013

**Balinder Singh Dhillon**

Executive Director

**Sandeep Puri**

Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>INCOME</b>			
Revenue from operations	4 (xx)	<b>35,297.21</b>	28,127.97
Other income	4 (xxi)	<b>19,056.93</b>	12,704.24
Exceptional items (refer note 19)		-	18,462.37
<b>Total revenue</b>		<b>54,354.14</b>	59,294.58
<b>EXPENDITURE</b>			
Purchase of medical consumables and drugs (includes prior period items of ₹ 0.11 lacs, Previous year ₹ 29 lacs)		<b>10,187.06</b>	7,951.71
Increase in inventories of medical consumables and drugs	4 (xxii)	<b>(51.39)</b>	(95.56)
Employee benefits expense	4 (xxiii)	<b>10,133.14</b>	7,073.50
Other expenses	4 (xxiv)	<b>15,144.46</b>	12,721.55
<b>Total expenses</b>		<b>35,413.27</b>	27,651.20
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>18,940.87</b>	31,643.38
Finance costs	4 (xxv)	<b>13,386.47</b>	10,293.40
<b>Profit before tax, depreciation and amortization</b>		<b>5,554.40</b>	21,349.98
Depreciation and amortization expense	4 (xxvi)	<b>2,346.83</b>	1,211.44
<b>Profit before tax</b>		<b>3,207.57</b>	20,138.54
<b>Tax expense:</b>			
Current tax (including MAT payable)		<b>1,450.85</b>	4,030.45
Less: MAT credit entitlement		-	(4,030.45)
Deferred tax charge		<b>31.84</b>	-
<b>Total tax expenses</b>		<b>1,482.69</b>	-
<b>Profit for the year</b>		<b>1,724.88</b>	20,138.54
<b>Earnings per share [Nominal value of shares ₹ 10/- each (Previous year ₹ 10/- each)]</b>	4 (xxvii)		
Basic		<b>0.43</b>	4.97
Diluted		<b>0.43</b>	4.97
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Firm Registration Number: 301003E  
Chartered Accountants

**per Pankaj Chadha**  
Partner  
Membership No.: 91813

Place : Gurgaon  
Date : May 30, 2013

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

**Shivinder Mohan Singh**  
Executive Vice Chairman

**Rahul Ranjan**  
Company Secretary

Place : Gurgaon  
Date : May 30, 2013

**Balinder Singh Dhillon**  
Executive Director

**Sandeep Puri**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>A. Cash flow from operating activities</b>		
Net profit before tax	3,207.57	20,138.54
Adjustments for:		
Depreciation and amortization expense	2,346.83	1,211.44
Loss on sale of assets	109.19	26.09
Profit on redemption of mutual funds	(697.88)	(172.11)
Provision for doubtful debts and advances	328.91	500.00
Bad debts and sundry balances written off	29.39	105.57
Finance charges	1,429.66	336.06
Foreign exchange fluctuation gain/loss	260.98	-
Unclaimed balances and excess provisions written back	(368.31)	(17.70)
Wealth tax	6.17	6.48
Interest income	(18,342.89)	(12,381.58)
Interest expense	11,908.21	8,479.28
<b>Operating profit/ (loss) before working capital changes</b>	<b>217.83</b>	<b>18,232.07</b>
Movements in working capital :		
Increase in trade receivables	(3,413.82)	(1,390.96)
Increase in inventories	(59.57)	(102.25)
(Increase)/ decrease in loans and advances	4,259.83	(6,178.84)
(Increase)/ decrease in other assets	(70.17)	39.85
Increase in trade payables, other liabilities and provisions	1,777.65	3,280.08
<b>Cash generated from / (used in) operations</b>	<b>2,711.75</b>	<b>13,879.95</b>
Direct taxes paid (net of refunds)	(2,566.48)	(3,830.48)
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>145.27</b>	<b>10,049.47</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(7,459.23)	(7,125.96)
Proceeds from sale of fixed assets	103.39	172.56
Investment in bank deposits	(4.66)	(45.04)
Redemption / maturity of bank deposits	96.35	43.95
Loans to body corporates and others (net)	(216.72)	1,960.05
Loans to subsidiaries (net)	40,064.71	(6,540.60)
Purchase of investments in subsidiaries and associates	-	(106,428.53)
(Purchase)/ proceeds of investments in mutual funds	(8,882.12)	4,287.18
Interest received	7,524.05	17,002.95
Proceeds from sale of investments of subsidiaries	-	24,387.20
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>31,225.77</b>	<b>(72,286.24)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital including premium	20.00	47.42
Proceeds from issuance of non-convertible debentures	30,000.00	-
Redemption of non-convertible debentures	(30,000.00)	-
Proceeds from long-term borrowings	-	23,703.93
Repayments of long-term borrowings	(466.67)	(342.49)
Proceeds/ (repayments) of short-term borrowings	(12,332.20)	42,266.05
Loan arrangement fees paid	(1,488.23)	(336.06)
Interest paid	(7,638.41)	(5,390.22)
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>(21,905.51)</b>	<b>59,948.63</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>9,465.53</b>	<b>(2,288.14)</b>
<b>Total cash and cash equivalents at the beginning of the year</b>	<b>1,360.26</b>	<b>3,648.40</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,825.79</b>	<b>1,360.26</b>
<b>Components of cash and cash equivalents:</b>		
Cash in hand	50.98	19.92
Cheques in hand	0.06	42.76
Balances with banks on current accounts	10,711.26	1,274.30
Balances with banks on deposit accounts	95.66	149.52
	10,857.96	1,486.50
Less: Deposits not considered as cash equivalents	32.17	126.24
<b>Total</b>	<b>10,825.79</b>	<b>1,360.26</b>
Summary of significant accounting policies	3	

As per our report of even date

**For S. R. Batliboi & Co. LLP**

Firm Registration Number: 301003E

Chartered Accountants

**per Pankaj Chadha**

Partner

Membership No.: 91813

**For and on behalf of the Board of Directors****Shivinder Mohan Singh**

Executive Vice Chairman

**Rahul Ranjan**

Company Secretary

**Balinder Singh Dhillon**

Executive Director

**Sandeep Puri**

Chief Financial Officer

Place : Gurgaon

Date : May 30, 2013

Place : Gurgaon

Date : May 30, 2013



## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

### **1. Nature of Operations**

Fortis Healthcare Limited (the 'Company' or 'FHL') was incorporated in the year 1996 and commenced its hospital operations in the year 2001 with the flagship of Multi-Specialty Hospital at Mohali and has thereafter set up/ acquired/ taken over the management of other hospitals in different parts of the country. As part of its business activities, the Company holds interests in its subsidiaries, joint ventures and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange and its Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

### **2. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### **3. Summary of Significant Accounting Policies**

#### **(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### **(b) Tangible fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### **(c) Depreciation on tangible fixed assets**

- i. Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

S. No.	Assets	Rates (SLM)
1.	Plant & machinery	10.34%
2.	Medical equipments	7.07%
3.	Furniture and fittings	6.33%
4.	Computers	16.21%
5.	Office equipments	4.75%
6.	Vehicles	9.50%

- ii. Depreciation on Leasehold improvements is provided over the primary period of lease of 10 years or over the useful lives of the respective fixed assets, whichever is shorter.
- iii. Individual assets not exceeding ₹ 5,000 are depreciated fully in the year of purchase in accordance with Companies Act, 1956.

### (d) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

### (e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### Technical Know-how Fees

Technical know-how fees are amortized over a period of 3 years.

#### Software

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (f) Impairment of tangible and intangible assets

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price 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 assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company. Impairment losses are recognized in the statement of profit and loss.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### (g) 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 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 fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### (h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of the acquisition of such investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (i) Inventories

Inventory of Medical consumables and drugs, Stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis.

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

The inventories of medical consumables in OPD business are expensed off on purchase.

### (j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Operating Income*

Operating income is recognised as and when the services are rendered / pharmacy items 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. Management fee from hospitals and income from medical services is recognised as per the contractual terms of the agreement with respective hospitals.

#### *Income from Rehabilitation Centre and Sponsorships*

Revenue is recognised as and when the services are rendered at the centre.

#### *Income from Academic Services*

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

#### *Equipment Lease Rentals and Income from Rent*

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis.

#### *Income from Clinical Research*

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

#### *Export benefits*

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

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

### (k) Unamortised finance charges

Costs incurred in raising funds are amortised on straight line basis over the period for which the funds have been obtained, using time proportionate basis.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### **(1) Foreign Currency Transactions and balances**

#### **i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### **iii) Exchange differences**

From accounting periods commencing on or after 7 December 2006, the Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- a.** Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- b.** Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- c.** Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- d.** All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of b and c above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

#### **iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of the forward exchange contract is amortized

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

as an income/expense over the life of contract. Exchange difference on such contracts, except the contracts which are long term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognized in accordance with paragraph (iii) (b) and (iii) (c).

### (m) Retirement and other employee benefits:

#### i) 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 contribution scheme for certain employees, the contributions for these employees are charged to the statement of profit and loss of the year when an employee renders the related service. For other employees, the provident fund is defined benefit scheme contribution of which is being deposited with "Fortis Healthcare Limited 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.

There are no other obligations other than the contribution payable to the fund.

#### ii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

#### iii) Compensated absences

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. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. 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.

#### iv) Actuarial gains/losses

Actuarial gains/losses are recognised in the statement of profit and loss as they occur.

### (n) Income Taxes

Tax expense comprises current and deferred tax. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### **(o) Employee stock compensation cost**

Recognition, measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

### **(p) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting preference dividends

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### (r) Contingent liabilities

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

### (s) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### (t) Measurement of EBITDA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company includes interest income included under other income, but does not include depreciation and amortization expense, finance costs and tax expense.

### (u) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (v) Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4(i) Share capital</b>		
<b>Authorised Shares (Nos.)</b>		
600,000,000 (Previous year 600,000,000) Equity shares of ₹ 10 each	60,000.00	60,000.00
200 (Previous Year 200) Class 'A' Non- Cumulative Redeemable Preference Shares of ₹ 100,000 each	200.00	200.00
11,498,846 (Previous Year 11,498,846) Class 'B' Non- Cumulative Redeemable Preference Shares of ₹ 10 each	1,149.88	1,149.88
64,501,154 (Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	6,450.12	6,450.12
	<b>67,800.00</b>	<b>67,800.00</b>
<b>Issued Shares (Nos.)</b>		
405,207,335 (Previous year 405,179,715) Equity shares of ₹ 10 each fully paid up	40,520.73	40,517.97
1,600,000 (Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each	160.00	160.00
3,196,000 (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each	319.60	319.60
<b>Total issued share capital</b>	<b>41,000.33</b>	<b>40,997.57</b>
<b>Subscribed and fully paid up shares (Nos.)</b>		
405,207,335 (Previous year 405,179,715) Equity shares of ₹ 10 each	40,520.73	40,517.97
1,450,000 (Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each	145.00	145.00
3,196,000 (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	287.64	287.64
<b>Total subscribed and fully paid up share capital</b>	<b>40,953.37</b>	<b>40,950.61</b>

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

#### Equity Shares

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	405,179,715	40,517.97	405,103,475	40,510.35
Issued during the year: Employee Stock Option Plan (ESOP)	27,620	2.76	76,240	7.62
Outstanding at the end of the year	<b>405,207,335</b>	<b>40,520.73</b>	405,179,715	40,517.97

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each**

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Outstanding at the end of the year	<b>1,450,000</b>	<b>145.00</b>	1,450,000	145.00

**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each**

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Outstanding at the end of the year	<b>3,196,000</b>	<b>287.64</b>	3,196,000	287.64

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Terms of redemption of preference shares**

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010, however, the date of redemption of October 18, 2010 has been deferred to October 18, 2013. Both the Company and the subscriber had an option for early redemption of the Preference Shares. In case the early redemption option would have been exercised, the amount payable on redemption at the end of year 1 would have been ₹ 1,638.50 lacs and at end of year 2 would have been ₹ 1,851.51 lacs.

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹10 each at a premium of ₹ 90 per share, out of which 3,196,000 zero percent cumulative redeemable preference shares are still pending for redemption. These shares were redeemable at ₹ 175 per share, including premium, on October 18 of 2008, 2009, 2010, 2011 and 2012 respectively in installment of ₹ 1,437.50 lacs each and installment of ₹ 12,937.50 lacs on October 18, 2013. The Company had the option to make voluntary premature redemption of the Shares in part or in full in which event the redemption premium would have been computed @ 12% compounded annually on the subscription amount from the subscription date till the redemption date. However, the due date of redemption in 2009, 2010, 2011 and 2012 respectively has been postponed to October 18, 2013 and due to this, the Company has agreed to pay additional redemption premium calculated at 12%, 12.5%, 13% and 13% respectively on the redemption amounts due in respective years. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

#### Equity Shares

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding Company	218,250	21.83	218,250	21.83

#### Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	1,450,000	145.00	1,450,000	145.00

#### Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	3,196,000	287.64	3,196,000	287.64

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

#### Equity Shares

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	81.34%	329,591,530	81.34%

#### Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	1,450,000	100%	1,450,000	100%

#### Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	3,196,000	100%	3,196,000	100%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

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

**(f) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer note 11.

**(g) Shares reserved for issued on conversion**

For details of shares reserved for issue on conversion of bonds, please refer note 18 regarding terms of conversion/ redemption of bonds.

**4(ii) Reserve and Surplus**

	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>a Securities premium account</b>		
Balance as per the last financial statements	256,475.07	257,922.92
Add: Premium on issue of equity shares	17.24	49.00
Less: Amount utilized for accrual of premium payable on redemption of cumulative redeemable preference shares	(1,437.31)	(1,496.85)
<b>Closing balance</b>	<b>255,055.00</b>	<b>256,475.07</b>
<b>b Amalgamation reserve</b>		
Balance as per the last financial statements	156.00	156.00
<b>Closing balance</b>	<b>156.00</b>	<b>156.00</b>
<b>c Foreign currency monetary item translation difference account</b>		
Opening balance	(153.77)	-
Addition	(262.51)	(153.77)
<b>Closing balance</b>	<b>(416.28)</b>	<b>(153.77)</b>
<b>d Debenture redemption reserve</b>		
Balance as per the last financial statements	1,630.43	-
Add: amount transferred from surplus balance in the statement of profit and loss	3,883.56	1,630.43
Less: amount transferred to surplus balance in the statement of profit and loss	1,630.43	-
<b>Closing balance</b>	<b>3,883.56</b>	<b>1,630.43</b>
<b>e Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	21,401.83	2,893.72
Add: profit for the year	1,724.88	20,138.54
Add: transfer from debenture redemption reserve	1,630.43	-
Less: transfer to debenture redemption reserve	(3,883.56)	(1,630.43)
<b>Net surplus in the statement of profit and loss</b>	<b>20,873.58</b>	<b>21,401.83</b>
	<b>279,551.86</b>	<b>279,509.56</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (iii) Long-term borrowings</b>		
<b>Secured</b>		
Term loan from a body corporate (refer note 8(i)(a))	15,458.33	17,033.33
	<u>15,458.33</u>	<u>17,033.33</u>
<b>Unsecured</b>		
5% Foreign currency convertible bonds (refer note 8(ii)(a))	54,285.00	50,944.90
	<u>54,285.00</u>	<u>50,944.90</u>
	<u>69,743.33</u>	<u>67,978.23</u>
<b>4 (iv) Other long term liabilities</b>		
Capital creditors	309.30	15.71
Lease equalisation reserve	1,203.28	641.19
Interest accrued but not due on borrowings	-	4,925.83
Premium payable on redemption of redeemable preference shares	-	2,044.43
Others	14.44	14.40
	<u>1,527.02</u>	<u>7,641.56</u>
<b>4 (v) Long-term provisions</b>		
<b>Provision for employees benefits</b>		
Provision for gratuity (refer note 12)	704.11	466.12
	<u>704.11</u>	<u>466.12</u>
<b>4 (vi) Short-term borrowings</b>		
<b>a Secured</b>		
10% redeemable non convertible debentures (refer note 8(i)(b))	30,000.00	-
Bank overdraft (refer note 8(i)(c))	56.49	1,266.05
	<u>30,056.49</u>	<u>1,266.05</u>
<b>b Unsecured</b>		
11% redeemable non convertible debentures (refer note 8(ii)(b))	-	30,000.00
Working capital demand loan (refer note 8(ii)(c))	-	3,500.00
Commercial papers from banks (refer note 8(ii)(d))	-	7,500.00
	<u>-</u>	<u>41,000.00</u>
	<u>30,056.49</u>	<u>42,266.05</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (vii) Trade Payables</b>		
Trade Payables (refer note 22 for details of dues to micro and small enterprises )	4,734.31	4,637.61
	<b>4,734.31</b>	<b>4,637.61</b>
<b>4 (viii) Other current liabilities</b>		
Current maturities of long-term borrowings (refer note 8(i)(a))	1,575.00	466.67
Interest accrued but not due on borrowings	9,321.46	125.84
Advances from patients	462.58	345.57
Premium payable on redemption of redeemable preference shares	7,214.75	3,733.01
Capital creditors	482.77	440.02
Security deposits	14.99	4.66
Book overdrafts	127.75	250.39
Payable to related parties	38.35	48.58
Statutory payables	518.77	465.15
Others	1.90	2.33
	<b>19,758.32</b>	<b>5,882.22</b>
<b>4 (ix) Short-term provision</b>		
<b>a Provision for employees benefits</b>		
Provision for gratuity (refer note 12)	33.44	25.24
Provision for leave encashment	586.15	385.55
<b>b Others</b>		
Provision for wealth tax	6.17	6.48
Provision for contingencies	140.00	-
	<b>765.76</b>	<b>417.27</b>
<b>Provision for contingencies:</b>		
Opening balance	-	-
Add: provision made during the year	140.00	-
Less: utilized during the year	-	-
Closing balance	<b>140.00</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

Note 4(x)(a): Tangible assets										₹ in Lacs
	Freehold land	Leasehold improve-ments	Plant & machinery	Medical equipments	Furniture & fittings	Computers equipments	Office equipments	Vehicles	Total	
Gross Block										
At April 1, 2011	-	1,812.81	1,821.30	8,566.69	574.97	696.43	292.12	698.09	14,462.41	
Additions	-	359.30	70.40	1,415.55	120.08	141.54	53.97	277.96	2,438.80	
Disposals	-	-	24.40	309.69	2.99	2.04	6.30	23.22	368.64	
At March 31, 2012	-	2,172.11	1,867.30	9,672.55	692.06	835.93	339.79	952.83	16,532.57	
Additions	10.09	558.62	996.27	2,627.44	156.74	148.82	30.02	204.58	4,732.58	
Adjustments	-	-	27.06	22.19	182.58	(28.48)	-	-	203.36	
Disposals	-	-	45.75	228.53	18.13	10.39	9.97	228.59	541.36	
At March 31, 2013	10.09	2,730.73	2,844.88	12,093.65	1,013.25	945.88	359.84	928.82	20,927.15	
Depreciation										
At April 1, 2011	-	1,153.98	1,297.75	3,653.75	319.16	488.24	95.25	191.51	7,199.64	
Charge for the year	-	121.10	163.37	651.90	47.80	104.19	24.59	68.25	1,181.20	
Disposals	-	-	16.03	135.51	2.82	1.45	2.35	11.83	169.99	
At March 31, 2012	-	1,275.08	1,445.09	4,170.14	364.14	590.98	117.49	247.93	8,210.85	
Charge for the year	-	161.27	212.39	895.58	65.63	101.23	17.34	102.61	1,556.05	
Adjustments	-	-	14.21	(70.98)	115.07	(23.80)	-	-	34.50	
Disposals	-	-	24.16	172.30	21.04	7.07	4.89	99.31	328.77	
At March 31, 2013	-	1,436.35	1,647.53	4,822.44	523.80	661.34	129.94	251.23	9,472.63	
Net Block										
At March 31, 2012	-	897.03	422.21	5,502.41	327.92	244.95	222.30	704.90	8,321.72	
At March 31, 2013	10.09	1,294.38	1,197.35	7,271.21	489.45	284.54	229.90	677.59	11,454.52	

**Note:**

1. The above assets include certain fixed assets leased pursuant to operating lease agreement (refer note 6(b)).
2. Refer note 8(i)(b) for charge against freehold land.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

## Note 4(x)(b): Intangible Assets

₹ in Lacs

	Technical know how fees	Software	Total
<b>Gross Block</b>			
At April 1, 2011	201.42	410.51	611.93
Additions	-	66.40	66.40
Disposals	-	-	-
<b>At March 31, 2012</b>	<b>201.42</b>	<b>476.91</b>	<b>678.33</b>
Additions	-	960.01	960.01
Adjustments	-	28.48	28.48
Disposals	-	136.45	136.45
<b>At March 31, 2013</b>	<b>201.42</b>	<b>1,328.95</b>	<b>1,530.37</b>
<b>Depreciation</b>			
At April 1, 2011	201.42	316.35	517.77
Charge for the year	-	30.24	30.24
Disposals	-	-	-
<b>At March 31, 2012</b>	<b>201.42</b>	<b>346.59</b>	<b>548.01</b>
Charge for the year	-	790.78	790.78
Adjustments	-	23.80	23.80
Disposals	-	136.46	136.46
<b>At March 31, 2013</b>	<b>201.42</b>	<b>1,024.71</b>	<b>1,226.13</b>
<b>Net Block</b>			
At March 31, 2012	-	130.32	130.32
At March 31, 2013	-	304.24	304.24

Note: The above assets include certain fixed assets leased pursuant to operating lease agreement (refer note 6(b)).

	March 31, 2013	March 31, 2012
	₹ in lacs	₹ in lacs

## 4 (xi) Non-current investments

Trade investments (valued at cost unless stated otherwise)

## Unquoted equity instruments

## A. Investment in subsidiaries

Escorts Heart Institute and Research Center Limited (2,000,310 (Previous year 2,000,310) Equity Shares of ₹ 10/- each)	71,894.80	71,894.80
Fortis Health Management (North) Limited (50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each)	5.00	5.00

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
Fortis Health Management (West) Limited (50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each)	5.00	5.00
Fortis Healthcare International Limited (98,560,000 (Previous year 98,560,000) Ordinary Shares of MUR10/- each)	14,744.49	14,744.49
Fortis Hospitals Limited (40,250,577 (Previous year 40,250,577) Equity Shares of ₹10/- each)	40,205.58	40,205.58
Hiranandani Healthcare Private Limited (3,400,000 (Previous year 3,400,000) Equity Shares of ₹ 10/- each) (Of the above, 3 shares (Previous year 3 shares) are jointly held with nominee share holders)	3,040.00	3,040.00
SRL Limited (formerly Super Religare Laboratories Limited) ('SRL') (42,749,217 (Previous year 42,749,217) Equity Shares of ₹ 10/- each) Shareholding in SRL is pledged to secure a term loan from a body corporate (refer note 8(i)(a))	80,368.53	80,368.53
Fortis Hospotel Limited (refer note 16) (Nil (Previous year 149,822,782) Equity Shares of ₹ 10/- each) (of the above, Nil (Previous year 6) shares are held by nominee shareholders)	-	20,739.71
<b>B. Investment in associate companies</b>		
Fortis Medicare International Limited (10,000 (Previous year 10,000) Ordinary Shares of US\$ 1/- each)	4.75	4.75
Sunrise Medicare Private Limited (3,126 (Previous year 3,126) Equity Shares of ₹ 10/- each)	0.31	0.31
<b>Aggregate amount of unquoted investments</b>	<b>210,268.46</b>	<b>231,008.17</b>

## 4 (xii) Long-term loans and advances

### Unsecured, considered good

Loan to subsidiaries (refer note 24)	75,849.07	42,924.29
Loan to others	161.09	-
Capital advances	108.65	608.32
Security deposits	634.90	793.42

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
Advance income tax (net of provision for taxation)	2,704.61	138.13
MAT credit entitlement	4,416.92	5,867.77
	<b>83,875.24</b>	<b>50,331.93</b>
<b>Unsecured, considered doubtful</b>		
Advance income tax	-	20.63
	-	20.63
<b>Provisions</b>		
Less: Provision for doubtful advances	-	20.63
	<b>83,875.24</b>	<b>50,331.93</b>

## 4 (xiii) Other non-current assets

## Unsecured, considered good unless stated otherwise

Interest accrued but not due on loans and deposits	17,370.85	1,632.04
Unamortised finance charges	22.01	-
Bank deposits with original maturity of more than 12 months	35.33	32.93
	<b>17,428.19</b>	<b>1,664.97</b>

## 4 (xiv) Current investments

## Unquoted mutual funds (valued at cost and fair value, unless stated otherwise)

115,720.13 (Previous year Nil) units of ₹ 1000 each in Axis Treasury Advantage Fund	1,500.00	-
1,038,895.72 (Previous year Nil) units of ₹ 100 each in Birla Sunlife cash plus- Growth Regular Plan	1,950.00	-
1,154,207.95 (Previous year Nil) units of ₹ 100 each in ICICI Prudential Liquid- Growth Regular Plan	2,000.00	-
70,069.39 (Previous year Nil) units of ₹ 1000 each in Reliance Liquid Fund- Growth Regular Plan	2,000.00	-
32,790.13 (Previous year Nil) units of ₹ 1000 each in UTI Liquid Cash Plan Institutional- Growth Option	630.00	-
93,104.05 (Previous year Nil) units of ₹ 1000 each in Religare Liquid Fund Super Institutional Growth	1,500.00	-



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
Fortis Hospotel Limited (refer note 16)	20,739.71	-
(149,822,782 (Previous year Nil) Equity Shares of ₹ 10/- each)		
(of the above, 6 (Previous year Nil) shares are held by nominee shareholders)		
<b>Aggregate amount of unquoted investments</b>	<b>30,319.71</b>	<b>-</b>
<b>4 (xv) Inventories (valued at lower of cost and net realisable value)</b>		
Medical consumables and drugs	435.55	384.16
Stores and spares	49.31	41.13
	<b>484.86</b>	<b>425.29</b>
<b>4 (xvi) Trade receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	3,610.13	2,761.20
Doubtful	712.18	733.44
	<b>4,322.31</b>	<b>3,494.64</b>
<b>Other receivables</b>		
Unsecured, considered good	5,694.90	3,488.30
Doubtful	0.17	0.16
	<b>5,695.07</b>	<b>3,488.46</b>
Less: Provision for doubtful receivables	712.35	733.60
	<b>9,305.03</b>	<b>6,249.50</b>
<b>4 (xvii) Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- on current accounts	10,711.26	1,274.30
- deposits with original maturity of less than three months	63.49	23.28
Cash in hand	50.98	19.92
Cheques in hand	0.06	42.76
<b>Other bank balances</b>		
Deposits with original maturity of more than 3 months but less than 12 months	32.17	126.24
	<b>10,857.96</b>	<b>1,486.50</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xviii) Short-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Loan to subsidiaries (refer note 24)	60,147.15	130,320.02
Loan to others	55.63	-
Advances recoverable in cash or in kind or for value to be received	4,280.54	8,327.38
Loan to employees	8.81	1.69
Security deposits	11.55	83.68
Balances with customs, excise and other authorities	531.20	520.66
	<b>65,034.88</b>	<b>139,253.43</b>
<b>Unsecured - doubtful</b>		
Advances recoverable in cash or in kind or for value to be received	20.71	14.76
	<b>20.71</b>	<b>14.76</b>
<b>Provision</b>		
Less: Provision for doubtful advances	20.71	14.76
	<b>20.71</b>	<b>14.76</b>
	<b>65,034.88</b>	<b>139,253.43</b>
<b>4 (xix) Other current assets</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Unamortised share issue expenses	27.12	-
Interest accrued and due on loans and deposits	0.49	4,920.47
Unamortised finance charges	616.20	606.74
Accrued operating income	555.28	485.10
	<b>1,199.09</b>	<b>6,012.31</b>
<b>4 (xx) Revenue from operations</b>		
<b>Sale of services</b>		
In patient	26,591.64	21,065.58
Out patient*	4,234.21	3,190.66
Income from medical services	2,037.04	2,034.95
Management fees from hospitals	121.11	91.25
Income from clinical research	28.64	-
	<b>33,012.64</b>	<b>26,382.44</b>
Less: Trade discounts	426.03	319.46
	<b>32,586.61</b>	<b>26,062.98</b>

[\* Net of the amount capitalised (refer note 25)]

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>Sale of Goods</b>		
Pharmacy	907.69	781.52
Less: Trade discounts	47.10	39.73
	<u>860.59</u>	<u>741.79</u>
<b>Other operating revenues</b>		
Income from rehabilitation centre	128.26	135.32
Income from academic services	28.48	43.38
Income from rent	105.45	83.92
Equipment lease rental	885.28	825.12
Export benefits	12.09	76.33
Sponsorship income	297.50	115.30
Scrap sale	10.35	6.83
Sale of plasma	9.97	9.06
Unclaimed balances and excess provisions written back	368.31	17.70
Miscellaneous income	4.32	10.24
	<u>1,850.01</u>	<u>1,323.20</u>
	<u>35,297.21</u>	<u>28,127.97</u>
<b>4 (xxi) Other income</b>		
Profit on redemption of mutual funds	697.88	172.11
Interest on bank deposits	16.96	164.52
Interest on loan - others	18,325.93	12,217.06
Foreign exchange fluctuation gain (net)	-	135.51
Miscellaneous income	16.16	15.04
	<u>19,056.93</u>	<u>12,704.24</u>
<b>4 (xxii) Increase in inventories of medical consumables and drugs</b>		
Inventory at the beginning of the year	384.16	288.60
Inventory at the end of the year	435.55	384.16
	<u>(51.39)</u>	<u>(95.56)</u>
<b>4 (xxiii) Employee benefits expense</b>		
Salaries, wages and bonus*	8,611.96	5,985.26
Gratuity expense (refer note 12)*	277.67	123.66
Leave encashment*	272.80	102.05
Contribution to provident & other funds*	505.68	357.74
Staff welfare expenses*	348.40	237.09
Recruitment and training	116.63	267.70
	<u>10,133.14</u>	<u>7,073.50</u>

[\* Net of the amount capitalised (refer note 25)]

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xxiv) Other expenses</b>		
Contractual manpower	393.14	225.68
Power, fuel and water*	712.60	587.18
Housekeeping expenses including consumables*	355.54	247.32
Patient food and beverages	298.84	241.70
Pathology laboratory expenses	862.86	681.32
Radiology expenses	985.87	904.20
Consultation fees to doctors	645.64	571.92
Professional charges to doctors	2,550.55	1,902.36
Cost of medical services	29.94	-
Repairs and maintenance		
- Building	46.68	114.57
- Plant and machinery	319.15	314.25
- Others*	201.40	104.15
Rent*		
- Hospital building	1,536.39	2,128.59
- Equipments	0.44	1.35
- Others	201.10	58.79
Donations	1.00	54.45
Legal and professional fee*	1,461.23	1,337.80
Travel and conveyance*	1,740.15	1,333.82
Rates and taxes*	85.43	92.01
Printing and stationary*	214.04	187.77
Communication expenses*	222.09	172.17
Directors' sitting fees	13.32	21.96
Insurance	207.59	145.45
Marketing and business promotion	882.84	570.59
Wealth tax	6.17	6.48
Loss on sale of assets	109.19	26.09

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
Payment to auditor		
As auditor:		
- Audit fee	41.00	11.00
- Limited review	18.50	13.50
- Fees for audit of consolidated financial statement	5.00	5.00
- Tax audit fee	2.50	2.50
- Certification and other services	0.25	4.45
- Out of pocket expenses	9.32	1.24
Foreign exchange fluctuation loss (net)	461.01	-
Bad debts and sundry balances written off	29.39	105.57
Provision for doubtful debts and advances	328.91	500.00
Provision for contingencies	140.00	-
Miscellaneous expenses*	25.39	46.32
	<b>15,144.46</b>	<b>12,721.55</b>

[\* Net of the amount capitalised (refer note 25)]

### 4 (xxv) Finance costs

Interest expense		
- on term loans (includes prior period items of ₹ 636.82 lacs, Previous year ₹ Nil)	11,636.41	8,140.36
- on cash credit	135.12	74.16
- others	136.68	264.76
	<b>11,908.21</b>	<b>8,479.28</b>
Bank charges	48.60	30.97
Other borrowing costs		
- Finance charges	1,429.66	336.06
	<b>1,429.66</b>	<b>336.06</b>
Exchange difference to the extent considered as adjustment to borrowing costs	-	1,447.09
	<b>13,386.47</b>	<b>10,293.40</b>

### 4 (xxvi) Depreciation and amortization expense

Depreciation of tangible assets	1,556.05	1,181.20
Amortization of intangible assets	790.78	30.24
	<b>2,346.83</b>	<b>1,211.44</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 4 (xxvii) Earnings per share (EPS)

Profit as per statement of profit and loss	<b>1,724.88</b>	20,138.54
Weighted average number of equity shares in calculating Basic EPS	<b>405,193,216</b>	405,150,691
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	<b>170,944</b>	180,702
Weighted average number of equity shares in calculating Diluted EPS	<b>405,364,160</b>	405,331,393

5% Foreign currency convertible bonds issued by the Company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS

### 5. Related party disclosures

#### Names of related parties and related party relationship

Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited)	
Holding Company	Fortis Healthcare Holdings Private Limited ('FHHPL')	
Subsidiary Companies - direct or indirect through investment in subsidiaries	1	Fortis Hospotel Limited ('FHTL')
	2	Hiranandani Healthcare Private Limited (w.e.f. June 28, 2011) ('HHPL')
	3	Fortis Health Management (West) Limited ('FHMWL')
	4	Fortis Health Management (North) Limited ('FHMNL')
	5	Fortis C-Doc Healthcare Limited ('C-Doc')
	6	Fortis Health Management (East) Limited ('FHMEI')
	7	SRL Limited ('SRL') (formerly Super Religare Laboratories Limited) (w.e.f. May 12, 2011)
	8	SRL Diagnostics Private Limited (formerly Super Religare Laboratories Diagnostics Private Limited) (w.e.f. May 12, 2011) ('SRDLPL')
	9	Fortis Healthcare International Limited ('FHIL')
	10	Fortis Global Healthcare (Mauritius) Limited ('FGHML')
	11	Fortis Hospitals Limited ('FHsL')
	12	Fortis Health Management (South) Limited ('FHMSL')
	13	Lalitha Healthcare Private Limited ('LHPL')
	14	Fortis Malar Hospitals Limited ('FMHL')
	15	Malar Stars Medicare Limited ('MSML')
	16	Escorts Heart Institute And Research Centre Limited ('EHIRCL')
	17	Fortis HealthStaff Limited ('FHSL')
	18	Fortis Asia Healthcare Pte Limited ('FAHPL')



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	19	Fortis Healthcare International Pte Limited (w.e.f. January 12, 2012) ('FHIPL')
	20	Fortis Healthcare Australia Pty Ltd (w.e.f. January 12, 2012) ('FHAPL')
	21	Dental Corporation Holdings Limited (w.e.f. January 12, 2012) ('DCHL')
	22	Dental Corporation Pty Limited (w.e.f. January 12, 2012) ('DCPL')
	23	Dental Corporation Petrie Pty Ltd (w.e.f. January 12, 2012)
	24	Dental Corporation Levas Pty Ltd (w.e.f. January 12, 2012)
	25	D C Holdings WA Pty Ltd (w.e.f. January 12, 2012)
	26	Dental Care Network Pty Limited (w.e.f. January 12, 2012)
	27	Dental Corporation (NZ) Limited (w.e.f. January 12, 2012)
	28	Dental Corporation Cox Pty Ltd (w.e.f. January 12, 2012)
	29	Hazel Ridge Pty Limited (w.e.f. January 12, 2012)
	30	John M Levas Pty Limited (w.e.f. January 12, 2012)
	31	Scott Petrie Dental Pty Ltd (w.e.f. January 12, 2012)
	32	Larry Bengie Pty Ltd (w.e.f. January 12, 2012)
	33	Dr Chris Hardwicke Pty Ltd (w.e.f. January 12, 2012)
	34	Fortis Healthcare Singapore Pte Ltd (w.e.f. January 12, 2012) ('FHSPL')
	35	Radlink Asia Pte Limited (Radlink) (w.e.f. January 30, 2012) ('RADLINK')
	36	Radlink Medicare Pte Limited (w.e.f. January 30, 2012) ('RMPL')
	37	DRS Thompson & Thomson (Radlink Medicare) Pte Limited (w.e.f. January 12, 2012)
	38	Radlink Medicare (Bishan) Pte Limited (w.e.f. January 30, 2012)
	39	Radlink Medicare (Woodlands) Pte Limited (w.e.f. January 30, 2012)
	40	Radlink Medicare (Tampines) Pte Limited (w.e.f. January 30, 2012)
	41	Radlink Medicare (Jurong East) Pte Limited (w.e.f. January 30, 2012)
	42	Clinic 1866 Pte Limited (w.e.f. January 12, 2012)
	43	Radlink Diagnostic Imaging (S) Pte Limited (w.e.f. January 30, 2012) ('RDISPL')
	44	Drs Lim Hoe & Wong Radiology Pte limited (w.e.f. January 12, 2012)
	45	Healthcare Diagnostic Services Pte Limited (w.e.f. January 12, 2012)
	46	Radlink Women & Fetal Imaging Centre Pte Limited (w.e.f. January 30, 2012)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

47	Radlink Pet & Cardiac Imaging Centre Pte Limited (w.e.f. January 30, 2012) ('RADLINK PET')
48	Singapore Radiopharmaceuticals Pte Limited (w.e.f. January 12, 2012)
49	Sinagpore Molecular Therapy Centre Pte Limited (w.e.f. January 12, 2012)
50	Altai Investments Limited (w.e.f. January 12, 2012) ('ALTAI')
51	Quality HealthCare Limited (w.e.f. January 12, 2012) ('QHL')
52	Quality HealthCare Hong Kong Limited (w.e.f. January 12, 2012)
53	Green Apple Associates Limited (w.e.f. January 12, 2012)
54	Quality HealthCare Medical Services Limited (w.e.f. January 12, 2012)
55	Fortis HealthCare Hong Kong Limited (w.e.f. January 12, 2012) ('Fortis Honkong')
56	Quality Healthcare Medical Services (Macau) Limited (w.e.f. January 12, 2012)
57	Quality HealthCare Chinese Medicine Limited (w.e.f. January 12, 2012) ('QHCML')
58	Marvellous Way Limited (w.e.f. January 12, 2012)
59	Universal Lane Limited (w.e.f. January 12, 2012) ('ULL')
60	DB Health Services Limited (w.e.f. January 12, 2012)
61	Quality HealthCare Medical Centre Limited (w.e.f. January 12, 2012)
62	Quality HealthCare Professional Services Limited (w.e.f. January 12, 2012)
63	SmartLab Limited (w.e.f. January 12, 2012)
64	GlobalRx Limited (w.e.f. January 12, 2012)
65	Allied Medical Practices Guild Limited (w.e.f. January 12, 2012)
66	Fortis Hospitals Hong Kong Limited (w.e.f. January 12, 2012)
67	Normandy (Hong Kong) Limited (w.e.f. January 12, 2012) ('NHKL')
68	Great Option Limited (Hong Kong) (w.e.f. January 12, 2012)
69	Healthcare Opportunities Limited (w.e.f. January 12, 2012) ('HOL')
70	TCM Products Limited (w.e.f. January 12, 2012) ('TCM')
71	GHC Holdings Limited (w.e.f. January 12, 2012) ('GHC')
72	Case Specialist Limited (w.e.f. January 12, 2012)
73	Jadeast Limited (w.e.f. January 12, 2012)
74	Jadefairs International Limited (w.e.f. January 12, 2012)
75	Jadway International Limited (w.e.f. January 12, 2012)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	76	Megafaith International Limited (w.e.f. January 12, 2012)
	77	Jadison Investment Limited (w.e.f. January 12, 2012)
	78	Berkshire Group Limited (w.e.f. January 12, 2012)
	79	Central Medical Diagnostic Centre Limited (w.e.f. January 12, 2012) ('CMDCL')
	80	Central MRI Centre Limited (w.e.f. January 12, 2012)
	81	Central Medical Laboratory Limited (w.e.f. January 12, 2012)
	82	Central PET/CT Scan Limited (w.e.f. January 12, 2012)
	83	Portex Limited (w.e.f. January 12, 2012)
	84	Quality HealthCare Services Limited (w.e.f. January 12, 2012) ('QHCSL')
	85	Quality HealthCare Psychological Services Limited (w.e.f. January 12, 2012) ('QHCPSL')
	86	Quality EAP (Macau) Limited (w.e.f. January 12, 2012)
	87	Quality HealthCare Dental Services Ltd (w.e.f. January 12, 2012)
	88	Quality HealthCare Physiotherapy Services Limited (w.e.f. January 12, 2012)
	89	Quality HealthCare Nursing Agency Limited (w.e.f. January 12, 2012)
	90	Dynamic People Group Limited (w.e.f. January 12, 2012)
	91	Mena Healthcare Investment Company Limited (w.e.f. January 12, 2012) ('MHICL')
	92	Super Religare Laboratories International FZ LLC (w.e.f. January 12, 2012)
	93	Swindon Limited (w.e.f. January 12, 2012) (SL)
	94	VOF PE Holdings 2 Limited (w.e.f. January 12, 2012) ('VOFPEHL')
	95	Hoan My Medical Corporation (w.e.f. January 12, 2012) ('HOAN')
	96	Hoan My Saigon General Hospital Joint Stock Company (w.e.f. January 12, 2012) ('MY SAIGON')
	97	Hoan My Clinic Co. Ltd (w.e.f. January 12, 2012)
	98	Hoan My Da Nang General Hospital Joint Stock Company (w.e.f. January 12, 2012)
	99	Hue Hoan My General Hospital Joint Stock Company (w.e.f. January 12, 2012)
	100	Hoan My Cuu Long General Hospital Joint Stock Company (w.e.f. January 12, 2012)
	101	Hoan My Da Lat General Hospital Joint Stock Company (w.e.f. January 12, 2012)
	102	Fortis Healthcare Vietnam Company Limited (w.e.f. January 12, 2012)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	103	Medical Management Company Limited (w.e.f. January 12, 2012)
	104	Religare Health Trust (RHT)*
	105	International Hospital Limited (IHL)*
	106	Escorts Heart and Super Speciality Institute Limited (EHSSIL)*
	107	Escorts Hospital and Research Centre Limited (EHRCL)*
	108	Escorts Heart and Super Speciality Hospital Limited (EHSSHL)*
	109	Kanishka Healthcare Limited (KHL)*
	110	Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)*
	111	Hospitalia Eastern Private Limited (HEPL)*
	<p>Companies (5) and (6) of above are subsidiaries of FHMNL; Company (8) of above is subsidiary of SRL; Company (10) of above is subsidiaries of FHIL; Companies (12) and (14) of above are subsidiaries of FHsL; Company (13) of above is subsidiary of FHMSL; Companies (15) of above is subsidiaries of FMHL; Companies (17) and (18) are subsidiaries of EHIRCL; Company (19) of above is subsidiary of FAHPL; Company (20), (34), (50), (91), (92), (93), (94) and (102) of above are subsidiaries of FHIPL; Company (21) of above is subsidiary of FHAPL; Company (22) of above is subsidiary of DCHL; Companies (23) to (33) of above is subsidiaries of DCPL; Company (35) of above is subsidiary of FHSPL; Companies (36) and (43) of above are subsidiaries of RADLINK; Companies (38) to (42) of above are subsidiaries of RMPL; Companies (44) to (47) of above are subsidiaries of RDISPL; Companies (48) and (49) of above are subsidiaries of RADLINK PET; Companies (51), (54), (55), (83) and (84) of above are subsidiaries of ALTAI; Companies (52) and (53) are subsidiaries of QHL; Companies (56), (57), (59), (61) to (67), (69), (78) and (79) are subsidiaries of FORTIS HONKONG; Company (58) of above is subsidiary of QHCML; Company (60) of above is subsidiary of ULL; Company (68) of above is subsidiary of NHKL; Company (70) of above is subsidiary of HOL; Company (71) of above is subsidiary of TCM; Companies (72) to (77) of above are subsidiaries of GHC; Companies (80) to (82) are subsidiaries of CMDCL; Companies (85) and (87) to (90) are subsidiaries of QHCSL; Company (86) of above is subsidiary of QHCPSL; Company (97) of above is subsidiary of VOFPEHL; Companies (96) and (98) to (99) are subsidiaries of HOAN; company (97) of above is subsidiary of My SAIGON; company (103) of above is subsidiary of MHICL.</p>	
Fellow Subsidiaries (with whom transactions have been taken place)	Maple Leaf Buildcon Private Limited	
	Fortis Emergency Services Limited (subsidiary up to January 2, 2012, fellow subsidiary thereafter)	
	Religare Wellness Limited	

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Associates	a)	Sunrise Medicare Private Limited
	b)	Fortis Hospital Management Limited
	c)	Medical and Surgical Centre Limited, Mauritius (Associate of Fortis Healthcare International Limited)
	d)	Religare Health Trust (RHT)* (Associate of Fortis Healthcare International Limited)
	e)	Fortis Medicare International Limited (Associate of Fortis Healthcare International Limited)
	f)	Lanka Hospitals Corporation PLC (Associate of Fortis Healthcare International Pte. Limited)
	g)	Town Hall Clinic (w.e.f. January 12, 2012) (Associate of Fortis Healthcare Singapore Pte. Limited)
	h)	Hoan My Minh Hai General Hospital Joint Stock Company (Associate of SL and VOFPEHL)
	i)	Hoan My Orb Corporation (Associate of SL and VOFPEHL)
	j)	International Hospital Limited (IHL)*
	k)	Escorts Heart and Super Speciality Institute Limited (EHSSIL)*
	l)	Escorts Hospital and Research Centre Limited (EHRCL)*
	m)	Escorts Heart and Super Speciality Hospital Limited (EHSSHL)*
	n)	Kanishka Healthcare Limited (KHL)*
	o)	Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)*
	p)	Hospitalia Eastern Private Limited (HEPL)*
	r)	Fortis Emergency Services Limited (subsidiary up to January 2, 2012, Associate thereafter)
Joint Ventures	a)	Super Religare Reference Laboratories (Nepal) Private Limited (w.e.f. May 11, 2012) (Joint venture of SRL)
	b)	DDRC SRL Diagnostics Services Private Limited (w.e.f. May 11, 2012) (Joint venture of SRLDPL)
	c)	Fortis Cauvery, Partnership firm (w.e.f. April 27, 2011) (Joint venture of FHMSL)
Key Management Personnel ('KMP')	Mr. Malvinder Mohan Singh – Executive Chairman	
	Mr. Shivinder Mohan Singh - Executive Vice Chairman	
	Mr. Balinder Singh Dhillon - Executive Director	
Enterprises owned or significantly influenced by key management personnel or their relatives	a)	SRL Limited (formerly Super Religare Laboratories Diagnostics Private Limited) (till May 11, 2011)
	b)	Fortis Nursing and Education Society
	c)	Ligare Travels Limited (formerly Religare Travels (India) Limited)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	d)	Religare Technova IT Services Limited
	e)	Oscar Investments Limited
	f)	Religare Aviation Limited
	g)	Malav Holdings Limited
	h)	Shivi Holdings Limited
	i)	Religare Voyages Business Services Pvt Limited
	j)	Religare Technologies Limited
	k)	Religare Capital Market Limited
	l)	Religare Capital Market Plc.

The schedule of Related Party Transactions is as follows:

(₹ in lacs)

Transactions details	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Transactions during the year</b>		
<b>Management support expenses allocated to related parties</b>		
Fortis Hospotel Limited (Subsidiary)	213.41	329.32
Fortis Health Management (North) Limited (Subsidiary)	841.01	552.78
<b>Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation centre, Rental, Pharmacy income and other income)</b>		
International Hospital Limited (Subsidiary)*	-	21.50
Fortis Hospitals Limited (Subsidiary)	25.55	-
Sunrise Medicare Private Limited (Associate)	6.00	5.10
Hiranandani Healthcare Private Limited (Subsidiary)	-	12.40
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	56.53	55.53
Escorts Heart and Super Speciality Institute Limited (Subsidiary)*	-	3.65
Escorts Heart Institute and Research Centre Limited (Subsidiary)	59.70	11.30
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)*	-	3.03
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	68.62	-
Fortis Health Management (North) Limited (Subsidiary)	495.90	322.58
<b>Expense incurred by the Company on behalf of</b>		
Fortis Health Management (West) Limited (Subsidiary)	4.33	4.33
Fortis Health Management (South) Limited (Subsidiary)	-	4.34
Fortis Health Management (East) Limited (Subsidiary)	28.61	4.33
International Hospital Limited (Subsidiary)*	-	2.20



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Transactions details</b>	<b>Year Ended March 31, 2013</b>	<b>Year Ended March 31, 2012</b>
Lalitha Healthcare Private Limited (Subsidiary)	-	0.35
Escorts Heart Institute and Research Centre Limited (Subsidiary)	62.51	13.65
Fortis Health Management (North) Limited (Subsidiary)	3.30	496.83
Fortis Hospotel Limited (Subsidiary)	105.70	49.37
Fortis Health Management Limited (Subsidiary)*	-	5.73
Fortis Malar Hospitals Limited (Subsidiary)	0.86	4.05
Fortis Hospitals Limited (Subsidiary)	518.69	14.85
Kanishka Healthcare Limited (Subsidiary)*	-	0.06
Fortis Emergency Services Limited (Fellow subsidiary)***	-	1.99
Hiranandani Healthcare Private Limited (Subsidiary)	3.57	1.28
Fortis Asia Healthcare Pte. Limited (Subsidiary)	-	51.00
Fortis Global Healthcare Infrastructure Pte. Limited (Subsidiary)*	-	168.68
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	19.19	5.51
Hospitalia Eastern Private Limited (Subsidiary)*	-	0.37
<b>Expense incurred on behalf of the Company by</b>		
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	99.95	0.12
Fortis Health Management (North) Limited (Subsidiary)	1,154.40	3.59
Escorts Heart Institute and Research Centre Limited (Subsidiary)	6.33	32.83
Hiranandani Healthcare Private Limited (Subsidiary)	89.73	9.87
International Hospital Limited (Subsidiary)*	-	1.55
Fortis Hospotel Limited (Subsidiary)	354.46	4.87
Fortis C-Doc Healthcare Limited (Subsidiary)	0.30	-
Fortis Global Healthcare Infrastructure Pte. Limited (Subsidiary)*	5.68	-
Fortis Malar Hospitals Limited (Subsidiary)	9.49	4.33
Lalitha Healthcare Private Limited (Subsidiary)	0.86	0.24
Fortis Hospitals Limited (Subsidiary)	209.55	9.77
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	9.16	-
<b>Interest income on loans and advances to</b>		
Sunrise Medicare Private Limited (Associate)	-	4.01
International Hospital Limited (Subsidiary)*	838.88	3,676.21
Escorts Heart Institute and Research Centre Limited (Subsidiary)	2,749.83	3,851.56
Fortis Healthcare International Limited (Subsidiary)	2,357.47	1,994.20
Fortis Health Management (North) Limited (Subsidiary)	11,896.13	2,354.93

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Transactions details	Year Ended March 31, 2013	Year Ended March 31, 2012
Fortis Health Management (West) Limited (Subsidiary)	3.95	8.22
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	5.12	7.42
Hiranandani Healthcare Private Limited (Subsidiary)	444.49	270.38
<b>Interest expense on loan taken from</b>		
Fortis Health Management Limited (Subsidiary)*	-	173.52
<b>Loans/ advances given</b>		
International Hospital Limited (Subsidiary)*	2,821.05	20,787.00
Fortis Hospotel Limited (Subsidiary)	-	12,418.00
Fortis Hospitals Limited (Subsidiary)	-	16,932.00
Fortis Healthcare International Limited (Subsidiary)	1,897.61	2,158.02
Fortis Health Management (North) Limited (Subsidiary)	70,394.65	128,187.00
Fortis Health Management (West) Limited (Subsidiary)	7.40	121.45
Escorts Heart Institute and Research Centre Limited (Subsidiary)	67,242.43	70,950.00
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	-	300.00
Hiranandani Healthcare Private Limited (Subsidiary)	988.34	1,840.00
<b>Loans/ advances received back</b>		
International Hospital Limited (Subsidiary)*	12,230.03	122,034.00
Fortis Healthcare International Limited (Subsidiary)	-	2,364.45
Hiranandani Healthcare Private Limited (Subsidiary)	204.00	-
Fortis Health Management (North) Limited (Subsidiary)	104,230.00	22,370.67
Fortis Hospotel Limited (Subsidiary)	-	15,660.00
Fortis Health Management (West) Limited (Subsidiary)	100.00	-
Fortis Hospitals Limited (Subsidiary)	-	21,521.00
Hospitalia Eastern Private Limited (Subsidiary)*	-	295.00
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	150.00	150.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	52,195.72	67,447.00
<b>Loans taken</b>		
Fortis Health Management Limited (Subsidiary)*	-	2,900.00
<b>Loans repaid</b>		
Fortis Health Management Limited (Subsidiary)*	-	2,900.00
<b>Pathology laboratory expenses</b>		
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	856.52	662.60
<b>Cost of Medical Services</b>		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	29.94	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Transactions details</b>	<b>Year Ended March 31, 2013</b>	<b>Year Ended March 31, 2012</b>
<b>Employee Benefit</b>		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	22.10	
<b>Travel and conveyance expenses</b>		
Ligare Trevels Limited (formerly Religare Travel (India) Limited) (Owned/significantly influenced by KMP/their relatives)	184.08	142.54
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	179.67	241.83
<b>Marketing expenses</b>		
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	-	128.24
<b>Managerial remuneration</b>		
Shivinder Mohan Singh (KMP)	539.28	539.28
<b>Directors' sitting fees</b>		
Malvinder Mohan Singh (KMP)	-	2.25
<b>Legal and professional fee</b>		
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	-	240.00
<b>Corporate Guarantees given to banks for loans availed by</b>		
Fortis Hospitals Limited (Subsidiary)	11,000.00	1,500.00
International Hospital Limited (Subsidiary)*	-	16,900.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	5,000.00	41,500.00
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	15,000.00	9,700.00
Fortis Health Management (North) Limited (Subsidiary)	22,220.00	3,500.00
Fortis Health Management Limited (Subsidiary)*	-	6,500.00
Hiranandani Healthcare Private Limited (Subsidiary)	1,500.00	-
Fortis Asia Healthcare Pte Limited (Subsidiary)	217,140.00	-
Fortis C-Doc Healthcare Limited (Subsidiary)	1,031.00	-
Kanishka Healthcare Limited (Subsidiary)*	-	17,600.00
<b>Corporate guarantee withdrawn for loans taken by</b>		
Fortis Hospotel Limited (Subsidiary)	6,000.00	2,000.00
Fortis Hospitals Limited (Subsidiary)	50,000.00	-
Escorts Heart and Super Speciality Institute Limited (Subsidiary)*	40,000.00	-
International Hospital Limited (Subsidiary)*	16,900.00	-
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	4,000.00	-
Kanishka Healthcare Limited (Subsidiary)*	17,600.00	-
Fortis Health Management Limited (Subsidiary)*	6,500.00	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Transactions details	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Investments made in equity</b>		
Hiranandani Healthcare Private Limited (Subsidiary)	-	3,000.00
Fortis Health Management (North) Limited (Subsidiary)	-	5.00
Fortis Health Management (West) Limited (Subsidiary)	-	5.00
International Hospital Limited (Subsidiary)*	-	2,000.00
<b>Investment purchased from</b>		
Maple Leaf Buildcon Private Limited (Fellow Subsidiary)	-	9,775.81
RHC Holding Private Limited (Ultimate holding company)	-	11,280.00
Malav Holdings Private Limited (Owned/significantly influenced by KMP/their relatives)	-	13,982.18
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	-	31,348.36
Shivi Holdings Limited (Owned/significantly influenced by KMP/their relatives)	-	13,982.18
Fortis Healthcare Holdings Private Limited (Holding Company)	-	13,000.00
International Hospital Limited (Subsidiary)*	-	10,050.00
<b>Investment in equity sold to</b>		
Fortis Health Management Limited (Subsidiary)*	-	44,189.20
<b>License user agreement fees</b>		
RHC Holding Private Limited (Ultimate holding company)	1.00	1.00
<b>Linen Purchased</b>		
Fortis Hospitals Limited (Subsidiary)	2.81	-
<b>Collection on behalf of company:</b>		
Fortis Health Management (North) Limited (Subsidiary)	1.86	-

Balance outstanding at the year end	As at March 31, 2013	As at March 31, 2012
<b>Loans / advances recoverable</b>		
Fortis Hospotel Limited (Subsidiary)	-	4,312.88
International Hospital Limited (Associate)*	-	10,264.92
Fortis Hospitals Limited (Subsidiary)	147.15	14,499.26
Hiranandani Healthcare Private Limited (Subsidiary)	4,203.34	3,419.82
Medical and Surgical Centre Limited (Associate)	-	1.50
Escorts Heart Institute and Research Centre Limited (Subsidiary)	22,941.71	7,895.00
Hospitalia Eastern Private Limited (Associate)*	-	205.00
Fortis Healthcare International Limited (Subsidiary)	47,638.51	42,924.29
Fortis Health Management (West) Limited (Subsidiary)	33.18	125.78

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Balance outstanding at the year end</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
Fortis Health Management (North) Limited (Subsidiary)	63,196.17	96,236.50
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	-	150.00
Fortis Emergency Services Limited (Fellow subsidiary)***	-	0.50
Lalitha Healthcare Private Limited (Subsidiary)	0.96	0.11
Fortis Health Management (East) Limited (Subsidiary)	32.95	4.33
Fortis Asia Healthcare Pte. Limited (Subsidiary)	51.00	51.00
Fortis Global Healthcare Infrastructure Pte. Limited (Associate)*	-	168.68
<b>Interest accrued and due/but not due on loans given</b>		
Hiranandani Healthcare Private Limited (Subsidiary)	400.04	243.34
Escorts Heart Institute and Research Centre Limited (Subsidiary)	2,473.95	32.43
Fortis Health Management (North) Limited (Subsidiary)	10,684.28	2,114.15
Fortis Health Management (West) Limited (Subsidiary)	3.56	7.40
Fortis Healthcare International Limited (Subsidiary)	3,786.48	1,632.04
International Hospital Limited (Subsidiary)*	-	2,521.05
<b>Trade receivables</b>		
Sunrise Medicare Private Limited (Associate)	-	6.62
Hiranandani Healthcare Private Limited (Subsidiary)	72.79	81.86
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	51.29	-
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	-	21.60
Fortis Health Management (North) Limited (Subsidiary)	2,216.58	1,934.19
<b>Trade payables and other liabilities</b>		
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	65.88	48.03
Fortis Malar Hospitals Limited (Subsidiary)	2.68	6.27
Fortis Health Staff Limited (Subsidiary)	21.45	21.45
Fortis Health Management (North) Limited (Subsidiary)	14.22	-
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	-	8.03
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	7.62	-
Ligare Trevels Limited (formerly Religare Travel (India) Limited) (Owned/significantly influenced by KMP/their relatives)	1.86	21.72
Fortis Hospitals Limited (Subsidiary)	126.15	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	208.80	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Balance outstanding at the year end	As at March 31, 2013	As at March 31, 2012
<b>Investments</b>		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	71,894.80	71,894.80
Fortis Hospotel Limited (Subsidiary)	20,739.71	20,739.71
Fortis Hospitals Limited (Subsidiary)	40,205.58	40,205.58
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	80,368.53	80,368.53
Fortis Health Management (North) Limited (Subsidiary)	5.00	5.00
Hiranandani Healthcare Private Limited (Subsidiary)	3,040.00	3,040.00
Fortis Healthcare International Limited (Subsidiary)	14,744.49	14,744.49
Fortis Health Management (West) Limited (Subsidiary)	5.00	5.00
Fortis Medicare International Limited (Associate)	4.75	4.75
Sunrise Medicare Private Limited (Associate)	0.31	0.31
<b>Corporate guarantee for loans taken</b>		
Guarantee given to IndusInd Bank	-	10,000.00
<b>Corporate guarantee given for loans availed by</b>		
Fortis Hospotel Limited (Subsidiary)	-	6,000.00
Hiranandani Healthcare Private Limited (Subsidiary)	6,000.00	6,000.00
Fortis Hospitals Limited (Subsidiary)	12,500.00	51,500.00
International Hospital Limited (Associate)*	-	16,900.00
SRL Limited (formerly Super Religare Laboratories Limited) (Subsidiary)**	20,700.00	9,700.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	6,500.00	41,500.00
Fortis Health Management (North) Limited (Subsidiary)	25,720.00	3,500.00
Fortis Health Management Limited (Associate)*	-	6,500.00
Fortis C-Doc Healthcare Limited (Subsidiary)	1,031.00	-
Fortis Asia Healthcare Pte Limited (Subsidiary)	217,140.00	-
Kanishka Healthcare Limited (Associate)*	-	17,600.00
<b>Personal guarantee for loans taken</b>		
Shivinder Mohan Singh (KMP)	5,000.00	5,000.00
Malvinder Mohan Singh (KMP)	5,000.00	5,000.00

**Notes:**

\* During the year ended March 31, 2013, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%.

\*\* Entity Owned/significantly influenced by KMP/their relatives till May 11, 2011, and subsidiary thereafter.

\*\*\* Subsidiary till January 2, 2012 and fellow subsidiary thereafter.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 6. Leases

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

Hospital/ Office premises and few medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payments in respect of such leases recognised in the statement of profit and loss for the year are ₹ 1,185.87 lacs (Previous year ₹ 2,188.73 lacs) and capitalized during the year are ₹ 1,784.40 lacs (Previous year ₹ 694.14 lacs).

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

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Minimum lease payments :		
Not later than one year	2,713.67	2,554.71
Later than one year but not later than five years	11,141.91	10,422.13
Later than five years	3,112.03	3,954.51

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

- The Company has sub-leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the statement of profit and loss for the year are ₹ 105.45 lacs (Previous year ₹ 83.92 lacs).
- The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its Associates. The lease term is for 3 years and thereafter renewable at the option of the lessor. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. The details of the capital assets given on operating lease are as under:

(₹ in lacs)

Particulars	As at March 31, 2013			As at March 31, 2012		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	3.46	1.92	1.53	3.46	2.73	0.73
Plant & Machinery	96.66	67.16	29.51	96.66	57.17	39.49
Medical Equipments	3,947.00	1,745.57	2,201.43	3,772.89	1,476.01	2,296.88
Furniture & Fittings	154.75	98.51	56.24	154.75	91.80	62.95
Computers	116.34	116.34	-	116.34	106.19	10.15
Office Equipments	33.15	9.25	23.90	27.38	7.75	19.63
Vehicles	48.70	20.57	28.13	42.50	15.16	27.34
<b>Total</b>	<b>4,400.06</b>	<b>2,059.32</b>	<b>2,340.74</b>	<b>4,213.98</b>	<b>1,756.81</b>	<b>2,457.17</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The total lease payments received in respect of such leases recognised in the statement of profit and loss account for the year are ₹ 885.28 lacs (Previous year ₹ 825.12 lacs).

The totals of future minimum lease payments receivable under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Minimum lease payments :		
Not later than one year	948.70	212.84
Later than one year but not later than five years	1,423.04	-
Later than five years	-	-

### 7. Deferred Tax Asset / (Liability):

The Company has deferred tax liability of ₹ 734.19 lacs (Previous year ₹ 595.56 lacs) and deferred tax assets of ₹ 702.35 lacs (Previous year ₹ 706.63 lacs) as per details below. In accordance with Accounting Standard 22 'Accounting for Taxes on Income', as notified under Companies (Accounting Standard) Rules, 2006, in view of the large amount of accumulated losses carried forward at the close of the previous year, deferred tax assets on timing differences have not been recognized for in the books since it is not virtually certain whether the Company will be able to use such losses/depreciation. Accordingly the company has recognised deferred tax asset of ₹ 596.56 lacs in previous year financial statement to set off against the deferred tax liabilities and no deferred tax asset (net of deferred tax liability) was created in the absence of above virtual certainty.

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax liability arising on account of:</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	734.19	596.56
	734.19	596.56
<b>Deferred tax asset arising on account of:</b>		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	702.35	522.53
On carry forward business losses and unabsorbed depreciation	-	74.04
	702.35	596.56
<b>Deferred Tax Liability (Net)</b>	<b>31.84</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 8. Borrowings

#### (i) Secured Loans

(₹ in lacs)

Particulars	Note	31-Mar-13	31-Mar-13	31-Mar-12	31-Mar-12
		Non Current	Current	Non Current	Current
Term loan from a body corporate	(a)	15,458.33	1,575.00	17,033.33	466.67
Non convertible debentures	(b)	-	30,000.00	-	-
Bank overdraft	(c)	-	56.49	-	1,266.05

- a) Term Loan taken from a body corporate during the last year is secured by a first pari passu charge by way of mortgage of the Company's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in Super Religare Laboratories Limited in favour of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be 12.25% per annum, payable monthly. The loan is repayable in 84 structured monthly instalments, after a moratorium of 12 months from the date of first disbursement.

Year	₹ in lacs
1	1,400
2	1,925
3	2,100
4	2,450
5	2,975
6	3,325
7	3,325

- b) 10% Secured Redeemable Non Convertible Debentures were issued on September 24, 2012 redeemable at par, bullet redemption at the end of one year from the date of allotment. The debentures are secured by way of first pari passu charge over the free hold land (refer note 4(x) (a)) of the Company located in State of Gujarat in favour of Debenture trustee.
- c) Overdraft limit of ₹ 100,000,000 is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital. Further, secured by first pari passu charge over stocks and book debts and carry interest rate ranging from 12.50% to 13.00% per annum.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (ii) Unsecured Loans

(₹ in lacs)

Particulars	Note	31-Mar-13	31-Mar-13	31-Mar-12	31-Mar-12
		Non Current	Current	Non Current	Current
5% Foreign currency convertible bonds	(a)	54,285.00	-	50,944.90	-
Non convertible debentures	(b)	-	-	-	30,000.00
Working capital demand loan	(c)	-	-	-	3,500.00
Commercial papers	(d)	-	-	-	7,500.00

- a) The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (Refer note 18 for further details)
- b) 11% Secured Redeemable Non Convertible Debentures were issued on March 22, 2012 redeemable at par, bullet redemption at the end of six months from the date of allotment. The debentures are secured by way of first pari passu charge over the free hold land (refer note 4(x)(a)) of the Company located in State of Gujarat in favour of Debenture trustee; however the security has been furnished in the month of May 2012.
- c) Working capital demand loan taken during the last year from a bank is repayable within 3 months of draw down. Credit facilities and guarantees from Bank amounting to ₹ 5,000.00 lacs are secured by personal guarantees from Malvinder Singh and Shivinder Singh for ₹ 5,000 lacs each. The facilities were repaid along with interest rate ranging from 9.75% to 12.60% per annum.
- d) Commercial papers from bank of ₹ 2,500 lacs and ₹ 5,000 lacs redeemed on July 10, 2012 and June 20, 2012 respectively and have been issued to Canara Bank and Axis Bank respectively at interest rates varying between 12.75% to 14% per annum.

### 9. Commitments:

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 108.65 lacs (Previous year ₹ 434.81 lacs))	2,268.47	2,258.28
Estimated amount of contracts remaining to be executed on revenue account	-	150.40

- (c) Going concern support in form of funding and operational support letters issued by the company in favour of FHMWL, FHMSL, Fortis C-Doc Healthcare Limited, FHMEI, FHMNL, LHPL, Fortis Cauvery, FAHPL, FHIL and FHIPL.
- (d) For commitments relating to lease arrangements, refer note 6.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	471.18	396.81
The DCIT- (TDS) - Chandigarh had passed an order dated March 22, 2013, u/s 201(1)/201(1A) for the assessment years 2010-11 and 2011-12, thereby raising demands of ₹ 239.92 (Previous year nil) and ₹ 261.49 lacs (Previous year nil) respectively on account of deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. Subsequent to March 31, 2013 Company has filed appeals with the Commissioner of Income Tax (Appeals), Chandigarh on April 22, 2013 which is pending for disposal. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	501.41	-
Premium on redemption of US\$ 100 Million 5% Foreign Currency Convertible Bonds due 2015 (Refer note 18 below)	986.62	603.13
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company. None of the corporate guarantee have been evoked by the Banks/ Financial institutions during the year as the subsidiaries and associates of the Company have complied with the loan covenants.		
- IDBI Bank	4,500.00	4,500.00
- Yes Bank	5,000.00	81,000.00
- IndusInd Bank	-	10,000.00
- Axis Bank	8,250.00	5,000.00
- Royal Bank of Scotland	3,000.00	1,500.00
- HDFC Bank Limited	11,000.00	26,000.00
- Central Bank of India	-	20,000.00
- GE Money Financial Services Private Ltd	14,500.00	4,500.00
- GE Capital Services India Ltd	5,000.00	-
- ICICI Bank Ltd	20,000.00	-
- Standard Chartered Bank	217,140.00	-
- Kotak Mahindra Bank	1,200.00	5,200.00
Others	6.47	6.47

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 11. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the previous year. During the previous year 4,050,000 options (Grant VI) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year was ₹ 101.52 (Previous year ₹ 132.54). As at March 31, 2013, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	February 23, 2012 to February 22, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	11-Sep-21	22-Feb-17

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	5,975,810	117.80	2,012,130	128.05
Granted during the year	-	-	4,250,000	112.93
Forfeited during the year	1,412,860	119.98	210,080	133.12
Exercised during the year	27,620	72.42	76,240	74.27
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,535,330	117.40	5,975,810	117.80
Exercisable at the end of the year	328,070	126.63	524,130	111.07
Weighted average remaining contractual life (in years)	6.09	-	7.10	-
Weighted average fair value of options granted (in ₹)	34.11	-	33.45	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2013	March 31, 2012
Range of exercise prices	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Number of options outstanding	4,535,330	5,975,810
Weighted average remaining contractual life of options (in years)	6.09	7.10
Weighted average exercise price (in ₹)	117.40	117.80

### Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ Nil (Previous year ₹ 26.60). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2013	March 31, 2012
Exercise Price	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Expected Volatility	6.42% to 34%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.50% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
Profit as reported	1,724.88	20,138.54
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(412.17)	(538.49)
Proforma profit	1,312.71	19,600.05
<b>Earnings Per Share (In ₹)</b>		
<b>Basic</b>		
- As reported	0.43	4.97
- Pro forma	0.32	4.84
<b>Diluted</b>		
- As reported	0.43	4.97
- Pro forma	0.32	4.84

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The fair value of total option outstanding at the year end is ₹ 1,547.03 lacs (Previous year ₹ 1,998.82 lacs) and these shall vest over a period of 3-5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹ 412.17 lacs (Previous year ₹ 538.49 lacs).

### 12. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

#### 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 salary) for each completed year of service.

The following table summaries the components of net benefit expenses recognised in the statement of profit and loss and the amounts recognized in the balance sheet.

(₹ in lacs)

Particulars	Gratuity (Unfunded)	Gratuity (Unfunded)
	2012-2013	2011-2012
<b>Statement of profit and loss</b>		
<b>Net employee benefit expenses (recognized in Personnel Expenses)</b>		
Current Service cost	119.34	84.52
Interest Cost on benefit obligation	41.17	28.34
Expected return on plan assets	NA	NA
Actuarial loss/(gain) recognised during the year	129.47	39.38
Past Service Cost	-	-
Net benefit expense	289.98	152.24
Actual return on plan assets	-	-
<b>Balance sheet</b>		
<b>Details of Provision for Gratuity as at year end</b>		
Present value of defined benefit obligation	737.55	491.36
Fair value of plan assets	NA	NA
Surplus/(deficit) of funds	(737.55)	(491.36)
Net asset/ (liability)	(737.55)	(491.36)
<b>Changes in present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	491.36	369.47
Current Service cost	119.34	84.52
Interest Cost on benefit obligation	41.17	28.34
Benefits paid	(43.79)	(30.35)
Actuarial (loss)/ gain recognised during the year	129.47	39.38
Closing defined benefit obligation	737.55	491.36



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The Principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Particulars	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	N/A	N/A
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) Modified) ULT	LIC (1994-96) duly modified
<b>Withdrawal / Employee Turnover Rate</b>		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%

Experience history for the current and previous four periods are as follows:

(₹ in lacs)

	Year ending				
	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Defined benefit obligation at the end of the period	(737.55)	(491.36)	(212.17)	(245.93)	(229.91)
Plan assets at the end of the period	NA	NA	NA	NA	NA
Funded status	(737.55)	(491.36)	(212.17)	(245.93)	(229.91)
Experience gain/ (loss) adjustment on plan liabilities	(101.33)	(85.50)	(75.29)	49.94	(30.94)
Experience gain/ (loss) adjustment on plan assets	NA	NA	NA	NA	NA
Actuarial gain/ (loss) due to change on assumptions	(36.12)	28.21	NA	5.01	96.39

### 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) ₹ 12.31 lacs (Previous year ₹ 28.58 lacs) out of the net benefit expenses, as above, has been allocated to subsidiaries and one body corporate.
13. The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

### 14. Restructuring during the year

- a. The Group's primary business consists of provision of Hospital Services through various entities. The Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Subsequent to the internal restructuring completed during the year, the business of certain identified hospitals of the Group are being divided into the following two verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:
  - (i) One vertical (the "Clinical Establishments Division") will own, maintain and operate clinical establishments (being fully air conditioned institutions established, and specifically customized and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals), along with providing services under outpatient division and radio-diagnostic services (hereinafter referred to as the "Clinical Establishment Services").
  - (ii) The other vertical (the "Medical Services Division") will undertake the business of running the hospital operations, being hereinafter referred to as provision of medical services, including in-patient services and emergency services ("Medical Services").
- b. Religare Health Trust (RHT) made an offering of 567,455,000 common units at S\$ 0.90 per common unit. Post listing of RHT on SGX-ST on October 19, 2012, Group's shareholding in RHT has been diluted from 100% to 28%.

### 15. As part of Sponsor Agreement entered between The Trustee-Manager of RHT, FGHIPL and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has provided following indemnities:-

- i) To RHT and its, directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Company's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- ii) The Company has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies.
16. On January, 9 2012, FHML entered into Share Purchase Agreement to acquire 49% interest in FHTL at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Shalimar Bagh Clinical Establishment and Gurgaon Clinical Establishment. FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML has a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a fixed price, subject to fulfillment of certain conditions, applicable laws including, and receipt of necessary approvals from all third parties. FHML also has the right to appoint 50% of the directors of FHTL, including the chairman of the board of directors who will have the casting vote in case of deadlock on any matter, including all financial and operating policies of the company, brought to the board of directors for its approval. Additionally, the Company has assigned its right to receive dividends from FHTL in favour of FHML. In addition, FHML has a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML is unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option shall be exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.
17. During the year ended March 31, 2013, Escorts Heart Institute and Research Centre Limited (EHIRCL) have issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹10 each at a premium of ₹ 7,456.98 per CCPS to Kanishka Healthcare Limited (KHL) with a maturity period of 15 years aggregating to ₹ 30,000 lacs. Following are the key terms of CCPS:-
- a) CCPS Put Option – KHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS upon occurrence of KHL having exercised FHTL Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML, as per above.
  - b) Under FHTL call Option the Company is required to pay sum equal to the fair valuation of Equity Shares of EHIRCL as per DCF Method.
  - c) In case of FHTL put option Company has right to purchase, subject to due compliance with law, all CCPS at consideration equal to KHL's contribution along with coupon rate agreed.
18. During the year ended March 31, 2011, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.
- The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2013 amounting to ₹ 986.62 lacs (Previous year ₹ 603.13 lacs). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2013 considered for restatement of the Bonds at the year end was ₹ 54.285= US Dollar 1 (₹ 50.9449 = US Dollar 1 at March 31, 2012).

19. During the previous year, the Company has sold following investments in Associates and Subsidiaries:

(₹ in lacs)

Investment	Cost of investment at March 31, 2011	Additions during the year	Sales value	Gain/ (loss)	Balance as at March 31, 2012
Escorts Heart Super Speciality Hospital Limited	439.72	-	1,100.09	660.37	-
International Hospital Limited	4,021.09	2,000.00	6,021.09	-	-
Fortis Hospotel Limited *(FHTL)	40,666.09	-	37,728.39	17,802.00	20,739.71
<b>Total</b>	<b>45,126.90</b>	<b>2,000.00</b>	<b>44,849.57</b>	<b>18,462.37</b>	<b>20,739.71</b>

\*Sold 49% in FHTL at gain of ₹17,802.00 lacs.

All the investments have been sold to Fortis Health Management Limited (FHML) as part of proposed restructuring as explained more fully in note 16 above.

20. Included in note 4(xviii) of the financial statements is service tax recoverable of ₹ 531.20 lacs (Previous year ₹ 520.66 lacs). As per management, this amount can be adjusted against service tax obligation on certain transactions as per current business plan. Hence, the management does not consider any need to make provision against non utilization of this service tax recoverable in these financial statements.
21. The Company was liable to pay Income tax for the previous years under the provisions of Section 115 JB of the Income Tax Act, 1961. As per the provisions of the Section 115JAA of the Income Tax Act,

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1961, MAT credit is available to the Company in subsequent assessment years in respect of the minimum alternate tax paid in prior years. Accordingly, income tax of ₹ 1,450.85 lacs have been adjusted against the MAT credit recognized in the prior years.

### 22. 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.

### 23. Particulars of Un-hedged Foreign Currency Exposure as at the reporting date:

(₹ /USD in lacs)

Particulars	Amount
Import trade payable (US\$)	US\$ 0.33 lacs (March 31, 2012:US\$ 0.47 lacs) (₹ 18.16 lacs (March 31, 2012: ₹ 23.67 lacs))
Foreign Currency Loans	
- Loans taken (US\$)	US\$ 1,143.42 lacs (March 31, 2012:US\$ 1,096.69 lacs) (₹ 62,070.55 lacs (March 31, 2012: ₹ 55,870.73 lacs))
- Loans given (US\$)	US\$ 947.31 lacs (March 31, 2012:US\$ 874.60 lacs) (₹ 51,424.99 lacs (March 31, 2012: ₹ 44,556.33 lacs))

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

(₹ in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Subsidiaries</b>				
Hiranandani Healthcare Private Limited	<b>4,321.34</b>	3,662.34	<b>4,203.34</b>	3,419.00
Escorts Heart Institute and Research Centre Limited	<b>56,076.71</b>	54,105.45	<b>22,941.71</b>	7,895.43
International Hospital Limited	<b>11,930.03</b>	101,224.43	-	11,930.03
Fortis Hospotel Limited	<b>3,607.07</b>	4,747.94	-	3,607.07
Fortis Hospitals Limited	<b>14,973.35</b>	23,289.56	<b>147.15</b>	14,499.26
Fortis Health Management (North) Limited	<b>106,089.15</b>	96,986.15	<b>61,036.65</b>	94,872.00
Fortis Healthcare International Limited	<b>47,638.51</b>	42,924.29	<b>47,638.51</b>	42,924.29
SRL Limited	<b>150.00</b>	-	-	150.00
Fortis Health Management (West) Limited	<b>128.85</b>	-	<b>28.85</b>	125.78

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

25. During the year, the Company has capitalised the following expenses of revenue nature to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the company.

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	₹ in lacs	₹ in lacs
<b>Opening Balance (A)</b>	<b>2,595.09</b>	209.08
<b>Revenue from Operation</b>	<b>1.28</b>	1.19
<b>Other Income</b>	-	-
<b>Total (B)</b>	<b>1.28</b>	1.19
<b>Purchase of Medical Consumables and Drugs (C)</b>	-	3.20
<b>Employee benefits</b>		
Salaries, wages and bonus	508.51	755.35
Gratuity	-	0.46
Leave encashment	-	0.59
Contribution to provident & other funds	-	2.76
Staff welfare expenses	-	8.31
Recruitment & training	0.11	1.18
<b>Total (C)</b>	<b>508.62</b>	768.65
<b>Other expenses</b>		
Contractual manpower	1.47	-
Power, fuel and water	43.15	36.06
Housekeeping expenses including consumables	7.32	41.52
Pathology laboratory expenses	0.35	-
Professional charges to doctors	2.75	6.44
Repairs & maintenance	28.92	2.41
Rent	1,185.87	694.17
Legal & professional fee	339.80	0.53
Travel & conveyance	16.57	4.59
Rates & taxes	0.10	767.80
Printing & stationary	0.06	1.47
Communication expenses	36.51	2.52
Miscellaneous expenses	14.49	57.84
<b>Total (D)</b>	<b>1,677.36</b>	1,615.35
<b>Total (E)</b>	<b>4,779.79</b>	2,595.09
<b>Amount Capitalized to Fixed Assets (F)</b>	<b>1,212.16</b>	-
<b>Balance carried forward to Capital Work in Progress G (E-F)</b>	<b>3,567.63</b>	2,595.09

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 26. Expenditure in foreign currency (on accrual basis)

(₹ in lacs)

Particulars	2012-13	2011-12
Marketing and business promotion	65.01	122.29
Travel and conveyance	202.90	31.09
Rent	-	9.77
Legal and professional fee	44.56	35.45
Communication expenses	-	0.13
Interest	4,015.74	2,560.06
Recruitment & Training	23.62	17.02
	4,351.83	2,775.81

### 27. Earnings in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	2012-13	2011-12
Sale of services	127.45	118.03
Interest income	2,357.47	1,994.20

### 28. Value of imports calculated on CIF basis

(₹ in lacs)

Particulars	2012-13	2011-12
Capital goods	587.70	441.53

### 29. Material Consumed (including consumables)

(₹ in lacs)

	% of Total Consumption		Value (₹ in lacs)	
	2012-13	2011-12	2012-13	2011-12
Indigenous*	100	100	10,210.03	7,923.99
Imported	-	-	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>10,210.03</b>	<b>7,923.99</b>

\*Including consumables of ₹ 74.36 lacs (Previous year ₹ 67.84 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

30. Finance Act 2012, has introduced provisions with respect to domestic transfer pricing that require all tax payers to whom provisions of domestic transfer pricing apply to complete transfer pricing documentation which will form the basis of form 3CEB to be submitted with the tax authorities. The Company is currently in the process of compiling and completing the documents. The management is of the belief that the aforesaid legislation will not have any material impact on the financial statements.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 31. Subsequent events

During the current year, the company initiated an institutional placement programme (IPP) for issuance of equity share of the Company. The issue was authorised by the Board of Directors through circular resolutions dated November 27, 2012 and by the Company's shareholders through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013.

Subsequent to March 31, 2013, the company issued 34,993,030 equity shares of face value ₹ 10 each at a price of ₹ 92 per equity share under IPP. The transaction has been concluded in May 2013. The total proceeds of the issue were approximately ₹ 32,193.59 lacs which will be use in repayment of debts, funding capital expenditure requirements and general corporate purposes.

### 32. Previous Year Figures

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

As per our report of even date

#### For S. R. Batliboi & Co. LLP

Firm Registration Number: 301003E  
Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

Place : Gurgaon

Date : May 30, 2013

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

Shivinder Mohan Singh

Executive Vice Chairman

Rahul Ranjan

Company Secretary

Place : Gurgaon

Date : May 30, 2013

Balinder Singh Dhillon

Executive Director

Sandeep Puri

Chief Financial Officer

**ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2013**

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Fortis Hospital Limited#	-	-	-	-	-	4,046.80	2,050.35	-	2,050.35
Escorts Heart Institute and Research Centre Limited	240.21	67,294.93	109,854.69	42,319.55	-	44,804.98	7,404.53	2,243.59	5,160.94
Fortis Hospitals Limited	4,025.06	66,571.88	101,815.95	31,219.02	8,507.50	64,379.92	48,142.35	11,824.55	36,317.79
International Hospital Limited*	-	-	-	-	-	3,117.54	(480.34)	-	(480.34)
Fortis Health Management Limited*	-	-	-	-	-	1,406.01	(4,281.04)	-	(4,281.04)
Fortis Health Management (North) Limited	5.00	(7,233.10)	120,261.81	127,489.91	-	86,081.46	(11,991.93)	(127.69)	(11,864.24)
Escorts Heart And Super Speciality Institute Limited*	-	-	-	-	-	973.15	628.10	110.47	517.63
Fortis Asia Healthcare Pte Limited	14,132.76	(6,008.07)	365,816.20	357,691.51	-	4,228.84	(7,800.23)	-	(7,800.23)
Kanishka Healthcare Limited*	-	-	-	-	-	1,202.33	(1,379.67)	-	(1,379.67)
Escorts Hospital And Research Centre Limited*	-	-	-	-	-	1,170.52	339.91	75.91	264.00
Fortis C-Doc Healthcare Limited	120.44	(226.95)	1,696.26	1,802.77	-	572.90	(557.28)	4.35	(561.72)
Escorts Heart And Super Speciality Hospital Limited*	-	-	-	-	-	2,660.64	1,786.89	96.55	1,690.34
Fortis Healthcare International Limited	14,155.67	234.70	65,866.11	51,475.73	7,019.48	3,138.01	3,498.21	-	3,498.21
Fortis Global Healthcare (Mauritius) Limited	373.53	2,711.51	60,548.65	57,463.60	16,854.38	2,337.94	(4,509.56)	-	(4,509.56)
Lalitha Healthcare Private Limited	81.16	(336.36)	1,988.44	2,243.64	-	2,178.06	(114.41)	-	(114.41)
Fortis Global Healthcare Infrastructure Pte Limited*	-	-	-	-	-	(0.16)	(168.49)	-	(168.49)
Fortis Malar Hospitals Limited	1,860.95	5,814.98	8,980.24	1,304.31	-	10,476.41	5,650.05	1,332.10	4,317.96
Malar Star Medicare Limited	5.00	36.33	6,285.94	6,244.61	-	697.47	43.23	13.36	29.87
Fortis Health Staff Limited	490.00	(1,371.40)	519.54	1,400.94	102.81	421.20	107.61	-	107.61
Fortis Health Management (West) Limited	5.00	(28.70)	15.44	39.14	-	0.28	(11.02)	-	(11.02)
Fortis Health Management (South) Limited	5.00	(65.80)	1,763.41	1,824.20	306.00	80.15	(61.88)	-	(61.88)
Fortis Health Management (East) Limited	5.00	(75.49)	280.41	350.91	-	294.71	(67.62)	-	(67.62)
Hiranandani Healthcare Private Limited	400.00	(2,835.69)	8,537.15	10,972.83	-	9,010.63	253.66	-	253.66
SRL Limited	8,446.35	64,482.19	101,354.42	28,425.87	150.00	38,803.14	1,457.87	59.24	1,398.63
SRL Diagnostics Private Limited	395.82	(3,930.01)	22,709.75	26,243.94	1,175.88	26,066.65	276.49	95.54	180.95
Religare Healthcare Trust*	-	-	-	-	-	-	(3,354.38)	-	(3,354.38)
Fortis Healthcare International Pte. Limited	150,382.28	(47,338.38)	391,943.47	288,899.58	21,043.31	5,147.87	(16,241.27)	-	(16,241.27)
Fortis Healthcare Australia Pty Ltd	0.06	2,221.13	154,875.32	152,654.14	-	160.72	(277.53)	238.01	(515.54)
Dental Corporation Holdings Limited	156,053.77	31,518.77	342,658.38	155,085.84	-	179,949.17	14,911.62	4,358.63	10,553.00
Dental Corporation Pty Limited	156,053.77	14,264.52	278,522.31	108,204.01	-	148,186.03	12,454.82	3,838.93	8,615.89
D C Holdings WA Pty Ltd	0.00	-	0.00	-	-	-	-	-	-
Dental Care Network Pty Limited	0.00	-	0.00	-	-	-	-	-	-
Dental Corporation (NZ) Limited	8,005.77	1,462.64	18,295.68	8,827.27	-	11,233.42	1,203.48	414.41	789.07
Hazel Ridge Pty Limited	0.00	-	0.00	-	-	-	-	-	-
John M Levas Pty Limited	121.56	-	121.56	-	-	-	-	-	-
Scot Petrie Dental Pty Limited	0.00	-	0.00	-	-	-	-	-	-
Dental Corporation of Canada Holdings Inc.	21,455.58	1,378.40	60,887.97	38,053.99	-	19,710.98	1,304.84	105.84	1,199.00
Dental Corporation Levas Pty Ltd	0.00	-	0.00	-	-	-	-	-	-
Dental Corporation Petrie Pty Ltd	0.00	-	0.00	-	-	-	-	-	-
Dental Corporation Cox Pty Ltd	0.00	-	0.00	-	-	-	-	-	-
Dr Chris Hardwicke Pty Ltd	0.00	-	0.00	-	-	-	-	-	-

(₹ in lacs)

# ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2013

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Larry Benge Pty Limited	0.00	-	0.00	-	-	-	-	-	-
Fortis Healthcare Singapore Pte Ltd	0.04	(8,441.91)	64,634.25	73,076.12	-	2,388.13	(7,656.32)	-	(7,656.32)
Radlink-Asia Pte Limited (Radlink)	8,009.06	(1,710.34)	6,387.18	88.45	-	554.22	119.96	-	119.96
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	0.04	309.52	516.17	206.60	-	925.06	145.08	-	145.08
Radlink Medicare (Bishan) Pte Limited	153.11	(122.47)	78.42	47.78	-	226.41	12.10	-	12.10
Radlink Medicare (Woodlands) Pte Limited	196.86	(177.12)	21.94	2.19	-	49.03	(8.91)	(0.91)	(8.00)
Radlink Medicare (Tampines) Pte Limited	43.75	88.70	172.56	40.11	-	399.88	39.99	-	39.99
Radlink Medicare (Jurong East) Pte Limited	0.00	(363.91)	6.60	370.51	-	-	1.47	-	1.47
Clinic 1868 Pte Limited	43.75	(16.11)	28.67	1.03	-	-	(1.28)	-	(1.28)
Radlink Diagnostic Imaging (s) Pte Limited	1,287.94	4,796.94	10,122.69	4,037.80	-	6,423.57	1,369.51	-	1,369.51
Drs Lim Hoe & Wong Radiology Pte limited	144.36	94.61	320.44	81.47	-	669.57	67.79	-	67.79
Healthcare Diagnostic Services Pte Limited	0.04	20.05	21.09	1.00	-	-	(1.72)	-	(1.72)
Radlink Women & Fetal Imaging Centre Pte Limited	0.00	227.94	94.77	(133.17)	-	217.59	71.73	-	71.73
Radlink Pet & Cardiac Imaging Centre Pte Limited	0.00	(1,655.68)	1,693.09	3,348.77	-	2,717.47	77.92	-	77.92
Singapore Radiopharmaceuticals Pte Limited	43.75	(3,377.19)	4,255.91	7,589.36	-	1,056.25	(732.83)	-	(732.83)
Singapore Molecular Therapy Centre Pte Limited	0.00	(34.31)	5.14	39.45	-	-	(1.60)	-	(1.60)
Radlink Medicare Pte Limited	0.04	(184.56)	769.02	953.54	64.96	77.65	39.09	-	39.09
Healthcare Clinic & Surgery Pte Ltd	0.00	(87.59)	8.98	96.56	-	-	-	-	-
Altai Investments Limited	0.07	83,402.74	111,180.16	27,777.35	-	-	(1,070.02)	-	(1,070.02)
Quality HealthCare Limited	419.44	15,248.07	25,706.52	10,039.01	-	-	(1.27)	(0.21)	(1.06)
Quality HealthCare Hong Kong Limited	0.00	(500.99)	-	500.99	-	-	(1.34)	(0.22)	(1.12)
Green Apple Associates Limited	0.05	8,692.19	8,692.24	0.00	-	-	(0.62)	(0.10)	(0.52)
Quality HealthCare Medical Services Limited	0.00	8,344.55	14,263.95	5,919.40	-	53,183.93	791.86	161.03	630.83
Fortis HealthCare Hong Kong Limited	0.00	6,996.32	23,502.02	16,503.70	-	-	(65.15)	(10.75)	(54.40)
Quality HealthCare Medical Services (Macau) Limited	1.75	(2.58)	-	0.83	-	-	(0.83)	-	(0.83)
Quality HealthCare Chinese Medicine Limited	0.01	(210.08)	0.64	210.72	-	-	(0.86)	-	(0.86)
Marvellous Way Limited	0.00	(31.13)	127.16	158.28	-	933.15	210.81	-	210.81
Universal Lane Limited	0.01	(12.13)	0.00	12.12	-	-	(0.29)	(0.05)	(0.24)
DB Health Services Limited	0.00	1,176.76	1,331.70	154.94	-	1,522.89	160.45	26.47	133.97
Quality HealthCare Medical Centre Limited	0.09	13,766.34	19,733.18	5,966.75	-	31,240.42	733.68	121.06	612.63
Quality HealthCare Professional Services Limited	0.00	(46.03)	1,613.55	1,659.58	-	-	-	-	-
SmartLab Limited	0.00	(138.26)	6.74	145.00	-	-	(0.87)	(0.14)	(0.72)
Allied Medical Practices Guild Limited	0.00	2,027.82	4,256.92	2,229.09	-	6,006.40	186.55	30.78	155.77
Great Option Limited	0.00	211.97	1,593.99	1,382.02	-	2,156.40	285.24	-	285.24
Healthcare Opportunities Limited	0.00	(30.54)	-	30.54	-	-	(0.29)	(0.05)	(0.24)
TCM Products Limited	0.00	(16.27)	1,531.43	1,547.71	-	-	(0.29)	-	(0.29)
GHC Holdings Limited	0.70	(30.15)	60.25	89.70	-	-	(0.99)	-	(0.99)
CASE Specialist Limited	0.70	(1,383.86)	717.42	2,100.59	-	1,879.12	(15.52)	-	(15.52)
Jadeast Limited	0.70	154.26	174.52	19.57	-	586.70	77.62	12.81	64.81
Jadeairs International Limited	0.70	582.38	586.04	2.96	-	932.10	204.58	33.76	170.83
Jadway International Limited	0.00	66.29	78.50	12.20	-	253.33	43.25	7.14	36.11
Megafaith International Limited	0.70	(93.50)	4.71	97.51	-	-	(0.72)	-	(0.72)

# ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2013

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Jadison Investment Limited	0.70	594.05	619.52	24.77	-	838.26	194.77	32.14	162.63
Berkshire Group Limited	0.00	1,971.21	2,449.92	478.71	-	4,347.60	229.97	37.94	192.02
Central Medical Diagnostic Centre Limited	0.70	733.48	1,293.36	509.17	-	1,823.50	(94.60)	-	(94.60)
Central MRI Centre Limited	0.07	472.04	754.80	282.69	-	681.08	84.90	14.01	70.89
Central Medical Laboratory Limited	0.07	(82.57)	84.01	166.52	-	225.72	(14.18)	-	(14.18)
Central PET/ CT Scan Limited	0.01	(359.81)	498.61	858.40	-	438.84	(63.56)	-	(63.56)
Portex Limited	69.91	38.27	108.75	0.57	-	-	(1.66)	(0.27)	(1.38)
Quality HealthCare Services Limited	0.00	512.86	513.51	0.64	-	-	(0.73)	-	(0.73)
Quality HealthCare Psychological Services Limited	0.00	(191.18)	20.92	212.10	-	66.99	(19.90)	-	(19.90)
Quality EAP (Macau) Limited	-	106.05	108.63	2.59	-	46.43	34.59	-	34.59
Quality HealthCare Dental Services Ltd	0.07	1,407.67	1,980.61	572.88	-	3,978.47	534.58	88.62	445.96
Quality HealthCare Physiotherapy Services Limited	0.07	60.57	310.02	249.38	-	1,889.40	92.29	22.87	69.42
Quality HealthCare Nursing Agency Limited	0.70	1,449.72	2,017.03	566.61	-	4,225.05	420.82	69.48	351.34
Dynamic People Group Limited	0.00	401.46	564.92	163.46	-	822.50	(176.86)	-	(176.86)
Mena Healthcare Investment Company Limited	16.51	(707.97)	27.12	718.58	-	-	(5.34)	-	(5.34)
Super Religare Laboratories International FZ LLC	44.35	(6,997.77)	2,697.93	9,651.35	-	2,087.19	(1,591.09)	-	(1,591.09)
Medical Management Company Limited	27.12	600.48	721.45	93.85	-	-	(17.90)	-	(17.90)
Swindon Limited	0.04	-	5.43	5.39	-	-	-	-	-
VOF PE Holding2 Limited	5,482.79	1,087.74	6,570.52	-	-	-	-	-	-
Hoan My Corporation	5,728.49	880.01	12,129.40	5,520.91	431.78	20.63	(9.03)	27.98	(37.02)
Hoan My Sai Gon General Hospital Joint Stock Company	2,276.64	4,242.36	17,885.49	11,366.50	-	2,890.93	120.70	20.88	99.81
Hoan My District 3 Poly Clinic Company Limited	596.27	(552.15)	847.91	873.79	-	7.82	(17.32)	-	(17.32)
Hue Medical Investment Joint Stock Company	1,551.28	(996.40)	1,451.31	896.44	-	32.36	(90.87)	-	(90.87)
Hoan My Da Nang General Hospital Joint Stock Company	1,945.82	2,102.22	5,426.71	1,378.67	-	1,125.69	94.48	5.97	88.51
Hoan My Cuu Long General Hospital Joint Stock Company	825.55	2,645.51	7,965.14	4,494.08	-	1,247.25	119.08	13.29	105.80
Hoan My Da Lat General Hospital Joint Stock Company	249.35	(587.44)	2,998.70	3,336.79	-	295.28	20.90	-	20.90

# Due to severe long term restrictions on transfers of funds to the Company by FHTL, FHTL is not being consolidated w.e.f. October 19, 2012 by the Company.

\* These companies were subsidiaries till October 18, 2012

**Note :** 0.00 denotes amount rounded off in lacs.

## For and on behalf of the Board of Directors

**Shivinder Mohan Singh**  
Executive Vice Chairman

**Balinder Singh Dhillon**  
Executive Director

**Rahul Ranjan**  
Company Secretary

**Sandeep Puri**  
Chief Financial Officer

Date : May 30, 2013  
Place : Gurgaon

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which accounts relate	Holding Company's interest as at close of financial year of subsidiary company		Reporting Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding company which are not dealt within the company's account		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding company which are dealt within the company's account		Holding Company's interest as at 31/03/2013 incorporating changes since close of financial year/period of subsidiary company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	
Fortis Hospotel Limited#	31/03/2013	-	-	INR	2,050.35	(1,757.08)	-	-	-
Escorts Heart Institute and Research Centre Limited	31/03/2013	2,000,310	100.00	INR	5,160.94	4,150.60	-	-	-
Fortis Hospitals Limited	31/03/2013	40,250,577	100.00	INR	36,317.79	147.77	-	-	-
International Hospital Limited*	31/03/2013	-	-	INR	(480.34)	(4,854.94)	-	-	-
Fortis Health Management Limited*	31/03/2013	-	-	INR	(4,281.04)	(61.38)	-	-	-
Fortis Health Management (North) Limited	31/03/2013	50,000	100.00	INR	(11,864.24)	4,615.81	-	-	-
Escorts Heart And Super Speciality Institute Limited*	31/03/2013	-	-	INR	517.63	284.62	-	-	-
Fortis Asia Healthcare Pte Limited	31/03/2013	32,722,596	100.00	SGD	(7,800.23)	1,835.92	-	-	-
Kanishka Healthcare Limited*	31/03/2013	-	-	INR	(1,379.67)	(31.55)	-	-	-
Escorts Hospital And Research Centre Limited*	31/03/2013	-	-	INR	264.00	131.59	-	-	-
Fortis C-Doc Healthcare Limited	31/03/2013	722,622	60.00	INR	(337.03)	1.59	-	-	-
Escorts Heart And Super Speciality Hospital Limited*	31/03/2013	-	-	INR	1,690.34	599.23	-	-	-
Fortis Healthcare International Limited	31/03/2013	9,856,000	100.00	MUR	3,498.21	371.79	-	-	-
Fortis Global Healthcare (Mauritius) Limited	31/03/2013	835,214	100.00	USD	(4,509.56)	526.46	-	-	-
Lalitha Healthcare Private Limited	31/03/2013	545,624	67.23	INR	(76.92)	(68.56)	-	-	-
Fortis Global Healthcare Infrastructure Pte Limited*	31/03/2013	-	-	SGD	(168.43)	(289.27)	-	-	-
Fortis Malar Hospitals Limited	31/03/2013	11,752,402	63.20	INR	2,728.95	308.00	-	-	-
Malar Star Medicare Limited	31/03/2013	50,000	63.20	INR	18.88	1.93	-	-	-
Fortis Health Staff Limited	31/03/2013	1,440,000	29.00	INR	31.21	(4.42)	-	-	-
Fortis Health Management (West) Limited	31/03/2013	50,000	100.00	INR	(11.02)	(17.68)	-	-	-
Fortis Health Management (South) Limited	31/03/2013	50,000	100.00	INR	(61.88)	(3.92)	-	-	-
Fortis Health Management (East) Limited	31/03/2013	50,000	100.00	INR	(67.62)	(7.87)	-	-	-
Hiranandani Healthcare Private Limited	31/03/2013	4,000,000	85.00	INR	215.61	(255.64)	-	-	-
SRL Limited	31/03/2013	42,749,217	71.49	INR	999.88	(684.67)	-	-	-
SRL Diagnostics Private Limited	31/03/2013	2,829,717	71.49	INR	129.36	(922.29)	-	-	-
Religare Healthcare Trust*	31/03/2013	-	-	SGD	(3,354.35)	(545.29)	-	-	-
Fortis Healthcare International Pte. Limited	31/03/2013	348,191,000	100.00	SGD	(16,241.27)	209.95	-	-	-
Fortis Healthcare Australia Pty Ltd	31/03/2013	100	100.00	AUD	(515.54)	2,561.26	-	-	-
Dental Corporation Holdings Limited	31/03/2013	73,164,995	63.51	AUD	6,702.21	653.77	-	-	-
Dental Corporation Pty Limited	31/03/2013	4,763,250	63.51	AUD	5,471.95	679.78	-	-	-
D C Holdings WA Pty Ltd	31/03/2013	2	63.51	AUD	-	-	-	-	-
Dental Care Network Pty Limited	31/03/2013	2	63.51	AUD	-	-	-	-	-
Dental Corporation (NZ) Limited	31/03/2013	10,475,209	63.51	AUD	501.14	116.73	-	-	-
Hazel Ridge Pty Limited	31/03/2013	2	63.51	AUD	-	-	-	-	-
John M Levas Pty Limited	31/03/2013	1	63.51	AUD	-	-	-	-	-
Scot Petrie Dental Pty Limited	31/03/2013	4	63.51	AUD	-	-	-	-	-
Dental Corporation of Canada Holdings Inc.	31/03/2013	4,597,868	29.00	AUD	347.71	18.83	-	-	-
Dental Corporation Levas Pty Ltd	31/03/2013	1	63.51	AUD	-	-	-	-	-
Dental Corporation Petrie Pty Ltd	31/03/2013	1	63.51	AUD	-	-	-	-	-
Dental Corporation Cox Pty Ltd	31/03/2013	1	63.51	AUD	-	-	-	-	-
Dr Chris Hardwicke Pty Ltd	31/03/2013	2	63.51	AUD	-	-	-	-	-

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

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		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	
Larry Benge Pty Limited	31/03/2013	2	63.51	AUD	-	-	-	-	
Fortis Healthcare Singapore Pte Ltd	31/03/2013	100	100.00	SGD	(7,656.32)	(699.70)	-	-	
Radlink-Asia Pte Limited (Radlink)	31/03/2013	29,382,081	100.00	SGD	119.96	(3.93)	-	-	
Dr. Thompson & Thompson (Radlink Medicare) Pte Limited	31/03/2013	85	85.00	SGD	123.32	16.91	-	-	
Radlink Medicare (Bishan) Pte Limited	31/03/2013	245,000	70.00	SGD	8.47	2.82	-	-	
Radlink Medicare (Woodlands) Pte Limited	31/03/2013	315,000	70.00	SGD	(5.60)	0.09	-	-	
Radlink Medicare (Tampines) Pte Limited	31/03/2013	100,000	100.00	SGD	39.99	8.46	-	-	
Radlink Medicare (Jurong East) Pte Limited	31/03/2013	3	100.00	SGD	1.47	(0.27)	-	-	
Clinic 1866 Pte Limited	31/03/2013	100,000	100.00	SGD	(1.25)	-	-	-	
Radlink Diagnostic Imaging (s) Pte Limited	31/03/2013	11,776,444	100.00	SGD	1,369.51	366.53	-	-	
Dr. Lim Hoe & Wong Radiology Pte limited	31/03/2013	339,000	100.00	SGD	67.79	16.25	-	-	
Healthcare Diagnostic Services Pte Limited	31/03/2013	100	100.00	SGD	(1.72)	(0.01)	-	-	
Radlink Women & Fetal Imaging Centre Pte Limited	31/03/2013	2	100.00	SGD	71.73	10.27	-	-	
Radlink Pet & Cardiac Imaging Centre Pte Limited	31/03/2013	2	100.00	SGD	77.32	37.80	-	-	
Singapore Radiopharmaceutic Als Pte Limited	31/03/2013	100,000	100.00	SGD	(792.85)	(79.61)	-	-	
Singapore Molecular Therapy Centre Pte Limited	31/03/2013	2	100.00	SGD	(1.60)	(0.33)	-	-	
Radlink Medicare Pte Limited*	31/03/2013	100	100.00	SGD	39.09	-	-	-	
Healthcare Clinic & Surgery Pte Ltd*	31/03/2013	2	100.00	SGD	-	-	-	-	
Altai Investments Limited	31/03/2013	1,000	100.00	HKD	(1,070.02)	(306.68)	-	-	
Quality HealthCare Limited	31/03/2013	6,000,001	100.00	HKD	(1.06)	(0.20)	-	-	
Quality HealthCare Hong Kong Limited	31/03/2013	2	100.00	HKD	(1.12)	-	-	-	
Green Apple Associates Limited	31/03/2013	702	100.00	HKD	(0.52)	-	-	-	
Quality HealthCare Medical Services Limited	31/03/2013	2	100.00	HKD	630.83	454.26	-	-	
Fortis HealthCare Hong Kong Limited	31/03/2013	3	100.00	HKD	(54.40)	(66.36)	-	-	
Quality HealthCare Medical Services (Macau) Limited	31/03/2013	25,000	100.00	HKD	(0.83)	-	-	-	
Quality HealthCare Chinese Medicine Limited	31/03/2013	100	100.00	HKD	(0.86)	(0.27)	-	-	
Marvellous Way Limited	31/03/2013	10	100.00	HKD	210.81	27.87	-	-	
Universal Lane Limited	31/03/2013	155	100.00	HKD	(0.24)	(0.26)	-	-	
DB Health Services Limited	31/03/2013	2	100.00	HKD	133.97	21.29	-	-	
Quality HealthCare Medical Centre Limited	31/03/2013	1,300	100.00	HKD	612.63	142.06	-	-	
Quality HealthCare Professional Services Limited	31/03/2013	2	100.00	HKD	-	-	-	-	
SmartLab Limited	31/03/2013	10	100.00	HKD	(0.72)	(0.08)	-	-	
Allied Medical Practices Guild Limited	31/03/2013	2	100.00	HKD	155.77	35.72	-	-	
Great Option Limited	31/03/2013	1	100.00	HKD	285.24	67.89	-	-	
Healthcare Opportunities Limited	31/03/2013	62	100.00	HKD	(0.24)	(0.26)	-	-	
TCM Products Limited	31/03/2013	8	100.00	HKD	(0.29)	(0.26)	-	-	
GHC Holdings Limited	31/03/2013	10,000	100.00	HKD	(0.99)	(0.99)	-	-	
CASE Specialist Limited	31/03/2013	10,000	100.00	HKD	(15.52)	(188.32)	-	-	
Jadeeast Limited	31/03/2013	10,000	100.00	HKD	64.81	17.25	-	-	
Jadeairs International Limited	31/03/2013	10,000	100.00	HKD	170.83	38.51	-	-	
Jadway International Limited	31/03/2013	2	100.00	HKD	36.11	13.66	-	-	

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

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		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	
Megafath International Limited	31/03/2013	10,000	100.00	HKD	(0.72)	(0.53)	-	-
Jadison Investment Limited	31/03/2013	10,000	100.00	HKD	162.63	61.66	-	-
Berkshire Group Limited	31/03/2013	8	100.00	HKD	192.02	44.61	-	-
Central Medical Diagnostic Centre Limited	31/03/2013	10,000	70.00	HKD	(66.22)	(0.82)	-	-
Central MRI Centre Limited	31/03/2013	1,000	70.00	HKD	49.62	23.28	-	-
Central Medical Laboratory Limited	31/03/2013	1,000	70.00	HKD	(9.93)	(6.88)	-	-
Central PET/CT Scan Limited	31/03/2013	100	70.00	HKD	(44.50)	(20.11)	-	-
Portex Limited	31/03/2013	1,000,000	100.00	HKD	(1.38)	(0.23)	-	-
Quality HealthCare Services Limited	31/03/2013	24	100.00	HKD	(0.73)	(0.49)	-	-
Quality HealthCare Psychological Services Limited	31/03/2013	1	100.00	HKD	(19.90)	(11.78)	-	-
Quality EAP (Macau) Limited	31/03/2013	74,000	100.00	HKD	34.59	5.47	-	-
Quality HealthCare Dental Services Ltd	31/03/2013	1,000	100.00	HKD	445.96	81.92	-	-
Quality HealthCare Physiotherapy Services Limited	31/03/2013	1,015	100.00	HKD	69.42	(6.30)	-	-
Quality HealthCare Nursing Agency Limited	31/03/2013	10,000	100.00	HKD	351.34	62.53	-	-
Dynamic People Group Limited	31/03/2013	8	100.00	HKD	(176.86)	(11.32)	-	-
Mena Healthcare Investment Company Limited	31/03/2013	10,043,433	82.54	AED	(4.40)	(6.20)	-	-
Super Religare Laboratories International FZ LLC	31/03/2013	300	100.00	AED	(1,591.09)	(1,408.10)	-	-
Medical Management Company Limited	31/03/2013	151,461	82.54	AED	(14.77)	(4.73)	-	-
Swindon Limited	31/03/2013	7,813	78.13	VND	-	-	-	-
VOF PE Holding2 Limited	31/03/2013	39,066	78.13	VND	-	87.33	-	-
Hoan My Corporation	31/03/2013	13,358,813	61.21	VND	(22.66)	(43.21)	-	-
Hoan My Sai Gon General Hospital Joint Stock Company	31/03/2013	5,908,243	61.20	VND	61.09	110.64	-	-
Hoan My District 3 Poly Clinic Company Limited	31/03/2013	855,709	51.11	VND	(8.85)	(20.93)	-	-
Hue Medical Investment Joint Stock Company	31/03/2013	3,388,260	57.33	VND	(52.10)	(77.86)	-	-
Hoan My Da Nang General Hospital Joint Stock Company	31/03/2013	3,222,986	43.48	VND	38.48	63.01	-	-
Hoan My Cuu Long General Hospital Joint Stock Company	31/03/2013	2,857,085	54.72	VND	57.89	149.70	-	-
Hoan My Da Lat General Hospital Joint Stock Company	31/03/2013	534,800	53.48	VND	11.18	7.36	-	-

# Due to severe long term restrictions on transfers of funds to the Company by FHTL, FHTL is not being consolidated w.e.f. October 19, 2012 by the Company.

\* These companies were subsidiaries till October 18, 2012

Note: 0.00 denotes amount rounded off in lacs

For and on behalf of the Board of Directors

Shivinder Mohan Singh  
Executive Vice Chairman

Balinder Singh Dhillon  
Executive Director

Rahul Ranjan  
Company Secretary

Sandeep Puri  
Chief Financial Officer

Date : May 30, 2013  
Place: Gurgaon



# INDEPENDENT AUDITOR'S REPORT

## **To the Board of Directors of Fortis Healthcare Limited**

We have audited the accompanying consolidated financial statements of Fortis Healthcare Limited ("the Company") and its subsidiaries which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

- a) We draw attention to Note 12 (a) and (b) to the financial statements which describe the material uncertainty related to the outcome of certain tax demands against the Company aggregating ₹ 8,922.50 (after adjusting ₹ 14,046.56 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters), related to the amalgamation of EHIRC, Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as the Company. Pending settlement of the aforesaid matter no adjustments are considered necessary in these financial statements.
- b) We draw attention to Note 11 to the financial statement which describes the material uncertainty related to the outcome of the lawsuit filed by the Company against Delhi Development

Authority (DDA) for termination of certain land leases allotted by DDA and consequent eviction notices issued to the Company by the Estate Officer of DDA. . Pending settlement of the aforesaid matter no adjustments are considered necessary in these financial statements.

- c) We draw attention to non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 986.62 lacs. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in these financial statements.

Our opinion is not qualified in respect of the aforesaid matters.

### Other Matter

We did not audit the financial information of certain overseas subsidiaries whose financial information, prepared under International Financial Reporting Standards ('IFRS') or Singapore Financial Reporting Standards ('SFRS'), in the aggregate reflect total assets of ₹ 633,621.37 lacs as at March 31, 2013, total revenue of ₹ 318,178.89 lacs and net cash outflows of ₹ 3,418.00 lacs for the year ended March 31, 2013. We also did not audit the financial information of certain overseas associates whose financial information, prepared under IFRS, in the aggregate reflect total loss of ₹ 84.52 lacs for the year ended March 31, 2013. This financial information have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the management of the respective companies, copies of which have been provided to us by the Company. Further we did not audited the financial information of overseas associate whose financial information, prepared under IFRS, in aggregate reflect net profit of ₹ 271.99 lacs for the year ended March 31, 2013. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. The management of the Company has converted this audited financial information of the Company's subsidiaries and associates to accounting principles generally accepted in India, for the purpose of preparation of the

## Independent Auditor's Report

Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors under the accounting policies generally accepted in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

We did not audit the financial information of certain subsidiaries, whose financial information prepared under the generally accepted accounting principles accepted in India, whose financial statements reflect total assets of ₹ 813,216.02 lacs as at March 31, 2013, total revenue of ₹ 383,288.65 lacs and net cash flow of ₹ 40,313.52 lacs for the year ended March 31, 2013. This financial information has been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial information of certain joint ventures, whose financial statements reflect total assets of ₹ 2,506.51 lacs as at March 31, 2013, total revenue of ₹ 3,239.88 lacs and net cash flow of ₹ 229.43 lacs for the year ended March 31, 2013, being the proportionate share of Fortis Group, for the year then ended. This financial information has been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial information of an associate, whose financial information reflect net loss of ₹ 84.52 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2013. This financial information has been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter

We did not audit the financial information of an associate, whose financial information reflect net profit of ₹ 271.99 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2013. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E

**per Pankaj Chadha**

Partner

Membership No.: 91813

Place of Signature : Gurgaon

Date: May 30, 2013

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

	Notes	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4 (i)	40,953.37	40,950.61
Reserves and surplus	4 (ii)	330,133.56	284,678.81
		<u>371,086.93</u>	<u>325,629.42</u>
<b>Minority Interest</b>		102,122.06	83,083.54
<b>Compulsorily convertible preference shares</b>	25	67,000.00	-
<b>Non-current liabilities</b>			
Long-term borrowings	4 (iii)	481,735.76	367,329.71
Deferred tax liabilities (net)	4 (iv)	9,363.20	856.59
Other long term liabilities	4 (v)	11,869.82	12,758.39
Long-term provisions	4 (vi)	4,125.41	3,220.96
		<u>507,094.19</u>	<u>384,165.65</u>
<b>Current liabilities</b>			
Short-term borrowings	4 (vii)	34,635.23	283,597.68
Trade payables	4 (viii)	87,933.13	75,598.68
Other current liabilities	4 (ix)	176,785.60	84,803.58
Short-term provisions	4 (x)	11,469.81	5,901.60
		<u>310,823.77</u>	<u>449,901.55</u>
<b>TOTAL</b>		<u><u>1,358,126.95</u></u>	<u><u>1,242,780.16</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	4 (xi) (a)	181,674.81	254,276.67
Intangible assets	4 (xi) (b)	745,734.05	663,747.61
Capital work-in-progress		23,735.13	56,474.78
Intangible assets under development		643.90	106.06
		<u>951,787.89</u>	<u>974,605.12</u>
Non-current investments	4 (xii)	79,814.15	23,478.86
Deferred tax assets (net)	4 (iv)	6,752.08	5,020.61
Long- term loans and advances	4 (xiii)	57,395.15	43,671.56
Other non-current assets	4 (xiv)	6,801.26	4,802.07
		<u>1,102,550.53</u>	<u>1,051,578.22</u>
<b>Current assets</b>			
Current investments	4 (xv)	38,930.27	637.82
Inventories	4 (xvi)	9,250.26	7,991.58
Trade receivables	4 (xvii)	66,278.36	54,605.25
Cash and bank balances	4 (xviii)	51,169.70	41,457.91
Short- term loans and advances	4 (xix)	82,063.35	75,483.17
Other current assets	4 (xx)	7,884.48	11,026.21
		<u>255,576.42</u>	<u>191,201.94</u>
<b>TOTAL</b>		<u><u>1,358,126.95</u></u>	<u><u>1,242,780.16</u></u>
Summary of significant accounting policies 2			
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Firm Registration Number: 301003E  
Chartered Accountants

per **Pankaj Chadha**  
Partner  
Membership No.: 91813

Place : Gurgaon  
Date : May 30, 2013

For and on behalf of the Board of Directors

**Shivinder Mohan Singh**  
Executive Vice Chairman

**Rahul Ranjan**  
Company Secretary

Place : Gurgaon  
Date : May 30, 2013

**Balinder Singh Dhillon**  
Executive Director

**Sandeep Puri**  
Chief Financial Officer

# **CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>Continuing Operations</b>			
<b>INCOME</b>			
Revenue from operations	4 (xxi)	<b>424,316.60</b>	261,767.19
Other income	4 (xxii)	<b>15,201.43</b>	17,554.08
Exceptional items	4 (xxviii)	<b>99,588.79</b>	631.74
<b>Total revenue</b>		<b>539,106.82</b>	279,953.01
<b>EXPENDITURE</b>			
Purchase of medical consumables and drugs [Net of the amount capitalised (refer note 22)]		<b>93,598.75</b>	64,827.97
Increase in inventories of medical consumables and drugs	4 (xxiii)	<b>(1,145.91)</b>	(965.01)
Employee benefits expense	4 (xxiv)	<b>107,470.39</b>	55,101.89
Other expenses	4 (xxv)	<b>189,679.59</b>	109,099.44
Exceptional items	4 (xxviii)	<b>3,129.38</b>	-
<b>Total expenses</b>		<b>392,732.20</b>	228,064.29
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>146,374.62</b>	51,888.72
Finance costs	4 (xxvi)	<b>48,638.66</b>	25,123.11
<b>Profit before tax, depreciation and amortization</b>		<b>97,735.96</b>	26,765.61
Depreciation and amortization expense	4 (xxvii)	<b>27,860.79</b>	17,452.64
<b>Profit before tax</b>		<b>69,875.17</b>	9,312.97
<b>Tax expenses:</b>			
Current tax (including MAT payable) (including earlier years tax of ₹ 258.13 lacs (Previous year Nil))		<b>17,646.62</b>	7,950.23
Less: MAT Credit Entitlement		<b>(6,855.65)</b>	(4,035.06)
Deferred tax charge/ (credit)		<b>7,948.09</b>	(252.26)
<b>Total tax expenses</b>		<b>18,739.06</b>	3,662.91
<b>Profit after tax and before minority interest and share in profits of associate companies</b>		<b>51,136.11</b>	5,650.06
Share in current year profits of associate companies		<b>823.74</b>	132.74
<b>Profit after tax and before minority interest</b>		<b>51,959.85</b>	5,782.80
Profits/(losses) attributable to minority interest		<b>2,890.70</b>	(559.40)
<b>Profit for the year from continuing operations (A)</b>		<b>49,069.15</b>	6,342.20
<b>Discontinuing Operations</b>			
Profit before tax from discontinuing operations		<b>9,693.31</b>	1,463.06
Tax expense of discontinuing operations		<b>4,392.53</b>	421.69
<b>Profit after tax and before minority interest from discontinuing operations</b>		<b>5,300.78</b>	1,041.37
Profits attributable to minority interest		<b>4,376.33</b>	161.42
<b>Profit for the year from discontinuing operations (B)</b>		<b>924.45</b>	879.95
<b>Profit for the year (A+B)</b>		<b>49,993.60</b>	7,222.15
<b>Earnings Per Share [Nominal value of shares ₹ 10/- each (Previous year ₹ 10/- each)]</b>	4 (xxix)		
Basic and diluted on Continuing operations		<b>12.11</b>	1.57
Basic and diluted on total profit for the year		<b>12.34</b>	1.78
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Firm Registration Number: 301003E  
Chartered Accountants

**per Pankaj Chadha**  
Partner  
Membership No.: 91813

Place : Gurgaon  
Date : May 30, 2013

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

**Shivinder Mohan Singh**  
Executive Vice Chairman

**Rahul Ranjan**  
Company Secretary

Place : Gurgaon  
Date : May 30, 2013

**Balinder Singh Dhillon**  
Executive Director

**Sandeep Puri**  
Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>A. Cash flow from operating activities</b>		
Profit before tax from continuing operations	67,808.21	10,005.11
Profit before tax from discontinuing operations	5,316.98	1,301.64
	73,125.19	11,306.75
Adjustments for:		
Depreciation and amortization expense on continuing operation	25,359.03	17,452.64
Depreciation and amortization expense on discontinuing operation	3,864.02	769.25
Impairment on intangible assets on continuing operation	2,501.76	-
Impairment on intangible assets on discontinuing operation	5,334.00	-
Loss on sale of fixed assets	335.38	364.47
Profit on redemption of mutual funds	(1,416.50)	(220.02)
Provision for doubtful receivables	3,065.84	1,771.44
Provision for doubtful advances	66.97	112.76
Provision for contingencies	167.28	20.60
Bad debts and sundry balances written off	928.46	563.56
Arrangement fees written off	10.92	72.37
Finance charges	9,374.71	879.85
Foreign exchange fluctuation (gain)/ loss	3,469.57	(2,606.09)
Unclaimed balances and excess provisions written back	(1,180.18)	(229.02)
Wealth tax	20.31	15.42
Interest income	(10,702.64)	(9,513.39)
Interest expense	46,157.22	25,708.11
Profits/ (losses) transferred to Minority Interest	7,267.03	(397.98)
Share in profits of associate companies	(823.74)	(132.74)
<b>Operating profit before working capital changes</b>	166,924.63	45,937.98
Movements in working capital :		
Increase in trade receivables	(16,972.56)	(2,519.94)
Increase in inventories	(1,378.91)	(968.73)
Increase in loans and advances	(3,333.30)	(15,918.46)
Increase in other assets	(808.44)	(1,372.61)
Increase in trade payables, other liabilities and provisions	44,891.46	15,342.31
<b>Cash generated from/ (used in) operations</b>	189,322.88	40,500.55
Direct taxes paid (net of refunds)	(24,963.57)	(10,730.30)
<b>Net cash flow from operating activities (A)</b>	164,359.31	29,770.25
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(40,029.89)	(56,978.58)
Proceeds from sale of fixed assets	247.66	3,013.91
Investment in bank deposits	(4,189.13)	(809.64)
Redemption/ maturity of bank deposits	1,255.42	82.90
Loans to body corporates and others (net)	1,248.13	69,789.04
Loan to subsidiaries (net)	145.00	-
Purchase of investments in subsidiaries and associates	(53,568.52)	(119,878.13)
(Purchase)/ proceeds of investments in mutual funds	(16,136.24)	5,829.09
Interest received	10,745.58	7,987.55
<b>Net cash flow used in investing activities (B)</b>	(100,281.99)	(90,963.86)
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	20.00	47.42
Proceeds from issuance of Compulsorily convertible preference shares	67,000.00	-
Proceeds from issuance of non convertible debentures	30,000.00	30,000.00
Redemption of non convertible debentures including premium	(42,556.02)	-
Proceeds from long-term borrowings	286,259.82	43,175.74
Repayments of long term borrowings	(42,966.52)	(18,788.88)
Proceeds/ (repayments) of short-term borrowings (net)	(239,892.34)	39,790.97
Loan arrangement fees paid	(9,746.35)	(4,789.53)
Interest paid	(55,525.38)	(20,312.84)
<b>Net cash flow from/ (used in) financing activities (C)</b>	(7,406.79)	69,122.88
<b>Net increase in cash and cash equivalents (A + B + C)</b>	56,670.53	7,929.26
Add: Cash and cash equivalents at the beginning of the year	40,500.41	16,062.69
Less: Effect of cash difference on and cash equivalent held in foreign currency	426.08	1,632.50
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year (refer note 24)	(48,286.52)	18,140.96
<b>Cash and cash equivalents at the end of the year</b>	48,458.34	40,500.41
<b>Components of cash and cash equivalents:</b>		
Cash in hand	788.76	451.45
Cheques in hand	528.59	195.67
Balances with banks on current and cash credit accounts	45,380.19	38,943.64
Balances with banks on special disbursement account	-	3.90
Balances with banks on deposit accounts	4,472.16	1,863.25
	51,169.70	41,457.91
Less: Deposits not considered as cash equivalents	2,711.36	957.50
<b>Total cash and cash equivalents</b>	48,458.34	40,500.41
Summary of significant accounting policies	2	

As per our report of even date

For S. R. Batliboi &amp; Co. LLP

Firm Registration Number: 301003E

Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

For and on behalf of the Board of Directors

Shivinder Mohan Singh

Executive Vice Chairman

Rahul Ranjan

Company Secretary

Balinder Singh Dhillon

Executive Director

Sandeep Puri

Chief Financial Officer

Place : Gurgaon

Date : May 30, 2013

Place : Gurgaon

Date : May 30, 2013

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 1. NATURE OF OPERATIONS

Fortis Healthcare Limited (the 'Company' or 'FHL') was incorporated in the year 1996 and commenced its hospital operations in year 2001 with its flagship Multi-Specialty Hospital at Mohali and has thereafter set up/ acquired/ taken over the management of other hospitals in different parts of the country and overseas. As part of its business activities, the Company holds interests in its subsidiaries, joint ventures and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared on an accrual basis and under the historical cost convention, except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 3 below) and are consistent with those used in the previous year.

#### (b) Principles of Consolidation

The CFS relates to FHL and its subsidiaries, joint ventures and associates ('Fortis Group' or 'Group'). In the preparation of the CFS, investments in subsidiaries, associates and joint ventures are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements), AS 23 (Accounting for Investments in Associates) and AS 27 (Accounting for Interest in Joint Ventures) notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS is prepared on the following basis:

- (i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.
- (ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.
- (iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and included in the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- (iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by FHL) are recouped.
- (v) The Company reports its interest in a jointly controlled entity using proportionate consolidation method wherein the assets, liabilities, income and expenses of the jointly controlled entity are proportionately consolidated.
- (vi) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements, Where it is not practicable to use uniform accounting policies, differences in accounting policies are disclosed separately in accordance with AS 21 (Consolidated Financial Statements).
- (vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2013.

### (c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### (d) Tangible fixed assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### (e) Depreciation on tangible fixed assets

- (i) Except as stated in para (ii), (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management or where applicable, those prescribed

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

under Schedule XIV of the Companies Act, 1956. The Company has used the following rates to provide the depreciation on its fixed assets:-

S. No.	Assets	Rate SLM
1	Building	2% to 20%
2	Plant & Machinery	4.75% to 12.38%
3	Medical equipments	7.07% to 87.15%
4	Furniture & Fittings	6.33% to 25%
5	Computers	10% to 100%
6	Office equipments	4.75% to 25%
7	Vehicles	9.50% to 54.15%

- (ii) Depreciation on Leasehold Improvements is provided over the period of lease or over the useful lives of the respective fixed assets, whichever is shorter.
- (iii) Leasehold land is amortized over the period of lease except in respect of one subsidiary (Previous year two subsidiaries) where the same is available on perpetual lease basis [(100.00% (previous year 34.77%) of net block of leasehold land of the Fortis Group aggregating to ₹ 398.22 lacs (previous year ₹ 21,020.59 lacs) as at March 31, 2013].
- (iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [3.99% (previous year 7.94%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Group aggregating to ₹ 208,856.40 lacs (previous year ₹ 185,703.31 lacs) as at March 31, 2013]. The rates used at written down value method is as follows:-

S. No.	Assets	Rate WDV
1	Building	10%
2	Plant & Machinery	13.91%
3	Medical equipments	25.88%
4	Furniture & Fittings	25.88%
5	Computers	40%
6	Office equipments	13.91%
7	Vehicles	25.89%

- (v) Individual assets with cost not exceeding ₹ 5,000 are depreciated fully in the year of purchase in accordance with Companies Act, 1956, in entities registered in India.
- (vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account.

### (f) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

### (g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are tested for impairment annually either individually or at the cash generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### Technical Know-how Fees

Technical know-how fees are amortized over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

#### Software

Cost of software is amortized over the useful life of the software.

#### License fee

License fee capitalized as an intangible asset is amortized over a period of 10 years, being the management estimate of the useful life of the asset.

#### Right of Use of Land

Right of use of land capitalized as an intangible asset and is not amortized, considering the right is available on perpetual basis.

#### Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalized and amortized over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

## **NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

### **Internally generated assets costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the asset.
- Its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of adequate resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalized, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of profit and loss as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to statement of profit and loss on issuance of such materials for research and development activities.

Fixed assets used for research and development are amortized over a period of five years being the useful life, as estimated by the management.

### **Trademarks**

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in the nature of purchase is at fair value as on the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortization and impairment losses, if any. They are amortized on the straight line basis over the estimated useful economic life.

### **Goodwill on acquisition**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (i) Impairment of Tangible and Intangible assets

- a. The carrying amounts of assets are reviewed at each balance sheet date or if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price 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 assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company. Impairment loss is recognised in statement of profit and loss.
- b. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### (j) Leases

#### *Where a group entity is lessee*

- a) Finance leases, which effectively transfer to a Group entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Group entity will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.
- b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### *Where a group entity is lessor*

- a) Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- b) Assets subject to operating leases are included in fixed assets. Lease income is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the statement of profit and loss.

### (k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### (l) Inventories

Inventory of medical consumables, drugs and stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for five of the subsidiaries where it is determined on First-in First-out basis [27.40% (previous year 12.40%) of total inventories of Fortis Group aggregating ₹ 9,250.26 lacs (previous year ₹ 7,991.57 lacs) as at March 31, 2013]. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

### (m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Service Income from operations*

Operating income including inpatient and outpatient services, laboratory/ clinical services, income from medical services, management fees from hospitals, management fees from laboratories and income from satellite centers are recognized as and when the services are rendered. Management fee from hospitals and income from medical services is recognized as per the contractual terms with respective hospitals.

#### *Income from Rehabilitation Centre*

Revenue is recognized as and when the services are rendered at the centre.

#### *Rental Income and Equipment Lease Rentals*

Revenue is recognized in accordance with the terms of lease agreements entered into with the respective lessees on a straight line basis.

#### *Income from Academic Services*

Revenue is recognized on pro-rata basis on completion of such services over the duration of the program.

#### *Income from Clinical Research*

Revenue is recognized as and when the services are rendered in accordance with the terms of the respective agreements.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### *Income from medical, dental and other service contracts*

The Group has certain medical, dental and other service contracts, in which the Group agrees to provide specific services over the terms of the contracts for a fixed-fee in which the level of services depends on uncertain future events (the "Fixed-fee Contracts"). Fees received or receivable under the Fixed-fee Contracts are recognized on a time proportion basis over the terms of the Fixed-fee Contracts. Expenses incurred in connection with the Fixed-fee Contracts are charged to the profit or loss as incurred. Deficiency in the contract liabilities is immediately charged to the profit or loss by establishing a provision for losses.

### *Sale of pharmacy items*

Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

### *Income from sale of scrap and plasma*

Revenue from sale of scrap and plasma is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

### *Export benefits*

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

### *Income from sponsorship fees*

Revenue is recognized as and when services are rendered in accordance with the terms of the agreement.

### *Deferred revenue*

Deferred revenue represents service fees received in advance of the performance of the relevant services. Deferred revenue is released to and recognized in the statement of profit and loss when the corresponding services are rendered or on a time proportion basis over the terms of the service contracts.

### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

### *Dividends*

Dividend is recognized if the right to dividend is established by the balance sheet date.

## **(n) Unamortized finance charges**

Costs incurred in raising funds is amortized on straight line basis over the period for which the funds are obtained.

## **(o) Foreign Currency Transactions and balances**

### **(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### (iii) Exchange Differences

From accounting periods commencing on or after December 7, 2006, the Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

### (iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(2) and (iii)(3) above.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (v) Translation of Integral and non-integral foreign operation

The company classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.”

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### (p) Retirement and other employee benefits:

#### I. In respect of Companies incorporated in India

##### (i) Contributions to Provident Fund

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective fund is due.

The provident fund contribution of certain employees of the group is being deposited with “Fortis Healthcare Limited Provident Fund Trust” and “Escorts Heart Institute and Research Centre Limited Provident Fund Trust”; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund.

##### (ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using the projected unit credit method.

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the statement of profit and loss every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the statement of profit and loss.

##### (iii) Compensated Absences

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.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. 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/or contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### **(iv) Actuarial Gains/Losses**

Actuarial gains/losses are recognized in the statement of profit and loss as they occur.

## **II. In respect of Companies incorporated outside India**

### **(i) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the local authority. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed in the period that relevant employee services are received.

### **(ii) Short term employee benefits**

Short term benefits comprise employee costs such as salaries, bonuses, and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

The liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date are considered as short term benefits and are recognized on the basis of the estimated value of benefit expected to be availed by the employees.

### **(q) Income Taxes**

Tax expense comprises current and deferred tax. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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 entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### (r) Employee Stock Compensation Cost

Recognition, measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

### (s) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (t) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (u) **Contingent liabilities**

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

### (v) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### (w) **Derivative instruments**

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the “marked to market” principle. If there is a mark to market loss then same is charged to the statement of profit and loss. Net gains are ignored as a matter of prudence.

### (x) **Segment reporting**

#### *Identification of segments*

The Group’s operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

#### *Inter-segment transfers*

The group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

#### *Allocation of common costs*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### *Unallocated items*

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### *Segment accounting policies*

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

### (y) **Measurement of EBITDA**

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company includes interest income included under other income, but does not include depreciation and amortization expense, finance costs and tax expense.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****3. Composition of the Group**

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:-

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2013	Proportion of ownership interest as at March 31, 2012
<b>a)</b>	<b>Subsidiaries</b>			
	Hiranandani Healthcare Private Limited (HHPL)	India	85.00%	85.00%
	Fortis Hospotel Limited (FHTL) (Refer note a below)	India	64.72%	100.00%
	Fortis Health Management (West) Limited (FHM(W)L)	India	100.00%	100.00%
	Fortis Health Management (East) Limited (FHM(E)L)	India	100.00%	100.00%
	Fortis Health Management (South) Limited (FHM(S)L)	India	100.00%	100.00%
	Fortis Health Management (North) Limited (FHM(N)L)	India	100.00%	100.00%
	Fortis Healthcare International Limited (FHIL)	Mauritius	100.00%	100.00%
	Escorts Heart Institute and Research Centre Limited (EHIRCL)	India	100.00%	100.00%
	Lalitha Healthcare Private Limited (LHPL)	India	67.23%	67.23%
	Fortis Malar Hospitals Limited (FMHL)	India	63.20%	63.20%
	Fortis Hospitals Limited (FHsL)	India	100.00%	100.00%
	Fortis Global Healthcare (Mauritius) Limited (FGHL)	Mauritius	100.00%	100.00%
	Malar Stars Medicare Limited (MSML)	India	63.20%	63.20%
	Fortis Asia Healthcare Pte. Limited (FAHPL)	Singapore	100.00%	100.00%
	Fortis C-Doc Healthcare Limited (C-Doc)	India	60.00%	60.00%
	Fortis Health Staff Limited (FHSL)	India	29.00%	29.00%
	SRL Limited (formerly Super Religare Laboratories Limited)	India	71.49%	71.49%
	SRL Diagnostics Private Limited (formerly Super Religare Laboratories Diagnostics Private Limited)	India	71.49%	71.49%
	Fortis Healthcare International Pte Limited (FHIPL)	Singapore	100.00%	100.00%
	Fortis Healthcare Australia Pty Ltd	Australia	100.00%	100.00%
	Dental Corporation Holdings Limited	Australia	63.51%	64.13%

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Name of the Group Company</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest as at March 31, 2013</b>	<b>Proportion of ownership interest as at March 31, 2012</b>
Dental Corporation Pty Limited	Australia	63.51%	64.13%
Close Dental Pty Limited	Australia	-	64.13%
Craig Duval Dental Pty Limited	Australia	-	64.13%
D C Holdings WA Pty Ltd	Australia	63.51%	64.13%
Dental Care Network Pty Limited	Australia	63.51%	64.13%
Dental Corporation (NZ) Limited	New Zealand	63.51%	64.13%
David Cox Dental Pty Limited	Australia	-	64.13%
Prime Dental Pty limited	Australia	-	64.13%
Hazel Ridge Pty Limited	Australia	63.51%	64.13%
John M Levas Pty Limited	Australia	63.51%	64.13%
Scot Petrie Dental Pty Limited	Australia	63.51%	64.13%
Dental Corporation Petrie Pty Limited	Australia	63.51%	64.13%
Dental Corporation Cox Pty Limited	Australia	63.51%	64.13%
Dental Corporation Levas Pty Limited	Australia	63.51%	64.13%
Larry Benge Pty Limited	Australia	63.51%	64.13%
Dr Chris Hardwicke Pty Limited	Australia	63.51%	64.13%
Fortis Healthcare Singapore Pte Ltd	Singapore	100.00%	100.00%
Radlink-Asia Pte Limited (Radlink) (refer note c below)	Singapore	100.00%	85.00%
Drs Thompson & Thompson (Radlink Medicare) Pte Limited (refer note c below)	Singapore	85.00%	72.25%
Radlink Medicare (Bishan) Pte Limited (refer note c below)	Singapore	70.00%	59.50%
Radlink Medicare (Woodlands) Pte Limited (refer note c below)	Singapore	70.00%	59.50%
Radlink Medicare (Tampines) Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Radlink Medicare (Jurong East) Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Clinic 1866 Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Radlink Diagnostic Imaging (s) Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Drs Lim Hoe & Wong Radiology Pte limited (refer note c below)	Singapore	100.00%	85.00%
Healthcare Diagnostic Services Pte Limited (refer note c below)	Singapore	100.00%	85.00%



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2013	Proportion of ownership interest as at March 31, 2012
Radlink Women & Fetal Imaging Centre Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Radlink Pet & Cardiac Imaging Centre Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Singapore Radiopharmaceutic Als Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Singapore Molecular Therapy Centre Pte Limited (refer note c below)	Singapore	100.00%	85.00%
Altai Investments Limited	British Virgin Islands	100.00%	100.00%
Quality HealthCare Limited	British Virgin Islands	100.00%	100.00%
Quality HealthCare Hong Kong Limited	Hong Kong	100.00%	100.00%
Green Apple Associates Limited	British Virgin Islands	100.00%	100.00%
Quality HealthCare Medical Services Limited	Hong Kong	100.00%	100.00%
Fortis HealthCare Hong Kong Limited	Hong Kong	100.00%	100.00%
Quality Healthcare Medical Services (Macau) Limited	Macau	100.00%	100.00%
Quality HealthCare Chinese Medicine Limited	Hong Kong	100.00%	100.00%
Marvellous Way Limited	Hong Kong	100.00%	100.00%
Universal Lane Limited	Hong Kong	100.00%	100.00%
DB Health Services Limited	Hong Kong	100.00%	100.00%
Quality HealthCare Medical Centre Limited	Hong Kong	100.00%	100.00%
Quality HealthCare Professional Services Limited	Hong Kong	100.00%	100.00%
SmartLab Limited	Hong Kong	100.00%	100.00%
Allied Medical Practices Guild Limited	Hong Kong	100.00%	100.00%
Healthcare Clinic and Surgery Pte. Limited (refer note c below)	Singapore	100.00%	85.00%
Great Option Limited	Hong Kong	100.00%	100.00%
Healthcare Opportunities Limited	British Virgin Islands	100.00%	100.00%
TCM Products Limited	British Virgin Islands	100.00%	100.00%
GHC Holdings Limited	Hong Kong	100.00%	100.00%
CASE Specialist Limited	Hong Kong	100.00%	100.00%

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Name of the Group Company</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest as at March 31, 2013</b>	<b>Proportion of ownership interest as at March 31, 2012</b>
Jadeast Limited	Hong Kong	100.00%	100.00%
Jadefairs International Limited	Hong Kong	100.00%	100.00%
Jadway International Limited	Hong Kong	100.00%	100.00%
Megafaith International Limited	Hong Kong	100.00%	100.00%
Jadison Investment Limited	Hong Kong	100.00%	100.00%
Berkshire Group Limited	British Virgin Islands	100.00%	100.00%
Central Medical Diagnostic Centre Limited	Hong Kong	70.00%	70.00%
Central MRI Centre Limited	Hong Kong	70.00%	70.00%
Central Medical Laboratory Limited	Hong Kong	70.00%	70.00%
Central PET/CT Scan Limited	Hong Kong	70.00%	70.00%
Portex Limited	Hong Kong	100.00%	100.00%
Quality HealthCare Services Limited	British Virgin Islands	100.00%	100.00%
Quality HealthCare Psychological Services Limited	Hong Kong	100.00%	100.00%
Quality EAP (Macau) Limited	Macau	100.00%	100.00%
Quality HealthCare Dental Services Ltd	Hong Kong	100.00%	100.00%
Quality HealthCare Physiotherapy Services Limited	Hong Kong	100.00%	100.00%
Quality HealthCare Nursing Agency Limited	Hong Kong	100.00%	100.00%
Dynamic People Group Limited	British Virgin Islands	100.00%	100.00%
Mena Healthcare Investment Company Limited	British Virgin Islands	82.54%	82.54%
Super Religare Laboratories International FZ LLC	UAE	100.00%	100.00%
Medical Management Company Limited	British Virgin Islands	82.54%	82.54%
Swindon Limited	British Virgin Islands	78.13%	78.13%
VOF PE Holding <sup>2</sup> Limited	Cayman Island	78.13%	78.13%
Fortis Hoan Medical My Corporation	Vietnam	61.21%	61.21%
Fortis Hoan My Saigon General Hospital Joint Stock Company	Vietnam	61.20%	61.21%
Hoan My Clini Company Limited	Vietnam	51.11%	51.41%

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2013	Proportion of ownership interest as at March 31, 2012
	Hue Hoan My General Hospital Joint Stock Company	Vietnam	57.33%	61.21%
	Hoan My Da Nang General Hospital Joint Stock Company	Vietnam	40.06%	39.79%
	Hoan My Cuu Long General Hospital Joint Stock Company	Vietnam	54.72%	54.48%
	Hoan My Da Lat General Hospital Joint Stock Company	Vietnam	53.48%	53.25%
	Dental Corporation of Canada Holdings Inc.	Canada	22.03%	18.60%
<b>b)</b>	<b>Associates</b>			
	Sunrise Medicare Private Limited	India	31.26%	31.26%
	Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
	Fortis Medicare International Limited	Mauritius	49.00%	49.00%
	Fortis Emergency Services Limited	India	49.00%	49.00%
	Lanka Hospitals Corporation Plc	Sri Lanka	28.60%	28.60%
	Town Hall Clinic	Singapore	25.50%	25.50%
	Hoan My Minh Hai	Vietnam	18.36%	18.36%
	Hoan My Orb Corporation	Vietnam	18.36%	18.36%
	Hoan My Thien The	Vietnam	18.36%	18.36%
	International Hospital Limited (IHL) (Refer note b below)	India	28.00%	100.00%
	Escorts Heart and Super Speciality Institute Limited (EHSSIL) (Refer note b below)	India	28.00%	100.00%
	Escorts Hospital and Research Centre Limited (EHRCL) (Refer note b below)	India	28.00%	100.00%
	Escorts Heart and Super Speciality Hospital Limited (EHSSHL) (Refer note b below)	India	28.00%	100.00%
	Kanishka Healthcare Limited (KHL) (Refer note b below)	India	28.00%	100.00%
	Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL) (Refer note b below)	Singapore	28.00%	100.00%
	Hospitalia Eastern Private Limited (HEPL)(Refer note b below)	India	28.00%	100.00%
	Religare Health Trust (RHT) (refer note b below)	Singapore	28.00%	100.00%
	Fortis Health Management Limited (FHML) (refer note b below)	India	28.00%	100.00%

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2013	Proportion of ownership interest as at March 31, 2012
c)	<b>Joint Ventures</b>			
	Fortis Cauvery	India	51.00%	51.00%
	DDRC SRL Diagnostics Services Private Limited (DDRC)	India	50.00%	50.00%
	Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL)	Nepal	50.00%	50.00%

### Notes:-

- As per Shareholders Agreement ('SHA') signed between FHML, the Company and FHTL, the Company has agreed to divest its stake of 51% in FHTL to FHML on receiving of certain regulatory approvals. However, as per the SHA, there are severe long term restrictions on transfers of funds to the Company by FHTL; accordingly FHTL is not being consolidated w.e.f. October 19, 2012 by the Company. (Refer note 24(d)).
- During the year ended, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%. Till October 18, 2012 these Companies were consolidated as subsidiaries of the group and post October 18, 2012 entire RHT group has been considered as associate.
- During the year ended March 31, 2013, stake in some of the subsidiaries of Dental Corporation Holdings Limited has been diluted to 63.51% from 64.13% on issuance of shares to Doctors.
- During the year ended March 31, 2013, Dental Corporation Holdings Limited has increased its stake in Dental Corporation of Canada Holdings Inc. from 18.60% to 22.03%.
- During the year Fortis Healthcare Singapore Pte Limited, a wholly owned subsidiary of the Group, acquired balance 15% stake in Radlink on March 1, 2013. Therefore, stake in Radlink Group has been increased to 100%.
- During the previous year, Fortis Health Management Limited ('FHML') has acquired 100% stake in Hospitalia Eastern Private Limited ('HEPL') on October 1, 2011 resulting in becoming wholly owned subsidiary of the Group. However, investment in HEPL is temporary in nature; therefore, the same has not been consolidated in these financial statements.

### 4 (i) Share capital

	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>Authorised Shares (Nos.)</b>		
600,000,000 (Previous year 600,000,000)	<b>60,000.00</b>	60,000.00
Equity shares of ₹ 10 each		
200 (Previous year 200) Class 'A' Non- Cumulative Redeemable Preference Shares of ₹ 100,000 each	<b>200.00</b>	200.00
11,498,846 (Previous year 11,498,846) Class 'B' Non- Cumulative Redeemable Preference Shares of ₹ 10 each	<b>1,149.88</b>	1,149.88
64,501,154 (Previous year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	<b>6,450.12</b>	6,450.12
	<b>67,800.00</b>	<b>67,800.00</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
<b>Issued Shares (Nos.)</b>		
405,207,335 (Previous year 405,179,715)	<b>40,520.73</b>	40,517.97
Equity Shares of ₹ 10 each		
1,600,000 (Previous Year 1,600,000) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	<b>160.00</b>	160.00
3,196,000 (Previous Year 3,196,000) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	<b>319.60</b>	319.60
<b>Total issued share capital</b>	<b>41,000.33</b>	40,997.57
<b>Subscribed and paid up shares (Nos.)</b>		
405,207,335 (Previous year 405,179,715)	<b>40,520.73</b>	40,517.97
Equity Shares of ₹ 10 each		
1,450,000 (Previous year 1,450,000) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	<b>145.00</b>	145.00
3,196,000 (Previous year 3,196,000) Class 'C' Cumulative Redeemable Preference Shares of ₹ 9 each	<b>287.64</b>	287.64
<b>Total subscribed and fully paid up share capital</b>	<b>40,953.37</b>	40,950.61

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

## Equity Shares

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	405,179,715	40,517.97	405,103,475	40,510.35
Issued during the year: Employee Stock Option Plan (ESOP)	27,620	2.76	76,240	7.62
<b>Outstanding at the end of the year</b>	<b>405,207,335</b>	<b>40,520.73</b>	405,179,715	40,517.97

## Preference Shares- Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
<b>Outstanding at the end of the year</b>	<b>1,450,000</b>	<b>145.00</b>	1,450,000	145.00

## Preference Shares- Class 'C' Cumulative Redeemable Preference Shares of ₹ 9 each

Particulars	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
<b>Outstanding at the end of the year</b>	<b>3,196,000</b>	<b>287.64</b>	3,196,000	287.64

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Terms of redemption of preference shares

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010, however, the date of redemption of October 18, 2010 has been deferred to October 18, 2013. Both the Company and the subscriber had an option for early redemption of the Preference Shares. In case the early redemption option would have been exercised, the amount payable on redemption at the end of year 1 would have been ₹ 1,638.50 lacs and at end of year 2 would have been ₹ 1,851.51 lacs.

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 90 per share, out of which 3,196,000 zero percent cumulative redeemable preference shares are still pending for redemption. These shares were redeemable at ₹ 175 per share, including premium, on October 18 of 2008, 2009, 2010, 2011 and 2012 respectively in installment of ₹ 1,437.50 lacs each and installment of ₹ 12,937.50 lacs on October 18, 2013. The Company had the option to make voluntary premature redemption of the Shares in part or in full in which event the redemption premium would have been computed @ 12% compounded annually on the subscription amount from the subscription date till the redemption date. However, the due date of redemption in 2009, 2010, 2011 and 2012 respectively has been postponed to October 18, 2013 and due to this, the Company has agreed to pay additional redemption premium calculated at 12%, 12.5%, 13% and 13% respectively on the redemption amounts due in respective years. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

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

#### Equity Shares

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding Company	218,250	21.83	218,250	21.83

#### Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	1,450,000	145.00	1,450,000	145.00

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each**

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	3,196,000	287.64	3,196,000	287.64

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

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	81.34%	329,591,530	81.34%

**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each**

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	1,450,000	100%	1,450,000	100%

**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each**

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	3,196,000	100%	3,196,000	100%

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

**(f) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company (refer note 15).

**(g) Shares reserved for issued on conversion**

For details of shares reserved for issue on conversion of bonds, please refer note 18 regarding terms of conversion/ redemption of bonds.



# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (ii) Reserve and Surplus</b>		
<b>i Securities premium reserve</b>		
Balance as per the last financial statements	254,783.49	257,556.76
Add: Premium on issue of equity shares	17.24	49.00
Less: Amount utilized for accrual of premium payable on redemption of redeemable preference shares	2,545.82	2,631.49
Less: Amount utilised towards issue of equity shares	775.02	190.78
<b>Closing balance</b>	<b>251,479.89</b>	<b>254,783.49</b>
<b>ii Revaluation reserve</b>		
Balance as per the last financial statements	35,325.53	35,197.43
Add: revaluation reserve on acquisition of share in a subsidiary	-	268.45
Less: transferred to statement of profit and loss as reduction from depreciation	72.83	140.35
Less: revaluation reserve on disposal of subsidiaries (refer note 24)	35,252.70	-
<b>Closing balance</b>	<b>-</b>	<b>35,325.53</b>
<b>iii General reserves</b>		
Balance as per the last financial statements	-	-
Addition (refer note 24)	35,252.70	-
<b>Closing balance</b>	<b>35,252.70</b>	<b>-</b>
<b>iv Amalgamation reserve</b>		
Balance as per the last financial statements	156.00	156.00
<b>Closing balance</b>	<b>156.00</b>	<b>156.00</b>
<b>v Foreign currency translational reserve</b>		
Balance as per the last financial statements	(4,919.54)	(439.52)
Add: current year transfer	(827.58)	(4,480.02)
<b>Closing balance</b>	<b>(5,747.12)</b>	<b>(4,919.54)</b>
<b>vi Debenture redemption reserve</b>		
Balance as per the last financial statements	1,630.43	-
Add: amount transferred from surplus balance in the statement of profit and loss	5,081.76	1,630.43
Less: amount transferred to surplus balance in the statement of profit and loss	1,630.43	-
<b>Closing balance</b>	<b>5,081.76</b>	<b>1,630.43</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>vii Others reserve</b>		
Balance as per the last financial statements	(1,432.06)	-
Add: loss on dilution of shareholding	-	(1,432.06)
<b>Closing balance</b>	<b>(1,432.06)</b>	<b>(1,432.06)</b>
<b>viii Foreign currency monetary item translation difference account</b>		
Balance as per the last financial statements	241.43	-
Add: current year transfer	(334.84)	241.43
<b>Closing balance</b>	<b>(93.41)</b>	<b>241.43</b>
<b>ix Securities premium suspense account</b>		
Balance as per the last financial statements	-	2,113.11
Less: written back during the year	-	2,113.11
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>x Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	(1,106.47)	(6,698.19)
Add: profit for the year	49,993.60	7,222.15
Add: transfer from debenture redemption reserve	1,630.43	-
Less: transfer to debenture redemption reserve	5,081.76	1,630.43
<b>Net surplus/ (deficit) in the statement of profit and loss</b>	<b>45,435.80</b>	<b>(1,106.47)</b>
	<b>330,133.56</b>	<b>284,678.81</b>

**4 (iii) Long-term borrowings****Secured (refer note 8)**

Term loan from banks	185,712.23	112,278.73
Term loans from body corporates	33,907.12	29,384.95
Hire purchase loans from banks	28.41	64.86
Finance lease obligations	525.05	1,364.96
Deferred payment liabilities	1,164.97	2,817.62
	<b>221,337.78</b>	<b>145,911.12</b>

# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>Unsecured (refer note 8)</b>		
Optionally convertible debentures	2,500.00	2,500.00
Compulsorily convertible debentures	910.00	910.00
5% Foreign currency convertible bonds	54,285.00	50,944.90
Non convertible debentures	-	16,500.00
Convertible bonds	-	4,380.64
Term loan from banks	202,568.62	12,549.36
Loans from body corporates and others	83.20	-
Deferred payment liabilities	51.16	-
Nil (Previous year 262,120,642), 5% Class B Redeemable Preference share of USD 1 each (issued by Fortis Asia Healthcare Pte. Limited, a subsidiary company)	-	133,633.69
	<b>260,397.98</b>	<b>221,418.59</b>
	<b>481,735.76</b>	<b>367,329.71</b>

## 4 (iv) Deferred tax assets/liabilities (net)

### Deferred tax liability arising on account of :

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	11,405.63	2,121.62
Others	364.90	162.48
	<b>11,770.53</b>	<b>2,284.10</b>

### Deferred tax asset arising on account of:

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,879.70	532.79
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	7,279.71	5,030.96
On carry forward business losses and unabsorbed depreciation	-	884.37
	<b>9,159.41</b>	<b>6,448.12</b>
	<b>(2,611.12)</b>	<b>4,164.02</b>

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>4 (v) Other long term liabilities</b>		
Advances and deposit	<b>23.53</b>	39.26
Capital creditors	<b>442.09</b>	1,557.61
Lease equalisation reserve	<b>2,299.11</b>	1,658.69
Interest accrued but not due on borrowings	-	4,925.83
Derivative financial instruments	<b>3,205.37</b>	402.62
Contingent consideration against purchase of business	<b>5,885.28</b>	2,115.55
Premium payable on redemption of redeemable preference shares	-	2,044.43
Others	<b>14.44</b>	14.40
	<b>11,869.82</b>	<b>12,758.39</b>
<b>4 (vi) Long-term provisions</b>		
<b>Provision for employees' benefits</b>		
Provision for gratuity (refer note 17)	<b>2,841.09</b>	1,993.97
	<b>2,841.09</b>	1,993.97
<b>Others</b>		
Provision for litigation (refer note 14)	<b>496.88</b>	496.88
Provision for restoration and maintenance*	<b>787.44</b>	730.11
	<b>1,284.32</b>	1,226.99
	<b>4,125.41</b>	<b>3,220.96</b>
<b>Provisions for litigation</b>		
Opening balance	<b>496.88</b>	496.88
Add: provision made during the year	-	-
Less: utilized during the year	-	-
Closing balance	<b>496.88</b>	496.88
<b>Provisions for restoration and maintenance</b>		
Opening balance	<b>730.11</b>	-
Add: provision acquired on acquisition of subsidiary	-	730.11
Add: provision made during the year	-	-
Add: exchange translation adjustments	<b>57.33</b>	-
Less: utilized during the year	-	-
Closing balance	<b>787.44</b>	730.11

\* At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (vii) Short-term borrowings</b>		
<b>a Secured (refer note 8)</b>		
10% redeemable non convertible debentures	30,000.00	-
Bank overdraft	1,529.02	2,937.74
Cash credit	1,347.27	3,481.09
Loans from banks	-	41,000.00
Buyers credit	484.91	1,271.68
	<b>33,361.20</b>	<b>48,690.51</b>
<b>b Unsecured (refer note 8)</b>		
11% redeemable non convertible debentures	-	30,000.00
Loans from body corporates and others	936.53	24,744.29
Loans from banks	-	126,759.09
Commercial papers	-	47,500.00
Bill discounting	-	4,566.29
Nil (Previous year 5,500,000) Zero percent Non-Cumulative Redeemable Preference Shares of ₹ 10 each (issued by SRL Limited, a subsidiary company)	-	550.00
Nil (Previous year 4,500,000) Zero percent Non-Cumulative Redeemable Preference Shares of ₹ 10 each (issued by SRL Limited, a subsidiary company)	-	450.00
6,750,000 (Previous year 6,750,000) Zero percent preference shares of ₹ 10 each (proportionate share of the Company) (issued by DDRC SRL Diagnostics services Private Limited, a Joint Venture)	337.50	337.50
	<b>1,274.03</b>	<b>234,907.17</b>
	<b>34,635.23</b>	<b>283,597.68</b>
<b>4 (viii) Trade payables</b>		
Trade payables	87,933.13	75,598.69
	<b>87,933.13</b>	<b>75,598.69</b>
<b>4 (ix) Other current liabilities</b>		
Current maturities of long term debt (refer note 8)	130,745.11	35,376.54
Book overdrafts	424.56	763.93
Advances from patients/ customers	3,409.80	4,610.98
Security deposits	1,538.10	229.44
Interest accrued and due on borrowings	1,328.81	12,694.48
Interest accrued but not due on borrowings	12,150.97	5,227.16
Unpaid preference dividend	0.19	-
Deferred revenue*	2,468.61	1,915.80
Share application money payable	445.66	341.50
Derivative financial instrument	-	1,226.20

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	₹ in lacs	₹ in lacs
Premium payable on redemption of redeemable preference shares	7,214.75	5,654.29
Capital creditors	4,734.40	5,421.15
Payable against losses of associates (refer note 31)	945.57	860.61
Lease equalisation reserve	45.43	126.43
Unamortised discount and liability on forward cover contracts	-	546.78
Statutory payables	5,160.15	4,039.76
Contingent consideration against purchase of business	3,311.62	5,057.20
Other liabilities	2,861.87	711.33
	<b>176,785.60</b>	<b>84,803.58</b>

\* Deferred revenue represents payment received in advance for fixed fees contracts for which services had not been rendered at the end of the reporting period.

## 4 (x) Short-term provisions

## a Provision for employee benefits

Provision for gratuity (refer note 17)	193.36	115.68
Provision for leave encashment	6,496.86	2,296.99
Provision for severance allowances**	116.51	462.03

## b Others

Provision for taxation (net of advance tax)	4,060.40	2,460.87
Provision for contingencies	251.33	150.44
Provision for wealth tax	10.26	12.48
Provision for restoration and maintenance***	341.09	403.11
	<b>11,469.81</b>	<b>5,901.60</b>

## Provision for contingencies

Opening balance	150.44	131.50
Add: provision made during the year	172.10	23.63
Less: utilized during the year	71.21	4.69
Closing balance	<b>251.33</b>	<b>150.44</b>

## Provision for restoration and maintenance

Opening balance	403.11	-
Add: provision acquired on acquisition of subsidiary	-	487.57
Add: provision made during the year	647.08	-
Add: exchange translation adjustments	30.80	-
Less: utilized during the year	739.90	84.46
Closing balance	<b>341.09</b>	<b>403.11</b>

\*\* Provision for severance allowance is mandatory payments to be made to employees of one of the subsidiary, Hoan My, Vietnam at the time of employees leaving the Company. This is mandatory payment under local employment act.

\*\*\* At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS**

NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS												(₹ in lacs)
	Leasehold land	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Medical Equipment taken under finance lease	Furniture & fittings	Computers equipments	Office equipments	Vehicles	Total
Cost or valuation												
As at April 1, 2011	16,666.94	35,828.72	56,446.01	4,834.02	18,287.06	55,124.17	529.77	4,095.84	2,725.34	943.03	3,005.33	198,486.23
Additions	5,103.72	128.77	4,988.14	2,046.70	2,591.23	13,639.48	224.23	782.79	1,917.44	418.17	786.92	32,627.59
Additions on acquisition of subsidiaries	-	11,695.89	16,431.69	15,864.09	14,689.20	46,383.29	-	4,856.91	6,225.37	817.43	1,568.70	118,532.57
Disposals	326.55	-	10.44	2,120.48	382.55	2,602.13	-	37.52	486.20	13.41	39.97	6,019.22
Disposals on sale of subsidiaries	-	-	-	-	-	-	-	-	-	-	742.74	742.74
Exchange translation adjustments	-	83.78	(1,452.19)	244.57	282.95	49.76	-	8.05	80.49	-	(5.45)	(708.04)
As at March 31,2012	21,444.11	47,569.60	79,307.59	20,379.76	34,901.99	112,495.05	754.00	9,689.97	10,301.46	2,165.22	4,583.69	343,592.44
Additions	-	10.09	10,766.34	11,635.70	11,045.31	15,263.75	-	2,485.83	2,556.73	439.88	878.11	55,081.74
Disposals	-	-	11.98	456.83	322.01	514.26	-	240.21	61.38	29.93	462.41	2,099.01
Disposals on sale of subsidiaries	21,373.58	34,458.79	45,260.53	1,352.59	13,847.40	14,007.48	-	1,313.74	582.44	200.52	329.31	132,726.38
Other adjustments	327.69	(327.66)	2.78	(0.04)	2,866.49	(2,822.09)	-	171.22	(3.10)	(95.20)	(43.17)	76.92
Exchange translation adjustments	-	911.36	1,520.78	(74.54)	1,335.71	1,707.91	-	487.65	1,020.31	-	73.95	6,983.13
As at March 31,2013	398.22	13,704.60	46,324.98	30,131.46	35,980.09	112,122.88	754.00	11,280.72	13,231.58	2,279.45	4,700.86	270,908.84
Depreciation												
As at April 1, 2011	324.91	-	8,373.86	2,271.61	7,796.06	22,621.20	55.15	1,355.70	1,355.18	317.00	913.87	45,384.54
Charge for the year	98.61	16.53	2,378.55	2,081.01	2,386.41	7,131.91	81.34	533.26	970.85	214.42	514.36	16,407.25
Additions on acquisition	-	0.25	1,730.44	3,871.39	5,899.73	14,227.91	-	1,977.94	2,570.44	152.29	299.18	30,729.57
Disposals	-	-	-	440.59	229.42	1,931.29	-	38.42	116.31	8.13	45.25	2,809.41
Disposals on sale of subsidiaries	-	-	-	-	-	-	-	-	-	-	210.91	210.91
Exchange translation adjustments	-	-	12.39	47.69	125.07	(25.36)	-	2.18	24.25	-	(0.95)	185.27
As at March 31,2012	423.52	16.78	12,470.46	7,735.73	15,727.71	42,075.09	136.49	3,826.30	4,755.91	675.58	1,472.20	89,315.77
Charge for the year	94.76	-	2,214.14	4,296.50	5,611.98	10,544.77	103.93	1,204.37	2,438.53	142.71	652.76	27,304.45
Disposals	-	-	0.47	426.48	131.92	537.08	-	22.64	183.95	10.26	238.16	1,550.96
Disposals on sale of subsidiaries	534.80	-	8,086.74	1,088.18	6,318.22	9,768.14	-	595.97	429.20	93.56	239.78	27,154.59
Other adjustments	16.52	(16.78)	0.58	194.85	649.89	(992.31)	-	52.43	(47.31)	(26.80)	(26.14)	(195.07)
Exchange translation adjustments	-	-	113.81	108.43	520.73	576.80	-	135.44	47.78	-	11.44	1,514.43
As at March 31,2013	-	-	6,711.78	10,820.85	16,060.17	41,899.13	240.42	4,599.93	6,581.76	687.67	1,632.32	89,234.03
Net Block												
As at March 31,2012	21,020.59	47,552.82	66,837.13	12,644.03	19,174.28	70,419.96	617.51	5,863.67	5,545.55	1,489.64	3,111.49	254,276.67
As at March 31,2013	398.22	13,704.60	39,613.20	19,310.61	19,919.92	70,223.75	513.58	6,680.79	6,649.82	1,591.78	3,068.54	181,674.81



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

## NOTE 4(xi) (b) : INTANGIBLE ASSETS

	Technical know how fees	Non compete fees	License fee	Right of use of land	Software	Goodwill consolidation	Total
							(₹ in lacs)
<b>Cost or valuation</b>							
<b>As at April 1, 2011</b>							
Additions	742.56	1,550.00	6,165.86	5,137.11	1,075.66	44,467.07	103,126.65
Additions on acquisition of subsidiaries	-	53.01	1,155.57	-	442.11	-	1,650.69
Deletions/reversal	-	-	-	3,186.70	3,092.26	209,337.61	568,896.22
Exchange translation adjustments	-	-	-	-	186.34	-	186.34
<b>As at March 31, 2012</b>	<b>742.56</b>	<b>1,603.01</b>	<b>7,321.43</b>	<b>8,300.97</b>	<b>4,423.07</b>	<b>252,379.24</b>	<b>670,617.20</b>
Additions	103.71	-	360.90	-	1,569.59	63,065.65	80,154.36
Deletions	-	53.02	-	-	138.28	-	191.30
Disposals on sale of subsidiaries	541.14	0.66	5,821.43	5,137.10	262.42	-	20,307.25
Other adjustments	112.65	0.67	-	-	72.19	-	185.51
Exchange translation adjustments	-	-	-	248.43	231.50	13,451.88	28,363.12
<b>As at March 31, 2013</b>	<b>417.78</b>	<b>1,550.00</b>	<b>1,860.90</b>	<b>3,412.30</b>	<b>5,895.65</b>	<b>328,896.77</b>	<b>758,821.64</b>
<b>Amortization</b>							
<b>As at April 1, 2011</b>							
Charge for the year	497.94	665.30	2,051.69	-	637.73	-	3,852.66
Additions on acquisition of subsidiaries	32.41	526.53	911.53	-	484.52	-	1,954.99
Deletions	-	-	-	-	1,062.03	-	1,062.03
Exchange translation adjustments	-	-	-	-	-	-	-
<b>As at March 31, 2012</b>	<b>530.35</b>	<b>1,191.83</b>	<b>2,963.22</b>	<b>-</b>	<b>2,184.19</b>	<b>-</b>	<b>6,869.59</b>
Charge for the year	86.14	375.92	751.10	-	705.43	-	1,918.59
Impairment	-	-	-	-	-	2,501.76	7,835.76
Deletions	-	15.72	-	-	137.09	-	152.81
Disposals on sale of subsidiaries	384.77	-	3,235.71	-	65.89	-	3,686.37
Other adjustments	6.59	(2.03)	150.90	-	(77.76)	-	77.70
Exchange translation adjustments	-	-	-	-	225.13	-	225.13
<b>As at March 31, 2013</b>	<b>238.31</b>	<b>1,550.00</b>	<b>629.51</b>	<b>-</b>	<b>2,834.01</b>	<b>2,501.76</b>	<b>13,087.59</b>
<b>Net block</b>							
<b>As at March 31, 2012</b>	<b>212.21</b>	<b>411.18</b>	<b>4,358.21</b>	<b>8,300.97</b>	<b>2,238.88</b>	<b>252,379.24</b>	<b>663,747.61</b>
<b>As at March 31, 2013</b>	<b>179.47</b>	<b>-</b>	<b>1,231.39</b>	<b>3,412.30</b>	<b>3,061.64</b>	<b>323,562.77</b>	<b>745,734.05</b>

- Freehold land includes Nil (Previous year ₹ 319.03 lacs) pending registration in Company's name.
- In previous year leasehold land consists of leasehold rights for the land at Kolkata provided by the Kolkata Municipal Development Authority (KMDA). The land was subject to a dispute between the KMDA and Revenue department with regard to its usage.
- Buildings include Nil (Previous year ₹ 8,579.18 lacs) at certain location constructed on leasehold land and Nil (Previous Year ₹ 6,079.19 lacs) incurred on buildings under Operating and Management contract.
- Right of use of Land Nil (Previous year ₹ 5,137.11 lacs) was under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years each, at the option of the Company.
- Leasehold Land includes ₹ 398.22 lacs (Previous year ₹ 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 11).
- During the previous year equitable charge had been created on hospital property at Noida of a subsidiary for the loan of ₹ 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.
- During the previous year mortgage had been created on land, building and immovable fixed assets of a subsidiary for the loan of ₹ 10,000 lacs jointly availed by the Company and its five subsidiaries.
- The above assets includes certain fixed assets leased pursuant to operating lease agreements (refer note 7).
- During the current year, the Group has impaired the goodwill amount in one of its subsidiary which is also a separate Cash Generating Unit (CGU), Super Religare Laboratories International FZ LLC for ₹ 2,501.76 lacs as per AS-28 on Impairment of Assets. The recoverable amount was based on value in use estimated at a discount rate of 9.35% on a pre-tax basis.
- In the current year, the group has also recognized impairment loss in one of its subsidiary Dental Corporation ('DC'). For further details please refer note 28.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>4 (xii) Non-current investments</b>		
<b>Unquoted Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in Equity Instruments</b>		
<b>A. Investment in subsidiaries</b>		
Hospitalia Eastern Private Limited (refer note 3(f))	-	6.99
(Nil (Previous year 51,000) Equity shares of ₹ 10 each, fully paid up) (of the above 6 shares are held through nominees)		
<b>B. Investment in associate companies</b>		
Fortis Medicare International Limited	-	-
98,000 (Previous year 98,000) Ordinary Shares of US\$ 1 each, fully paid up (refer note 31)		
Hoan My Minh Hai General Hospital Joint Stock Company		
1,600,000 (Previous year 1,600,000) Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up (including goodwill of ₹ 116.79 lacs)	<b>263.56</b>	263.56
Add: Share in post acquisition profits/(losses) upto the beginning of the year	<b>(45.58)</b>	-
Add: Share in profits/ (losses) for the current year	<b>18.74</b>	(45.58)
Add: Exchange translation adjustments	<b>6.67</b>	-
	<b>243.39</b>	217.98
Sunrise Medicare Private Limited	<b>0.31</b>	0.31
(3,126 (Previous year 3,126) Equity Shares of ₹ 10/- each)		
Thien The Hoan My Joint Stock Company		
45,000 (Previous year 45,000) Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up	<b>10.95</b>	10.95
Add: Share in post acquisition profits/(losses) upto the beginning of the year	<b>6.44</b>	-
Add: Share in profits/ (losses) for the current year	<b>(17.39)</b>	6.44
Town Hall Clinic Pte. Limited		
100 (Previous year 100) Equity Shares of SGD 1each, fully paid up	<b>112.50</b>	112.50
Add: Share in post acquisition profits/(losses) upto the beginning of the year	<b>4.51</b>	-
Add: Share in profits/ (losses) for the current year	<b>19.82</b>	4.51
Add: Exchange translation adjustments	<b>(12.49)</b>	-
	<b>124.34</b>	117.01

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	₹ in lacs	₹ in lacs
<b>Investments in Preference Shares</b>		
<b>A. Investment in subsidiaries</b>		
Hospitalia Eastern Private Limited (refer note 3(f))	-	1,390.00
Nil (Previous year 490,000) 10% Non Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up		
<b>Quoted Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in Equity Instruments</b>		
<b>A. Investment in Associates</b>		
Lanka Hospitals Corporate Plc		
64,120,915 (Previous year 64,120,915) Equity Shares of Lankan Rupees (LKR) 62 each (including goodwill of ₹ 16,102.33 lacs)	19,762.82	19,762.82
Add: Share in pre acquisition profits upto the date of acquisition	568.70	568.70
Add: Share in post acquisition profits upto the beginning of the year	75.69	-
Add: Share in profits/ (losses) for the current year	615.10	75.69
Add: Exchange translation adjustments	(1,570.74)	19,451.57 (567.85)
Medical And Surgical Centre Limited		
164,670,801 (Previous year 164,670,801) Ordinary Shares of MUR 10 each (including capital reserve of ₹ 4,224.26 lacs)	1312.69	1,312.69
Add: Share in post acquisition profits upto the beginning of the year	389.36	237.82
Add: Share in profits/ (losses) for the current year	271.99	151.54
Add: Exchange translation adjustments	115.79	2,089.83 187.77
Religare Health Trust (refer note 3(b) and 24)	57,904.71	-
(220,676,943 (Previous year Nil) units of SGD 0.90 each, fully paid up)		
	<u>79,814.15</u>	<u>23,478.86</u>
Aggregate amount of quoted investments - at cost	79,446.12	21,729.18
Aggregate amount of quoted investments - at market value	102,707.95	15,519.14
Aggregate amount of unquoted investments - at cost	368.03	1,749.68

# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xiii) Long-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Capital advances	16,315.89	2,649.78
Security deposits	4,042.04	5,629.67
Loan to body corporates and others	631.09	2,371.87
Loan to employee	7,757.65	9,319.00
Advances recoverable in cash and kind or for value to be received	836.73	1,686.24
Advance income tax (net of provision for taxation)	14,269.63	12,189.97
Deposits with income tax authorities	2,139.62	2,139.62
MAT credit entitlement	10,885.55	7,167.48
Balances with customs excise and other authorities	516.95	517.93
	<b>57,395.15</b>	<b>43,671.56</b>
<b>Unsecured, Doubtful</b>		
Advance income tax	-	20.63
Advances recoverable in cash and kind or for value to be received	-	23.73
	-	44.36
<b>Provisions</b>		
Less: Provision for doubtful advances	-	44.36
	-	44.36
	<b>57,395.15</b>	<b>43,671.56</b>
<b>4 (xiv) Other non-current assets</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Interest accrued but not due on loans and deposits	17.82	2.38
Unamortised finance charges	5,413.06	3,638.41
Bank deposits with original maturity of more than 12 months	1,260.41	180.53
Margin money deposits	109.97	10.00
Other receivable	-	970.75
	<b>6,801.26</b>	<b>4,802.07</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xv) Current investments</b>		
<b>Unquoted Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in Equity Instruments</b>		
<b>A. Investment in subsidiaries</b>		
Fortis Hospotel Limited (refer note 3(a) and 24(d))	20,739.71	-
(149,822,782 (Previous year Nil) Equity Shares of ₹ 10/- each) (of the above, 6 (Previous year Nil) shares are held by nominee shareholders)		
<b>B. Investments in mutual funds (valued at lower of cost and fair value, unless stated otherwise)</b>		
7,571.278 (Previous year Nil) units of ₹ 1,357.83 each in Religare Ultra Short Term Fund-Growth Option	102.81	-
108,621.39 (Previous year Nil) units of ₹ 1,611.10 each in Religare Liquid Fund	1,750.00	-
38,576.90 (Previous year Nil) units of ₹ 1,296.11 each in Axis Treasury Advantage Fund	500.00	-
38,566.32 (Previous year Nil) units of ₹ 1,296.47 each in Axis Treasury Advantage Growth Fund	500.00	-
588.20 (Previous year Nil) units of ₹ 1,275.07 each in Axis Liquid Fund	7.50	-
61,310.71 (Previous year Nil) units of ₹ 2,854.31 each in Reliance Liquid Fund	1,750.00	-
932,342.31 (Previous year Nil) units of ₹ 187.70 each in Birla Sunlife Cash Plus Fund	1,750.00	-
26,023.91 (Previous year Nil) units of ₹ 1,921.31 each in UTI Liquid Cash Plan Institutional Fund	500.00	-
1,009,931.96 (Previous year Nil) units of ₹ 173.28 each in ICICI Prudential Liquid Fund	1,750.00	-
115,720.13 (Previous Year Nil) units of ₹ 1,000 each in Axis Treasury Advantage Fund	1,500.00	-
1,038,895.72 (Previous Year Nil) units of ₹ 100 each in Birla Sunlife cash plus- Growth Regular Plan	1,950.00	-
1,154,207.95 (Previous Year Nil) units of ₹ 100 each in ICICI Prudential Liquid- Growth Regular Plan	2,000.00	-
70,069.39 (Previous Year Nil) units of ₹ 1,000 each in Reliance Liquid Fund- Growth Regular Plan	2,000.00	-
32,790.13 (Previous Year Nil) units of ₹ 1,000 each in UTI Liquid Cash Plan Institutional- Growth Option	630.00	-

# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
93,104.05 (Previous Year Nil) units of ₹ 1,000 each in Religare Liquid Fund Super Institutional Growth	1,500.00	-
NIL (Previous year 51,640.853) units of ₹ 1,000 each in Axis Liquid Fund	-	516.45
Nil (Previous year 8,919.73) units of ₹ 1,000 each in Religare Ultra Short Term Fund- Institutional Growth	-	121.12
<b>C. National saving certificates</b>	<b>0.25</b>	<b>0.25</b>
<b>Aggregate amount of unquoted investments - at cost</b>	<b>38,930.27</b>	<b>637.82</b>
<b>4 (xvi) Inventories (valued at lower of cost and net realisable value)</b>		
Medical consumables and drugs	8,819.02	7,805.44
Stores and spares	431.24	186.14
	<b>9,250.26</b>	<b>7,991.58</b>
<b>4 (xvii) Trade receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	22.72	4.84
Unsecured, considered good	25,828.00	15,772.60
Doubtful	6,898.63	5,607.02
	<b>32,749.35</b>	<b>21,384.46</b>
<b>Other receivables</b>		
Secured, considered good	428.44	154.43
Unsecured, considered good	39,999.20	38,673.38
Doubtful	239.89	12.62
	<b>40,667.53</b>	<b>38,840.43</b>
Less: Provision for doubtful receivables	7,138.52	5,619.64
	<b>66,278.36</b>	<b>54,605.25</b>
<b>4 (xviii) Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- on current accounts	45,380.12	38,936.97
- on cash credit accounts	0.07	0.38
- deposits with original maturity of less than three months	1,760.80	905.75
- on exchange earners foreign currency accounts	-	6.29
- on special disbursement account*	-	3.90
Cash in hand	788.76	451.45

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
Cheques in hand	<b>528.59</b>	195.67
<b>Other bank Balances</b>		
Deposits with original maturity of more than 3 months but less than 12 months	<b>277.07</b>	387.14
Deposits with original maturity of more than 12 months	<b>178.68</b>	98.02
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	<b>2,255.61</b>	472.34
	<b>51,169.70</b>	41,457.91

\* Balance includes amount with a bank held for acquisition of subsidiary through open offer.

**4 (xix) Short-term loans and advances****Secured, considered good**

Security deposits	<b>21.81</b>	57.33
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**Unsecured, considered good**

Balances with customs excise and other authorities	<b>1,038.95</b>	718.87
Security deposits	<b>3,739.03</b>	2,669.04
Loan to employees	<b>1,411.58</b>	14.03
Advances recoverable in cash or in kind or for value to be received	<b>11,767.92</b>	8,272.70
Gratuity fund	-	14.79
Loans to body corporates and others	<b>64,084.06</b>	62,703.41
Loans to fellow subsidiaries	-	888.00
Loans to subsidiary**	-	145.00
	<b>82,063.35</b>	75,483.17

**Unsecured, considered doubtful**

Balances with customs excise and other authorities	<b>33.34</b>	33.34
Advances recoverable in cash or in kind or for value to be received	<b>241.77</b>	68.62
Security deposit	<b>17.35</b>	17.35
	<b>292.46</b>	119.31
Less : Provision for doubtful advances	<b>292.46</b>	119.31
	<b>82,063.35</b>	75,483.17

\*\* This loan was given to a subsidiary over which the Fortis Group has temporary control, which has not been consolidated. (refer note 3(f))



# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xx) Other current assets</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Unamortised share issue expenses	27.12	-
Interest accrued but not due on loans and deposits	2,184.61	2,244.87
Unamortised premium on forward contracts	378.02	-
Expenses incurred for forthcoming Initial public offer	-	1,116.52
Unamortised finance charges	1,055.46	2,496.53
Accrued operating income	4,174.81	3,978.65
Assets held for sale	0.53	4.03
Others	63.93	1,185.61
	<b>7,884.48</b>	<b>11,026.21</b>
<b>4 (xxi) Revenue from operations*</b>		
<b>Sale of services</b>		
<i>Revenue from domestic operations</i>		
In patient	195,187.34	160,453.40
Out patient	29,362.85	22,855.06
Laboratory/ clinical services	57,803.99	43,060.43
Income from medical services	2,274.26	2,328.05
Management fees from hospitals	1,046.38	1,601.05
Management fees from laboratory	-	222.12
Income from satellite centers	753.52	243.54
Income from clinical research	296.75	182.26
	<b>286,725.09</b>	<b>230,945.91</b>
Less: Trade discounts	<b>6,152.78</b>	<b>3,442.32</b>
	<b>280,572.31</b>	<b>227,503.59</b>
<i>Revenue from International operations</i>		
Hospital operations	38,571.01	4,212.86
Primary care operations	85,481.79	19,038.37
Dental services	3,145.07	171.73
Laboratory/ clinical services	7,366.63	3,533.09
Management fees from hospitals	678.88	573.31
	<b>135,243.38</b>	<b>27,529.36</b>
<b>Sale of products</b>		
Pharmacy	2,670.25	2,598.09
Less: Trade discounts	47.10	39.74
	<b>2,623.15</b>	<b>2,558.35</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>Other operating revenues*</b>		
Income from rehabilitation centre	128.26	147.59
Income from academic services	93.08	68.55
Income from rent (includes prior period items of ₹ Nil (Previous year ₹ 0.51 lacs))	1,166.49	1,495.12
Equipment lease rental	954.79	858.25
Export benefits	704.88	838.50
Sponsorship income	413.97	153.81
Scrap sale	67.19	64.58
Sale of plasma	40.01	30.22
Unclaimed balances and excess provisions written back	1,180.18	229.02
Miscellaneous income	1,128.91	290.21
	<u>5,877.76</u>	<u>4,175.85</u>
	<u>424,316.60</u>	<u>261,767.15</u>
<b>4 (xxii) Other income*</b>		
Profit on redemption of mutual funds	1,416.50	220.02
Interest on bank deposits	973.45	413.63
Interest on loan - others	9,230.34	9,017.08
Foreign exchange fluctuation gain (net)	292.39	6,873.01
Forward cover discount amortisation	3,025.36	426.79
Miscellaneous Income	263.39	603.55
	<u>15,201.43</u>	<u>17,554.08</u>
<b>4 (xxiii) Increase in inventories of medical consumables and drugs</b>		
Inventory at the beginning of the year	7,764.03	2,409.61
Addition on acquisition of subsidiary	-	4,406.83
Deletion on sale of subsidiaries (refer note 24)	90.93	17.42
Inventory at the end of the year	8,819.01	7,764.03
	<u>(1,145.91)</u>	<u>(965.01)</u>
<b>4 (xxiv) Employee benefits expense*</b>		
Salaries, wages and bonus	98,098.80	48,835.75
Gratuity expense (refer note 17)	1,067.57	504.82
Leave encashment	662.14	555.53
Contribution to provident & other funds	4,975.09	2,691.16
Staff welfare expenses	2,089.24	1,983.87
Recruitment and training	577.55	530.76
	<u>107,470.39</u>	<u>55,101.89</u>

[\* Net of the amount capitalised (refer note 22)]

# NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	₹ in lacs	₹ in lacs
<b>4 (xxv) Other expenses*</b>		
Contractual manpower [includes prior period items of Nil (Previous year ₹ 6.77 lacs)]	<b>37,138.46</b>	9,100.07
Power, fuel and water	<b>9,253.79</b>	6,863.32
Housekeeping expenses including consumables	<b>3,350.17</b>	3,288.14
Patient food and beverages	<b>2,765.16</b>	2,250.92
Pathology laboratory expenses	<b>984.81</b>	2,347.61
Radiology expenses	<b>2,433.17</b>	3,015.08
Consultation fees to doctors	<b>24,285.61</b>	20,489.61
Professional charges to doctors	<b>24,269.97</b>	19,373.86
Hospital Service fee expense	<b>17,170.41</b>	-
Cost of medical services	<b>356.10</b>	289.01
Repairs and maintenance		
- Building	<b>486.60</b>	550.39
- Plant and machinery	<b>4,022.91</b>	3,930.85
- Others	<b>3,654.22</b>	1,632.62
Rent		
- Hospital building, office and labs	<b>16,859.50</b>	5,407.62
- Equipments	<b>1,024.54</b>	495.95
- Others	<b>1,354.08</b>	571.42
Donations	<b>33.75</b>	64.16
Legal and professional fee [includes prior period items of Nil (Previous year ₹ 19.61 lacs)]	<b>8,944.82</b>	5,231.14
Travel and conveyance	<b>5,515.97</b>	4,088.45
Rates and taxes [includes prior period items of Nil (Previous year ₹ 40.69 lacs)]	<b>714.08</b>	1,107.68
Printing and stationary	<b>3,015.42</b>	2,909.85
Communication expenses	<b>2,888.15</b>	2,201.00
Directors' sitting fees	<b>17.71</b>	24.16
Insurance	<b>1,267.63</b>	1,140.57
Ground rent	<b>8.91</b>	3,499.50
Marketing and business promotion	<b>9,008.57</b>	5,849.23
Wealth tax	<b>20.31</b>	15.42
Loss on sale of assets	<b>335.38</b>	356.26
Auditors' remuneration	<b>174.65</b>	178.67
Bad debts and sundry balances written off	<b>928.46</b>	563.56

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
Provision for doubtful receivables	<b>2,367.72</b>	1,771.44
Provision for doubtful advances	<b>66.97</b>	112.76
Provision for contingencies	<b>167.28</b>	20.60
Miscellaneous expenses	<b>4,794.31</b>	358.54
	<b>189,679.59</b>	109,099.46
<b>4 (xxvi) Finance Costs*</b>		
Interest expense		
- on term loans [includes prior period items of ₹ 636.82 lacs (Previous year Nil)]	<b>28,022.51</b>	19,990.37
- on cash credit	<b>577.08</b>	355.28
- on others	<b>9,539.11</b>	823.62
Bank charges	<b>3,802.72</b>	1,545.23
	<b>41,941.42</b>	22,714.50
Other borrowing costs		
- Arrangement fees written off	<b>10.92</b>	72.37
- Finance charges	<b>6,686.32</b>	879.85
	<b>6,697.24</b>	952.22
Exchange difference to the extent considered as an adjustment to borrowing costs	-	1,456.39
	<b>48,638.66</b>	25,123.11
[* Net of the amount capitalised (refer note 22)]		
<b>4 (xxvii) Depreciation and amortization expense</b>		
Depreciation of tangible assets	<b>22,265.40</b>	15,638.00
Amortization of intangible assets	<b>3,166.46</b>	1,954.99
Impairment on intangible assets	<b>2,501.76</b>	-
Depreciation adjusted against revaluation reserve	<b>72.83</b>	140.35
	<b>27,860.79</b>	17,452.64
<b>4 (xxviii) Exceptional items</b>		
<b>Income:</b>		
Profit on sale of investment (refer note 24)	<b>99,588.79</b>	631.74
	<b>99,588.79</b>	631.74
<b>Expenses:</b>		
Expense in relation to discontinuing of operations of a subsidiary (refer note 28)	<b>3,129.38</b>	-
	<b>3,129.38</b>	-
	<b>96,459.41</b>	631.74

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
<b>4 (xxix) Earning per share (EPS)</b>		
Profit for the year from continuing operations	49,069.15	6,342.20
Total profits for the year	49,993.60	7,222.15
Weighted average number of equity shares in calculating Basic EPS	405,193,216	405,150,691
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	170,944	180,702
Weighted average number of equity shares in calculating Diluted EPS	405,364,160	405,331,393

5% Foreign currency convertible bonds issued by the Company, are considered as anti dilutive and accordingly, has not been considered for the computation of diluted EPS.

### 5. Segment Reporting

#### *Business Segments:*

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

#### *Geographical segments:*

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are mostly in the Australasia region focusing on South East Asia, Middle East and Australia through the group's headquarters based out of Singapore. In the Australasia region, the group primarily operates in following countries: Singapore, Hong Kong, Vietnam, Australia, Mauritius and New Zealand.

#### Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Company's consolidated revenues by geographical market.

Region	Revenues by geographical market (₹ in lacs)	
	31-Mar-13	31-Mar-12
India	287,180.26	234,002.45
Outside India	317,983.84	64,496.86
<b>Total</b>	<b>605,164.10</b>	<b>298,499.31</b>

Note: The operations outside India (other than Mauritius) were acquired during the previous year.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### *Carrying value of Assets and additions to tangible and intangible fixed assets- by location of assets*

The following table shows the carrying amount of segment assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

(₹ in lacs)

Region	Carrying amount of Segment assets		Additions to Fixed & Intangible assets	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
India	542,005.65	579,183.24	115,464.11	86,194.38
Outside India	816,121.30	663,591.60	100,586.28	63,926.37
Total	1,358,126.95	1,242,774.84	216,050.39	150,120.75

### Note:

- The operations outside India (other than Mauritius) were acquired during the previous year.
- The revenue outside India includes ₹ 180,847.50 lacs (previous year ₹ 36,732.12 lacs) relating to Dental Corporation Holdings Limited which has been considered as discontinued operations.

## 6. Related party disclosures

### Names of Related parties and names of related party relationship

a)	Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited)
b)	Holding Company	Fortis Healthcare Holdings Private Limited (FHHPL)
c)	Subsidiary	Hospitalia Eastern Private Limited (from October 01, 2011)
		Fortis Hospotel Limited (till October 18, 2012) [refer note 3(a) above]
d)	Fellow Subsidiaries (parties with whom transactions have taken place)	Maple Leaf Buildcon Private Limited
		RHC Financial Services (Mauritius) Limited
		Fortis Healthcare Global Pte Limited
		Escorts Heart Centre Limited
		Religare Wellness Limited
		Fortis Hospital Management Limited
e)	Associates	Medsource Healthcare Private Limited
		Hiranandani Healthcare Private Limited (till June 28, 2011)
		Fortis Medicare International Limited
		Sunrise Medicare Private Limited
		Fortis Emergency Services Limited (subsidiary up to January 2, 2012, Associate thereafter)
		Medical and Surgical Centre Limited
		International Hospital Limited (IHL) [Refer note (3b) above]
		Dental Corporation of Canada Holdings Inc. (w.e.f. January 12, 2012)
		Lanka Hospitals Corporation Plc (w.e.f. January 12, 2012)

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

		Town Hall Clinic (w.e.f. January 12, 2012)
		Hoan My Minh Hai (w.e.f. January 12, 2012)
		Hoan My Orb Corporation (w.e.f. January 12, 2012)
		Hoan My Thien The (w.e.f. January 12, 2012)
		Escorts Heart and Super Speciality Institute Limited (EHSSIL) (w.e.f. October 19, 2012) [Refer note (3b)]
		Escorts Hospital and Research Centre Limited (EHRCL) (w.e.f. October 19, 2012) [Refer note (3b) above]
		Escorts Heart and Super Speciality Hospital Limited (EHSSHL) (w.e.f. October 19, 2012) [Refer note (3b) above]
		Kanishka Healthcare Limited (KHL) (w.e.f. October 19, 2012) [Refer note (3b) above]
		Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL) (w.e.f. October 19, 2012) [Refer note (3b) above]
		Hospitalia Eastern Private Limited (HEPL)(w.e.f. October 19, 2012) [Refer note (3b) above]
		Religare Health Trust (RHT) (w.e.f. October 19, 2012) [Refer note (3b) above]
		Fortis Health Management Limited (FHML) (w.e.f. October 19, 2012) [Refer note (3b) above]
f)	Joint Venture	DDRC SRL Diagnostics Services Private Limited (w.e.f. May 11, 2012)
		Super Religare Reference Laboratories (Nepal) Private Limited
		Fortis Cauvery (w.e.f. April 27, 2011)
g)	Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Executive Chairman of FHL & Non Executive chairman of EHIRCL
		Mr. Shivinder Mohan Singh –Executive Vice Chairman of FHL
		Mr. Sukhmeet Singh Sandhu – Wholetime Director at EHRCL (till September 6, 2011)
		Mr. Surender Kumar - Wholetime Director at FHTL
		Dr. Ashok V Chordiya – Wholetime Director at IHL (till September 6, 2011)
		Mr. Ashish Bhatia – Wholetime Director at EHIRCL
		Dr. Ashok Seth – Wholetime Director at EHIRCL
		Mr. Krish Ramesh- Wholetime Director at FMHL (till June 8, 2012)
		Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited
		Dr. Angeli Misra- Relative of Dr. Anoop Misra
		Dr. Lakshminarayana Raju – Wholetime Director at LHPL
		Dr. Mohan Keshavamurthy – Wholetime Director at LHPL
		Mr. Venkatramana Raju- Relative of Dr. Lakshminarayana Raju

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		Mr. Venkatakrishna Raju- Relative of KMP
		Dr. Seetha Beladevi- Relative of Dr. Mohan Keshavamurthy
		Dr. Sanjeev K. Chaudhry- Managing Director at SRL
		Mr. Kiran C. Vaidya- Chief Operating Officer at SRL
		Dr. Chandrasekhar G. R.- Partner in Fortis Cauvery
		Dr. Sarla Chandrasekhar- Partner in Fortis Cauvery
		Mr. Sanjeev Vashishta- Chief Executive Officer of SRL
		Ms. Nagarathan- Relative of KMP
h)	Enterprises owned or significantly influenced by KMP or their Relatives	Aarushi Lithotripsy Private Limited
		AEGON Religare Life Insurance Company Limited
		Balaji School of Nursing
		Bar Chem
		Cauvery Hospital
		C-Doc Healthcare Private Limited
		Chethana Foundation
		Dion Global Solutions Limited
		Dr.Chandrashekar Foundation
		Fortis Clinical Research Limited
		Fortis Educational Society
		Fortis Healthcare Global II Pte Limited
		Fortis Nursing and Education Society
		Fortis RM Pharma
		Indira Priyadarshani School of Nursing
		Krishna Institute of Medical Sciences Limited
		Malav Holdings Private Limited
		Oscar Investments Limited
		Quality Healthcare Medical Services Limited
		R M Pharmacy
		R. M. Educational Trust
		Ranibennur College of Nursing
		REL Infrafacilities Limited
		Religare Aviation Limited
		Religare Aviation Training Private Limited
		Religare Capital Market Limited
		Religare Capital Market Plc.
		Religare Enterprises Limited
		Religare Finvest Limited
		Religare Housing Development Finance Company Limited
		Religare Technologies Limited



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	Religare Technova IT Services Limited
	Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)
	Religare Voyages Business Services Private Limited
	RGAM Corporation Private Limited
	RMCRS Health Management Limited
	Shivi Holdings Private Limited
	Sri. Raghavendra Educational Institute & Society
	Srinivasa Education Society
	SRL Diagonastics Services Private Limited (formerly Super Religare Laboratories Diagnostics Private Limited) (upto May 11, 2011)
	SRL Limited (formerly known as Super Religare Laboratories Limited) (upto May 11, 2011)
	Super Religare Laboratories International FZ LLC (till January 10, 2012)
	Todays Holdings Private Limited

**The schedule of Related Party Transactions and closing balances are as follows:**

(₹ in lacs)		
Particulars	March 31, 2013	March 31, 2012
<b>Transactions during the year</b>		
<b>Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation center, Rental and Pharmacy income)</b>		
Sunrise Medicare Private Limited (Associate)	<b>6.00</b>	5.10
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	<b>56.53</b>	55.53
Fortis Health Management Limited (Associate)*	<b>24.13</b>	-
Kanishka Healthcare Limited (Associate)*	<b>23.14</b>	-
SRL Limited (formerly Super Religare Laboratories Limited) (Owned/ significantly influenced by KMP/ their relatives)**	-	6.95
Medical and Surgical Centre Limited (Associate)	<b>678.88</b>	573.31
Fortis Hospital Management Limited (Fellow Subsidiary)	<b>114.42</b>	-
Medsorce Healthcare Private Limited (Fellow Subsidiary)	-	8.98
Religare Wellness Limited (Fellow Subsidiary)	<b>444.80</b>	495.06
Escorts Heart Centre Limited (Fellow Subsidiary)	<b>255.38</b>	173.56
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	-	0.70
Fortis Cauvery (Joint Venture)	<b>13.03</b>	-
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.06

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
RHC Holding Private Limited (Ultimate Holding Company)	-	210.51
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	1.14
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	0.08	0.24
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	-	176.07
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	-	44.39
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	0.14	0.26
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	69.13	20.65
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	20.48	13.59
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.02
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	-	36.83
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	26.52	19.52
<b>Management Fees Expenses</b>		
Fortis Hospital Management Limited (Fellow Subsidiary)	-	5.00
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	923.05	149.27
<b>Pathology Laboratory Expenses</b>		
SRL Limited (formerly Super Religare Laboratories Limited) (Owned/ significantly influenced by KMP/ their relatives)	-	388.88
<b>Purchase of Goods/Medical services</b>		
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	-	2.54
Religare Enterprises Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.88
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	2.24	115.55
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	-	12.25
Medsource Healthcare Private Limited (Fellow Subsidiary)	81.30	-
Religare Wellness Limited (Fellow Subsidiary)	326.75	148.68

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Religare Corporate Services Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>4.82</b>	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>54.02</b>	-
<b>Professional Charges Paid</b>		
Dr. Mohan Keshavamurthy (KMP)	<b>26.40</b>	30.00
RGAM Corporation Private Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>207.87</b>	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	-	7.08
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	1.66
<b>Rent Expenses</b>		
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	<b>328.25</b>	299.96
Dr.Chandrashekar Foundation (Owned/ significantly influenced by KMP/ their relatives)	<b>24.62</b>	6.90
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	<b>20.22</b>	-
Dr. Angeli Misra (KMP)	<b>6.60</b>	5.40
<b>Travel &amp; conveyance</b>		
Fortis Emergency Services Limited (Associate)	<b>169.47</b>	10.73
REL Infrafacilities Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>2.31</b>	-
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	<b>327.16</b>	169.06
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>179.67</b>	241.83
<b>Marketing Expenses</b>		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>8.71</b>	128.24
<b>Insurance Expenses</b>		
Religare Health Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>167.86</b>	-
<b>Legal and professional fee</b>		
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>208.44</b>	-
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	240.00

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>Issue of Equity Shares/ Capital contribution</b>		
Dr. Anoop Misra (KMP)	-	33.84
Dr. Angeli Misra (KMP)	-	58.02
C DOC Healthcare Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	4.83
Dr. Chandrashekar G. R. (KMP)	12.35	137.65
Dr. Sarla Chandrashekar (KMP)	11.85	132.15
<b>Issue of Preference Share Capital</b>		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	-	135,708.32
<b>Share application money received</b>		
Dr. Anoop Misra (KMP)	10.00	-
Dr. Angeli Misra (KMP)	94.16	-
<b>Sale of Shares</b>		
Fortis Healthcare Holdings Private Limited (Holding Company)	-	0.10
<b>Loans/ advances taken</b>		
RHC Holding Private Limited (Ultimate Holding Company)	92,650.00	25,400.00
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	-	10,000.00
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	3,000.00
Dr. Chandrashekar G. R. (KMP)	22.95	-
Dr. Sarla Chandrasekhar (KMP)	19.38	-
<b>Loans/ advances repaid</b>		
RHC Holding Private Limited (Ultimate Holding Company)	92,838.00	142,026.56
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	-	10,000.00
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	7,710.00
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	3,000.00
<b>Loans/advances given</b>		
Hospitalia Eastern Private Limited (Subsidiary)	-	145.00
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	20,000.00
Escorts Heart Centre Limited (Fellow Subsidiary)	107.26	-
Fortis Emergency Services Limited (Associate)	1,449.71	135.00
Fortis Cauvery (Joint Venture)	134.92	-

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	<b>1,331.63</b>	-
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	<b>13.90</b>	-
<b>Loans/ Advances Received Back</b>		
Hospitalia Eastern Private Limited (Subsidiary)	-	295.00
Escorts Heart Centre Limited (Fellow Subsidiary)	<b>99.00</b>	204.45
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	39,965.00
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	6,000.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	16,000.00
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	-	6,920.00
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	-	121.42
Hiranandani Healthcare Private Limited (Associate)***	-	845.04
Sri Raghavendra Educational Institute & Society (Owned/ significantly influenced by KMP/ their relatives)	-	75.25
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	-	60.47
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	<b>1,747.01</b>	-
<b>Preference share capital of Fortis Asia Healthcare Pte Limited purchased</b>		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	<b>16,905.73</b>	-
<b>Investments of SRL Limited (formerly Super Religare Laboratories Limited) purchased from</b>		
Maple Leaf Buildcon Private Limited (Fellow Subsidiary)	-	9,775.81
RHC Holding Private Limited (Ultimate Holding Company)	-	11,280.00
Malav Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	13,982.18
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	-	31,348.36
Shivi Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	13,982.18

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>Investments of Escorts Heart Institute and Research Centre Limited purchased from</b>		
Fortis Healthcare Holdings Private Limited (Holding Company)	-	13,000.00
<b>Investments of Hospitalia Eastern Private Limited purchased from</b>		
Fortis Healthcare Holdings Private Limited (Holding Company)	-	6.99
<b>Redemption of Preference share capital of Fortis Asia Healthcare Pte Limited</b>		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	51,782.33	-
<b>Investments of Fortis Healthcare International Pte Limited purchased from</b>		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	-	135,708.32
<b>Interest expense</b>		
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	-	15.21
RHC Holding Private Limited (Ultimate Holding Company)	256.82	99.97
Today's Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	50.82
Dr. Chandrasekhar G. R. (KMP)	1.52	-
Dr. Sarla Chandrasekhar (KMP)	0.90	-
Escorts Heart Centre Limited (Fellow Subsidiary)	36.40	27.37
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	137.03
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	151.66
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	4,342.25	1,471.45
Fortis Medicare International Limited (Associate)	5.24	-
<b>Interest income</b>		
Escorts Heart Centre Limited (Fellow Subsidiary)	108.80	115.55
Sunrise Medicare Private Limited (Associate)	-	4.01
Fortis Emergency Services Limited (Associate)	98.36	27.16
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	202.19
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	258.14
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	-	75.82
Hiranandani Healthcare Private Limited (Associate)***	-	71.43
Fortis Cauvery (Joint Venture)	6.45	-

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	-	14.31
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	-	106.17
Fortis Health Management Limited (Associate)*	<b>6.99</b>	-
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	<b>51.75</b>	-
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	<b>7.49</b>	0.43
<b>Managerial Remuneration</b>		
Mr. Sukhmeet Singh Sandhu (KMP)	-	10.81
Mr. Sanjeev Vashishta (KMP)	<b>112.30</b>	9.66
Dr. Ashok V Chordiya (KMP)	-	6.31
Dr. Anoop Misra (KMP)	<b>126.38</b>	125.70
Mr. Shivinder Mohan Singh (KMP)	<b>539.28</b>	539.28
Mr. Krish Ramesh (KMP)	<b>33.96</b>	59.09
Mr. Surender Kumar (KMP)	-	38.54
Dr. Sanjeev K. Chaudhry (KMP)	<b>148.95</b>	146.48
Mr. Kiran C. Vaidya (KMP)	<b>104.25</b>	70.65
Mr. Ashish Bhatia (KMP)	<b>119.85</b>	99.79
Dr. Ashok Seth (KMP)	<b>443.55</b>	444.80
Mr. Vijayarathna (KMP)	<b>30.09</b>	-
<b>Directors' sitting fees</b>		
Malvinder Mohan Singh (KMP)	-	2.25
<b>Advance paid (Net):</b>		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	12.60
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	<b>36.51</b>	52.11
<b>Purchase of fixed assets</b>		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>28.89</b>	7.26
<b>Sale of fixed assets</b>		
Escorts Heart and Super Speciality Institute Limited (Associate)*	<b>24.98</b>	-
<b>License user agreement fees</b>		
RHC Holding Private Limited (Ultimate Holding Company)	<b>1.00</b>	1.00
<b>Security Deposit</b>		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	350.00

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>Expense incurred on behalf of</b>		
Escorts Heart Centre Limited (Fellow Subsidiary)	-	4.05
Hospitalia Eastern Private Limited (Subsidiary)	-	0.37
Fortis Hospital Management Limited (Fellow Subsidiary)	79.48	17.44
Fortis Cauvery (Joint Venture)	-	4.37
Hospitalia Eastern Private Limited (Subsidiary)	-	0.44
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	8.56	-
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	23.84	-
Fortis Emergency Services Limited (Associate)	19.13	-
Religare Capital Markets Limited (Owned/ significantly influenced by KMP/ their relatives)	1.86	-
Religare Enterprises Limited (Owned/ significantly influenced by KMP/ their relatives)	10.27	-
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	9.16	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	48.52	-
<b>Expenses incurred on behalf of Group by</b>		
Fortis Hospital Management Limited (Fellow Subsidiary)	-	128.17
Religare Wellness Limited (Fellow Subsidiary)	1.13	1.15
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	32.04	-
Religare Commodities Limited (Owned/ significantly influenced by KMP/ their relatives)	0.43	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	197.66	-
<b>Hospital Service Fees</b>		
Fortis Hospotel Limited (Subsidiary)*	5,105.07	-
International Hospital Limited (Associate)*	3,461.11	-
Kanishka Healthcare Limited (Associate)*	4,329.63	-
Fortis Health Management Limited (Associate)*	724.01	-
Escorts Hospital and Research Centre Limited (Associate)*	898.05	-
Escorts Heart and Super Speciality Hospital Limited (Associate)*	1,989.35	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	663.51	-
<b>Collection on behalf of related party</b>		
Escorts Heart and Super Speciality Hospital Limited (Associate)*	463.37	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	86.01	-



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Collection on behalf of Group by related party</b>		
Escorts Heart and Super Speciality Hospital Limited (Associate)*	<b>591.39</b>	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	<b>1,074.96</b>	-

**Balance outstanding at year end:-**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Balance Outstanding at the year end</b>		
<b>Loans/Advance Recoverable</b>		
Fortis Emergency Services Limited (Associate)	<b>1,821.42</b>	1,247.77
Fortis Hospotel Limited (Subsidiary)*	<b>169.70</b>	-
Fortis Cauvery (Joint Venture)	<b>148.56</b>	-
Fortis Medicare International Limited (Associate)	-	87.26
Hospitalia Eastern Private Limited (Subsidiary)	-	350.44
Escorts Heart Centre Limited (Fellow Subsidiary)	<b>985.65</b>	816.41
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	<b>97.03</b>	-
Fortis Hospital Management Limited (Fellow Subsidiary)	<b>201.01</b>	191.85
Fortis Health Management Limited (Associate)*	<b>2.16</b>	-
Religare Wellness Limited (Fellow Subsidiary)	<b>31.09</b>	45.51
Escorts Heart and Super Speciality Institute Limited (Associate)*	<b>25.34</b>	-
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	-	29.95
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>0.04</b>	0.06
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>22.29</b>	4.34
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>9.11</b>	3.10
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	-	4.87
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.06
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	<b>0.02</b>	0.02
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>0.10</b>	0.12
RHC Holding Private Limited (Ultimate Holding Company)	-	473.66

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	1.86	-
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	350.00	350.00
RMCRS Health Management Limited (Owned/ significantly influenced by KMP/ their relatives)	24.40	24.40
Medical and Surgical Centre Limited (Associate)	-	1.50
Indira Priyadarshni School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	10.10	10.10
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	-	59.95
Srinivasa Education Society (Owned/ significantly influenced by KMP/ their relatives)	2.36	2.36
R.M. Educational Trust (Owned/ significantly influenced by KMP/ their relatives)	2.00	2.00
Ranibennur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	1.05	1.05
Balaji School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	0.44	0.44
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	129.26	-
Escorts Heart and Super Speciality Hospital Limited (Associate)*	1.80	-
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	1,408.56	-
<b>Unsecured Loans</b>		
RHC Holding Private Limited (Ultimate Holding Company)	794.50	982.50
Dr. Lakshminarayanraju (KMP)	29.56	54.56
Dr. Mohan Keshavmurthy (KMP)	2.11	4.21
Dr. Seetha Beladevi (relative of KMP)	1.35	2.70
Ms. Nagarathan (KMP)	5.00	5.00
Mr.Venkatakrishna Raju (KMP)	10.00	10.00
Todays Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	450.00
Fortis Medicare International Limited (Associate)	87.50	-
<b>Trade Receivables</b>		
Escorts Heart Centre Limited (Fellow Subsidiary)	-	4.63
Sunrise Medicare Private Limited (Associate)	-	6.62
Medical and Surgical Centre Limited (Associate)	-	187.73
Religare Wellness Limited (Fellow Subsidiary)	91.15	21.12

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	-	21.60
Fortis Health Management Limited (Associate)*	<b>8.83</b>	-
Kanishka Healthcare Limited (Associate)*	<b>8.50</b>	-
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	<b>23.87</b>	-
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	<b>8.57</b>	-
<b>Other Current Assets</b>		
Fortis Emergency Services Limited (Associate)	<b>88.52</b>	115.81
Escorts Heart Centre Limited (Fellow Subsidiary)	<b>97.92</b>	117.54
Escorts Heart and Super Speciality Institute Limited (Associate)*	<b>8.61</b>	-
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	<b>7.97</b>	-
Fortis Cauvery (Joint Venture)	<b>5.81</b>	-
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	<b>67.54</b>	-
Fortis Hospital Management Limited (Fellow Subsidiary)	<b>142.32</b>	-
<b>Trade Payables and Other Liabilities</b>		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>2.38</b>	24.71
Religare Wellness Limited (Fellow Subsidiary)	<b>158.76</b>	9.86
Fortis Emergency Services Limited (Associate)	<b>18.98</b>	22.23
R M Pharmacy (Owned/ significantly influenced by KMP/ their relatives)	-	5.87
Dr. Mohan Keshavmurthy (KMP)	<b>1.98</b>	1.97
Dr. Lakshmi Narayan Raju (KMP)	<b>2.19</b>	2.19
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>7.62</b>	-
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	<b>19.06</b>	24.29
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	<b>4.82</b>	6.90
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	<b>6.95</b>	23.33
Fortis Cauvery (Joint Venture)	-	3.64
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.17
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	9.51

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
Fortis Healthcare Holdings Private Limited (Holding Company)	341.50	341.50
Medsource Healthcare Private Limited (Fellow Subsidiary)	67.73	-
Fortis Hospotel Limited (Subsidiary)*	2,937.90	-
International Hospital Limited (Associate)*	1,692.86	-
Escorts Hospital and Research Centre Limited (Associate)*	1,200.12	-
Escorts Heart and Super Speciality Hospital Limited (Associate)*	1,044.03	-
Fortis Global Healthcare Infrastructure Pte. Limited (Associate)*	46.37	-
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	924.49	-
Escorts Heart and Super Speciality Institute Limited (Associate)*	312.97	-
Dr. Angeli Misra (KMP)	94.16	-
Dr. Anoop Misra (KMP)	10.00	-
Kanishka Healthcare Limited (Associate)*	1,892.42	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	5.18	-
Dr. Chandrashekar G. R. (KMP)	24.32	-
Dr. Sarla Chandrasekhar (KMP)	20.19	-
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	39.53	-
<b>Interest Accrued but not due (Liability)</b>		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	908.78	1,443.08
Escorts Heart Centre Limited (Fellow Subsidiary)	68.03	-
Fortis Medicare International Limited (Associate)	14.38	1.50
<b>Debenture</b>		
RHC Holding Private Limited (Ultimate Holding Company)	2,500.00	2,500.00
Escorts Heart Centre Limited (Fellow Subsidiary)	910.00	910.00
<b>Personal Guarantees for the loans taken</b>		
Mr. Shivinder Mohan Singh (KMP)	5,000.00	5,000.00
Mr. Malvinder Mohan Singh (KMP)	5,000.00	5,000.00

**Notes:**

- \* During the year ended March 31, 2013, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%.
- \*\* Entity Owned/significantly influenced by KMP/their relatives till May 11, 2011, and subsidiary thereafter.
- \*\*\* During the previous year, the Company has taken 45% additional stake in Hiranandani Healthcare Private Limited on June 29, 2011, thus effective June 29, 2011 it has become subsidiary of the Company.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 7. Leases

#### (a) Assets taken on Finance Lease

The Group has finance leases and hire purchase contracts for various items of plant and machinery and medical equipment. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. There are no restrictions imposed by the lease agreements. The total finance charges paid in respect of such leases recognize in the Statement of profit and loss during the year is ₹ 129.63 lacs (Previous year ₹ 176.38 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2013		March 31, 2012	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Not later than one year	1,008.69	936.55	1,325.08	1,195.26
Later than one year but not later than five years	613.49	524.54	1,463.16	1,327.89
Later than five years	27.92	14.73	69.80	37.07

#### (b) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are both cancelable and non-cancelable in nature and the total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 28,810.51 lacs (Previous Year ₹ 8,380.23 lacs) and capitalized during the year ₹ 2,546.76 lacs (Previous Year ₹ 3,154.99 lacs). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
Minimum lease payments :		
Not later than one year	7,167.57	21,720.18
Later than one year but not later than five years	23,541.34	48,169.19
Later than five years	10,971.04	11,620.55

#### (c) Assets given on Operating Lease

- (i) The Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year are ₹ 996.84 lacs (Previous Year ₹ 1,319.62 lacs).

IHL, a subsidiary (till October 18, 2012) of the Company has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

at the option of the subsidiary. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is ₹ 169.65 lacs (Previous Year ₹ 175.50 lacs).

- (ii) The Company and one of its subsidiary has leased out certain capital assets on operating lease to Trusts managing hospital operations. The lease term is for 3 years and thereafter renewable at the option of the Company and its subsidiary. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)

Particulars	March 31, 2013			March 31, 2012		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	3.46	1.92	1.54	3.46	2.73	0.73
Plant & Machinery	96.66	67.16	29.50	96.66	57.17	39.49
Medical Equipments	4,266.15	1,773.30	2,492.85	3,937.50	1,482.53	2,454.97
Furniture & Fittings	154.75	98.51	56.24	154.75	91.80	62.95
Computers	116.78	116.39	0.39	116.34	106.19	10.15
Office Equipments	33.15	9.25	23.90	27.38	7.75	19.63
Vehicles	48.70	20.57	28.13	42.50	15.16	27.34
<b>Total</b>	<b>4,719.65</b>	<b>2,087.10</b>	<b>2,632.55</b>	<b>4,378.59</b>	<b>1,763.33</b>	<b>2,615.26</b>

The total lease payments received in respect of such leases recognized in the statement of profit and loss for the year are ₹ 954.79 lacs (Previous Year ₹ 858.25 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

(₹ in lacs)

Particulars	March 31, 2013	March 31, 2012
Not later than one year	1,049.13	212.84
Later than one year but not later than five years	1,676.08	-

8. Borrowings

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1) (i) Long term borrowings including current maturities		March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
Security and guarantee details	Repayment terms	Interest rate	Non current	Current	Current
<b>A. Term loan from banks-Secured</b>					
The loan was taken during the year ended March 31, 2009. It was secured by way of first charge over the assets financed	The Loan was repayable in 60 equated monthly installments of ₹ 1.83 lacs each starting July 2008.	11.25% to 14.25% p.a.	-	5.39	20.04
The loan was taken during the previous year. The loan is secured against exclusive charge on entire fixed assets and current assets of Fortis Cauvery, the partnership firm, both current and future. The loan is further guaranteed by personal guarantee of Dr. Chandrasekhar and Dr. Sarla Chandrasekhar, partners of Fortis Cauvery and corporate guarantee of FHsL, a subsidiary of the Company.	The loan is repayable with in six years with a moratorium period of one year; in 59 monthly installments starting from January 2013 of ₹ 8.33 lacs and last monthly installment of ₹ 8.53 lacs.	14% p.a.	191.25	51.00	177.75
The loan is secured against immovable properties, stocks and book debts of LHPL. The loan is further guaranteed by FHsL.	The loan is repayable over twenty quarterly installments, commencing from November 20, 2011 amounting to ₹ 57.49 lacs per quarter.	Base Rate + 200 bps	630.55	230.94	861.81
The loan is secured by first charge on the residential flats of HHPL.	Repayable in 424 monthly installments (ranging from ₹ 2.17 lacs to ₹ 4.11 lacs each)	7.25% to 14.25%	-	-	340.31
					0.85

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2013	March 31, 2012
	Security and guarantee details			Non current	Current
A.	Term loan from banks-Secured				
	The loan is secured by mortgage of leasehold rights of the hospital property and hypothecation of all equipments, medical equipments, furniture/interiors. It is further secured by pledge of 6,923,500 equity shares of FHL held by Fortis Healthcare Holdings Private Limited, the holding company and a corporate guarantee by FHL.	Repayable in equal monthly installments of ₹ 34 lacs by September 2016.	BPLR minus 0.75% p.a.	1,013.00	408.00
	The loan is secured by first charge on the Medical Equipments of HHPL purchased out of the loan amount. It is further secured by a corporate guarantee by the Company.	Repayable in 20 equal quarterly installments of ₹ 27.10 lacs each from the date of loan.	12.15% p.a.	-	24.45
	The loan was secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan was secured by corporate guarantee by IHL.	The loan was repayable in 60 monthly installments.	10.75% p.a.	-	298.15
					86.04



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)						
(1)	(i) Long term borrowings including current maturities		Interest rate	March 31, 2013	March 31, 2013	March 31, 2012
	Security and guarantee details	Repayment terms	Non current	Current	Non current	Current
<b>A. Term loan from banks-Secured</b>						
	The loan was secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan was secured by corporate guarantee of IHL.	The loan was repayable in 36 monthly installments.	-	-	157.21	78.80
	The loan was secured on first pari passu charge on the assets (moveable and immoveable) of certain hospitals of FHsL. It was further secured by Corporate Guarantee issued by FHL and its subsidiary KHL.	Loan was repayable on following dates: January 29, 2013 of ₹ 7,500 lacs, January 29, 2014 of ₹ 7,500 lacs and on January 29, 2015 of ₹ 5,000 lacs.	-	-	<b>12,500.00</b>	7,500.00
	The loan was secured by a equitable mortgage charge on land and building of EHRCL.	The loan was repayable in quarterly installments over three years beginning from December 16, 2011.	-	-	-	3,750.00
	The loan was secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and leased by FHsL. It was further secured by corporate guarantee issued by FHL.	The loan was repayable in quarterly installments of ₹ 535.71 lacs each over eight years beginning from December 16, 2011.			10,178.59	2,142.84

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2013 Non current	March 31, 2013 Current
	<b>Security and guarantee details</b>				
<b>A.</b>	<b>Term loan from banks-Secured</b>				
	The loan was secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and leased by FHsL. It was further secured by corporate guarantee issued by the Company.	The loan was repayable in quarterly installments of ₹ 416.66 lacs each over three years beginning from December 16, 2011.	12% p.a.	-	1,250.03
	The loan is secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and equitable mortgage of those owned by hospitals of FHsL. It is further secured by corporate guarantee issued by the Company.	₹ 3,000 lacs is repayable at the end of 12 months and ₹ 4,000 lacs at the end of 24 months from the date of disbursement	10.6% p.a.	4,000.00	3,000.00
	The loan was secured by first charge on all fixed assets of SRL, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future and are guaranteed by FHL. Further, the loan was secured by way of a second charge on SRL's current assets, both present and future.	Loan amount was repayable in 17 quarterly unequal installments commencing from February 25, 2013.	11.2% p.a.	-	3,857.00
					143.00

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)						
(1) (i) Long term borrowings including current maturities	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012	March 31, 2012
Security and guarantee details	Non current	Current	Non current	Current	Non current	Current
<b>A. Term loan from banks-Secured</b>						
The loans were secured by a first charge on all fixed assets of the Company, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future. Loans were also secured by way of a second charge on the Company's entire current assets, both present and future.	-	-	29.17	431.03		
Loans were repayable as follow: a) Loan amount of ₹ 2849 lacs was repayable in 36 monthly installments with moratorium of 12 months from date of loan. b) Loan amount of ₹ 350 lacs was repayable in 312 quarterly installments with moratorium of 12 months from date of loan	11.30% to 15.00 % p.a.					
The loan is secured by way of a first charge on the laboratories equipments, which have been purchased against these loans.	Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from March 1, 2012.	338.91	102.66	442.23	90.06	
The loan is secured by a first charge on all fixed assets of a 50% joint venture of a subsidiary company and personal guarantee of Directors.	Loan amount is repayable in 48 monthly installments commencing from February 15, 2013.	83.79	23.25	-	-	
The loan is secured by first pari passu charge over movable assets and the second pari passu charge over the current assets of the EHIRCL. Same is further secured by irrevocable and unconditional corporate guarantee from the company.	The above term loan is to mature on March 27, 2019. The Loan is repayable on 18 quarterly installments beginning at the end of seven quarters from first draw down date (March 28, 2013) 8% in the 1st year, 12% in the 2nd year, 24% in 3rd year, 24% in 4th year and balance 32% in the 5th year.	5,000.00	-	-	-	

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2013	March 31, 2012
	Security and guarantee details			Non current	Current
<b>A. Term loan from banks-Secured</b>					
	The loan is secured by first pari-passu charge over moveable assets upto 1x cover and second pari-passu charge over current assets, exclusive charge over DSRA/Fixed Deposit.	The above term loan is to mature on March 27, 2019. The Loan is repayable on 18 quarterly installments beginning at the end of seven quarters from first draw down date (March 28, 2013) 8% in the 1st year, 12% in the 2nd year, 24% in 3rd year, 24% in 4th year and balance 32% in the 5th year.	11.5% p.a.	10,300.00	-
	The loan is secured by way of exclusive charge on all fixed & secondary charge over current assets of the Fortis C-Doc, both present and future along with corporate guarantee of the Company and personal guarantee of Dr. Anoop Misra and Ageli Misra	The loan is repayable on 20 quarterly installments beginning from June 30, 2014, 5% in the 1st year, 20% in the 2nd year, 25% in 3rd year, 25% in 4th year, 19% in the 5th year and balance 6% in the 5th year.	12.5% p.a.	883.70	56.39
	The loan is secured by a charge over certain property, plant and equipment of the Group with carrying amount of about USD 42,028,000 and corporate guarantee by the Company.	The loan is repayable in 14 quarterly installments of SGD 2million each, the first of such installments to be paid on or after the date falling 21 months from the Utilization Date (15 Mar '13). Loan is repayable by September 2016	2.29% p.a. (Margin 1.98% + Sibor 0.31)	12,249.01	-

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)						
(1)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2013	March 31, 2012	March 31, 2012
	Security and guarantee details			Non current	Current	Current
<b>A.</b>	<b>Term loan from banks-Secured</b>					
	The loan is secured through: 1. Quality share charge 2. Altai share charge 3. Berkshire share charge 4. Capitalization Deed Assignment Agreement 5. Promoter Guarantee and undertaking 6. Capitalization Account charge 7. DSRA account charge 8. Share Pledge - Quality Healthcare Medical Holding Limited, Fortex Limited, the Agent and Quality Healthcare Medical Service (Macau) Limited; and 9. HK share mortgage.	Loan repayment half yearly and interest payment on 29th of each month and loan is repayable by November 2016.	Libor +4.16% p.a.	40,713.75	-	-
	The loan is secured by first ranking fixed and floating charges over the assets and undertaking, interlocking cross guarantees and indemnities of FHIPL and its subsidiaries. Further, secured by first ranking mortgage over the shares held by FHIPL. Also, secured by real property mortgages over any freehold and any long term leasehold interest of FHIPL and its subsidiaries.	Repayable by March 2015.	1.52% to 4.25%	73,135.34	67,810.88	8,730.60
	The loan is secured by a charge over certain property, plant and equipment of the group carrying amount of ₹ 13,690.72 lacs.	Repayable by January 2021.	12% to 20.5% p.a.	30,274.77	5,970.27	605.78

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities		March 31, 2013	March 31, 2012	March 31, 2012
	Security and guarantee details	Repayment terms	Non current	Current	Current
A.	Term loan from banks-Secured				
	Term loan is secured by a charge over certain property, plant and equipment of the Group.	Repayable by January 2021.	6,537.00	1,575.95	613.89
	Term loan is secured by a charge over certain property, plant and equipment of the Group with carrying amount of USD 3,522,000	Repayable by March 2017.	361.14	708.42	1,490.14
		Total (A)	185,712.21	33,035.04	28,108.82

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(I)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	(₹ in lacs)			
				March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Security and guarantee details			Non current	Current	Non current	Current
B.	Term loan from body corporate - Secured:						
	The loan is secured by a first pari passu charge by way of mortgage of the FHL's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in SRL Limited (formerly SuperReligare Laboratories Limited) in favor of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility.	The loan is repayable in 84 structured monthly installments, after a moratorium of 12 months from the date of first disbursement.	12.25% p.a.	15,458.33	1,575.00	17,033.33	466.67
	The loan is secured by first charge by way of hypothecation of specific equipments of EHSSL.	The loan is repayable in 22 structured quarterly installments upto March 15, 2014.	10% to 12.52% p.a.	-	-	230.86	180.00

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities		March 31, 2013	March 31, 2013	March 31, 2012
	Security and guarantee details	Repayment terms	Interest rate	Non current	Current
<b>B.</b>	<b>Term loan from body corporate - Secured:</b>				
	The loan was secured by first charge by way of hypothecation of specific assets of FHLL.	The loan was repayable in 30 structured quarterly installments commencing from April, 2013.	BPLR-2.25% p.a.	-	-
	The loan was secured by first charge by way of hypothecation of specific equipments of IHL.	The loan was repayable in 85 monthly installments starting January 2010.	11.25% to 14.25% p.a.	-	92.54
	The loan is secured by way of a first charge on the fixed assets, which have been purchased against these loans.	The loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., October 5, 2010.	8% p.a.	452.71	238.08
	The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 48 monthly installments of ₹ 7.36 lacs along with interest from the date of loan viz., September 28, 2011.	10.25% p.a.	115.67	64.48
	The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 60 monthly installments of ₹ 9.08 lacs along with interest from the date of loan viz., June 21, 2011.	9.75% p.a.	250.67	92.08
	The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 60 monthly installments of ₹ 10.95 lacs along with interest from the date of loan viz., December 6, 2010.	9.75% p.a.	167.55	80.74



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)							
(1)	(i) Long term borrowings including current maturities			March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Security and guarantee details	Repayment terms	Interest rate	Non current	Current	Non current	Current
<b>B.</b>	<b>Term loan from body corporate - Secured:</b>						
	The loan is secured by hypothecation of fixed assets of the SRDPL.	The loan is taken on January 25, 2012 with moratorium period of 12 months towards repayment of principal and carries interest. The loan is repayable in 17 quarterly installments of ₹ 264.7 lacs each after the moratorium period along with interest.	11.50% p.a.	<b>3,176.47</b>	<b>1,058.83</b>	4,235.29	264.71
	The loan is secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property.	The loan is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013.	11.50% p.a.	<b>9,523.81</b>	<b>476.18</b>	-	-
	The loan is secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property.	The loan is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013	11.50% p.a.	<b>4,761.90</b>	<b>238.10</b>	-	-
	The loan is secured by a charge over plant and equipment of FHIPL and its subsidiaries with carrying amount of ₹ 1,976.16 lacs. Further, secured by pledge of fixed deposits of ₹ 202.81 lacs.	Repayable by March 2017.	3.15% p.a.	-	-	989.02	633.44
			Total (B)	<b>33,907.11</b>	<b>3,867.96</b>	29,384.95	2,112.74

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
(1)	(i) Long term borrowings including current maturities		March 31, 2013	March 31, 2012	March 31, 2012
	Security and guarantee details	Repayment terms	Current	Non current	Current
<b>C. Finance lease obligation - Secured:</b>					
	Loan is secured by Medical Equipment taken on lease.	The loan is repayable over seven years in equated monthly installments.	104.99	152.54	44.53
	The lease obligation is secured by way of hypothecation of laboratory equipments in favor of lessor purchased from the loan.	The loan is carrying interest @ 12% per annum. The obligation is repayable in 60 monthly lease rentals commencing from April 1, 2010.	124.55	235.26	98.58
	Secured by the lessor's title to the leased assets and a corporate guarantee by a subsidiary of FHIPL.	Repayable in 48-60 monthly installments.	295.51	977.16	1,052.15
		Total (C)	525.05	1,364.96	1,195.26
<b>D. Hire purchase loans from banks - Secured:</b>					
	Vehicle loan is secured by way of hypothecation of the vehicles financed.	Repayable over the four years on equated monthly installment	12.56	39.99	32.38
	The loan is secured against hypothecation of the specific vehicles purchased.	The loan is repayable in monthly equal installments along with interest p.a. commencing from date of loan.	15.85	24.87	51.21
		Total (D)	28.41	64.86	83.59

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)						
(1)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2013	March 31, 2013	March 31, 2012
	Security and guarantee details			Non current	Current	Current
<b>E. Deferred credit facility - Secured:</b>						
	The facility is secured by first charge by way of hypothecation of specific equipments of FHM(N)L.	The loan is repayable in 20 structured quarterly installments commencing from April 15, 2013.	9% p.a. for 1st year and SBI base rate + 50 BP for subsequent years	<b>1,164.97</b>	<b>326.40</b>	188.79
	The facility is secured by first charge by way of hypothecation of specific equipments of FHLL.	The loan is repayable in 20 structured quarterly installments commencing from April 2012.	9% p.a. for the first year and SBI Base rate plus (+) 50 BP for subsequent years.	-	1,313.01	97.17
			<b>Total (E)</b>	<b>1,164.97</b>	<b>326.40</b>	<b>285.96</b>
<b>F. Convertible bonds - Unsecured:</b>						
	During the year 2009-10, Hoan My Medical Corporation issued 180 Convertible bonds of VND 10,000 lacs each. The bonds are convertible into 6,301,959 shares on September 9, 2013.			-	<b>4,724.62</b>	-
		<b>Total (F)</b>		-	<b>4,724.62</b>	-

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)					
(1)	(i) Long term borrowings including current maturities	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Repayment terms	Non current	Current	Non current	Current
<b>G. Optionally convertible debentures - Unsecured:</b>					
	HHPL had issued 2,500,000 Zero percent Optionally Convertible Debentures of ₹ 100 each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:- i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption. ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment. iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual installment of ₹ 25 each beginning from the end of 5th year, from the date of allotment.	2,500.00	-	2,500.00	-
		<b>Total (G)</b>	<b>2,500.00</b>	<b>-</b>	<b>-</b>
<b>H. 5% Foreign currency convertible bonds - Unsecured:</b>					
	The Company had issued 5% Foreign currency convertible bonds which are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (refer note 18)	5% p.a.	54,285.00	-	-
		<b>Total (H)</b>	<b>54,285.00</b>	<b>-</b>	<b>-</b>

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)					
(I) (i) Long term borrowings including current maturities	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012	
Repayment terms	Non current	Current	Non current	Current	
<b>I. 4% Compulsory convertible debentures - Unsecured:</b>					
HHPL has issued 91, 4% Compulsorily Convertible Debentures (CCD) of ₹ 1,000,000 each to Escorts Heart Centre Limited during the period March 1, 2011 to March 5, 2011. On the date of maturity i.e. March 5, 2016, each CCD shall be converted into equity shares by issuance of 2,000 equity shares of ₹ 10 each at a premium of ₹ 490 per share. For the purpose of the conversion of debentures into equity shares, the valuation has been arrived on the basis of the average of the price arrived by using the discounted cash flow method, Earning Value/ Earning Before Interest Tax and Depreciation multiple and Earning Value/ Sales multiple.	<b>910.00</b>	-	910.00	-	-
	<b>910.00</b>	-	910.00	-	-
	Total (I)				
<b>J. Non- Convertible Debentures - Unsecured:</b>					
10% Redeemable Non- Convertible Debentures of Rs 100,000 each, redemption upon earlier of (1) or (2) (1) later of (i) a day within 30 days from the date on which the actual listing of the shares of SRL on a stock exchange occurs following receipt of the final listing and trading approval from the stock exchange or (ii) 13 months from the Issue date; (2) the expiry of 36 months from the issue date.	-	<b>3,600.00</b>	16,500.00	-	-
	-	<b>3,600.00</b>	16,500.00	-	-
	Total (J)				

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

		(₹ in lacs)			
		March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
		Non current	Current	Non current	Current
<b>(I) (i) Long term borrowings including current maturities</b>	<b>Interest rate</b>				
<b>K. Term loan from banks - Unsecured:</b>					
The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries of FHIPL. The loan is repayable by December 2016.	HIBOR + 4.10% p.a.	9,856.87	3,502.34	12,549.36	3,315.63
The loan is repayable by June 2013.	HIBOR + 3.4% p.a.	-	850.22	-	-
Term loan is secured by a charge over certain property, plant and equipment of the Group. 18 months tenure from draw down date on 23 January 2013. 3-monthly interest repayment	3 M Libor + Margin of 5%	192,711.75	-	-	-
Repayable over the equated monthly installments of AED 2,234 starting from January 2011 to December 2014.	5.1% p.a.	-	-	-	8.50
	<b>Total (K)</b>	<b>202,568.62</b>	<b>4,352.56</b>	<b>12,549.36</b>	<b>3,324.13</b>
<b>L. Deferred payment facilities - Unsecured:</b>					
Deferred payment facility taken on March 02, 2012 with moratorium period of 9 months towards repayment of loan. The loan is repayable in 27 monthly installments of ₹ 4.64 lacs each after the moratorium period along with interest.		51.16	50.58	-	-
	<b>Total (L)</b>	<b>51.16</b>	<b>50.58</b>	<b>-</b>	<b>-</b>
<b>M. Term loan from body corporate - Unsecured:</b>					
The loan is repayable by March 2014.		83.20	-	-	-
	<b>Total (M)</b>	<b>83.20</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in lacs)						
(I)	(i) Long term borrowings including current maturities	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012	March 31, 2012
	Repayment terms	Non current	Current	Non current	Current	Current
<b>N.</b>	<b>Preference share capital - Unsecured:</b>					
	FAHPL has issued 262,120,642 Class B Redeemable Preference Shares of USD 1 each on January 11, 2012 to RHC Financial Services (Mauritius) Limited as consideration for purchase of 100% stake in FHIPL. Preference Shares are redeemable at premium of 5% p.a. after 18 months from the date of issue.	-	<b>79,550.41</b>	133,633.69	-	-
	<b>Total (N)</b>	-	<b>79,550.41</b>	133,633.69	-	-
<b>O.</b>	<b>Factoring financing - Unsecured:</b>					
	The financing of \$323,980 is secure over the Group's trade receivables and a corporate guarantee from the Company. The Group received an advance at the discretion of the financial institution, up to a limit of \$2,000,000 and not exceeding 80% against eligible receivables.	-	<b>256.33</b>	-	266.05	266.05
	<b>Total (O)</b>	-	<b>256.33</b>	-	266.05	266.05
	<b>TOTAL (I=A+B+C+D+E+F+G+H+I+J+K+L+M+N+O)</b>	<b>481,735.76</b>	<b>130,745.14</b>	<b>367,329.71</b>	<b>35,376.55</b>	<b>35,376.55</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

II. (i) Short term borrowings					(₹ in lacs)	
Security and guarantee details	Repayment terms	Interest rate	March 31, 2013	March 31, 2012		
<b>P. Bank overdrafts - Secured:</b>						
Secured against the first charge on current assets of EHIRCL and the second charge on the corporate guarantee given by the FHL.	N/A	10.25%	<b>1,336.99</b>	1,344.93		
It is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL.	Repayable on demand.	15%	-	150.96		
It is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital of FHL. Further, secured by first pari passu charge over stocks and book debt.	N/A	12.50% to 13.00% per annum.	<b>56.49</b>	1,266.05		
It is Secured against immoveable property, stocks and book debts of LHPL. The facility is further guaranteed by FHsL.	N/A	Rate of interest of 2.80% over base rate	<b>135.54</b>	175.80		
		<b>Total (P)</b>	<b>1,529.02</b>	2,937.74		



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>II. (i) Short term borrowings</b>					<b>(₹ in lacs)</b>	
	<b>Security and guarantee details</b>	<b>Repayment terms</b>	<b>Interest rate</b>	<b>March 31, 2013</b>		<b>March 31, 2012</b>
<b>Q. Cash credit - Secured:</b>						
	The facility is secured by hypothecation of stocks and book debts of FHsL	N/A	12.50%	-		424.11
	The facility is secured by way of first charge on SRL's entire current assets. They are further secured by way of a second charge on the SRL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future.	N/A	11.50% to 13%	<b>1,341.91</b>		1,264.59
	The facility is secured by way of first charge on the SRL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility is guaranteed by the Company.	N/A	11.50% to 13%	<b>5.36</b>		924.25
	The facility was secured by way of first charge on the SRLDPL's entire current assets. The facility was further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility to the extent of ₹ 1,000 lacs was guaranteed by SRL and RHC Holding Pvt Ltd.	N/A	11.50% to 13%	-		868.14
			<b>Total (Q)</b>	<b>1,347.27</b>		<b>3,481.09</b>

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

II. (i) Short term borrowings				(₹ in lacs)	
Security and guarantee details	Repayment terms	Interest rate	March 31, 2013	March 31, 2012	
<b>R. Loan from banks - Secured:</b>					
The loan was secured by way of first pari passu charge on current and fixed assets (both present and future) of IHL, Gurgaon Hospital and Shalimar Bagh Hospital owned by FHTL. Further, Secured by first pari passu charge on cash flows of the IHL, KHL, EHIRCL and FHML. Further, secured by negative lien on immoveable fixed assets of EHIRCL and non disposal undertaking in respect of entire shareholding held by FHL in the share capital of SRL. The loan was further secured by unconditional and irrevocable corporate guarantees of FHL, FHTL and FHM(N)L.	The loan was repayable in 10 structured annual installments after a moratorium period of 12 months from the date of disbursement.	Base Rate+1%	-	41,000.00	
		<b>Total (R)</b>	-	41,000.00	
<b>S. Buyer's credit - Secured:</b>					
The facility was secured against charge of specific assets of EHIRCL.	The facility was repayable in the Financial Year 2012-13.	2.5% to 3%	484.91	1,271.68	
		<b>Total (S)</b>	484.91	1,132.61	
<b>T. Non- Convertible Debentures - Secured:</b>					
The debentures are secured by way of first pari passu charge over the property of the Company located in State of Gujarat.	FHL has issued 10% Non Convertible Debentures on September 24, 2012 redeemable at par, bullet redemption at the end of one year from the date of allotment.	10%	30,000.00	-	
		<b>Total (T)</b>	30,000.00	-	

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>II. (ii) Short term borrowings</b>			(₹ in lacs)	
<b>Repayment terms</b>	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
<b>U. Loan from body corporate – Unsecured:</b>				
FHL had issued 11% Non Convertible Debentures on March 22, 2012 redeemable at par, bullet redemption at the end of six months from the date of allotment. The debentures are secured by way of first pari passu charge over the property of the Company located in State of Gujarat. However the security was furnished in the month of May 2012.	-		30,000.00	
		<b>Total (U)</b>	-	30,000.00
<b>V. Loan from body corporate – Unsecured:</b>				
The loan is repayable on demand on or before March 31, 2013.	-		450.00	
Interest free loan has been taken from RHC Holding Private Limited during the year ending March 31, 2007, the ultimate holding company. The loan is repayable on demand.	<b>794.50</b>		794.50	
The loan has been taken from RHC Holding Private Limited, the ultimate holding company and carry interest @ 13.50% p.a. The loan was repayable on demand.	-		188.00	
Interest free loan has been taken from erstwhile promoters of the LHPL and repayable on demand.	<b>48.02</b>		76.47	
Interest free loan has been taken from Fortis Medicare International Limited and repayable on demand.	<b>94.01</b>		6.12	
The loan was secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries within the group. Repayable by December 2016.	-		669.57	
The loan has been taken from RHC Financial Services (Mauritius) Limited and carry interest @ 6.00% p.a. The loan is repayable on demand.	-		22,559.63	
		<b>Total (V)</b>	<b>936.53</b>	24,744.29
<b>W. Loan from banks – Unsecured:</b>				
The loan was secured by personal guarantees from Malvinder Mohan Singh and Shivinder Mohan Singh. Repayable within 3 months of draw down.	-		3,500.00	
The loan was repayable within 4 months from the date of drawdown.	-		3,502.97	
The loan was secured by corporate guarantee of RHC Financial Services (Mauritius) Limited. The loan was repayable by February 2013.	-		119,756.13	
		<b>Total (W)</b>	-	126,759.10

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

II. (ii) Short term borrowings	(₹ in lacs)	
	March 31, 2013	March 31, 2012
<b>Repayment terms</b>		
<b>X. Commercial Paper - Unsecured:</b>		
The facility of ₹ 2,500 lacs and ₹ 5,000 lacs were redeemable on July 10, 2012 and June 20, 2012 respectively.	-	7,500.00
Commercial papers matured with in a period of 6 months ending on June 27, 2012.	-	40,000.00
<b>Total (X)</b>	-	47,500.00
<b>Y. Bills discounted - Unsecured:</b>		
The facility was taken during the previous year for 90 to 180 days from the date of invoice and carry interest @ 11.50% to 11.75%.	-	3,066.29
The facility was taken during the previous year for 90 to 180 days from the date of invoice and carry interest @ 11.50% to 11.75%.	-	1,500.00
<b>Total (Y)</b>	-	4,566.29
<b>Z. Preference share capital - Unsecured:</b>		
Redeemable within 20 years from the date of allotment at the discretion of the Board of Directors in one or more tranches. It carry coupon rate @ 0% and was redeemable at premium which would ensure 10% annualized yield to the preference shareholders	-	550.00
Redeemable within 20 years from the date of allotment at the discretion of the Board of Directors in one or more tranches. It carry coupon rate @ 0% and was redeemable at premium which would ensure 12% annualized yield to the preference shareholders	-	450.00
Redeemable after 20 years from issuance date of September 11, 2006 at par or at such premium as decided by Board of Directors.	<b>337.50</b>	337.50
<b>Total (Z)</b>	<b>337.50</b>	1,337.50
<b>TOTAL (II=P+Q+R+S+T+U+V+W+X+Y+Z)</b>	<b>34,635.23</b>	283,597.69

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 9. Commitments

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 16,315.89 lacs (Previous Year ₹ 2,460.14 lacs))	<b>3,764.54</b>	19,842.15
Estimated amount of contracts remaining to be executed	<b>636.93</b>	625.25

a) For commitments relating to lease arrangements, refer note 7.

### 10. Contingent Liabilities (not provided for) in respect of :

(₹ in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Group has good chance of success in these cases	<b>6,010.68</b>	4,657.95
Bank Guarantee given by one of the subsidiary against fixed deposit	<b>294.67</b>	10.00
Demand notice of The DCIT-(TDS) - Chandigarh on account of deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. [refer note 12(ii)]	<b>501.41</b>	-
Premium for Redemption premium of US\$ 100 Million 5% foreign currency convertible bonds due 2015	<b>986.62</b>	603.13
Income tax litigations for various years are pending, as further explained in detail in note 12 below. The amount is after adjusting ₹ 14,046.56 lacs (Previous Year ₹ 13,760.88 lacs) for which EHIRCL has a legal right to claim from erstwhile promoters.	<b>11,109.27</b>	9,793.62
In respect of a subsidiary (EHIRCL), customs duty/ penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 13 below). In view of the management, the eventual outcome of the above matters cannot presently be estimated.	<b>770.27</b>	770.27
A subsidiary of the Company (SRL) has received a show cause cum demand notice dated April 20, 2007 for ₹ 81.44 lacs (Previous year ₹ 81.44 lacs) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. SRL has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the subsidiary. Accordingly, no provision in respect of the said demand is considered in the books.	<b>81.44</b>	81.44

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
A subsidiary of the Company (SRL) is currently under litigation with the Income tax department against certain income tax demands totaling to ₹. 4,752.84 lacs (net of advances) (previous year ₹ 3,390.12 lacs (net)) in relation to Assessment years (AY) 2007-08, 2008-09, 2009-10 and 2010-11. These demands are for non-deduction of withholding taxes on the payments made by the SRL of discounts to its collection center and certain other miscellaneous matters, raised by the Income Tax department. SRL has deposited ₹ 350.00 lacs against the said demands during the previous year. For the AY 2006-07, the Income Tax Appellate Tribunal (ITAT) vide order dated Dec 16, 2011 had passed an order in favour of SRL against the disallowances of ₹ 158.20 made by CIT(A) (Previous year ₹ 158.20 lacs). The department has filed an appeal with Delhi High Court against the order passed by ITAT. For the AY 2007-08, 2008-09, 2009-10 and 2010-11, the management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against this order and has not considered need for any provision for the purpose of preparation of its accounts.	4,752.80	3,390.12
A subsidiary the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ₹ 29,119,030 and ₹ 13,456,160 respectively for non-deduction of taxes in respect to payments covered in Form 24Q and Form 26Q. The SRL's appeal is pending before CIT (A). The SRL is of the view that the demand is not tenable and no economic outflow is expected against the same.	425.75	425.75
A subsidiary of the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09, 2009-10 aggregating to ₹ 457.04 and ₹ 531.80 for non-deduction of taxes under the provisions of section 194H. The SRL's appeal is pending before CIT (A). SRL is of the view that the demand is not tenable and no economic outflow is expected against the same.	988.84	988.84
Bank guarantee issued by the one of subsidiary of the company (SRL) as a security deposit to a customer.	27.00	27.00
Bank guarantee issued by joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on March 31, 2013 were ₹ 2.50 lacs (March 31, 2012 ₹ 2.32 lacs).	1.25	1.16

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
Joint venture ((DDRC SRL Diagnostics Private Limited ('DDRC')) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to ₹ 332.23 lacs as on March 31, 2013 (March 31, 2012 ₹ 122.64 lacs) in relation to assessment year 2008-09, 2009-10. These disallowances represents non-deduction of TDS on the discount offered by the DDRC to various hospitals, labs & corporate institutions which the assessing officer had taken as commission paid, disallowance of depreciation on goodwill and disallowance of preliminary expenses claimed under section 35D. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.	166.11	61.32
In respect of an international subsidiary of the Company (i) Bank Guarantees totaling AUD\$ 23.76 lacs in respect of leases of dental practice premises. (ii) Interest bearing liabilities have been guaranteed by the members of the group under a cross guarantee and indemnity and secured by fixed and floating charges over the assets of the group and mortgages over the shares which Dental Corporation Holdings Limited owns in its subsidiaries.	1,289.81	1,257.97
Corporate guarantees given by a subsidiary to banks for lease and loan to others	232.75	183.04
A subsidiary of the Company (EHIRCL) has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of Customs Duty against submission of bank guarantee and bonds.	91.02	200.72
Others	141.54	147.46

11. (A) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). EHIRCL had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRCL without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. EHIRCL also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is pending with the Hon'ble High Court of Delhi.
- (B) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). EHIRCL filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. EHIRCL thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

EHIRCL for resuming the proceedings under the said Act. EHIRCL had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

### 12. Income Tax Matters

#### (I) In case of EHIRCL, one of the subsidiary of the Company:

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

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

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

The Assessing Officer had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years have again been brought to tax, raising a demand of ₹ 12,436.90 lacs (Previous year ₹ 12,436.90 lacs) [including interest of ₹ 6,946.00 lacs (Previous year 6,946.00 lacs)]. EHIRCL has filed an appeal before the Commissioner of Income Tax (Appeals) Delhi against this order.

- (b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of the EHIRC for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs (Previous year ₹ 5,233.05 lacs) and interest thereon amounting to ₹ 2,915.80 lacs (Previous year 2,915.80 lacs) by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. EHIRCL feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (Previous year ₹ 10,532.16 lacs) [including interest of ₹ 5,465.27 lacs (Previous year ₹ 5,465.27 lacs)]. EHIRCL filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the Assessing Officer, which is pending disposal.



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Pursuant to the share purchase agreement, where Company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 9,585.31 lacs (Previous year ₹ 8,280.09 lacs) [including interest of ₹ 3,086.28 lacs (Previous year ₹ 1,781.07 lacs)], for which necessary funds were deposited in an escrow account. During the year, Income tax department has recovered the said amount deposited in the escrow account and has adjusted the amount against the aforesaid tax liability relating to Delhi Society. Further, as per the share purchase agreement, one third of any excess of these demands after adjusting the recovery from escrow account would be borne by the said erstwhile promoters and the rest by the Company, if any. On account of the same EHIRCL has reduced the contingent liabilities by ₹ 4,461.25 lacs (Previous year ₹ 5,480.78 lacs).

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

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

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

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 214.67 lacs (Previous year ₹ 214.67 lacs) was raised by disallowing depreciation amounting to ₹ 349.30 lacs (Previous year ₹ 349.30 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 13.85 lacs (Previous year ₹ 13.85 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which is pending disposal.

- (e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of ₹ 282.03 lacs (Previous year ₹ 282.03 lacs) [including interest of ₹ 56.79 lacs (Previous year ₹ 56.79 lacs)] on EHIRCL by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. EHIRCL had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to EHIRCL and had confirmed the balance

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

amount of demand raised by assessing officer. EHIRCL filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of EHIRCL and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of EHIRCL. The department has filed further appeal before the Supreme Court against the order of Delhi High Court.

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 83.16 lacs (Previous year ₹ 83.16 lacs) was raised by disallowing depreciation amounting to ₹ 270.40 lacs (Previous year ₹ 270.40 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 6.40 lacs (Previous year ₹ 6.40 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which is pending disposal.

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

Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 99.33 lacs (Previous year ₹ 99.33 lacs) was raised by disallowing depreciation amounting to ₹ 136.43 lacs (Previous year ₹ 136.43 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 18.79 lacs (Previous year ₹ 18.79 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which is pending disposal.

- (g) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of ₹ 96.90 lacs (Previous year ₹ 96.90 lacs) [including interest of ₹ 0.76 lacs (Previous year ₹ 0.76 lacs)] on EHIRCL by disallowing the claim of key man insurance premium and software development charges. The Commissioner of Income Tax (Appeals) Delhi, ITAT and Delhi High Court have allowed these claims in favour of EHIRCL. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

demand of ₹ 56.48 lacs (Previous year ₹ 56.48 lacs) was raised by disallowing depreciation amounting to ₹ 115.96 lacs (Previous year ₹ 115.96 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 10.31 lacs (Previous year ₹ 10.31 lacs) and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which is pending disposal.

- (h) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer had made additions of ₹ 407.94 lacs (Previous year ₹ 407.94 lacs) including a sum of ₹ 307.63 lacs (Previous year ₹ 307.63 lacs) out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and a sum of ₹ 100.30 lacs (Previous year ₹ 100.30 lacs) out of the depreciation claimed by EHIRCL on its assets. Thus, reducing the loss from ₹ 2,955.28 lacs (Previous year ₹ 2,955.28 lacs) to ₹ 2,547.34 lacs (Previous year ₹ 2,547 lacs). An appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.
- (i) The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, thereby raising demands of ₹ 16.74 lacs (Previous year ₹ 16.74 lacs) and ₹ 0.37 lacs (Previous year ₹ 0.37 lacs) respectively on account of non deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Health world Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. An appeal was filed before the Commissioner of Income-tax (Appeals) – Jaipur and was decided vide order dated January 4, 2011 thereby giving partial relief to EHIRCL and the demand raised has been brought down to from ₹ 1,673,906 (Previous year ₹ 16.74 lacs) to ₹ 5.61 lacs (Previous year ₹ 5.61 lacs) as per order dated December 7, 2011. EHIRCL on protest had paid a sum of ₹ 8.37 lacs (Previous year ₹ 5.61 lacs) and subsequent to appeal effect order, a refund has been received amounting to ₹ 3.36 lacs (Previous year Nil).

The company filed an appeal before the Income-tax Appellate Tribunal, Jaipur against balance issues confirmed vide said orders of CIT(A). Department is also in appeal before ITAT against said orders of CIT(A). Both the appeals are pending disposal.

- (j) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2009-10, whereby the assessing officer had raised a demand of ₹ 109.03 lacs (Previous year ₹ 109.03 lacs) [including interest of ₹ 23.24 lacs (Previous year ₹ 23.24 lacs)] by making (i) disallowance u/s 36(1)(iii) ₹ 307.89 lacs (Previous year ₹ 296.53 lacs), (ii) disallowance of depreciation - ₹ 69.70 lacs (Previous year ₹ 69.70 lacs), (iii) adding profit on sale of assets - ₹ 20.78 lacs (Previous year ₹ 20.78 lacs), (iv) disallowance u/s 14A - ₹ 54.69 lacs (Previous year ₹ 54.69 lacs), (v) disallowance of short term capital loss - ₹ 592.80 lacs (Previous year ₹ 592.80 lacs) and (vi) addition of exempt income ₹ 640.10 lacs (Previous year ₹ 640.10 lacs). An appeal was filed with the Commissioner of Income Tax (Appeals), Chandigarh, against the disallowances made in the assessment order, which was turned down. EHIRCL has filed appeal before ITAT, which is pending disposal.
- (k) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment year 2010-11, whereby the assessing officer has raised a demand of ₹ 83.25 lacs (Previous year nil) by making i) disallowance u/s 36(1)(iii) ₹ 33.67 lacs (Previous year nil), ii) disallowance of depreciation - ₹ 59.14 lacs (Previous year nil) and iv) adding profit on sale of assets ₹ 6.31 lacs (Previous year nil). An appeal has been filed before the Commissioner of Income-tax (Appeals) – XIII, New Delhi.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****(II) In case of the Company**

In case of the Company, The DCIT- (TDS) - Chandigarh had passed an order dated March 22, 2013, u/s 201(1)/201(1A) for the assessment years 2010-11 and 2011-12, thereby raising demands of ₹ 239.92 (Previous year nil) and ₹ 261.49 lacs (Previous year nil) respectively on account of deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. Subsequent to March 31, 2013 Company has filed appeals with the Commissioner of Income Tax (Appeals), Chandigarh on April 22, 2013 which is pending for disposal.

In view of the management, the eventual outcome of the above matters cannot presently be reliably estimated as the matters are subjudice.

13. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ₹ 770.27 lacs (Previous year ₹ 770.27 lacs (including ₹ 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. EHIRCL had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs under protest. The matter is pending for decision with the Tribunal.

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management believes that the Company has a good chance of success in the case and hence, no provision there against is considered necessary.

14. i) The Assistant Collector of Customs had issued an assessment order in earlier year raising a demand of ₹ 330.39 lacs (Previous year ₹ 330.39 lacs) holding the EHIRCL, a subsidiary of the company to be a commercial establishment in relation to the import of medical equipments, spares and consumables. EHIRCL had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. EHIRCL filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked EHIRCL to deposit a sum of ₹ 150.00 lacs (Previous year 150.00 lacs) with the customs authority. EHIRCL had deposited the amount with the customs authority and has also made a provision of ₹ 330.39 (Previous year ₹ 330.39) lacs in the books of accounts. The matter is still pending with the Tribunal.
- ii) Further, one of the subsidiary, FHsL has created provision of ₹ 166.49 lacs in the financial year ended March 31, 2011 for custom duty demand in relation to import of medical equipment .

**15. Employee Stock Option Plan**

- (i) The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the previous year. During the previous year 4,050,000 options (Grant VI) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Company. The weighted average share price of the Company during the year was ₹ 101.52 (previous year ₹ 132.54). As at March 31, 2013, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	February 23, 2012 to February 22, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	12-Sep-21	23-Feb-17

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	5,975,810	117.80	2,012,130	128.05
Granted during the year	-	-	4,250,000	112.93
Forfeited during the year	1,412,860	119.98	210,080	133.12
Exercised during the year	27,620	72.42	76,240	74.27
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,535,330	117.40	5,975,810	117.80
Exercisable at the end of the year	328,070	126.63	524,130	111.07
Weighted average remaining contractual life (in years)	6.09	-	7.10	-
Weighted average fair value of options granted (in ₹)	34.11	-	33.45	-

The details of exercise price for stock options outstanding at the end of the year are as under:

Particulars	March 31, 2013	March 31, 2012
Range of exercise prices	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Number of options outstanding	4,535,330	5,975,810
Weighted average remaining contractual life of options (in years)	6.09	7.10
Weighted average exercise price (in ₹)	117.40	33.45

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****Stock Options granted**

The weighted average fair value of stock options granted during the year is ₹ Nil (Previous Year ₹ 26.60). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2013	March 31, 2012
Exercise Price	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Expected Volatility	6.42% to 34%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.50% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

The fair value of total option outstanding at the year end is ₹ 1,547.03 lacs (Previous Year ₹ 1,998.82 lacs) and these shall vest over a period of 3-5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹ 412.17 lacs (Previous Year ₹ 538.49 lacs).

- (ii) One of the subsidiaries, Dental Corporation Holdings Limited ("DC"), operates an employee share option plan (ESOP). The vesting period of the option ranges from nine months to three years from the grant date. The exercise price of the options is equal to the estimated market price of the DC shares on the date of grant. The contractual life of the options ranges from one to five years. These options were granted under equity settlement method and there are no conditions for vesting other than continued employment with DC. As at March 31, 2012, 23,412,560 numbers of options were outstanding with vesting period ranging from nil to 52 months and excisable period up to June 30, 2016.

There has been no cancellation or modification to the ESOP during the year.

The details of activity under plans have been summarized below:

Particulars	31-Mar-13		31-Mar-12	
	Number of options	Weighted average exercise price per share (AUD)	Number of options	Weighted average exercise price per share (AUD)
Outstanding at the beginning of the period	23,412,560	1.97	23,412,560	1.97
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	31-Mar-13		31-Mar-12	
	Number of options	Weighted average exercise price per share (AUD)	Number of options	Weighted average exercise price per share (AUD)
Outstanding at the end of the period	<b>23,412,560</b>	<b>1.97</b>	23,412,560	1.97
Exercisable at the end of the period	<b>17,140,860</b>	<b>1.93</b>	16,807,560	1.94
Weighted average remaining contractual life (in years)	<b>2.90</b>	<b>n/a</b>	3.90	n/a
Weighted average fair value of options granted (in AUD\$)	<b>0.17</b>	<b>n/a</b>	n/a	n/a

The details of exercise price for stock options outstanding at the end of the period are as under:

Particulars	31-Mar-13	31-Mar-12
Range of exercise prices (AUD)	<b>0.95 to 3.39</b>	0.95 to 3.39
Number of options outstanding	<b>23,412,560</b>	23,412,560
Weighted average remaining contractual life of options (in years)	<b>2.90</b>	3.90
Weighted average exercise price (in AUD\$)	<b>1.97</b>	1.97

- iii) One of the subsidiary of the Company, FMHL provides share-based payment schemes to its employees. During the year ended March 31, 2013, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of FMHL on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

### Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

### Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

### Effective Date

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

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of activity under the Scheme are summarized below:

	31-Mar-13		31-Mar-12	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	295,000	26.20	295,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	15,000	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	280,000	26.20	295,000	26.20
Exercisable at the end of the year	70,000	26.20	73,750	26.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2013 is 3.75 years (31 March 2012: 4.75 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10. (31 March 2012: ₹ 10)

The weighted average fair value of stock options granted during the year was ₹ 13.45 (31 March 2012: ₹ 13.45). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31-Mar-13	31-Mar-12
Dividend yield (%)	Nil	Nil
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (₹.)	Nil	Nil
Exercise price (₹)	26.20	26.20
Expected life of options granted in years	5	5

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

- (iv) In respect of one subsidiary SRL, the shareholders of that company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the SRL have been granted to the employees of the SRL at an exercise price of ₹ 40 per share and the following are the Scheme details:

Date of grant	22-Aug-09
Date of Board Approval	22-Aug-09
Date of Shareholder's approval	17-Aug-09
Number of options granted	1,517,470
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Over three year- August 22, 2010 to August 22, 2012
Exercise Period	Up to August 21, 2019



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of activity under the plan have been summarized below:-

	March 31, 2013		March 31, 2012	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,095,256	40	1,256,646	40
Granted during the period	-	-	-	-
Forfeited /Cancelled during the period	49,036	-	161,390	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the year	1,046,220	40	1,095,256	40
Exercisable at the end of the year	1,046,220	40	1,095,256	40
Weighted average fair value of options granted on the date of grant	-	40	-	40

The details of the exercise price of stock options outstanding at the end of the year are

	31-Mar-13	31-Mar-12
Range of exercise price	40	40
Number of options outstanding	1,046,220	1,095,256
Weighted average remaining contractual life of options	6.4 years	7.4 years
Weighted average exercise price	40	40

The weighted average fair value of stock options granted during the year was ₹ 20.54. The black scholes option valuation model has been used for computing the weighted average fair value considering the following inputs.

	March 31, 2013	March 31, 2012
Weighted average share price	-	-
Exercise Price	40.00	40.00
Expected Volatility	45%	45%
Historical Volatility	-	-
Life of the options granted (Vesting and exercise period) in years	5.50	5.50
Expected dividends	-	-
Average risk-free interest rate	6.87%	6.87%
Expected dividend rate	-	-

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Performa disclosures of the impact of the fair

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	31-Mar-13	31-Mar-12
Profit/Loss as reported	49,993.60	7,222.15
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(453.09)	(538.49)
Performa profit	49,540.51	6,683.67
Earnings Per Share (In ₹)		
<b>Basic</b>		
- As reported	12.34	1.78
- Pro forma	12.23	1.65
<b>Diluted</b>		
- As reported	12.34	1.78
- Pro forma	12.22	1.65

16. a) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ₹ 114.41 (Previous year ₹ 151.69 lacs) during the current year and has accumulated losses of ₹ 1,284.50 (Previous year ₹ 1170.09 lacs) as at March 31, 2013, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.
- b) A subsidiary of the Company, Hiranandani Healthcare Private Limited ('HHPL'), has incurred profit of ₹ 253.66 lacs (Previous year ₹ 528.12 lacs) during the current year and has accumulated losses of ₹ 5,380.72 (Previous year ₹ 5,634.58 lacs) as at March 31, 2013, which has resulted in complete erosion of HHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of HHPL have been prepared on a going concern basis.
- c) A subsidiary of the Company, Fortis Health Staff Limited ('FHSL'), has incurred profit of ₹ 107.61 lacs (previous year loss of ₹ 52.50 lacs) during the current year and has accumulated losses of ₹ 1,371.40 lacs (Previous year ₹ 1,479.01 lacs) as at March 31, 2013, which has resulted in complete erosion of FHSL's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHSL have been prepared on a going concern basis.
- d) A subsidiary of the Company, Fortis Health Management (West) Limited ('FHM(W)L'), has incurred loss of ₹ 11.02 lacs (Previous year loss of ₹ 17.68 lacs) during the current year and has accumulated losses of ₹ 28.70 lacs (Previous year ₹ 17.68 lacs) as at March 31, 2013, which has resulted in complete erosion of FHM(W)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(W)L have been prepared on a going concern basis.
- e) A subsidiary of the Company, Fortis Health Management (South) Limited ('FHM(S)L'), has incurred loss of ₹ 61.88 lacs (Previous year loss of ₹ 3.92 lacs) during the current year and has accumulated losses of ₹ 65.80 lacs (Previous year ₹ 3.92 lacs) as at March 31, 2013, which has resulted in complete

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

erosion of FHM(S)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(S)L have been prepared on a going concern basis.

- f) A subsidiary of the Company, Fortis Health Management C-Doc Limited ('C-Doc'), has incurred loss of ₹ 561.72 lacs (Previous year profit of ₹ 4.43 lacs) during the current year and has accumulated losses of ₹ 588.26 lacs (Previous year ₹ 26.54 lacs) as at March 31, 2013, which has resulted in complete erosion of C-Doc's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of C-Doc have been prepared on a going concern basis.
- g) A subsidiary of the Company, Fortis Health Management (East) Limited ('FHM(E)L'), has incurred loss of ₹ 67.62 lacs (Previous year loss of ₹ 7.87 lacs) during the current year and has accumulated losses of ₹ 75.49 lacs (Previous year ₹ 7.87 lacs) as at March 31, 2013, which has resulted in complete erosion of FHM(E)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(E)L have been prepared on a going concern basis.
- h) A subsidiary of the Company, Fortis Health Management (North) Limited ('FHM(N)L'), has incurred loss of ₹ 11,864.25 lacs (Previous year profit of ₹ 4,629.98 lacs) during the current year and has accumulated losses of ₹ 7,234.37 lacs (Previous year accumulated profit ₹ 4,629.98 lacs) as at March 31, 2013, which has resulted in complete erosion of FHM(N)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(N)L have been prepared on a going concern basis.
- i) A joint venture of the Company, Fortis Cauvery ('Cauvery'), has incurred loss of ₹ 316.75 lacs (Previous year loss of ₹ 123.98 lacs) during the current year and has accumulated losses of ₹ 440.72 lacs (Previous year accumulated loss ₹ 123.98 lacs) as at March 31, 2013. In view of the commitment of continued financial support by the partners, the accounts of Cauvery have been prepared on a going concern basis.
- j) A subsidiary of the Company, Fortis Healthcare Pte Limited ('FAHPL'), has incurred loss of ₹ 7,685.26 lacs (Previous year loss of ₹ 227.14 lacs) during the current year and has accumulated losses of ₹ 5,866.27 lacs (Previous accumulated profit ₹ 1,818.99 lacs) as at March 31, 2013. In view of the commitment of continued financial support by the shareholders, the accounts of FAHPL have been prepared on a going concern basis.
- k) A subsidiary of the Company, Fortis Healthcare International Limited ('FHIL'), has incurred profit of ₹ 3,498.21 lacs (Previous year profit of ₹ 371.79 lacs) during the current year and has accumulated losses of ₹ 2,029.52 lacs (Previous year ₹ 5,527.73 lacs) as at March 31, 2013. In view of the commitment of continued financial support by the shareholders, the accounts of FHIL have been prepared on a going concern basis.
- l) A subsidiary of the Company, Fortis Healthcare International Pte Limited ('FHIPL'), has incurred loss of ₹ 24,217.10 lacs (Previous year profit of ₹ 1,668.97 lacs) during the current year and has accumulated losses of ₹ 46,914.06 lacs (Previous year ₹ 22,696.96 lacs) as at March 31, 2013. In view of the commitment of continued financial support by the shareholders, the accounts of FHIPL have been prepared on a going concern basis.

### 17. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

#### Defined benefit plan

The Group companies have a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The companies of the Group also provides leave encashment benefit to its employees, which is unfunded. The following table summarizes the components of net employee benefit expenses recognized in the consolidated statement of profit and loss:

(₹ in lacs)

Particulars	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2012-2013	2012-2013	2011-2012	2011-2012
<b>Profit and Loss account</b>				
<b>Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)</b>				
Current Service cost	503.23	94.50	413.19	48.24
Interest Cost on benefit obligation	168.49	33.48	136.85	21.35
Expected return on plan assets	-	(35.03)	-	(22.38)
Reversal of excess provision	(2.43)	1.21	(0.60)	-
Actuarial loss/(gain) recognized during the year	284.47	47.17	(65.33)	9.42
Past Service Cost	-	-	-	-
Net benefit expense	953.76	141.33	484.11	56.63
Actual return on plan assets	-	-	-	-
<b>Balance sheet</b>				
<b>Details of Provision for Gratuity as at year end</b>				
Present value of defined benefit obligation	2,819.27	624.49	2,085.70	403.45
Fair value of plan assets	-	409.31	-	395.46
Surplus/(deficit) of funds	(2,819.27)	(215.18)	(2,085.70)	(7.99)
Net asset/ (liability)	(2,819.27)	(215.18)	(2,085.70)	(7.99)
<b>Changes in present value of the defined benefit obligation are as follows:</b>				
Opening defined benefit obligation	2,085.17	403.45	1,633.54	77.41
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries*	(36.42)	-	340.14	281.97
Current Service cost	503.23	94.50	413.19	48.24
Interest Cost on benefit obligation	168.49	33.48	136.85	21.35
Liability transfer on sale of Hospital undertaking	-	-	(193.90)	-
Reversal of excess provisions	(2.43)	1.21	(0.60)	-
Plan Amendments Cost/ (Credit)	-	-	(30.87)	-
Benefits paid	(183.24)	(14.32)	(147.32)	(29.59)
Actuarial (loss)/ gain recognized during the year	284.47	106.17	(65.33)	4.07

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2012-2013	2012-2013	2011-2012	2011-2012
Closing defined benefit obligation	<b>2,819.27</b>	<b>624.49</b>	2,085.70	403.45
<b>Changes in the fair value of plan assets are as follows:</b>				
Opening fair value of plan assets	-	<b>395.46</b>	-	181.91
Assets assumed on acquisition of Subsidiary*	-	-	-	145.04
Expected return	-	<b>35.03</b>	-	26.84
Contributions by employer	-	<b>19.94</b>	-	70.48
Benefits paid	-	<b>(11.15)</b>	-	(23.47)
Actuarial gains / (losses)	-	<b>(29.97)</b>	-	(5.34)
Closing fair value of plan assets	-	<b>409.31</b>	-	395.46

The Principal assumptions used in determining gratuity obligation for the Group's plan are shown below:

Particulars	As at March 31, 2013	As at March 31, 2012
<b>In case of FHL, FHTL, IHL, EHSSHL</b>		
Discount rate	<b>8.00%</b>	8.60%
Expected rate of return on plan assets	<b>NA</b>	NA
Expected rate of salary increase	<b>7.50%</b>	7.50%
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>18%</b>	18%
From 31 to 44 years	<b>6%</b>	6%
Above 44 years	<b>2%</b>	2%
<b>In case of EHIRCL and EHSSIL</b>		
Discount rate	<b>8.00%</b>	8.60%
Expected rate of return on plan assets	<b>NA</b>	NA
Expected rate of salary increase	<b>3.75%</b>	3.75%
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
<b>In case of EHRCL</b>		
Discount rate	8.00%	8.60%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
<b>In case of FHML</b>		
Discount rate	8.45%	8.45%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	10.00% p.a for first 3 years and 8.00% p.a thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
From 31 to 44 years	NA	NA
Above 44 years	NA	NA
Upto 50 years	3%	3%
Above 50 years	2%	2%
<b>In case of FMHL</b>		
Discount rate	8.00%	8.60%
Expected rate of return on plan assets	9.25%	9.25%
Expected rate of salary increase	7.50%	7.50%

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Particulars</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>18%</b>	18%
From 31 to 44 years	<b>6%</b>	6%
Above 44 years	<b>2%</b>	2%
<b>In case of FHsL</b>		
Discount rate	<b>8%</b>	8.45%
Expected rate of return on plan assets	<b>NA</b>	NA
Expected rate of salary increase	<b>10% for first 3 years &amp; 8% thereafter</b>	10% for first 3 years & 8% thereafter
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>10%</b>	10%
Upto 40 years	<b>5%</b>	5%
Upto 50 years	<b>3%</b>	3%
Above 50 years	<b>2%</b>	2%
<b>In case of FHM(N)L</b>		
Discount rate	<b>8.00%</b>	8.60%
Expected rate of return on plan assets	<b>9.25%</b>	9.25%
Expected rate of salary increase	<b>3.75% - 7.50%</b>	3.75% - 7.50%
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>6% - 18%</b>	6% - 18%
From 31 to 44 years	<b>2% - 6%</b>	2% - 6%
Above 44 years	<b>1% - 2%</b>	1% - 2%
<b>In case of Fortis Cauvery and KHL</b>		
Discount rate	<b>8.00%</b>	8.45%
Expected rate of return on plan assets	<b>NA</b>	NA

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	10.00% p.a for first 3 years and 8.00% p.a thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
Upto 50 years	3%	3%
Above 50 years	2%	2%
<b>In case of LHPL</b>		
Discount rate	8.00%	8.45%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	10.00% p.a for first 3 years and 8.00% p.a thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
Upto 50 years	3%	3%
Above 50 years	2%	2%
<b>In case of HHPL</b>		
Discount rate	8.00%	8.45%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years starting from April 1, 2012 and 8.00% p.a thereafter	10.00% p.a for first 3 years starting from April 1, 2012 and 8.00% p.a thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) duly modified



**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>Particulars</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>18%</b>	18%
From 31 to 44 years	<b>5%</b>	5%
Above 44 years	<b>3%</b>	3%
<b>In case of C-Doc</b>		
Discount rate	<b>8.00%</b>	8.60%
Expected rate of return on plan assets	<b>NA</b>	NA
Expected rate of salary increase	<b>7.50%</b>	7.50%
Mortality table referred	<b>Indian Assured Lives Mortality (2006-08) (Modified) ULT.</b>	LIC (1994-96) duly modified
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>18%</b>	18%
From 31 to 44 years	<b>6%</b>	6%
Above 44 years	<b>2%</b>	2%
<b>In case of SRL</b>		
Discount rate	<b>8.13% - 8.18%</b>	8.50% - 8.61%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%
Expected rate of salary increase	<b>6.50%</b>	6.50%
Mortality table referred	<b>LIC (1994-96) ultimate</b>	LIC (1994-96) ultimate
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>3%</b>	3%
From 31 to 44 years	<b>2%</b>	2%
Above 44 years	<b>1%</b>	1%
<b>In case of MSML</b>		
Discount rate	<b>8.07%</b>	8.67%
Expected rate of return on plan assets	<b>-</b>	-
Expected rate of salary increase	<b>4.00%</b>	4.00%
Mortality table referred	<b>LIC (1994-96) ultimate</b>	LIC (1994-96) ultimate
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	<b>4%</b>	4%
From 31 to 44 years	<b>4%</b>	4%
Above 44 years	<b>4%</b>	4%

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
<b>In case of FHM(E)L</b>		
Discount rate	8.00%	N/A
Expected rate of return on plan assets	-	N/A
Expected rate of salary increase	7.50%	N/A
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	N/A
<b>Withdrawal rate/ Employee Turnover Rate</b>		
Upto 30 years	18%	N/A
From 31 to 44 years	6%	N/A
Above 44 years	2%	N/A

Amounts for the current and the previous four years are as follows:-

	Year ending				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation at the end of the period	(3,443.77)	(2,489.14)	(1,740.00)	(1,351.98)	(912.91)
Plan assets at the end of the period	409.31	395.46	181.91	146.52	109.96
Funded status	(3,034.45)	(2,093.69)	(1,558.09)	(1,205.46)	(802.95)
Experience gain/ (loss) adjustment on plan liabilities	(245.41)	(72.47)	(139.94)	(24.05)	(69.53)
Experience gain/ (loss) adjustment on plan assets	(29.97)	(17.29)	0.28	0.86	8.57
Actuarial gain/ (loss) due to change on assumptions	(52.84)	57.93	-	17.82	211.01

**Notes:**

- The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
  - The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.
  - The group has invested in the schemes with Life Insurance Corporation of India for the plan assets.
18. During the financial year 2010-11, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2013 amounting to ₹ 986.62 lacs (Previous Year ₹ 603.13 lacs). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2013 considered for restatement of the Bonds at the year end was ₹ 54.285= US Dollar 1 (₹ 54.9449 = US Dollar 1 at March 31, 2012).

19. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 1,288.53 lacs and ₹. Nil (Previous year ₹ Nil and ₹ 103.12) arise on the acquisition of FMHL and FHTL, subsidiaries of the Company.
20. During the previous year, certain shareholders of the SRL had agreed to gift 1,500,000 shares of the SRL to some employees/ directors and consultants of SRL in lieu of motivating them and retaining them over the balance period of engagement agreement with them or for 3 years from the date of execution of gift deed signed with them dated July 7, 2011, whichever is higher. The shares are transferred by the shareholders of SRL in an escrow account which is managed, controlled and operated solely by the escrow agent, in accordance with the provisions of the escrow agreement. At the expiry of the term as mentioned above and on satisfaction of conditions mentioned in the respective gift deeds, the shareholders shall direct the escrow agent to release the subjected shares in favor of such employees/ directors and consultants of SRL. The SRL or its subsidiary does not have any settlement/ other obligation under the arrangements either towards employees/ directors and consultants or shareholders. The Guidance Note on Accounting for Employee Share-based Payments does not provide any specific guidance on accounting of grant of shares by the shareholders. Hence, in the absence of any specific guidance, SRL has not accounted/ disclosed for the grant.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

- 21.** Included in the note no. 4(xix) rental security deposit amounting to ₹ 158.54 lacs outstanding from a party in relation to a building vacated by SRL more than 12 months ago, which based on legal action and advice taken as well as management's engagement with the said party is considered good and fully recoverable by the management. Although aged, management does not consider need to make any provision for these recoverable deposits.
- 22.** During the year, the Group has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalized by the Group.

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>Opening Balance (A)</b>	<b>10,803.70</b>	<b>3,357.90</b>
<b>Revenue from Operation</b>		-
In patient	<b>647.46</b>	-
Out patient	<b>269.52</b>	-
Income from medical services	<b>18.85</b>	-
Other operating revenues	<b>14.21</b>	-
Less: Discount	<b>(64.27)</b>	-
Other Income	<b>8.15</b>	-
<b>Total (B)</b>	<b>893.93</b>	-
<b>Purchase of medical consumables and drugs (C)</b>	<b>219.75</b>	<b>3.20</b>
<b>Employee benefits</b>		
Salaries, wages and bonus	<b>2,307.16</b>	2,343.01
Gratuity	<b>27.53</b>	18.72
Leave encashment	<b>21.30</b>	22.38
Contribution to provident & other funds	<b>37.16</b>	25.44
Staff welfare expenses	<b>51.04</b>	25.46
Recruitment & training	<b>0.11</b>	1.18
<b>Total (D)</b>	<b>2,444.30</b>	<b>2,436.19</b>
<b>Other expenses</b>		
Contractual manpower	<b>179.36</b>	-
Power, fuel and water	<b>622.69</b>	124.07
Housekeeping expenses including consumables	<b>79.01</b>	199.75
Patient food and beverages	<b>29.28</b>	-
Pathology laboratory expenses	<b>145.01</b>	-
Radiology expenses	<b>1.11</b>	-
Consultation fees to doctors	<b>23.13</b>	6.44
Professional charges to doctors	<b>1,214.81</b>	9.11

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	31-Mar-13	31-Mar-12
	₹ in lacs	₹ in lacs
Hospital Service fee Expense	464.00	-
Cost of medical services	137.60	6.48
Repairs & maintenance	172.35	37.29
Rent	2,546.76	3,155.02
Legal & professional fee	367.61	189.41
Travel & conveyance	76.05	44.44
Rates & taxes	0.10	789.93
Printing & stationary	13.17	18.74
Communication expenses	46.03	15.45
Insurance	0.02	6.66
Marketing & business promotion	15.98	59.64
Miscellaneous expenses	25.52	215.97
Service Tax Recoverable	-	67.37
<b>Total (E)</b>	<b>6,159.58</b>	<b>4,945.78</b>
<b>Financial expenses</b>		
Interest	326.27	22.68
Bank Charges	1.34	-
Finance Charges	-	37.95
<b>Total (F)</b>	<b>327.61</b>	<b>60.63</b>
<b>Total (G)=(A-B+C+D+E+F)</b>	<b>19,061.02</b>	<b>10,803.70</b>
<b>Less: Expenses allocated to Fixed Assets during the year</b>	<b>(4,543.15)</b>	<b>-</b>
<b>Less: Deletion on sale of subsidiary</b>	<b>(4,444.90)</b>	<b>-</b>
<b>Balance carried forward to Capital Work in Progress</b>	<b>10,072.97</b>	<b>10,803.70</b>

### 23. Interest in joint venture

- a) The Company, through one of its subsidiary, SRL, has entered into a Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and, for this purpose, has incorporated SRL Diagnostics (Nepal) Pvt Ltd. (formerly Super Religare Reference Laboratories (Nepal) Pvt Ltd.) ("SRRL") with 50% interest in assets, liabilities, expenses and income.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2013:

<b>Particulars</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<b>I. EQUITY AND LIABILITIES</b>		
Shareholders' funds	<b>123.65</b>	116.19
Non-current liabilities	<b>13.50</b>	12.13
Current liabilities	<b>29.52</b>	56.00
<b>TOTAL</b>	<b>166.67</b>	184.32
<b>II. ASSETS</b>		
Non-current assets	<b>75.93</b>	78.76
Current assets	<b>90.74</b>	105.56
<b>TOTAL ASSETS</b>	<b>166.67</b>	184.32
<b>Total revenue from operations and other income considered in the consolidated financial statements</b>	<b>184.50</b>	133.51
<b>Total expenses considered in the consolidated financial statements</b>	<b>177.04</b>	137.11
<b>Profit/ (Loss) considered in the consolidated financial statements</b>	<b>7.46</b>	(3.60)

- b) The Company, through another subsidiary, SRLDPL, has entered into a Joint Venture agreement with DDRC SRL Diagnostics Private Limited with 50% interest in assets, liabilities, expenses and income.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2013:

<b>Particulars</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<b>I. EQUITY AND LIABILITIES</b>		
Shareholders' funds	<b>1,141.05</b>	982.88
Non-current liabilities	<b>143.32</b>	149.02
Current liabilities	<b>385.74</b>	294.96
<b>TOTAL</b>	<b>1,670.11</b>	1,426.86
<b>II. ASSETS</b>		
Non-current assets	<b>1,246.13</b>	1,110.22
Current assets	<b>423.98</b>	316.64
<b>TOTAL ASSETS</b>	<b>1,670.11</b>	1,426.86
<b>Total revenue from operations and other income considered in the consolidated financial statements</b>	<b>2,604.66</b>	1,965.73
<b>Total expenses considered in the consolidated financial statements</b>	<b>2,446.49</b>	2,043.82
<b>Profit/ (Loss) considered in the consolidated financial statements</b>	<b>158.17</b>	(78.09)

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- c) During the previous year, Fortis Health Management (South) Limited, a subsidiary of the Company, has entered into a Partnership agreement with Dr. Chandrashekar G.R. and Dr. Sarla Chandershekar on April 27, 2011 with 51% share in assets, liabilities, income and expenses, to provide cardiac care facilities.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2013:

Particulars	As at 31 March 2013	As at 31 March 2012
<b>I. EQUITY AND LIABILITIES</b>		
Shareholders' funds	81.23	232.57
Non-current liabilities	191.94	177.92
Current liabilities	396.57	109.23
<b>TOTAL</b>	<b>669.74</b>	<b>519.72</b>
<b>II. ASSETS</b>		
Non-current Assets	536.46	474.51
Current assets	133.28	45.21
<b>TOTAL ASSETS</b>	<b>669.74</b>	<b>519.72</b>
<b>Total revenue from operations and other income considered in the consolidated financial statements</b>	<b>450.71</b>	<b>25.80</b>
<b>Total expenses considered in the consolidated financial statements</b>	<b>612.26</b>	<b>89.03</b>
<b>Loss considered in the consolidated financial statements</b>	<b>(161.55)</b>	<b>(63.23)</b>

### 24. Restructuring:

- a. During the year ended March 31, 2012, the Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light model. Subsequent to it RHT, a business trust established in Singapore, was listed on the Singapore Exchange Securities Trading Limited ('SGX-ST') on October 19, 2012.

RHT made an offering of 567,455,000 common units at \$ 0.90 per common unit. Post listing of RHT on SGX-ST on October 19, 2012, Group's shareholding in RHT has been diluted from 100% to 28%. Accordingly, assets and liabilities of Clinical Establishment Division held by RHT Group do not form part of the consolidated assets and liabilities of the Group w.e.f. October 19, 2012. Company has recognized gain of ₹ 99,588.79 lacs on dilution of stake in RHT Group. Revaluation reserve pertaining to fixed assets of RHT Group has been transferred to general reserve.

FHL as sponsor of RHT has waived off its right to receive dividend from RHT from the date of listing till March 31, 2014, accordingly, management has not accounted for profits of RHT.

- b. The following transactions have taken place during the year ended March 31, 2013:-
- Fortis Hospitals Limited ('FHsL'), a subsidiary of the Company, has sold its clinical establishment divisions at Bennarghatta Road, Bangalore and Mulund, Mumbai to Kanishka Healthcare Limited ('KHL') for a consideration of ₹ 20,200 lacs and Anandpur, Kolkata and Kalyan, Maharashtra to International Hospital Limited ('IHL') for a consideration of ₹ 12,850 lacs on a slump sale basis.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

ii. Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company, has sold its clinical establishment division at Chennai to Fortis Health Management Limited ('FHML') for a consideration of ₹ 7,000 lacs on a slump sale basis.

iii. Investments in the following companies have been diluted:-

- a) Escorts Heart Institute and Research Centre Limited ('EHIRCL') has sold 4% stake in FHML to Fortis Global Healthcare Infrastructure Pte Limited ('FGHIPL') for a consideration of ₹ 3,861.75 lacs.
- b) FHsL has sold 48% and 4% stake in Kanishka Healthcare Limited ('KHL') to Escorts Health and Super Speciality Institute Limited ('EHSSIL') and FGHIPL for a consideration of ₹ 45,758.26 lacs and ₹ 3,815.42 lacs respectively.

c. On completion of the Trial Phase Services Agreement, Fortis Health Management (North) Limited ('FHM(N)L') has entered into Hospital and Medical Services Agreement ('HSMA') with EHSSIL for hospital at Amritsar, Escorts Hospital and Research Centre Limited ('EHRCL') for hospital at Faridabad, IHL for hospital at Noida and Fortis Hospotel Limited ('FHTL') for hospital at Shalimar Bagh, which are effective from April 1, 2012.

In addition, FHM(N)L has entered into HSMA with FHTL for hospital at Gurgaon from August 1, 2012. FHsL has entered into HSMA with IHL for hospitals at Anandpur and Kalyan; and with KHL for hospitals at Mulund and Bannerghatta Road with effect from October 19, 2012; Fortis Malar Hospitals Limited has entered into HSMA with FHML for hospital at Chennai with effect from October 19, 2012.

IHL, EHSSIL, EHSSHL, KHL, FHML and EHRCL are collectively referred to as Hospital Service Companies. FHM(N)L, FHsL and FMHL are collectively referred as Fortis Operating Companies.

d. On January, 9 2012, FHML entered into Share Purchase Agreement to acquire 49% interest in FHTL at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Shalimar Bagh Clinical Establishment and Gurgaon Clinical Establishment. FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML has a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a fixed price, subject to fulfillment of certain conditions, applicable laws including, and receipt of necessary approvals from all third parties. FHML also has the right to appoint 50% of the directors of FHTL, including the chairman of the board of directors who will have the casting vote in case of deadlock on any matter, including all financial and operating policies of the company, brought to the board of directors for its approval. Additionally, the Company has assigned its right to receive dividends from FHTL in favour of FHML. By virtue of availability of above rights under the Shareholder's agreement, FHTL has been deconsolidated from the Group. In addition, FHML has a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML is unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option shall be exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.

25. A) During the year ended March 31, 2013, the EHIRCL has issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹10 each at a premium of ₹ 7,456.98 per CCPS to Kanishka Healthcare Limited ('KHL') with a maturity period of 15 years aggregating to ₹ 30,000 lacs. The holder of CCPS shall be entitled to receive, only out of fund legally available for the payment



## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

of dividends, dividends in respect of the par value of the invested CCPS at a per annum rate of 0.01%. The fixed dividend shall be payable on a cumulative basis at the end of a period of 15 years. On conversion date, each CCPS will be convertible in to one equity share, provided that the price for conversion shall not at any instance be lesser than the investment valuation. Other key terms of CCPS agreement are:-

- a) CCPS Put Option – KHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS upon occurrence of KHL having exercised Fortis Hospotel Limited ('FHTL') Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML, as per above.
- b) In case of FHTL call Option the Company is required to pay sum equal to the fair valuation of Equity Shares of EHIRCL as per DCF Method.
- c) In case of FHTL put option Company has right to purchase, subject to due compliance with law, all CCPS at consideration equal to KHL's contribution along with coupon rate agreed.

If KHL becomes entitled to exercise the CCPS Put Option, but does not exercise the CCPS Put Option within 90 business days thereof, then the Sponsor shall at any time after the expiry of such 90 business days, be entitled to require KHL to sell all of the CCPS to the Sponsor for a consideration equal to the CCPS Subscription Amount along with the coupon of 0.01% accrued thereon as of such date.

- B) Pursuant to the Shareholders Agreement dated June 12, 2012 executed by and amongst SRL Limited ("SRL"), the Company, International Finance Corporation (IFC), NYLIM Jacob Ballas India Fund III LLC (NJBIF) and existing investors (Avigo and Sabre Group) of SRL, SRL has allotted 4,000,000 and 8,333,333 Compulsorily Convertible Preference Shares ('CCPS') of ₹ 20/- each at a premium of ₹ 280/- each to IFC and NJBIF respectively, aggregating to ₹ 37,000 lacs.

In the event of liquidation of the subsidiaries before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

26. As part of Sponsor Agreement entered between The Trustee-Manager of RHT, FGHIPL and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has provided following indemnities:-

- i) To RHT and its, directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Company's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

- ii) The Company has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies.

- 27.** During the current year, Fortis Health Management (North) Limited ('FHMNL') and Fortis Hospitals Limited ('FHsL') subsidiaries of the Company have filed an application with Hon'ble Delhi High Court for merger of the FHMNL with FHsL from an appointed date of April 1, 2012 (scheme), with an objective of reducing administrative cost, overhead, managerial & other expenditure and to bring the expertise, technology & facilities under one roof. It would also simplify corporate structure which would provide management more scope to focus on development of business of the companies. The scheme has already been approved by the shareholders of both the subsidiaries.

**28. Discontinuing of operations relating to Dental Corporation Holdings Limited ("DC"), Australia**

During the year ended March 31, 2013, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company entered into a Non-Binding Indicative offer to divest its 63.51% holding in DC to BUPA, Australia for a consideration of AUD 276 million.

DC operations consist of dental practices across Australia, New Zealand and Canada and are part of the geographical market "Outside India" of the group operations.

The following statement shows the revenue and expenses of discontinuing operations:

(₹ in lacs)

Particulars	Year ended	
	March 31, 2013	March 31, 2012
Revenue	181,341.54	36,814.79
Expenses	147,689.36	30,008.23
<b>Profit from operating activities</b>	<b>33,652.18</b>	6,806.56
Finance costs	14,760.85	4,574.26
Depreciation and amortization expense	9,198.02	769.25
<b>Profit before tax</b>	<b>9,693.31</b>	1,463.05
Income tax expense	4,392.53	421.69
<b>Profit after tax</b>	<b>5,300.78</b>	1,041.36

The carrying amounts as on March 31, 2013 relating to DC is as follows:

Particulars	31-Mar-13	31-Mar-12
	(₹ in lacs)	(₹ in lacs)
Total Assets	397,506.66	283,823.55
Total Liabilities	152,153.08	120,236.81
Net Assets	245,353.58	163,586.74

Above total assets include fixed assets of ₹ 305,929.93 lacs.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Further, net cash flows attributable to above discontinuing operations included in the consolidated cash flow statement are as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Net cash flows from operating activities	19,294.10	2,381.20
Net cash flows from investing activities	(57,605.26)	(11,203.08)
Net cash flows from financing activities	27,937.60	22,829.78

The deal is subject to shareholders and regulatory approvals and will be completed in due course. In relation to the transaction, difference between the estimated sales values i.e. ₹ 150,401.48 lacs and the carrying value of net assets of DC i.e. ₹ 155,735.48 lacs, amounting to ₹ 5,334 lacs are considered as impairment loss of goodwill.

### 29. Particulars of Unhedged Foreign Currency Exposure:

(Amount in lacs)

Particulars	Foreign Currency	Mar-13		Mar-12	
		Foreign Currency	₹	Foreign Currency	₹
		Amount		Amount	
Trade payables	USD	2.66	145.51	11.03	566.35
	Euro	—	—	0.30	20.36
	SGD	10.13	443.17	9.38	380.65
	HKD	12.62	88.27	—	—
	AUD	154.11	8,712.82	—	—
	VND	82.53	0.21	—	—
	AED	0.13	1.91	—	—
	CND	34.15	1,821.87	—	—
Bank balances	HKD	109.08	762.77	8.17	53.64
	AUD	123.03	6,955.66	1.07	56.69
	SGD	126.89	5,550.85	17.45	707.90
	VND	43.59	0.11	2.48	0.01
	USD	27.07	1,469.37	5.20	265.02
	AED	4.34	64.11	—	—
	CND	78.39	4,182.76	—	—
Trade receivables	USD	3.16	171.63	2.28	118.32
	SGD	34.72	1,518.99	10.58	429.30
	HKD	270.09	1,888.62	—	—
	AUD	134.54	7,606.46	—	—
	VND	27.95	0.07	—	—
	AED	22.65	334.72	—	—
	CND	41.45	2,211.69	—	—
Advance from Customers	Euro	0.04	3.12	0.04	2.57
	USD	0.05	2.59	0.08	4.18

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Foreign Currency	Mar-13		Mar-12	
		Foreign Currency	₹	Foreign Currency	₹
		Amount		Amount	
EEFC Accounts	Euro	—	—	—	0.15
	USD	—	—	0.12	6.14
Cash balances	AED	0.02	0.30	0.01	0.15
	Euro	0.01	0.72	0.01	0.71
	USD	0.02	0.99	—	0.07
	GBP	0.00	0.08	—	0.08
	SGD	0.00	0.09	—	0.08
Advances to Vendors	USD	0.19	15.60	—	—
	JPY	7.25	4.18	—	—
Letter of Credit	Euro	—	—	0.34	23.47
	USD	—	—	0.03	1.53
Buyers Credit	USD	1.51	81.80	22.23	1,132.61
	Euro	5.79	403.11	—	—
Foreign Currency Loans					
- Loans taken	Euro	—	—	2.04	139.07
	USD	1,143.42	59,356.56	1,096.69	55,870.73
- Loans given	SGD	—	—	144.28	5,852.37
	AED	1.53	22.66	—	—

## 30. Forward Contract

Subsidiaries of the Company has taken foreign currency derivative instrument to hedge its foreign currency risk. The outstanding position of derivative instruments as on March 31, 2013 is as under:

(₹ in lacs)

Particulars of Derivatives	As on March 31, 2013	As on March 31, 2012	Purpose
Outstanding Forward Contracts -Buy: Singapore Dollar (SGD) 9,500,000 (previous year 4,500,000)	4,155.92	1,895.60	Foreign currency loans
Outstanding Forward Contracts -Buy US Dollar (USD) 92,703,844 (previous year 60,000,000)	50,324.28	30,212.70	Foreign currency loans
Interest rate swaps -Hong Kong Dollar (HKD) 4,606,000 (previous year 6,131,000)	322.07	402.62	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 1.81-1.85% p.a. and receive a variable interest @ 0.57% on the loan amount.
-Australian Dollar (AUD) 101,448,934 (Previous year 105,240,000)	57,357.02	5,571.92	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest and receive a variable interest on the loan amount.

## NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- 31.** The Group has subscribed to 98,000 Ordinary Shares of Fortis Medicare International Limited ('FMIL') of USD 1 each during the year ended March 31, 2011, the details of which are given below:

Particulars	March 31, 2013	March 31, 2012
Cost of Investment	47.68	47.68
Share in post-acquisition losses upto the beginning of the year	914.33	857.69
Share in losses for the current year	84.52	56.64
Exchange translation adjustments	5.61	6.04
Payable against losses of associate	945.56	860.61

The Group has entered into an agreement with the shareholders of FMIL, as per which Group has committed to make payments on behalf of associate to satisfy obligations of it.

- 32.** In respect of subsidiaries incorporated in India, Finance Act 2012, has introduced provisions with respect to domestic transfer pricing that require all tax payers to whom provisions of domestic transfer pricing apply to complete transfer pricing documentation which will form the basis of form 3CEB to be submitted with the tax authorities. The Group is currently in the process of compiling and completing the documents. The management is of the belief that the aforesaid legislation will not have any material impact on the financial statements.

**33. Subsequent events:**

During the current year the Company initiated an institutional placement programme ('IPP') for issuance of equity share of the Company. The Issue was authorized by the Board of Directors through circular resolutions dated November 27, 2012 and by the Company's shareholders through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013.

Subsequent to March 31, 2013 under the IPP the Company issued 34,993,030 equity shares of face value ₹ 10 each at a price of ₹ 92 per equity share. The transaction was concluded in May 2013. The total proceeds of the Issue were approximately ₹ 32,193.59 lacs which will be use in repayment of debts, funding capital expenditure requirements and general corporate purposes.

**34. Previous Year Figures**

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

As per our report of even date attached

**For S. R. Batliboi & Co. LLP**  
Firm Registration Number: 301003E  
Chartered Accountants

**per Pankaj Chadha**  
Partner  
Membership No.: 91813

Place : Gurgaon  
Date : May 30, 2013

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

**Shivinder Mohan Singh**  
Executive Vice Chairman

**Rahul Ranjan**  
Company Secretary

Place : Gurgaon  
Date : May 30, 2013

**Balinder Singh Dhillon**  
Executive Director

**Sandeep Puri**  
Chief Financial Officer

## Notes

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# FORTIS PRESENCE

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Our newly opened flagship hospital in Gurgaon, India, The Fortis Memorial Research Institute (FMRI)



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