

GROWING THROUGH MEDICAL EXCELLENCE

20th ANNUAL REPORT 2010-11



 **Fortis**
M A L A R
H O S P I T A L



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Krish Ramesh, Whole-time Director
Dr. Lloyd Nazareth
Dr. Nithya Ramamurthy
Mr. P. Murari
Mr. Ramesh L.Adige
Mr. Sanjay Jayavarthanavelu

COMPANY SECRETARY

Mr. Ramit Rastogi

AUDITORS

K. GOPALAN & Co.,
Chartered Accountants,
G2, Padmaja Flats,
5/3, Cart Track Road,
T.Nagar, Chennai - 600 017.

REGISTERED OFFICE

52, First Main Road, Gandhi Nagar,
Adyar, Chennai - 600 020.
Phone: + 91 - 44 - 2491 4023, 2491 4393
+ 91 - 44 - 4289 2222

KEY EVENTS 2010 - 2011



Heart Failure and Arrhythmia Summit 2011



Heart Failure and Arrhythmia Summit 2011



Road Safety Week



Head Injury Awareness Day Rally on the 20th March, 2011

CSR EVENTS 2010 - 2011



Screening camp at 'Silver and Spring School'



Cardiac Screening camps at Tirupathur



Screening camp at Minjur

BOARD OF DIRECTORS



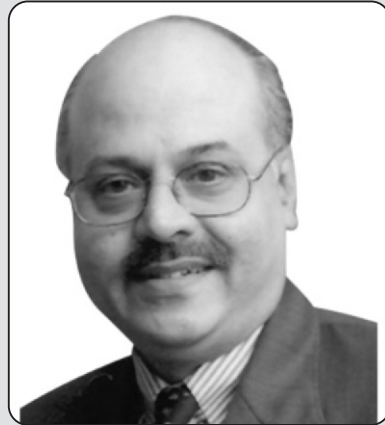
Dr. Lloyd Nazareth



Mr. Krish Ramesh



Dr. Nithya Ramamurthy



Mr. Ramesh L. Adige



Mr. P. Murari



Mr. Sanjay Jayavarthanelu

MESSAGE FROM DR. LLOYD NAZARETH



Dear Shareholders,

It is my pleasure to share the Fortis Malar Hospitals Ltd's performance with you for the financial year 2010-11. I am pleased to share that the year gone by has been a very significant year, as the Company achieves good growth performance in terms of financial numbers, and also made strides in patient safety and care quality indices, clinical excellence, process management and exploration of new business segments.

The year gone by has been significant for your Company with turnover growth of more than 30% to ₹ 84 Crores from the levels of ₹ 64 crores in the previous year. The net profit of the company stands at ₹ 5.44 Crores for the year ended March 31, 2011 as against a profit of ₹ 3.50 Crores in 2009-2010, marking a handsome growth of more than 55%. The hospital continues to be certified as compliant with the requirements of ISO 9001:2000 by the international certification services limited.

The Company also entered into some key foreign tie-ups to enhance our international business. We must add that our international business has started growing rapidly and is showing enormous progress.

We have improved our systems and controls to take care of Statutory Compliances. An effective internal audit system is a fundamental component of good governance and the Company has appointed an independent reputed team of internal auditors that continuously monitors the operations and processes of the organization in every aspect of the hospital. The primary focus of internal auditing, as it relates to corporate governance, is to help the Audit Committee of the Board of Directors to discharge its duties responsibly and effectively. As an organization, we are focussed on implementation of effective corporate governance.

The audit process adopted by the Company is a key enabler in ensuring compliance at all levels.

Your Company continues to monitor the Facility Management by daily and periodic meetings and supported by periodic reviews by the Zonal Director and by Fortis top Management. This streamlined approach has helped in the effective planning and co-ordination, required for making sound business decisions.

This disciplined process has helped us in resolving many issues in a proactive manner by making use of the rich and diverse experience available across the Group and we derive maximum benefit by using this to the fullest extent.

In an industry, where human skill plays a very significant role, a high standard of Human Resources Management is critical for delivering medical excellence to our customers. This, covers both the clinical and non clinical talent and we need to nurture and train them continuously to keep pace with fast happening developments around us in the medical field. Human Resources are amongst the most important inputs with in a Healthcare Delivery System and its performance, as well as the benefits it delivers, depends largely upon the knowledge, skills and motivation of those that are responsible for delivering the health care services. Various initiatives through out the year have helped contributing to our increased human resource efficiency and training is organized regularly for employees in each department. Our continuous emphasis on improving the quality of nursing has started bearing fruit and we have seen excellent feedback from patients and attendants on this score. We will continue to ensure that this area remains central for us.

The last three years have seen giant strides in the history of Fortis Malar and this has also been vindicated in the financial performance of the Company. As we leave 2010-11 behind, we look forward to the coming year with positivity and optimism. Fortis Malar would grow in terms of expanding our current hospital infrastructure, strengthening current medical program and focus on gaining business shares in Domestic and International Markets.

And, last but certainly not the least, we at Fortis Malar remain committed to clinical excellence and distinctive patient care, and this is manifest in every aspect of our hospital processes, design, patient services and medical programmes. I take this opportunity to thank every member of our Board for their continued guidance and support and all our medical and non-medical hospital staff, for their passion and commitment. And, dear Shareholders, I especially thank each one of you, for your continued confidence in the Company.

Best Wishes,

(Dr Lloyd Nazareth)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the Company will be held on Monday, the 4th day of July, 2011 at 2:00 P.M. at P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha (Regd) – Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017, to transact the following business:

As An Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Statutory Auditors thereon.
2. To appoint a director in place of Mr. Ramesh L. Adige, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. P. Murari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s S.R. Batliboi & Co., (Firm Registration No. 324982E) Chartered Accountants, as Statutory Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, in place of M/s K. Gopalan & Co., Chartered Accountants, the retiring statutory Auditors, who have expressed their unwillingness to be appointed at this Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Dr. Lloyd Nazareth, who was appointed as an Additional Director w.e.f 28th January, 2011 and who holds office pursuant to Section 260 of the Companies Act, 1956, hereinafter referred to as (“the Act”) upto the date of this Annual General Meeting and from whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation”.

“RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things as may be necessary and incidental to give effect to the above resolution.”

By the order of the Board of Directors
For **Fortis Malar Hospitals Limited,**

Place : Chennai
Date : 16th May, 2011

Ramit Rastogi
Company Secretary

NOTES :

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE SHALL BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING AT THE REGISTERED OFFICE AT 52, FIRST MAIN ROAD, GANDHI NAGAR, ADYAR, CHENNAI – 600 020.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed herewith which forms part of the Notice.
3. The additional information on directors seeking appointment / re-appointment at the Annual General Meeting has been provided in the Report on Corporate Governance.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 30th day of June 2011 to Monday, 4th day of July 2011 (both days inclusive).
5. In terms of Section 219(1) of the Companies Act, 1956, as also Clause 32 of the Listing Agreement, the full and complete annual report containing, inter alia, the full sets of all the documents referred to therein are available for inspection at the Registered Office of the Company during the working hours on all business days beginning from the date of this Notice till the date of the AGM.
6. Members are requested to bring their copy of Annual Report and Accounts to the Meeting.

7. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
 - (a) Members who hold shares in electronic form are requested to notify any change in their particulars like change in address, etc., to their respective Depository Participants immediately.
 - (b) Members who hold shares in physical form are requested to notify any change in their particulars like change in address, etc., to the Registrars.
8. Corporate members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name shall be entitled to vote.
10. For security reasons, no article / baggage will be allowed at the venue of the meeting. The members / attendees are strictly requested to not to bring any article/baggage, etc. at the venue of the meeting.
11. The Shareholders who hold shares in dematerialized mode are requested to bring their client master list, depository participant statement / delivery instruction slip reflecting their Client Id and DP Id Nos for easier identification of attendance at the meeting.
12. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized. In case of any clarifications, undersigned may be contacted in person or by communication addressed at the Registered Office of the Company.
13. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. The Shareholders holding shares in physical form & desirous of making nominations may send their nomination request in prescribed form 2B of Companies Act (General Rules & Forms), 1956 which can be obtained from the Company's Registrar, GNSA INFOTECH LIMITED at GR MANSION, 11, SRINIVASA ROAD, PONDY BAZAR, T.NAGAR, CHENNAI or download from the Company's website.
14. Members desiring any information on the Accounts are required to write to the Company at its Registered Office, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to compile and keep the information ready.
15. The certificate from the Statutory Auditors of the Company, certifying that Employee Stock Option Scheme of the Company has been implemented in accordance with Securities and Exchange Board of India (Employee Stock Purchase Scheme) Guidelines 1999, will be available for inspection by the shareholders at the Annual General Meeting.
16. All the documents relevant to the business specified in this Notice are open for inspection by the Shareholders of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m on any working day upto the date of Annual General Meeting

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

The Board of Directors of your Company had, in terms of nomination received from International Hospital Ltd, the holding company, co-opted Dr. Lloyd Nazareth, having rich experience in hospital management, as an additional director of the Company w.e.f. 28th January, 2011, pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 11(9) of the Articles of Association of the Company. The brief details of his qualification, experience etc. is given in Corporate Governance Report forming part of Directors' Report.

As per Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from him proposing his candidature for office of Director under Section 257 of the Companies Act, 1956.

Your Directors believe that with his appointment as Non Executive Director, the Company would be benefited from the expertise and knowledge of the above said director in hospital administration. Hence, the resolution as set out at item No.5 of the Notice is recommended for your approval.

None of the Directors, except Dr. Lloyd Nazareth himself, is concerned or interested in the said resolution.

By the order of the Board of Directors
For **Fortis Malar Hospitals Limited**

Place : Chennai
Date : 16th May, 2011

Ramit Rastogi
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report on business operations together with the Audited Financial Statements and the Auditors' Report of your Company for the financial year ended March 31, 2011.

PERFORMANCE HIGHLIGHTS

The financial highlights of your Company on a consolidated basis for the year under review are given below: (₹ in Lakhs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Total Income	8,369.49	6,424.48
Total Expenditure	7,114.77	5,462.20
Profit Before Interest Tax & Depreciation	1,254.72	962.28
Less: Financial Cost	143.43	163.51
Less: Depreciation/Provision for Obsolescence/Impairment	293.33	265.04
Profits before Tax	817.96	533.73
Net Profits after Tax	544.30	350.29

The financial highlights of your Company on a standalone basis for the year under review are given below: (₹ in Lakhs)

Particulars	For the year ended March 31, 2011	For the year ended 31, 2010
Total Income	8,369.49	6,424.48
Total Expenditure	7,116.70	5,462.64
Profit Before Interest, Tax & Depreciation	1,252.79	961.84
Less: Financial Cost	143.43	163.51
Less: Depreciation/Provision for Obsolescence/Impairment	293.33	265.04
Profits for the period	816.03	533.29
Net Profits	542.97	349.99

FINANCIAL PERFORMANCE

Your Company has done exceedingly well for the successive year, both in terms of Revenue and Profitability. During the year under review, your Company recorded a growth of 30% in consolidated revenues to reach ₹ 8,369.49 lakhs in Financial year 2010-11 from ₹ 6,424.48 Lakhs in Financial year 2009-10. The Company generated ₹ 544.30 lakhs in net profits, an increase of 55% over the previous year's profit of ₹ 350.29 lakhs.

The growth in revenues and profits was an outcome of overall growth across various primary specialties which include Cardiac Sciences, Neuro Sciences, Renal Sciences, Gastroenterology, General Surgery and Diagnostics. The Health Checks and regular MSOT procedures contributed significantly to the revenues. Further, your Company also witnessed significant growth in revenues from International patients.

OPERATIONS

Your Company continued its focus on Patient Care and Patient Welfare Services resulting in significant improvement in Patient satisfaction levels. We continued our investment in renovation activities, upgradation of medical and engineering equipment. Your Company has started Tele-medicine services which would make available the best medical care to patients even to the remotest corner of India and abroad.

DIVIDEND AND TRANSFER OF RESERVES

In view of the unavailability of distributable profits, your Directors express their inability to recommend any dividend for the year. During the year under review, no amount has been transferred to reserves.

STOCK OPTIONS

Pursuant to the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, the details of stock options as on March 31, 2011 under the “Malar Employees Stock Option Plan 2008” are set out in the Annexure to this Directors’ Report.

SUBSIDIARIES

During the Financial Year 2010-11, your Company had only one subsidiary Company viz. Malar Stars Medicare Limited. The main objects of the said wholly-owned subsidiary includes setting up, managing / administering hospitals and to provide medicare and health care services.

Exemption under Section 212(8) of the Companies Act, 1956:

The Ministry of Corporate Affairs, Government of India, vide its General Circular No. 2/2011 dated February 8, 2011 has granted general exemption to the Companies from annexing the Accounts and other information of the subsidiaries along with Accounts of the Holding Company subject to the fulfillment of the conditions prescribed in the said Circular.

Claiming the said exemption, your Company has obtained the consent of its Board of Directors for not attaching the balance sheet of its subsidiary and has disclosed in the Consolidated Balance Sheet, the following information in aggregate for its subsidiary: (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend. The Annual Accounts of the Subsidiary Company and the related detailed information are open for inspection by any shareholder including the shareholder of subsidiary Company at the registered office of the Company and its subsidiary during the working hours on all working days. The Company will make available these documents to the shareholders including shareholders of subsidiary company upon receipt of request from them. The shareholders, if they so desire, may write to the Company to obtain a copy of financials of the subsidiary Company.

GROUP

“Persons” constituting “group” as defined under the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as amended from time to time, include the following:

- a. Mr. Malvinder Mohan Singh;
- b. Mr. Shivinder Mohan Singh;
- c. Mrs. Japna Malvinder Singh Wife of Mr. Malvinder Mohan Singh;
- d. Mrs. Aditi Shivinder Singh Wife of Mr. Shivinder Mohan Singh;
- e. Escorts Heart and Super Speciality Hospital Limited;
- f. Escorts Heart and Super Speciality Institute Limited;
- g. Escorts Heart Centre Limited;
- h. Escorts Heart Institute and Research Centre Limited;
- l. Escorts Hospital and Research Centre Limited;
- j. Fortis Asia Healthcare Pte Limited;
- k. Fortis C – Doc Healthcare Limited;
- l. Fortis Emergency Services Limited;
- m. Fortis Global Healthcare (Mauritius) Limited;
- n. Fortis Global Healthcare Infrastructure Pte Ltd;
- o. Fortis Health Management (East) Limited;
- p. Fortis Health Management (North) Limited;
- q. Fortis Health Management (South) Limited;
- r. Fortis Health Management (West) Limited;
- s. Fortis Health Management Limited;
- t. Fortis Healthcare (India) Limited;
- u. Fortis Healthcare Global Pte Ltd.;
- v. Fortis Healthcare Holdings Limited;
- w. Fortis Healthcare India Holdings Pte Ltd.;
- x. Fortis Healthcare International Limited;
- y. Fortis Healthcare International Pte Limited;
- z. Fortis Hospital Management Limited;

- aa. Fortis Hospitals Limited;
- bb. Fortis Hospotel Limited;
- cc. Fortis Malar Hospitals Limited;
- dd. International Hospital Limited;
- ee. Kanishka Healthcare Limited;
- ff. Lalitha Healthcare Private Limited;
- gg. Malar Stars Medicare Limited;
- hh. Malav Holdings Private Limited;
- ii. RHC Holding Private Limited;
- jj. RHC Holding Pte Ltd.;
- kk. Shivi Holdings Private Limited;
- ll. Super Religare Laboratories Limited.

DEPOSITS

During the year under review, your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 read with the Company (Acceptance of Deposits) Rules, 1975.

DIRECTORS

During the year under review, Mr. Bhavdeep Singh resigned from the Directorship and Chairmanship of the Company w.e.f January 10, 2011. The Board wishes to place its sincere appreciation for the valuable services and support rendered by him during his tenure as a Chairman and Director of the Company.

Further, in terms of nomination received from International Hospital Limited, the holding company, Dr. Lloyd Nazareth has been appointed as an Additional Director of the Company w.e.f. January 28, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Dr. Lloyd Nazareth holds the office upto the date of the ensuing Annual General Meeting and is eligible for appointment as Director of the Company in terms of Section 257 of the Companies Act, 1956.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Ramesh L. Adige and Mr. P. Murari shall retire by rotation as Directors at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

STATUTORY AUDITORS / AUDITORS' REPORT

M/s. K. Gopalan & Co, Chartered Accountants, the retiring Auditors have expressed their unwillingness to be appointed as Statutory Auditors of the Company after the conclusion of the ensuing Annual General Meeting on account of their preoccupations.

Accordingly, it is proposed to appoint M/s. S.R. Batliboi & Co, (Firm Registration No.324982E) Chartered Accountants, who, on being approached, have consented to act as Auditors of the Company and from whom a certificate has been received to the effect that their appointment, if made, will be within the limits prescribed under the provisions of section 224 (IB) of the Companies Act, 1956, in place of M/s. K. Gopalan & Co, Chartered Accountants, to hold office until conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board.

The Auditors have, in their Report to the Shareholders on the Financial Statements of the Company, made the following comments:

ix) (a.) Except the Service tax covered in the Note 12 of Schedule 15, undisputed statutory dues including provident fund, Income Tax, Cess and other material statutory dues have generally been regularly deposited during the period with the appropriate authorities. The Company has not fully remitted the service tax for the payments received. The arrears of service tax outstanding for more than six months as at the last day of financial year is ₹10.96 lacs.

The Company has been claiming service tax on dues from M/s. Star Health and Allied Insurance Co. Ltd. (TPA) under TNCM insurance scheme. There have been disputes on the quantum and applicability of service tax for Government Scheme patients. The management is in discussion with TPA and an amicable settlement is expected soon, otherwise the entire Service Tax dues will be paid within a weeks time.

VOLUNTARY DELISTING OF SHARES

The Madras Stock Exchange Limited (MSE), Chennai, vide its Letter dated November 18, 2010, approved the voluntary delisting application pending with it for a long time. The Company's Equity Shares shall continue to be listed on Bombay Stock Exchange Limited (BSE) which has nation wide trading terminals.

DEMATERIALISATION OF SHARES

Your Company has entered into agreements with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of the shares of the Company. Accordingly, the shares of your Company are available for dematerialization and can be traded in Demat form.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to strive towards highest standards of Corporate Governance while interacting with all the stakeholders. The Report of Board of Directors of the Company on Corporate Governance is given in separate section titled "Report on Corporate Governance which forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis" and forms a part of this report.

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

Except, as disclosed elsewhere in the Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of the financial year and the date of report.

As required under Section 217(2) of the Companies Act, 1956, the Board of Directors informs the shareholders that during the period under review, no changes have occurred in the nature of the Company's business or in the business of the Company's subsidiary or in the nature of the business carried on by them and generally in the classes of business in which the Company has an interest.

Information in accordance with the provisions of section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is annexed to this Report. However, in terms of section 219(I) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Share holders excluding this Annexure. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

1. in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
2. appropriate accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the Profit or Loss of the Company for the period ended on that date;
3. proper and sufficient care has been taken 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;
4. the annual accounts have been prepared on a going concern basis.

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

The particulars as 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, are set in the Annexure included in this Report.

ACKNOWLEDGEMENTS

Your Company is grateful for the co-operation and assistance extended by various Banks and the Government of Tamil Nadu. The Board also wishes to place on record its appreciation of the dedicated services of our consultants, employees and other members of the hospital. The Board also places on record its sincere appreciation to the Shareholders for their continued faith in the management of the Company.

For and on behalf of the Board of Directors

Place : Chennai
Date : 16th May, 2011

Krish Ramesh
(WholeTimeDirector)

Dr. Lloyd Nazareth
(Director)

ANNEXURE - I 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, 2011

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Due to increased load, we have strengthened the Rising Main which resulted in better distribution of power;
- Installation of energy efficient fluorescent lights;
- Replaced neon sign board with LED signages.

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

- Replacement of Gearless Lifts has been planned.

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

- Energy conservation measures taken by the Company from time to time have resulted in considerable reduction of energy consumption and thereby reducing the cost.

B. TECHNOLOGY ABSORPTION

1. RESEARCH & DEVELOPMENT (R & D):

- Nil

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

- The Company installed necessary hardware and software to mesh a Tele-medicine and Enterprise Video Conferencing with other hospitals and clinics.

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

- Tele-medicine will help in reaching out to the best medical care even to the remotest corner of India and abroad;
- Video conferencing helps in reduction of both travel cost and time.

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

- Nil

b) Total foreign exchange earned and used:

- | | |
|--|----------------|
| (i) Earnings: | ₹. 55.15 Lacs |
| (ii) Expenditure: CIF Value of Imports - | ₹. 46.66 Lacs |
| Others | - ₹. 2.94 Lacs |

ANNEXURE - II TO DIRECTORS' REPORT

ESOP Disclosure in Directors' Report
Details of Employee Stock Option Plan 2008 for the year ended March 31, 2011
(As per Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999)

1. Total No. of Options granted

A total of 9,29,712 equity shares equivalent to 5% of the then total paid-up share capital has been earmarked for ESOP 2008. During the year "Nil" options have been granted to employees. Cumulatively, till March 31, 2011, 3,70,000 options equivalent to 1.99% of the paid-up share capital of the Company, have been granted to various employees/Directors of the Company and its subsidiary.

2. Outstanding No of options as on April 1, 2010

As on April 1, 2010, 295,000 valid options were outstanding

3. Pricing formula

The grant price is determined based on the closing price of the Equity Shares of the Company one day prior to the date of grant of the options by the Remuneration Committee in which stock options are granted, on the stock exchange on which the shares of the Company are listed.

During the year no fresh options have been granted.

4. Options vested

Under the above mentioned Scheme, 73,750 options were vested till March 31, 2011,

5. Options exercised

None of the vested options have been exercised till date.

6. Total number of options lapsed/forfeited/cancelled as on March 31,2011

Cumulatively, 75,000 options have been cancelled till March 31, 2011.

7. Total number of Equity shares arising due to exercise of options

As on March 31, 2011, 2,95,000 equity shares would arise due to exercise of the options granted under the scheme (assuming the vesting of valid options and exercise of all valid options vested).

8. Variation of terms of options

No variations have been made to the terms of the options with respect to the original grant.

9. Money realized by exercise of options

As "Nil" options have been exercised till date and hence no money has been realized till date.

10. Total number of options in force

2,95,000 valid options were in force on March 31, 2011.

11. Vesting Schedule

Subject to the right of Remuneration Committee to, in its absolute discretion ,vary or alter the vesting date for an employee or class of employees, the options will vest in the ratio of 25% each year at the end of the first, second, third & fourth year from the date of grant.

12. Lock-in:

There shall be no lock-in after the options have been vested

13. Person wise details of options granted to:

- a) Senior Managerial Personnel
Nil – during the year.

- b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Nil – during the year.

- c) Employees getting options more than 1% of issued Equity Share Capital

Nil - during the year

14. Diluted Earnings Per Share (EPS)

Diluted EPS, pursuant to issue of shares on exercise of option calculated in accordance with AS-20 is ₹ 2.91.

15. Employee compensation cost

The Company has calculated its Employee Compensation Cost on Intrinsic Value Method and the cost is zero. However, the Compensation Cost, if computed on fair value basis (as per Black Scholes Model) is ₹ 9.92 lacs for the year.

16. Impact on profits of the Company and on the EPS arising due to the difference of the fair value of the Stock Options over the intrinsic value of the Stock Options for the Financial Year ended March 31, 2011

Impact on Profit: ₹ 9.92 Lacs

Impact on EPS: ₹ 0.01 per share

Under the above mentioned scheme, the exercise price of the options granted on August 21, 2009 is ₹ 26.20. The fair value of each option, as calculated using the Black Scholes Option Valuation Model is ₹ 13.45 only.

17. Option valuation methodology

The Company has used Intrinsic Value Method; however, for estimating the fair value of the options granted, Black Scholes Option Valuation Model has been used.

17.1 Risk free interest rate

The risk free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the option based on the zero coupon yield curve for Government securities as on date of grant.

17.2 Expected life

A four year vesting schedule applies on all the options granted to the employees. Thus, 25% of the options granted would vest on the completion of 12/24/36/48 months from the grant date

17.3 Expected volatility

Volatility is calculated based on the daily volatility of the stock prices on BSE, over a period of one year prior to the date of grant.

17.4 Expected dividends

No dividend has been paid as yet due to the incidence of losses in past years.

17.5 Price of underlying share at time of grant of option

The fair value of the shares at the time of grant of options on August 21, 2009 was ₹ 26.20. During the year, no fresh options were granted.

18. 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 fair value – ₹ 13.45

Weighted Average Exercise Price – ₹ 26.20

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

Healthcare is emerging as one of the fast-growing service sectors in India, contributing 6% to the country's Growth Domestic Product (GDP). During the first quarter of 2011, India's GDP expanded 7.8 percent over the same quarter of previous year. From 2004 until 2010, India's average quarterly GDP Growth has been witnessed at 8.40 percent.

Favorable demographic profile of Indian population, increased access to information, improved economic prosperity, higher literacy rates, increasing penetration of health insurance, and patient preferences are expected to increase the demand for quality healthcare. Further, lifestyle-related diseases – such as heart disease, diabetes and cancer – are expected to constitute a major chunk of hospitalization cases in the future. In addition, the increasing proportion of the elderly population (60+years) is also expected to provide the healthcare sector with a strong client base.

The Indian healthcare industry has witnessed phenomenal growth over the past few years and is expected to continue its fast pace. As two-third of the expenditure on healthcare is contributed by the private sector, it offers huge growth opportunity for corporate hospitals and healthcare providers.

Government is providing tax incentives under Section 80IB of Income Tax Act to encourage hospitals to be set up anywhere in India with at least one hundred beds for patients. This is an incentive to private players to set up new Greenfield hospitals across India. The increased penetration of medical insurance is also helping the growth of the private sector in healthcare. The insured population can avail of the high-priced better quality treatment provided by the players in the sector.

INDUSTRY STRUCTURE AND DEVELOPMENT

The healthcare industry includes establishments ranging from small-town private practices of physicians who employ only one medical assistant to busy inter-city hospitals that provide thousands of diverse jobs. Hospitals provide complete medical care, ranging from diagnostic services, to surgery, to continuous nursing care. Hospital-based care may be on an inpatient (overnight) or outpatient basis. The mix of workers needed varies, depending on the size, geographic location, goals, philosophy, funding, organization, and management style of the institution. As hospitals work to improve efficiency, care continues to shift from an inpatient to outpatient basis whenever possible. The government, traditionally the largest healthcare provider, is now under pressure to meet evolving and rising demands for healthcare services across the country.

The Indian healthcare sector is expected reach US\$ 280 billion by 2020, according to a report by an industry body. "Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 per cent by 2012 from 5.5 per cent in 2009. It is believed to be the next big thing after IT and predicted to become a US\$ 280 billion industry by 2020," the report said.

OPPORTUNITIES IN HEALTHCARE

• Population:

Many would consider that the massive population of India would be a bane. But it has turned out to be an immense business opportunity across industries like telecom, broadcast and healthcare.

The 1.17 billion population of 2009 is projected to reach 1.33 billion in the next 10 years. Of which almost 60 per cent of population is in the 15-64 year age group - which is the active earning population and will primarily drive the industry, especially the healthcare insurance industry which will make healthcare accessible over a period of time to majority of the population.

The disposable income of Indian families has increased by a whopping 70 per cent since 2004 and is growing at a pace of 10 per cent ever year.

This will lead to increased demand for good quality healthcare even so be it, at a premium.

• Health Insurance:

The Indian health insurance market has emerged as a new and lucrative growth avenue for both the existing players as well as the new entrants. According to a latest research report "Booming Health Insurance in India" by research firm RNCOS released in April, 2010, the health insurance market represents one of the fastest growing and second largest non-life insurance segment in the country. The Indian health insurance market has posted record growth in the last two fiscals (2008-09 and 2009-10).

Out-of-pocket healthcare financing still constitutes 80% of the total spend on healthcare in India. Healthcare insurance penetration is estimated to rise from 3.3% in 2008 to 8% by 2013E at 21% CAGR, covering around 100 million people. Although this is a drop in the ocean compared to the overall population, the higher penetration will increase the affordability of quality healthcare and make it available to a larger population.

- **Comparative low costs and Medical Tourism:**

As per industry studies, almost five million foreigners had availed treatment in Indian healthcare setups by 2008. With surgical cost almost one tenth in western worlds, the estimated 15 billion dollar medical tourism industry will only grow further.

This has led to the creation of health cities and medical tourism hub. Now with immense support of the Indian tourism ministry and its dedicated medical arm, the medical tourism industry in India will grow leaps and bounds.

- **Budgetary incentives and PPP:**

With various tax incentives thrown in by the finance ministry for the healthcare sector and various states realising to the fact that PPP is the best way to bring in quality healthcare at no further costs to them, a huge spurt of activity is seen in terms of new hospital projects launched and PPP initiatives concluded across the country.

RECENT DEVELOPMENTS

In the rapidly changing healthcare industry, technological advances have made many new procedures and methods of diagnosis and treatment possible. Clinical developments, such as infection control, less invasive surgical techniques, advances in reproductive technology, and gene therapy for cancer treatment, continue to increase the longevity and improve the quality of life of many Americans. Advances in medical technology also have improved the survival rates of trauma victims and the severely ill, who need extensive care from therapists and social workers as well as other support personnel.

In addition, advances in information technology have a perceived improvement on patient care and worker efficiency. Devices such as hand-held computers are used record a patient's medical history. Information on vital signs and orders for tests are transferred electronically to a main database; this process eliminates the need for paper and reduces recordkeeping errors. Adoption of electronic health records is, however, relatively low presently.

Cost containment also is shaping the healthcare industry, as shown by the growing emphasis on providing services on an outpatient, ambulatory basis; limiting unnecessary or low-priority services; and stressing preventive care, which reduces the potential cost of undiagnosed, untreated medical conditions. Enrollment in managed care programs - predominantly preferred provider organizations, health

maintenance organizations, and hybrid plans such as point-of-service programs - continues to grow. These prepaid plans provide comprehensive coverage to members and control health insurance costs by emphasizing preventive care. Cost effectiveness also is improved with the increased use of integrated delivery systems, which combine two or more segments of the industry to increase efficiency through the streamlining of functions, primarily financial and managerial. These changes will continue to reshape not only the nature of the healthcare workforce, but also the manner in which healthcare is provided.

OUTLOOK

Demand for quality healthcare is unlikely to slow anytime soon. The health of a population tends to improve with the improvement of economic circumstances, but this improvement in overall health does not necessarily decrease the demand for healthcare. In fact, historical evidence suggests that countries with high per capita GDP tend to spend larger percentage of GDP on healthcare. Several factors increase the likelihood of even greater public demands upon the nation's healthcare system.

India's population is expected to cross 1.27 bn by 2016, from 1.11 bn in 2006. Given the infrastructure constraints in India, the growing Indian population will translate into an incremental demand for additional beds in the future. Furthermore, around 65% of the Indian population is below 35 years of age, more than 50% of the population is below 25 years of age and the proportion of geriatric population (60years and above) is increasing at a faster rate than the population. This huge geriatric population is expected to boost demand for the healthcare and related services significantly.

Further, it is estimated that India's working population is around 500 million (mostly middle class) and in the coming years India will have one of the youngest working population in the world. Due to growing health consciousness among this population, we expect huge spurt in India's preventive healthcare segment.

RISKS AND CONCERNS

The healthcare sector faces various challenges also, as the country looks forward to growth and better standards of medical care. Poor infrastructure, the demand-supply gap in healthcare, geographical accessibility are some notable challenges before the sector.

• Government Funding & Initiatives

Despite the high rate of growth witnessed by India in past few years the growth in social development has been comparatively low. The resource allocation to social sectors particularly health and education continue significantly lower than desired levels. As stated earlier, public expenditure on health services as a percentage of Gross Domestic Product (GDP) in India is less than 1 percent. Health Care Infrastructure.

India tags behind developed economies and emerging economies such as Brazil, Russia and China in provision and availability of adequate health care infrastructure. The current bed to population ratio of 9 is way below the global average of 33 beds per 10,000 population.

• Talent Pool

India currently has about 600,000 doctors and about 1.6 million nurses. As per the WHO norms for developing countries, this translates to a shortfall of 1.4 million and 2.8 million doctors and nurses respectively. Besides doctors and nurses there is also a shortage of paramedical and administrative staff.

• Affordability

Since independence, the issue of poverty within India has remained a persistent concern. In 2010, more than 37% of India's population still lives below the poverty line. More than 22% of the entire rural population and 15% of the urban population of India exists in this difficult physical and financial predicament. Affordability of standard medical services rendered by private sectors is matter of great concern.

• Accessibility

Some of the healthcare facilities available in the eight metro cities in India can be considered of international standards. However, this level of health care has not yet percolated to the Tier II, III Cities and Rural India. People residing in Tier II, Tier III Cities and especially Rural India have to travel long distances to access quality healthcare services.

• Financing Infrastructural Needs

Healthcare sector is a capital intensive sector and requires tremendous outlay at the initial stages. The biggest portion of this capital expenditure is typically spent on land acquisition and building infrastructure. The other option with health care services providers is to acquire real estate properties on lease at a reasonable cost. This

was aptly brought out in the forefront by the retail industry. The challenge is more in the healthcare sector where gestation periods are long and accessibility is of prime importance.

The healthcare industry in India has a clear divide. On one hand there are state of the art facilities that cater to the middle and upper class and medical tourists with high – quality medical care. On other end of the spectrum, a majority of the population has limited or no access to quality care.

Overall, the emerging scenario in Asia Pacific economies offers exciting opportunities to expand depth and width of their services, investing health care education and deploy and cutting edge technologies to cater increasing patient base.

HUMAN RELATIONS

We have implemented various interactive sessions amongst Doctors, Technicians, Nurses and all administrative staffs within the hospital and amongst the group hospitals. The experiences are shared, best practices adopted and the best unit in terms of Processes and Systems awarded.

Employee Welfare programmes were strengthened with a view to provide the employee the Best Working atmosphere. By various means, the employees are encouraged to come with their suggestions, raise any grievances thus giving a new dimension to the employee relations.

The number of employees as on 31st March, 2011 was 656.

SEGMENT WISE PERFORMANCE

Consistently the hospital has been growing year after year. This year the hospital has shown a handsome growth of 30% from previous year. The hospital showed considerable growth in Cardiac Sciences, Neuro, Renal, Gastro and General Surgery. The company has done its First Heart Transplant. We have also done the First Cadaver Kidney Transplant in this year. The company has launched the Paediatric Neurology and Paediatric Cardiology campaign to build the awareness about the respective specialities and the significant contribution being made by our doctors. The company is known for conducting complex surgeries in the field of Cardiac Sciences, Neuro Sciences, Orthopedics, Gynaecology and Renal Sciences.

OPERATIONAL AND FINANCIAL PERFORMANCE

The company continued its growth trend both in terms of Revenue and Profits.

In this financial year, your company has achieved a total income of ₹ 83.69 crores as against ₹ 64.24 crores during the last Financial Year ended 31st March, 2010 which represents a 30% increase. The Net Profit before Tax and exceptional items for the period amounted to ₹ 7.93 crores as against ₹ 5.33 crores of the last Financial Year ended 31st March, 2010 which again represents a 50% growth. The Net profit of the company stood at ₹ 5.44 crores for these twelve months ended 31st March, 2011 against ₹ 3.50 crores for the corresponding period ended 31st March, 2010.

The company continued its renovation activities. Patient satisfaction level has shown significant improvement. We have entered into an O & M arrangement with M/s. East Coast Hospitals, Pondicherry. M/s. East Coast Hospitals, Pondicherry is a 100 bedded hospital with the potential to expand to 250 bedded hospital.

The company invested towards promoting our brand both in India and abroad. With various tie-ups with international agencies, the company started showing growth in International revenues.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal controls help safeguard funds, provide efficient and effective management of assets and ensure accurate

financial reporting. The prime purposes are to protect firm's resources against mismanagement or fraud, to ensure whether the company's activities are in accordance with laws and regulations, and above all, to develop consistent financial as well as managerial data in order to present them timely. In short, the activities that are covered in the implementation of a good corporate internal control are overseeing activities in connection with authorizations and reconciliations, reviewing of employee performance, security of assets, and segregation of duties. To achieve this objective, the company has an independent team of internal auditors to monitor and review the operations and processes of the company. Every quarter, the team, places its findings to the Audit Committee with its suggestions for improvements. The audit committee takes note of the same and guides the management in the implementation of the suggestions.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance originates from its belief that attainment of highest levels of transparency, disclosure, financial control and accountability are the pillars of any good system of Corporate Governance.

Your Company is committed to continuously evolving and adopting Corporate Governance's best practices in all facets of its operations and in all dealings with its stakeholders including shareholders, employees, patients, lenders and community at large.

At Fortis Malar, good Corporate Governance includes independence, integrity, commitment to values, ethical business conduct and a high degree of transparency. The Company also recognises its economic, social and environmental responsibilities and continuously strives towards putting in place the best practices in every sphere of its operation.

2. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors ("Board") of the Company consists of an optimal combination of Executive, Non Executive and Independent Directors which represents a mix of professionalism coupled with knowledge and experience.

The Directors have in depth knowledge of business in addition to the expertise in their respective areas of specialisation.

The Board brings in strategic guidance, leadership and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on March 31, 2011, the Board comprises of 6 Directors, of whom, 1 (One) is an Executive Director designated as Whole time Director and 5 (Five) are Non-Executive Directors. Amongst the Non- Executive Directors, 3 (Three) are Independent Directors.

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 Directors as on March 31, 2011:

S. No.	Name of Director	Category	*Directorships held in other Companies	**Committee Memberships in Other Companies	# Chairmanship in committees of companies
1	Mr. Krish Ramesh	Whole-time Director	2	-	-
2	Dr. Nithya Ramamurthy	Non Executive Director	-	-	-
3	Mr. P. Murari	Non Executive Independent Director	9	4	2
4	Mr. Ramesh L. Adige	Non Executive Independent Director	1	-	-
5	Mr. Sanjay Jayavarthanavelu	Non Executive Independent Director	10	4	-
6	Dr. Lloyd Nazareth ^^	Non Executive Director	2	-	-

* excluding private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

** represents membership of Audit Committee and Shareholders'/ Investors' Grievance Committee of Indian Public Limited Companies.

represents chairmanship of Audit Committee and Shareholders'/ Investors' Grievance Committee of Indian Public Limited Companies.

^^ Appointed as a Non executive Director w.e.f. January 28th, 2011

Note : Mr. Bhavdeep Singh, resigned as Chairman and Non-Executive Director from the Board of Directors of the Company w.e.f. January 10th, 2011.

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

Details of Directors:

As required under Clause 49 of the Listing Agreement, the information or details pertaining to the Directors seeking appointment/ re-appointment in the ensuing Annual General Meeting, are furnished below:

- (I) Mr. Ramesh L. Adige, a Non-Executive, Independent Director, is Masters in Business Administration with specialization in Marketing from the renowned Faculty of Management Studies, University of Delhi and holds a B.E. (Honours) degree from the prestigious Birla Institute of Technology and Science (BITS), Pilani. Ramesh is President of Ranbaxy Laboratories Limited (India's largest pharmaceutical company with world-wide foot prints, selling its products in 125 countries) and spearheads the Corporate Affairs and Global Corporate Communications functions. He has 37 years of extensive and wide-ranging experience in the areas of Corporate Policy, Public Affairs & Public Policy, Strategic and Perspective Planning, External Relations and the broader spectrum of Business Activities including Joint Ventures, Technical & Financial collaborations. Besides representing Ranbaxy in various pharma bodies, he is an active participant in the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce & Industry (FICCI) and heads the CII's Task Force on IP Policy. He is the Co-Chairman of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) Drugs & Pharmaceutical expert committee. He is Chairman of Health Committee of PHD Chamber of Commerce & Industry. He interacts frequently with numerous departments and ministries in the Govt of India and is a member of the Round Table on Skills Development instituted by the Ministry of Human Resource Development, Govt. of India. Before joining Ranbaxy, in 2004, Ramesh was Executive Director in Fiat India. He has considerable exposure to both direct & indirect marketing in the consumer durable and automobile industries. He has also served as President of the Governing Council of the Automotive Research Association of India, a premier institution for testing, homologation, validation and certification for all automobiles in India, having more than 500 Research scientists and engineers in its fold.

As on March 31, 2011, he does not hold any shares or any other convertible instrument in the Company.

Mr. Ramesh L. Adige is a Director and member of Committees of Boards of the following other companies:

S. No.	Name of the Company/Entity in which interested	Committee Memberships
1	Syndicate Bank – Director	-

- (ii) Mr. P. Murari, a Non-Executive, Independent Director, earned his Masters in Economics from Madras University and had passed State Civil Services in 1955 and Indian Administrative Services in 1957 and retired as Secretary to the President of India in August, 1992. He is specialized in the areas of General Industrial Administration, formulation of industrial policies, administration of public and cooperative sector industrial undertakings including sick units, health and family planning sector management, energy sector, financial administration and food processing. During his illustrious career as a civil servant, he has held many distinguished positions including Sub-divisional and District Magistrate; Sub-Collector; Deputy Director of Census Operations; Chairman/Managing Director/Director in State undertakings of Government of Tamil Nadu; Health Secretary; Commissioner for Commercial Taxes, Government of Tamil Nadu; Additional Secretary to Government of India, Ministry of Industry; Secretary to Government of India; Cabinet Secretariat, Implementation Committee for Pandit Jawaharlal Nehru Centenary; Secretary, Ministry of Food Processing Industries, Government of India; Secretary, Ministry of Information and Broadcasting, Government of India. He has undertaken many special projects for Government of India and has chaired numerous high level commissions & committees. He has served on the Boards/ Councils of several reputed institutions and professional bodies. He has represented India in Asian Productivity Council. He has a number of important publications to his credit.

As on March 31, 2011, he does not hold any shares or any other convertible instrument in the Company.

Mr. P. Murari is a Director and member of Committees of Boards of the following other companies:

S.No.	Name of the Company/Entity in which interested	Committee Memberships
1	Aban Offshore Ltd - Director	Member – Audit Committee
2	Aditya Birla Nuva Ltd - Director	Member – Audit Committee Chairman – Investor Relations & Finance Committee
3	HEG Ltd – Director	-
4	Xpro India Ltd- Director	Member – Audit Committee Chairman – Remuneration Committee
5	Bajaj Holdings and Investment Ltd – Director	-
6	Great Eastern Energy Corpn Ltd -Director	Member – Audit Committee Member – Remuneration Committee
7	Adayar Gate Hotel Ltd - Director	Chairman – Audit Committee
8	IDEA Cellular Limited-Additional Director	-
9	Bajaj Auto Limited – Director	-

- (iii) Dr. Lloyd Nazareth, aged 52 years, was appointed as additional non-executive director on the Board of the Company on January 28, 2011. Currently, he is associated as Chief Operating Officer of Fortis Hospitals Limited. After completing his basic medical degree, Dr. Lloyd Nazareth did his post graduation in Pathology from Mumbai University and practiced clinical medicine for 11 years. He completed a Post Graduate Diploma in Finance from the Symbiosis Institute of Management, Pune and a Diploma in Computer Programming from the KC College of Management Studies Mumbai. Dr. Nazareth switched over to Hospital Management 13 years ago. He was a member of the Quality group in the Aga Khan Chain of hospitals in Africa and South Asia, who were among the first group of professional from India to undergo formal training in Quality and Quality systems in Healthcare. He is a qualified trainer and facilitator for TQM and Continuous Quality Improvement

Dr. Nazareth has been a part of the Senior Management team of various Healthcare groups for the last 13 years. He has headed hospitals in the not-for-profit sector as well as in the corporate sector. Besides Operations, his areas of interest and work include Hospital Planning, Healthcare, IT and Quality.

Dr. Lloyd Nazareth was with the Wockhardt group of Hospitals for 7 years prior to takeover by Fortis. He headed the hospital networks of the group in both Mumbai and Bangalore. He has led the teams at Fortis Hospitals – Mumbai, and Bangalore in their “Joint Commission International Accreditation” process. The Mumbai hospital was amongst the first hospital in South Asia to achieve JCI Accreditation.

As on March 31, 2011 he does not hold any shares or any other convertible instrument in the Company.

Directorships and Committee position held by Dr. Lloyd Nazareth as on March 31, 2011 is as follows:

S.No.	Name of the Company/Entity in which interested	Committee Memberships
1.	Fortis Hospitals Limited - Whole-time Director	NIL
2.	Lalitha Healthcare Private Limited - Director	NIL

Board Functioning & Procedure

At Fortis Malar Hospital, Board plays a pivotal role in ensuring good governance. In accordance with Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda and if necessary, additional meetings are held. The agenda for each Board Meeting is drafted in consultation with the Chairman WTD and circulated in advance to the Board Members.

During the year ended March 31, 2011, four Board Meetings were held on:

- (i) May 14, 2010 (ii) July 21, 2010, (iii) October 27, 2010 and (iv) January 28, 2011.

The attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting (AGM) is as under:

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM held on August 20, 2010
Mr. Bhavdeep Singh [^]	4	3*	Yes
Mr. Ramesh L. Adige	4	2	No
Dr. Nithya Ramamurthy	4	3	Yes
Mr. Krish Ramesh	4	4	Yes
Mr. Sanjay Jayavarthanelu	4	4	No
Mr. P. Murari	4	4	Yes
Dr. Lloyd Nazareth ^{^^}	N.A.	N.A.	N.A.

[^] Resigned as Director and Chairman of the Company w.e.f 10th January, 2011.

* Including one attended through video conferencing

^{^^} Appointed as non-executive Director of the Company w.e.f. January 28, 2011.

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.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit 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 nonpayment for goods sold by the company.
- Any issue, which involves possible public or product 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 Compliance Of Laws

The Board periodically reviews the Compliance Report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The board has prescribed a Code of Conduct ("Code") for all employees of the Company including Senior Management and Board Members.

The Code covers the transparency, behavioural 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.

All employees including Senior Management and Board Members have confirmed the compliance with the code for the financial year 2010-11. A declaration to this effect signed by the Whole-time Director of the Company, is provided else where in this Corporate Governance Report.

3. AUDIT COMMITTEE

Composition of the Committee

The Composition of the Committee as on March 31, 2011, was as follows: -

S.No.	Name of Members	Designation	Category
1.	Mr. Ramesh L. Adige	Chairman	Non Executive Independent Director
2.	Dr. Lloyd Nazareth [^]	Member	Non Executive Director
3.	Mr. Sanjay Jayavarthanavelu	Member	Non Executive Independent Director
4.	Mr. P. Murari	Member	Non Executive Independent Director

[^] Inducted as member of the Audit Committee w.e.f 28th January, 2011.

Note: Mr. Bhavdeep Singh, Non Executive Director and Chairman of the Company, who was also a member of the Audit Committee resigned as director and Chairman of the Company from January 10, 2011.

All members are financially literate and one member is having requisite accounting and financial management expertise.

Terms of reference

The Board of Directors have approved the following terms of reference for the Audit Committee:

1. To oversee Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. To approve payment to statutory auditors for any other services rendered by the statutory auditors.
4. To review with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. To review with the Management, the quarterly/half-yearly/annual financial statements before submission to the Board for approval.
6. To review with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. To discuss with Internal Auditors any significant findings and follow up there on.
9. To review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. To discuss with Statutory Auditors before commencement of audit, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

12. To review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions, submitted by management;
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- f. To review Capital Structure, policies and norms related thereto.
- g. To review financial policies, processes, systems and controls covering accounting, treasury, taxation, forex, risk management and insurance.
- h. To review organization structure, succession planning, policies and processes related to manning, breadth and depth, capabilities, potential and development of managerial personnel in the Finance function.
- i. To review, approve or recommend to the Board financial authority to senior managerial personnel.
- j. To review, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendation to the Board to take up steps in this matter.
- k. Review the functioning of the Whistle Blower mechanism, in case the same is existing.
- l. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc., of the candidate.

Review of information by Audit Committee

Apart from other matters, as per Clause 49 of the Listing Agreement, the Audit Committee reviewed, to the extent applicable, the following information:

1. Management Discussion and Analysis of Financial condition and results of operations;
2. Statement of significant related party transactions, submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of Chief internal auditor shall be subject to review by the Audit Committee.

Meetings and Attendance

During the financial year ended 31st March, 2011, four meetings were held on (i) May 14th, 2010 (ii) July 21st, 2010, (iii) October 27th, 2010 and (iv) January 28th, 2011.

The attendance at the Audit Committee Meetings held during the year under review is as under:

S.No.	Name of Members	No. of Meetings attended
1.	Mr. Ramesh L. Adige	2
2.	Mr. Bhavdeep Singh [^]	3*
3.	Mr. Sanjay Jayavarthanavelu	4
4.	Mr. P Murari	4
5.	Dr. Lloyd Nazareth ^{^^}	N.A.

[^]Resigned w.e.f 10th January, 2011.

*Including one meeting attended through video conferencing.

^{^^} Inducted as member of the Audit Committee w.e.f 28th January, 2011.

The Statutory Auditors, Internal Auditors and the Financial Controller are the permanent invitees to the meeting of the Audit Committee.

4. REMUNERATION COMMITTEE

Composition of the Committee

The Composition of the Committee as on March 31, 2011, was as follows:-

S.No.	Name of Members	Designation	Category
1.	Mr. Ramesh L.Adige	Member	Independent Director
2.	Mr. P. Murari	Member	Independent Director
3.	Mr. Sanjay Jayavarthanelu	Member	Independent Director

Note: Mr. Bhavdeep Singh, Non Executive Director and Chairman of the Company, who was also a member of the Remuneration Committee, resigned as Director and Chairman of the Company from January 10, 2011.

Terms of Reference

The Board of Directors have approved the following terms of reference for Remuneration Committee:

- To decide all elements of remuneration package of all corporate officers or executive directors i.e. salary, benefits, bonuses, stock options, pension etc., the details of fixed component and performance linked incentives, alongwith performance criteria.
- The Committee shall have the power to decide the service contracts, notice period, severance fees of executive director.
- To review and recommend to the Board the remuneration policy for the Company.
- To approve grant of stock options to the employees and/or Directors of the Company and subsidiary companies (as and when applicable) and perform such other function as are required under the Employee Stock Option Plan of the Company.
- To discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time

Meetings and Attendance

No meeting of the Remuneration Committee was held during the financial year ended March 31, 2011.

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

The Directors' remuneration policy of your Company confirms with the provisions under the Companies Act, 1956. Subject to the approval of the Shareholders in the general meeting and such other approvals as may necessary from time to time, the remuneration paid/payable to Whole-time Director are as per terms of remuneration recommended by the Remuneration Committee, decided by the Board and approved by the Shareholders and Central Government as the case may be.

The Company is having only one Executive Director, designated as Whole-time Director. The remuneration payable to him is decided from time to time on the basis of qualification, experience, responsibilities, performance of the concerned Director and industry practices.

The non- executive Directors are paid sitting fees for attending the meetings of Board of Directors and Audit Committee.

The key components of the Company's remuneration Policy are:

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

Remuneration to Directors

Executive Directors

None of the Directors other than Mr. Krish Ramesh is drawing any remuneration from the Company.

The details of remuneration paid to Mr. Krish Ramesh during the financial year ended March 31, 2011 is as under:

Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract		Shareholding in the Company as on March 31, 2011 (No. of Shares)
			Tenure	Notice Period	
4,884,780	500,000*	237,600	5 years w.e.f. April 30, 2008	3 Months	7,866

Amount paid during the F.Y. 2010-11, based on his performance for the F.Y. 2009-10. Similarly for F.Y. 2010-11, he is entitled for performance incentive upto an amount of ₹ 25 lacs to be determined on the basis of his performance evaluation.

Further, the Board of Directors has, vide resolution dated April 13, 2010, revised the remuneration payable to Mr. Krish Ramesh w.e.f. April 30, 2010 for his remaining tenure, i.e. till April 29, 2013, subject to the approval of the Central Government and the shareholders of the Company, as specified below:

Salary	₹19,80,000/- (Rupees Nineteen Lacs Eighty Thousand) per annum with power to the Board of Directors to increase the salary upto a sum not exceeding ₹ 30,00,000/- (Rupees Thirty Lacs) per annum.
Performance and Retention Incentive	For each financial year, a performance and retention incentive of ₹ 25,00,000/- (Rupees Twenty Five Lacs) with power to the Board of Directors to increase it upto a sum not exceeding ₹ 40,00,000/- (Rupees Forty Lacs).
Perquisites & Allowances	<p>Rent free furnished accommodation, car, telephone, medical reimbursement, personal accident insurance, Group Hospitalization, club fees, leave travel for self and family, such number of options as may be granted to him under any ESOP Scheme of the Company for the time being in force and any other reimbursements, allowances or perquisites in accordance with the rules of the Company.</p> <p>The monetary value of such perquisites / allowances will be limited to ₹ 33,00,000/- (Rupees Thirty Three Lacs) per annum, with authority to the Board of Directors to increase it from time to time upto an amount not exceeding ₹ 50,00,000/- (Rupees Fifty Lacs) per annum and that the perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, they shall be evaluated at actual cost.</p> <p>The following shall not be included in the aforesaid limits:</p> <ol style="list-style-type: none"> Contribution to Provident Fund and superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; Gratuity payable at the rate not exceeding half months salary for each completed year of service; Encashment of unavailed leave as per Rules of the Company."
Minimum Remuneration	In the event of inadequacy or absence of profits in any financial year during the tenure of the Whole Time Director, he will be entitled to the above remuneration (inclusive of allowances, perquisites and commission, if any) by way of minimum remuneration irrespective of the limits specified under the provisions of Section 198 and 309, Schedule XIII and all other applicable provisions of the Companies Act, 1956.

The terms of the revised remuneration of Mr. Krish Ramesh have been approved by the Remuneration Committee. The Shareholders too in their Annual General Meeting held on August 20, 2010 approved the remuneration payable to Mr. Krish Ramesh on the terms mentioned here-in above.

The Central Government vide their letters dated August 25, 2010 and January 05, 2011 approved an amount of ₹ 72,08,000/- (Rupees Seventy Two Lacs Eight Thousand Only) or amount calculated as per the provisions of the Companies Act, 1956, whichever is higher, as the annual remuneration payable to Mr. Krish Ramesh, Whole Time Director w.e.f. April 30, 2010 to April 29, 2013.

However, in view of Mr. Krish Ramesh being instrumental in conceptualizing the healthcare delivery strategy and implementing the plans to make Fortis Malar Hospitals Limited a major player in the healthcare sector in South India and the excellent progress made by the Company under his stewardship in the last two years, the Company has vide its letter dated February 2, 2011 filed a representation to the Ministry of Corporate Affairs for allowing the Company to pay the remuneration to Mr. Krish Ramesh on an increased scale which may extend upto an amount of ₹ 1,20,00,000/- (Rupees One Crore Twenty Lacs Only), for the remaining period of his tenure i.e., till April 29, 2013.

Notes:

- 1) Mr. Krish Ramesh was appointed as Whole-time Director of the Company for a period of 5 years w.e.f. April 30, 2008.
- 2) The notice period is 3 months from either side or a shorter period decided mutually. No severance fees is payable on termination of contract.
- 3) The Board of Directors has vide resolution dated April 13th, 2010, revised the remuneration payable to Mr. Krish Ramesh w.e.f. 30th April, 2010 for his remaining tenure, i.e. till April 29, 2013, subject to the approval of the Central Government and the shareholders of the Company.
- 4) He is also entitled to PF contribution @12% of salary.
- 5) The amount of Gratuity and Leave Encashment is not included above as it is not ascertainable separately.
- 6) No Stock Options have been granted to the Executive Director of the Company under ESOP Scheme-2008.

Non – Executive Directors

Only sitting fees is being paid to Non-Executive Directors. The details of sitting fees paid to the Non-Executive Directors for the financial year ended 31st March, 2011 and their shareholding as on that date is as follows:

S. No.	Name of Director	Sitting Fee ** (Amount in ₹)	Shareholding in the Company as on 31st March, 2011
1	Mr. Bhavdeep Singh [^]	N.A.	-
2	Mr. Ramesh L. Adige	8,000	-
3	Dr. Nithya Ramamurthy	6,000	860,167
4	Mr. Sanjay Jayavarthanavelu	16,000	-
5	Mr. P. Murari	16,000	-
6	Dr. Lloyd Nazareth ^{^^}	N.A.	-

[^] Resigned as Non Executive Director and Chairman of the Company w.e.f. 10th January, 2011

^{^^} Appointed as Non-Executive Director of the Company w.e.f. 28th January, 2011

Except for Dr. Nithya Ramamurthy, Non-Executive Director, to whom 20000 Stock Options have been granted under ESOP-2008 Scheme of the Company, the Company has not granted any stock options to any other Directors.

There were no other pecuniary relationships or transactions of the Non-executive Directors vis-a-vis the Company.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**(I) Composition**

The Committee as on March 31, 2011 comprised of:

S.No.	Name of Members	Designation	Category
1.	Mr. Ramesh L. Adige	Chairman	Non Executive Independent Director
2.	Dr. Nithya Ramamurthy	Member	Non Executive Director
3.	Mr. Krish Ramesh [^]	Member	Non Executive Director

[^] Inducted as member of the Committee w.e.f. 28th January, 2011.

Note: Mr. Bhavdeep Singh, Non-Executive Director of the Company, who was also member of Committee, resigned as Director and Chairman of the Company w.e.f. 10th January, 2011.

The Company Secretary acts as the Secretary of the Committee as well as the Compliance officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

Terms of Reference

The Board of Directors has approved the following terms of reference for Shareholders’/Investors’ Grievance Committee:

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

Name and Designation of compliance officer

Mr. Ramit Rastogi
Company Secretary

Status of Shareholders’ Complaints during financial year 2010-11

Number of shareholders’ complaints received : 18
 Number of complaints not resolved to the satisfaction of shareholders : Nil
 Number of pending complaints : Nil

Meeting and Attendance

The Committee meets as and when required and during the year under review, four meetings were held on (i) May 14, 2010, (ii) August 6, 2010, (iii) October 27, 2010 and (iv) January 28, 2011.

The attendance at the abovementioned meeting during the year under review was as under:

S.No.	Name of Members	No. of Meetings attended
1.	Mr. Ramesh L. Adige	3
2.	Dr.Nithya Ramamurthy	3
3.	Mr. Bhavdeep Singh [^]	3*
4.	Mr. Krish Ramesh ^{^^}	1

[^] Resigned as Director and Chairman of the Company w.e.f January 10, 2011.

* Including one meeting attended through Video Conferencing.

^{^^} Inducted as Member of the Committee w.e.f January 28, 2011

There was Nil share transfer lying pending as on March 31, 2011.

6. WHOLE-TIME DIRECTOR / FINANCIAL CONTROLLER CERTIFICATION

The Whole Time Director and Financial Controller certification as stipulated in the Clause 49(V) of the Listing Agreement was placed before the Board alongwith financial statements for the year ended 31st March, 2011. The Board reviewed and took the same on record. The said certificate is provided elsewhere in the Annual Report.

7. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Address	Special resolution passed
2007-08	Sept 29, 2008	3.30 p.m.	Balamandir German Hall No.17,Prakasam street (off Habibullah Road) T. Nagar, Chennai 600 017	Appointment of Mr. Krish Ramesh as Whole time Director of the Company for a period of 5 years w.e.f. 30th April, 2008. -Approval of ESOP Scheme 2008.
2008-09	August 21, 2009	3.00 p.m.	P.Obul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal 103, G.N. Road, T.Nagar, Chennai - 600 017.	Amendment/modification/alteration in the ESOP Scheme- 2008.
2009-10	August 20, 2010	2.30 p.m.	P.Obul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal 103, G.N. Road, T.Nagar, Chennai - 600 017.	Alteration of Articles of Association by insertion of Clause 1AA; -Increase in remuneration payable to Mr. Krish Ramesh, Whole Time Director of the Company.*

*Further, a special resolution under Section 21 of the Companies Act, 1956, for the change of name of the Company from Malar Hospitals Limited to Fortis Malar Hospitals Limited, was passed through Postal Ballot during the Financial Year 2009-10.

Details of resolution passed by way of Postal Ballots

During the Financial Year ended March 31, 2011, there was no resolution to be dealt with or passed through Postal Ballot.

8. DISCLOSURES

Related party transactions: A statement in summary form of transactions, if any, with related parties in the ordinary course of business are being placed before the Audit Committee periodically. During the year under review, there are no material individual transactions with related parties, which are not in the normal course of business and there are no material individual transactions with related parties or others, which are not on an arm's length basis.

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

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

During the year 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 of 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.

The Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company has been reviewing its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption keeping in view the Company's business model.

Management

- A) Management Discussion and Analysis is forming part of the Annual Report to the shareholders
- B) During the year, no material financial and commercial transactions 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 placed before the Board of Directors on periodic basis.

Prohibition of 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.

9. MEANS OF COMMUNICATION

- a) The quarterly financial results are generally published in Business Standard (English) and Malai Sudar (Vernacular)
- b) The quarterly, half yearly and annual financial statements are posted on the Company's website viz. <http://www.fortismalarhospitals.com>.
- c) 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 Shareholders.

10. GENERAL SHAREHOLDERS' INFORMATION

(i) Date of AGM

The Annual General Meeting is proposed to be held on **Monday, the 4th day of July, 2011 at 2:00 P.M. at P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha (Regd) - Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017.**

Posting of Annual Report On or before June 10, 2011
 Last date of receipt of Proxy Form July 2, 2011 till 2:00 P.M.

(ii) Book Closure

Thursday, June 30, 2011 to Monday, July 4, 2011 (both days inclusive)

(iii) The Financial Year of the Company is starting from April 1 and ending on March 31 of next year.

(iv) Financial Calendar 2011-2012(tentative & subject to change)

S.No.	Tentative Schedule	Tentative Schedule
1.	Financial Reporting for the quarter ended June 30, 2011	On or before August 14, 2011
2.	Financial Reporting for the quarter ended September 30, 2011	On or before November 14, 2011
3.	Financial Reporting for the quarter ended December 31, 2011	On or before February 14, 2012
4.	Financial Reporting for the quarter ended March 31, 2012*	On or before May 15, 2012
5.	Annual General Meeting for the year ending March 31, 2012	On or before September 30, 2012

*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Results for the year 2011-2012 in lieu of Unaudited Results for fourth quarter, by 30th May, 2012 (or such other period as may be stipulated from time to time).

(v) Listing on Stock Exchanges

The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE)

The Voluntary delisting approval has been received by the Company from Madras Stock Exchange in the month of November 2010 for which application was pending with Madras Stock Exchange Ltd for quite a long time.

The Company has paid the listing fee of Bombay Stock Exchange Ltd. for the financial year 2011-12.

(vi) Stock Code

Bombay Stock Exchange Ltd.	Physical - 23,696 Demat - 523,696
ISIN Number	INE 842B01015

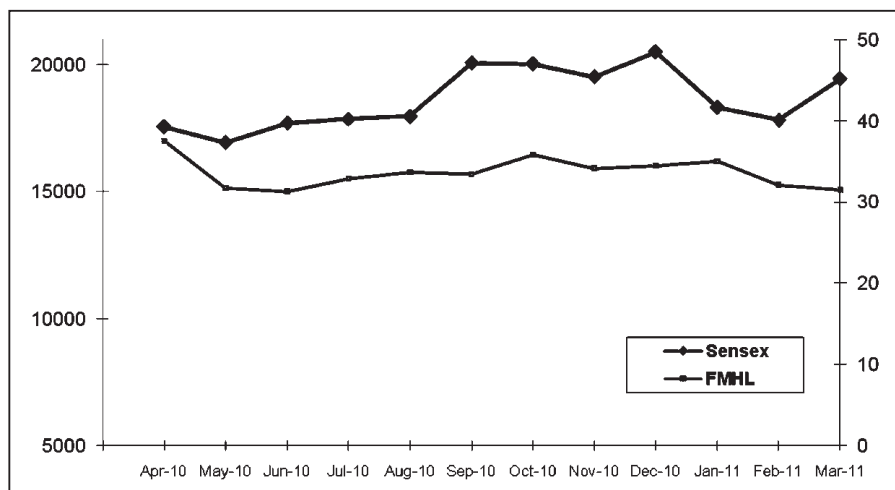
(vii) Market Price Data

The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and voluntary delisting application was pending at Madras Stock Exchange till November 2010. Madras Stock Exchange vide its letter dated 18th November 2010 approved the delisting of the Shares of the Company from its bourses.

Monthly High and Low Quotations of Shares traded on BSE and MSE

Month Ending	BSE (₹)		MSE (₹)	
	High	Low	High	Low
April 2010	40.40	35.10	No Trading	
May 2010	38.95	29.55	No Trading	
June 2010	34.00	26.10	No Trading	
July 2010	35.45	30.50	No Trading	
August 2010	40.00	31.55	No Trading	
September 2010	46.00	31.10	No Trading	
October, 2010	38.30	33.00	No Trading	
November, 2010	41.00	33.05	No Trading	
December, 2010	38.45	30.00	N.A.	
January, 2011	37.80	33.10	N.A.	
February, 2011	37.00	30.50	N.A.	
March, 2011	35.50	29.00	N.A.	

Performance in comparison to broad based indices (BSE Sensex)



Based on monthly closing data of BSE Sensex (Pts.) and Fortis Malar (Rs. Per Share)

(viii) Registrar and Transfer Agent

M/s GNSA Infotech Limited, Chennai 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:

GNSA Infotech Ltd.
G.R.Mansion,
No. 11, Srinivasa Road, Pondy Bazaar, T. Nagar,
Chennai – 600 017.
Phone Nos. +91-44-4212 1428 / 1429
Fax No. +91-44-4212 1430
E-mail: info@gnsaindia.com

However, for the convenience of shareholders, correspondence relating to shares received by the Company are 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 <http://www.fortismalarhospitals.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

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

1,60,86,447 Equity shares representing 86.51% of the paid up Equity Capital of the Company had been de-materialized as on March 31, 2011.

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 Shares are accepted for registration of transfers at the Registered Office of the Company in addition to the office of Registrar and Share Transfer Agents (RTA), M/s GNSA Infotech Limited. GNSA Infotech Limited is fully equipped to undertake the activities of Share Transfers and redressal of Shareholders' grievances. The share received by the Company/RTA for registration of transfers, are processed by RTA (on a fortnightly basis) and places before the Shareholders'/Investors' Grievance Committee set up for the purpose for its approval thereto. The Committee approves the share transfer on fortnightly basis by way of passing a circular resolution. The Committee meets as and when required. This Committee also looks into Shareholders'/Investors' grievances.

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 Report as stipulated under Regulation 55A of SEBI(Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary in each of the quarter in the financial year 2010-11, 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 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 NSDL and CDSL. The Reconciliation of Share Capital Audit Reports for each quarter of the Financial Year ended March 31, 2011 has been filed with Stock Exchanges within one month of end of each quarter.

(xiv) Unclaimed Shares

a) In DEMAT Mode:

As per clause 5A.I of the listing agreement, there are no unclaimed shares in the Company in DEMAT mode.

b) In Physical Mode:

Securities Exchange Board of India (SEBI) has vide its Circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010 introduced Clause 5A.II in the Listing Agreement whereby every public company, which has issued shares in physical form pursuant to any public issue or any other issue, to follow the following procedure with respect to its Shares which remain unclaimed:

- i) The registrar to the issue shall send at least three reminders at the address given in the application form as well as captured in depository's database asking for the correct particulars. If no response is received, the issuer company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account".
- ii) The issuer company shall dematerialise the shares held in the Unclaimed Suspense Account with one of the Depository Participants.
- iii) All corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc. shall also be credited to such Unclaimed Suspense Account.
- iv) The voting rights on such shares shall remain frozen till the rightful owner claims the shares.
- v) The Unclaimed Suspense Account shall be held by the issuer company purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when he/she approaches the issuer company.
- vi) The issuer company shall maintain details of shareholding of each individual allottee whose shares are credited to such Unclaimed Suspense Account.
- vii) As and when an allottee approaches the issuer company, the issuer company shall, after proper verification, either credit the shares lying in the Unclaimed Suspense Account to the demat account of the allottee to the extent of the allottee's entitlement, or deliver the physical certificates after re-materialising the same, depending on what has been opted for by the allottee.

In compliance of the said clause, M/s GNSA Infotech Limited, as Registrars and Transfer Agents of the Company, issued 1st reminder letter at the addresses given in the application form as well as captured in depository's database asking for the correct particulars in response to which till March 31, 2011, one shareholder holding 100 shares claimed for his shares.

As such on March 31, 2011, 27300 Shares remained to be unclaimed in physical form.

M/s GNSA Infotech Limited, Registrar and Transfer Agents are in the process of issuing 2nd and 3rd reminders whereafter the unclaimed shares will be transferred to the Unclaimed Suspense Account opened and activated on 1st day of March, 2011 under the name and style as "Fortis Malar Hospitals Limited – Unclaimed Shares Demat Suspense Account".

(xv) 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.

(xvi) Distribution of Shareholding as on March 31, 2011

Share holding of nominal value (₹)	No. of Share-holders	%age of Share-holders	Share Amount (₹)	%age of Share-holding
Upto 5,000	13,780	94.06	14,065,610	7.56
5,001 - 10,000	451	3.08	4,004,730	2.15
10,001 – 20,000	174	1.19	2,711,550	1.46
20,001 – 30,000	70	0.48	1,841,520	0.99
30,001 – 40,000	18	0.12	636,320	0.34
40,001 – 50,000	38	0.26	1,862,650	1.00
50,001 – 1,00,000	59	0.40	4,642,270	2.50
Above 1,00,000	61	0.42	156,177,940	83.99
Total	14,651	100.00	185,942,590	100.00

(xvii) Inter-se transfer amongst Promoters

During the Financial year 2010-11, there was an inter-se transfer of shares amongst the promoters of the Company in accordance with the Regulation 3(i)(e) (iii) of the SEBI (Substantial Acquisition of shares and Take overs) Regulations, 1997, whereby, international hospital limited acquired 2,451,333 Equity shares of Fortis Malar Hospitals Limited from Oscar Investments Limited.

After such acquisition, International Hospital Limited became the holder of 11,752,402 Equity shares representing 63.2% of the total paidup capital of the Company.

(xviii) Shareholding Pattern of Equity Shares as on March 31, 2011

Category	No. of Shareheld	%age of Shareholding
Promoters and Promoter Group	11,752,402	63.20
Mutual Funds and UTI	108,200	0.58
Banks, Financial Institutions	100	0.00
Indian Body Corporates	971,872	5.23
NRIs/Foreign Nationals	612,392	3.29
Indian Public	5,149,293	27.69
Total	18,594,259	100.00

(xix) Lock-in of Equity shares

33,33,333 Equity Shares representing 17.93% of the total Share Capital, held by International Hospital Limited and 13,33,333 Equity Shares representing 7.17% of the total Share Capital, held by Oscar Investments Limited, were locked-in till October 17, 2010.

As on March 31, 2011 none of the Shares of the Company are under Lock-in.

(xx) The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.**(xxi) Hospital Location:**

Fortis Malar Hospitals Limited,
52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai – 600 020.

(xxii) Address for Correspondence:

For share transfer/dematerialization of shares, payment of dividend and any other query relating to shares	GNSA Infotech Pvt. Ltd., G.R.Mansion, No. 11, Srinivasa Road, Pondy Bazaar, T. Nagar, Chennai – 600 017. Phone Nos. +91-44- 4212 1428 / 1429 Fax No. +91-44-4212 1430 E-mail: info@gnsaindia.com
For Investor Assistance	Company Secretary Fortis Malar Hospitals Limited, No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai – 600 020 Tel: + 91-44- 24914023, 24914393 + 91-44- 42892222 Fax: + 91-44- 24426015 E-Mail:- secretarial@malarhospitals.in

11. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49**A. Remuneration Committee**

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

B. Shareholders Rights

The quarterly/half-yearly results, after they are taken on record by the Board of Directors, are sent forthwith to the Stock Exchanges where Company's shares are listed. The results in the prescribed performa are published in leading English and Tamil dailies. The results are also made available on Company's website <http://www.fortismalarhospitals.com>

C. Whistle Blower Policy adoption and implementation :

We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the chairperson of the audit committee in the exceptional cases. We further affirm that no employee has been denied access to the audit committee.

For and on behalf of the Board of Directors

Place : Chennai
Date : 16th May, 2011

Krish Ramesh
(WholeTimeDirector)

Dr. Lloyd Nazareth
(Director)

WHOLE TIME DIRECTOR AND FINANCIAL CONTROLLER CERTIFICATE

To the Board of Directors of Malar Hospitals Limited

We, Krish Ramesh, Whole Time Director, and K Sundar, Financial Controller, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2011 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 contain 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, 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 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 : Chennai.

Krish Ramesh

K Sundar

Dated : 16th May 2011

Whole Time Director

Financial Controller

COMPLIANCE WITH CODE OF CONDUCT

I, KRISH RAMESH, Whole Time Director of the Company hereby certify that all the Directors and the senior Management Personnel have affirmed compliance of the Code of Conduct of the Company for the financial year ended March 31, 2011.

Place : Chennai

Date : 16th May, 2011

Krish Ramesh

Whole Time Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To

The Members of Fortis Malar Hospitals Ltd

1. We have reviewed the implementation of Corporate Governance procedures by Malar Hospitals Limited (the Company) during the period ended 31st March, 2011, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. 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.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the Stock Exchange(s) have been complied with in all material respect by the Company.

For K. Gopalan & Co
Chartered Accountants
Firm's Registration No.000975S

Place : Chennai
Date : 16th May, 2011

S.N.Parthasarathy
Partner
Membership No. 20168

AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the annexed Balance Sheet of FORTIS MALAR HOSPITALS LTD ("the Company") as on 31st March 2011, and also the Profit and Loss Account and the Cash flow statement of the Company for the year ended on 31st March 2011 and annexed thereto.
2. These financial statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) order, 2003, issued by Government of India in terms of sub-section (4A) Section 227 of the Companies Act, 1956, we enclose an annexure which is a statement of the matters specified in paragraph 4 and 5 of the said order.
Further to our comments in the annexure referred to above, 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 examinations of those books.
 - c. The Balance Sheet, Profit and Loss Account and the Cash flow statement dealt with by the report are in agreement with the books of accounts.
 - d. In our opinion the Balance Sheet, the Profit and Loss Account and the Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. On the Basis of written representation received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors, as on 31st March 2011, is disqualified from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956
 - f. In our opinion and to the best of our information and according to the explanations given to us, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

for **K. Gopalan & Co**
Chartered Accountants
Firm's Registration No.000975S

S.N.Parthasarathy
Partner
Membership No. 20168

Place : Chennai
Date : 16th May, 2011

ANNEXURE REFERRED TO IN PARAGRAPH (4) OF OUR REPORT OF EVEN DATE

- i) The Company is in the process of updating the fixed assets register. The Company has a regular programme of verification of fixed asset which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, in accordance with this programme a section of the fixed assets have been physically verified by the management during the current period, no material discrepancies were noticed on such verification. Removal of obsolete and irreparable assets having a original cost ₹. 59,331,032, as explained in the note No.10 of Schedule No.15 has not affected the going concern concept.
- ii) a) The inventory of consumable stores have been verified by the management. In our opinion the frequency of verification is reasonable
- b) The procedures of physical verification of inventories followed by the management are reasonable in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed during verification between physical stocks and the book records were not material.
- iii) The Company has taken unsecured loans from one company covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the period was Rs 194.59 lakhs and the year end balance was ₹. NIL. The loan has been repaid in the financial year. In our opinion and according to the information and explanation given to us the rate of interest is not prejudicial to the interest of the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of products/services. During the course of our audit, we have not observed any weaknesses in internal controls.
- v) a) According to the information and explanations given to us the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered,
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act 1956, and exceeding ₹. 5.00 lakhs in respect of any party during the period, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time
- vi) According to the information and explanations given to us, the Company has not accepted deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) To the best of our knowledge and as explained, the Central Government has not prescribed 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) Except the Service tax covered in the note 12 of Schedule 15, undisputed statutory dues including Provident Fund, Income-tax, Cess and other material statutory dues have generally been regularly deposited during the period with the appropriate authorities. The Company has delayed the remittance of service tax . The arrears of service tax outstanding for more than six months as at the last day of financial year is ₹. 10.95 lakhs.
- b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2011 for a period of more than six months from the date on which they are payable.
- x) In our opinion and according to the information and explanations given to us, accumulated losses at the end of the current period are less than fifty percent of the net worth.

- 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 any financial institutions, 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 not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised
- xvii) In our opinion and according to the information and explanations given to us, the short-term funds were raised by the Company and were not utilised for repayment of long-term loans.
- xviii) The Company has not made preferential allotment of shares during the period. Hence the provisions of clause 4(1)(viii) are not applicable.
- xix) The company has not issued debentures during the period. Hence provisions of clause 4(1)(ix) are not applicable.
- xx) The Company has not raised any money by public issue during the period. Hence provisions of clause 4(1)(xx) are not applicable.
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **K. Gopalan & Co**
Chartered Accountants
Firm's Registration No.000975S

S.N.Parthasarathy
Partner
Membership No. 20168

Place : Chennai
Date : 16th May, 2011

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	Schedules	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	1	186,095,090	186,095,090
Reserves & Surplus		93,333,320	93,333,320
Loan Funds			
Secured Loan	2	90,585,231	145,225,820
Unsecured Loans	3	-	19,459,306
TOTAL		370,013,641	444,113,536
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	536,711,144	514,702,523
Less: Depreciation		183,861,220	214,715,361
Net Block		352,849,924	299,987,162
Capital Work in Progress		-	9,684,477
Investments		500,000	500,000
Deferred Tax Assets/(Liability)	5	(17,514,022)	9,792,109
(See Note No. 2(g) of Schedule 15)			
Current Assets, Loans & Advances			
Inventories		4,159,203	5,787,790
Sundry debtors	6	61,234,873	74,532,479
Cash & Bank Balances	7	3,240,996	8,992,925
Loans & Advances	8	91,383,945	59,987,582
		160,019,017	149,300,776
Less: Current Liabilities & Provisions	9	146,583,591	100,190,337
Net Current Assets		13,435,426	49,110,439
Profit & Loss Account		20,742,313	75,039,349
TOTAL		370,013,641	444,113,536
Notes to Accounts	15		

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
 Chartered Accountants
 Firm's Registration No. 000975S

Dr. Lloyd Nazareth
 Director

Krish Ramesh
 Whole-Time Director

S.N. Parthasarathy
 Partner
 Membership No. 20168

Ramit Rastogi
 Company Secretary

K.Sundar
 Financial Controller

Place : Chennai
 Date : 16th May 2011

STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Schedules	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
I. INCOME			
Operating Income		832,671,085	641,401,794
Other Income	10	4,278,236	1,046,037
TOTAL		836,949,321	642,447,831
II. EXPENDITURE			
Hospital Operation Expenses	11	663,410,025	513,809,568
Administrative & other expenses	12	41,277,436	26,198,110
Financial Expenses	13	14,343,243	16,350,516
Miscellaneous Expenses	14	9,443,538	6,256,114
Depreciation/ Provision for Obsolescence/Impairment	4	29,332,620	26,503,911
TOTAL		757,806,862	589,118,219
Profit / (Loss) before Prior Period Items and Tax		79,142,459	53,329,612
Prior Period Items		(2,460,708)	-
Provision for Deferred Tax		27,306,131	18,330,214
Profit /(Loss) for the year		54,297,036	34,999,398
Add: Balance brought forward from previous year		(75,039,349)	(110,038,747)
Net Profit carried over to Balance Sheet		(20,742,313)	(75,039,349)

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	For the Year Ended 31st March 2011 ₹	For the Year Ended 31st March 2010 ₹
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(loss) after Prior period, Extraordinary items and Tax	54,297,036	34,999,398
Extraordinary items		
Provision for deferred tax	27,306,131	18,330,214
Profit before Tax	81,603,167	53,329,612
Adjustments for :		
Depreciation	29,332,620	26,503,911
Prior Period Items - Depreciation	(351,980)	-
Loss on sale of fixed assets	39,435	571,316
Financial charges (considered separately)	14,343,243	16,350,516
Interest received & other income (considered separately)	(4,278,236)	(1,046,038)
Operating profit/loss before working capital changes	120,688,249	95,709,317
Adjustments for :		
Sundry debtors	13,297,606	(44,647,583)
Inventories	1,628,587	(1,097,094)
Loans & advances	(31,396,363)	(6,142,521)
Other Current Assets		
Current liabilities & provisions	46,393,254	7,993,826
Net cash from operating activities	A 150,611,333	51,815,945
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets (including capital work in progress)	(72,602,851)	(112,633,923)
Proceeds from sale of fixed assets	404,492	5,600,545
Net cash used in investing activities	B (72,198,359)	(107,033,378)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		
Proceeds (& Repayments) from new borrowings	(74,099,895)	64,582,599
Increase in investments		(500,000)
Financial charges	(14,343,243)	(16,350,516)
Interest received & other income	4,278,236	1,046,038
Net cash used in financing activities	C (84,164,902)	48,778,121
Net increase in cash and cash equivalents	A+B+C (5,751,928)	(6,439,312)
Cash and cash equivalents (Opening balance)	8,992,924	15,432,236
Cash and cash equivalents (Closing balance)	3,240,996	8,992,924

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 1		
SHARE HOLDERS'S FUNDS		
Share Capital		
Authorised Share Capital		
3,00,00,000 Equity Shares of ₹10/- each (PY 2,00,00,000 Equity Shares of ₹ 10/- each)	<u>300,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid Up		
18,594,259 (PY 18,594,259) Equity Shares of ₹ 10/- each	<u>185,942,590</u>	<u>185,942,590</u>
Add : Share Forfeiture	<u>152,500</u>	<u>152,500</u>
 Total	 <u>186,095,090</u>	 <u>186,095,090</u>
Rerserves & Surplus		
Share Premium Account	<u>93,333,320</u>	<u>93,333,320</u>
SCHEDULE 2		
SECURED LOANS		
Loans From HDFC Bank		
- Medical Equipment Loan	56,030,958	106,325,170
- Deferred Letter of Credit	24,029,201	24,180,225
- Working Capital Overdraft Loan	<u>10,525,072</u>	<u>14,720,425</u>
	90,585,231	145,225,820
 Total	 <u>90,585,231</u>	 <u>145,225,820</u>
Note:		
1. Term Loan and Working Capital Loan taken from HDFC Bank Ltd is secured by sole and exclusive charge on all Fixed Assets and Current Assets both present and future.		
SCHEDULE 3		
UNSECURED LOANS		
From Body Corporate	-	19,459,306
 Total	 <u>-</u>	 <u>19,459,306</u>

SCHEDULE TO THE ACCOUNTS

SCHEDULE - 4
FIXED ASSETS

₹

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK	
	As at 1st April 2010	Additions / Adjustments during the year	Deletions / Adjustments during the year	As at 31st March 2011	As at 1st April 2010	For the year	Adjustments during the year	As at 31st March 2011	As at 31st March 2010
Land	22,819,716			22,819,716				22,819,716	22,819,716
Building	162,354,006	35,303,933		197,657,939	62,808,679	5,903,597		128,945,663	99,545,326
Electrical Installations	20,191,008	8,574,780		28,765,788	10,900,538	1,268,248		16,597,002	9,290,470
Air Conditioners	24,380,647	1,120,984		25,501,631	13,924,317	1,287,882		10,289,432	10,456,330
Medical Equipments	245,147,795	29,151,439	59,540,492	214,758,742	105,347,520	16,261,711	59,757,158	152,906,669	139,800,275
Computers	9,400,107	2,400,206		11,800,313	4,090,697	1,770,046		5,939,569	5,309,410
Vehicles	3,936,383			3,936,383	2,845,961	395,413		695,009	1,090,422
Furniture & Fittings	9,299,791	2,318,079	391,415	11,226,455	4,010,602	1,168,991	429,602	6,476,463	5,289,190
Misc Fix Assets	17,173,071	3,417,907	346,800	20,244,178	10,787,046	1,276,731		8,180,400	6,386,027
TOTAL	514,702,523	82,287,328	60,278,707	536,711,145	214,715,360	29,332,620	60,186,760	352,849,924	299,987,162
PREVIOUS YEAR	411,868,831	113,576,779	10,743,086	514,702,523	189,651,335	26,503,911	1,439,888	299,987,162	222,217,493

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 5		
Deferred Tax Asset / (Liability)Net		
Deferred Tax Asset		
Effect of expenditure debited to profit and loss account but not allowed for Tax purpose	3,795,180	4,502,259
Carry forward business losses and Unaborsed depreciation	<u>9,096,528</u>	<u>34,142,572</u>
	12,891,708	38,644,831
Deferred Tax Liability		
Arising on account of timing difference in Depreciation between Book Value of Depreciable Assets as per books of accounts and WDV as per Income Tax Purpose	30,405,730	28,852,722
Deferred Tax Asset / (Liability) Net	<u>(17,514,022)</u>	<u>9,792,109</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured and considered good)		
a) Debts outstanding for a period exceeding six months	15,418,210	9,224,310
b) Other debts	45,816,663	65,308,169
Total	<u>61,234,873</u>	<u>74,532,479</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand	969,476	852,993
Balance with scheduled Banks:		
On Current Account	2,271,520	1,362,061
On Fixed Deposits	-	6,777,871
Total	<u>3,240,996</u>	<u>8,992,925</u>
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or kind for value to be received.	86,856,733	56,430,546
Security Deposit	4,527,212	3,557,036
Total	<u>91,383,945</u>	<u>59,987,582</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 9		
A. CURRENT LIABILITIES		
1) Sundry Creditors		
a) Total Outstanding dues of Micro, Medium and Small Enterprises (Refer Note in Schdedule 15)	3,757,726	-
b) Total Outstanding dues of Creditors other than Micro, Medium and Small Enterprises	84,289,124	60,723,364
2) Misc. Receipts (Shares)	225,656	225,656
B. PROVISIONS		
3) Provision for Staff Benefits	8,701,768	9,650,836
4) Provision for Provident Fund	916,917	-
5) Other Provisions	48,692,400	29,590,481
Total	<u>146,583,591</u>	<u>100,190,337</u>
SCHEDULE 10		
OTHER INCOME		
Misc. Receipts	3,954,615	751,605
Interest on Fixed Deposit	167,703	172,005
Interest Receipts - on Other Deposits	155,918	122,427
Total	<u>4,278,236</u>	<u>1,046,037</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
SCHEDULE 11		
HOSPITAL OPERATING EXPENSES		
Consumables & Others		
Opening Stock	5,787,790	4,690,696
Add: Purchases	<u>208,575,709</u>	<u>145,248,495</u>
	214,363,499	149,939,191
Less: Closing Stock	<u>4,159,203</u>	<u>5,787,790</u>
	210,204,296	144,151,401
Consultation Charges	224,055,567	185,179,870
Rent	5,423,344	4,958,919
Insurance	261,844	480,787
Salaries and Allowances	99,650,853	78,321,767
Bonus/prov.for Bonus/ Exgratia	2,190,565	1,771,150
Provision for Gratuity	1,465,392	2,915,234
Provision for Superannuation	67,716	84,294
Provision for Incentive / Retention	894,349	1,020,000
Provision for Incentive / Retention -Director	1,823,431	2,500,000
Provident Fund	4,466,214	3,668,561
Directors Remuneration	4,824,780	4,824,781
Power & Fuel	17,594,922	14,844,280
Lab Contract Charges	23,352,011	21,685,595
Diet Canteen Charges	9,910,329	8,154,278
Radiology Contract Charges	37,681,872	20,472,231
Repairs & Maintenance		
Building & Renovation Work	4,578,109	5,242,613
Equipments	1,247,531	1,366,479
Electrical	1,895,152	1,691,565
IT	2,118,124	773,597
Others	4,222,519	3,958,782
External Investigation Charges	3,476,087	4,074,367
Sterilization/Laundry Exp./Waste Mgt / CSSD	2,005,018	1,669,017
Total	<u>663,410,025</u>	<u>513,809,568</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
SCHEDULE 12		
ADMINISTRATIVE AND OTHER EXPENSES		
Office Expenses	86,579	86,442
Postage & Telegrams/Courier	479,575	362,353
Filing Fees	537,222	107,163
Books & Periodicals	346,875	90,377
Security charges	2,571,689	3,690,470
Sitting Fees	46,000	60,000
Rates & Taxes	2,189,838	1,977,146
Freight & Cartage / Cooly	89,173	21,332
Listing Fees	33,490	33,090
Internal Audit Fees	328,160	234,056
Business Promotion Expenses	2,507,871	833,125
Professional / Consultancy Services	1,431,251	931,038
Travelling & Conveyance	9,481,694	5,942,031
Advertisement Charges	13,622,160	4,776,406
Provision for Bad Debts/ Written off	157,151	
Loss on sale of fixed assets	39,435	571,316
Marketing Department Exp	7,066,098	6,202,868
Auditors Remuneration:		
Audit Fees	140,000	120,000
Tax audit/Certification fees	85,000	50,000
Reimbursement of Expenses	38,175	65,600
Others	-	43,297
Total	41,277,436	26,198,110

SCHEDULE 13
FINANCIAL EXPENSES

Interest		
- Financial Institutions and Banks	12,092,496	12,319,266
- Others	187,411	1,950,000
Bank Charges & Commission	2,063,336	2,081,250
Total	14,343,243	16,350,516

SCHEDULES TO THE ACCOUNTS

PARTICULARS	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
SCHEDULE 14		
MISC. EXPENSES		
Donation	3,000	5,000
Telephone Charges/ Cellular Charges	2,049,771	1,948,316
Share Registry Expenses	152,446	217,525
Ambulance Hire Charges	1,718,400	1,135,039
Annual General Meeting Expenses / EGM Expenses	487,769	224,244
Pooja Expenses	112,641	220,666
Computers /Equipment Hire Charges	4,278,384	1,549,656
Others	641,127	955,668
Total	9,443,538	6,256,114
PRIOR PERIOD ITEMS		
Prior Period expenses	67,841	-
Incentive Director reversed	(2,176,569)	-
Prior Period Depreciation Written back	(351,980)	-
Total	(2,460,708)	-

SCHEDULE – 15

NOTES FORMING PART OF THE ACCOUNTS

1) Nature Of Operations:

The company was incorporated in the year 1989 to set up, manage and operate a multi specialty hospital and it commenced its commercial operations in year 1992. The company has become subsidiary of International Hospital Limited from 1st October 2009.

2) Statement of Significant Accounting Policies:

(a) Basis for preparation of Accounts:

The financial statements has been prepared to comply in all material respects in accordance with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets:

- i) Fixed Assets are valued at cost less depreciation, financing cost upto the date of commissioning of Assets are capitalised.
- ii) Depreciation on major fixed assets excluding land is provided on straight line method at the rates Prescribed in Schedule XIV of the Companies Act 1956 and for the remaining assets at the rates prescribed by the management.

(d) Revenue recognition:

Operating Income of the Hospital is recognized as and when the services are rendered.

(e) Foreign Currency Transactions:

- i) 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) Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or expense in the year in which they arise in case of revenue transactions and subtracted or added to the cost in the case of asset.

(f) Employee Benefits:

- i) The Company makes contributions to statutory provident fund in accordance with Employee Provident Fund and Miscellaneous Provisions Act 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

- ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made by an independent valuer at the end of the year.
- iii) Leave encashment and compensated absences are provided for on the basis of an actuarial valuation carried out by an independent valuer at the end of the year.
- iv) Actuarial gains/losses are recognised in the profit and loss account as they occur.

(g) Provision for Current Tax and Deferred Tax Recognition:

- i) Provision for current tax is made after taking into consideration the benefits admissible under the provisions of IT Act 1961.
- ii) Deferred tax resulting from timing differences between book & taxable profits is accounted for using the tax rates and laws that have been enacted on the balance sheet date.
- iii) Deferred tax is recognized and carried forward only to the extent that there is reasonable certainty; and in case of unabsorbed depreciation and carried forward losses only to the extent that there is virtual certainty supported by convincing evidence, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(h) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable than 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.

(i) 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.

3. 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 "Segment Reporting"

- 4. Fixed asset include, medical equipment, purchased through HDFC bank Ltd, under confirmed irrevocable foreign deferred letter of credit payable in US Dollars, after 36 months from 3rd October 2008. Liability has been adjusted on value of the Dollar at the close of the year.

5. Details of Director's Remuneration

	For the year ended 31st March 2011 ₹.	For the year ended 31st March 2010 ₹.
Remuneration for whole time Directors (within the limits prescribed under Schedule XIII of the Companies Act, 1956)	5,384,780	7,208,211

- (a) In view of the approval from Ministry of Company Affairs, the previous year figure has been reworked. Provision for incentives has been scaled down, to bring down the total remuneration paid to the Director to the limit approved by Ministry of Company Affairs ₹. 7,208,211 and excess remuneration paid ₹. 176,569 is being recovered. The figure for the current year is exclusive of ₹.1,823,431 included in the provision for incentives for the financial year 2010-2011
- (b) As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the Directors is not ascertainable and, not included above.

- | 6. CIF value of imports in respect of: | For the year ended | |
|---|--------------------|-----------------|
| | 31st March 2011 | 31st March 2011 |
| | ₹ | ₹ |
| a. Consumables stores & Repairs & Maintenance | NIL | NIL |
| b. Capital Goods | 4,665,827 | 19,571,854 |
| c. Others | 294,030 | NIL |
7. The balances outstanding in Hospital Sundry Debtors and Creditors are subject to confirmation.
8. Figures are regrouped and reclassified wherever necessary. The figures are rounded off to nearest Rupees.
9. Provision for incentives include ₹.1,823,436 provision created for the whole time director(Previous year ₹ 25 lacs, (scaled down to ₹ 5 lacs during the current financial year)).
10. Assets, having original cost ₹. 59,331,032, which have become obsolete and irreparable having, very little scrap value were removed from the gross block consequently written down value of ₹. 2,108,549 has been written off in the books of accounts.
11. Provision for gratuity includes additional provision Rs. Nil assessed by the independent actuary for the liability existed at the beginning of the year.(Previous year ₹. 1,691,197)
12. The company has been regularly remitting the service tax due for the payments received from all TPAs including M/s. Star Health and Allied Insurance Co. Ltd, except for the payments received under TNCM Insurance Scheme. There has been a certain delay in realization and remittance of Service Tax due on amount due from M/s. Star Health and Allied Insurance Co. Ltd., TPA for TNCM Insurance Scheme. For the payments received under the said scheme an amount of ₹.41.32 lacs (more than six months ₹. 10.95 lacs) was not remitted to the authorities

13. Disclosure under AS-18 - Related Parties as on 31st March, 2011

(I). LIST OF RELATED PARTIES (AS CERTIFIED BY THE MANAGEMENT) :

A. Enterprises under control (whether directly or indirectly) of reporting enterprise

Malar Stars Medicare Limited

Enterprises which control (directly or indirectly) reporting enterprise

Fortis Healthcare Holdings Limited

Fortis Healthcare (India) Limited

RHC Holding Private Limited (Holding Co. of FHHL) (w.e.f. December 22, 2010)

International Hospital Limited

Enterprises which are under common control with reporting enterprise

(a) Subsidiaries of Fortis Healthcare (India) Limited

Fortis Hospotel Ltd.

International Hospital Limited

Escorts Heart Institute And Research Centre Limited

Escorts Heart And Super Speciality Institute Limited

Escorts Heart And Super Speciality Hospital Limited

Fortis Health Management Limited

Fortis Healthcare International Limited

Lalitha Healthcare Private Limited

Fortis Hospitals Limited

Fortis Emergency Services Limited

Escorts Hospital & Research Centre Limited

Fortis Global Healthcare (Mauritius) Limited

Fortis C-Doc Healthcare Limited (w.e.f. September 17, 2010)

Fortis Asia Healthcare Pte. Limited, Singapore (w.e.f. January 7, 2011)

Fortis Global Healthcare Infrastructure Pte. Limited, Singapore (w.e.f. March 31, 2011)

Kanishka Housing Development Company Limited

(b) Subsidiaries of Fortis Healthcare Holdings Limited

Hiranandani Healthcare Private Limited

Fortis HealthStaff Ltd.

Fortis Hospital Management Ltd.
Religare Wellness Ltd.
Hospitalia Eastern Private Limited
Medsources Healthcare Pvt. Ltd.
(Subsidiary of Religare Wellness Ltd.)

**(c) Subsidiaries of RHC Holding Private Limited
(Holding Company of FHHL)**

Fortis Healthcare Holdings Limited
Fortis Global Healthcare Ltd
A-1 Book Company Private Limited
RHC Finance Private Limited
Maple Leaf Buildcon Private Limited
Todays Holdings Private Limited
Religare Infotech Private Limited
RHC Financial Services (Mauritius) Ltd
Fortis Global Healthcare Holdings Pte. Ltd (Singapore)
Religare Infotech Pty Limited
Altai Investments Limited
Quality Healthcare Limited
Quality Healthcare Medical Services Limited
Quality Healthcare Medical Holdings Limited
Portex Limited
Quality Healthcare Services Limited
Green Apple Associates Limited
Quality HealthCare Hongkong Limited
Quality HealthCare Medical Services (Macau)Limited
Berkshire Group Limited
HealthCare Opportunities Limited
GlobalRX Limited
SmartLab Limited
Quality HealthCare Medical Centre Limited
Universal Lane Limited
Quality HealthCare Chinese Medicine Limited
Quality HealthCare Psychological Services Limited
Quality HealthCare Dental Services Limited
Quality HealthCare Nursing Agency Limited
Quality HealthCare Physiotherapy Services Limited
Dynamic People Group Limited
Normandy (Hongkong) Limited
Quality EAP (Macau) Limited
TCM Products Limited
Great Option Limited
Marvellous Way Limited
Poltallock Limited
Summerset Green Limited
Allied Medical Practices Guild Limited
Quality HealthCare Professional Services Limited
DB Health Services Limited
GHC Holding Limited
CASE Specialist Limited
Jadeast Limited
Jadefairs International Limited
Jadison Investment Limited
Jadway International Limited
Megafaith International Limited
Fortis Healthcare Singapore Pte. Limited

B. Associate or JV of reporting enterprise Investing party of which reporting enterprises is an associate
NIL

C. individuals (directly or indirectly) having control or significant influence over reporting enterprise

Mr Malvinder Mohan Singh

Mr Shivinder Mohan Singh

Relatives of such individuals

Mrs. Nimmi Singh

Mrs. Japna Malvinder Singh

Mrs. Aditi Shivinder Singh

Ms. Nimrita Parvinder Singh)

Ms. Nanki Parvinder Singh)

Ms. Nandini Parvinder Singh)

Master Anhad Parvinder Singh) MINOR

Master Udayveer Parvinder Singh)

Master Vivan Parvinder Singh)

Master Kabir Parvinder Singh)

D. Key managerial personnel(s)

Mr. Krish Ramesh

Relatives of Key managerial personnel(s)

Ms. R. Uthra, Wife

Mr. R. Krishnamachari, Father

Late Smt. K. Kalyani, Mother

Mr. R. Praveen Kumar, Son

Ms. R. Prashanthi

Mr. K. Ramkumar, Brother

Mr. K. Ravichandaran, Brother

Mrs. R. Shamala, Brother's Wife

Mrs. R. Sumathi, Brother's Wife

E. Enterprises over which any person mentioned at (c) and (d) have significant influence

Religare Enterprises Limited (REL)

Religare Securities Limited

Religare Finvest Limited

Religare Commodities Limited

REL Infrafacilities Limited (formerly known as Religare Realty Limited)

Religare Venture Capital Ltd.

Religare Insurance Broking Ltd.

Religare Finance Limited	Dion Global Solutions Pty Ltd.
Religare Capital Markets Limited	Dion Global Solutions (Australia) Pty Ltd.
Religare Macquarie Wealth Management Limited	Dion Global Solutions (Development) Pty Ltd.
Religare Health Insurance Company Limited	Dion Global Solutions (Asia Pacific) Pty Ltd.
RELIGARE ARTS INITIATIVE LIMITED	Dion Global Solutions (NZ) Ltd.
Religare United Soccer Limited	Dion Global Solutions (HK) Ltd.
Religare Arts Investment Management Limited	Dion Global Solutions (UK) Ltd.
AEGON Religare Life Insurance Company Limited	Dion Global Solutions (MY) Sdn Bhd
Vistaar Religare Capital Advisors Limited	Dion Global Solutions (Singapore) Pte. Ltd.
Religare Asset Management Company Limited	Religare Technova Global Solutions Vietnam Company Ltd.
Religare Trustee Company Ltd.,	Super Religare Laboratories Limited
Mausam Films Limited	MENA Healthcare Investment Company Limited
Vistaar Religare Films Limited	Medical Management Company Limited
Vistaar Religare Media Limited	Super Religare Laboratories International Limited
Vistaar Religare Pictures Limited	Super Religare Laboratories International FZ-LLC
Vistaar Religare Entertainment Limited	Super Religare Reference Laboratories (Nepal) Pvt. Ltd.
Milestone Religare Investment Advisors Private Limited	RHC Holding Private Ltd
Religare Housing Development Finance Corporation Limited (Formerly known as Maharishi Housing Development Finance Corporation Limited)	Oscar Investments Ltd.
Religare Advisory Services Limited	A-1 Book Company (P) Ltd
Religare Capital Markets Plc.	Malav Holdings (P) Limited
Hichens, Harrison (Middle East) Limited	Luxury Farms (P) Ltd.
Hichens, Harrison (Ventures) Limited	Vistas Realtors Private Limited
Religare Capital Markets (UK) Limited	Shivi Holdings (P) Ltd
Religare Hichens Harrison Consultoria Internacional Ltd	Greenview Buildtech Private Limited
Religare Capital Markets Pty Limited	RC Nursery (P) Ltd.
Religare Capital Markets Inc	Shimal Research Laboratories Ltd
London Wall Nominees Limited	Hospitalia Informations Systems (P) Ltd
HH1803.Com Limited	ANR Securities Limited.
Tobler (Mauritius) Limited	Bindas Realtors Private Limited
Tobler (UK) Limited	Vistas Complexes Private Ltd
Religare Global Asset Management Japan Co. Ltd.	Meadows Buildtech Private Limited
Religare Investment Advisory (Mauritius)	Fortis Clinical Research Ltd
Religare Investment Holdings (UK) Ltd.	Green Biofuels Farms Private Ltd
Charterpace Limited	Malsh Healthcare (Partnership Firm)
Blamire Limited	Oscar Traders (Partnership Firm)
Hichens, Harrison (Far East) Pte Limited	Religare Voyages Limited
Dion Global Solutions Limited	Religare Aviation Limited
Religare Technologies Limited	Religare Aviation Training Academy Limited
Regius Overseas Holding Co. Ltd.	Religare Travels (India) Limited
	Religare Bullion Limited

Religare Aviation Engineering Limited	Religare Capital Markets (EMEA) Limited
Religare Flysims Limited	Kyte Management Limited
Religare Share Brokers Limited	Religare Capital Markets (USA) LLC
Piramal Diagnostic Services P Limited	Religare Capital Markets (Hongkong) Limited
DDRC Piramal Diagnostic Services P Limited	Religare Capital Markets (Singapore) Pte Limited
Religare Global Asset Management (HK) Ltd.	Religare Voyages Business Services Private Limited

Notes:

1. Entities in which person mentioned in (c) and (d) have significant influence whether directly or indirectly, singly or jointly, are also included in the list.

(II). PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR ENDED ON 31ST MARCH 2011

Transactions	KMP	Enterprises Under significant influence by KMP	Total
	₹	₹	₹
1. Interest paid	NIL	144,247	144,247
2. Other Transactions	NIL	385,601	385,601
3. Whole Time Director's Remuneration	5,384,780	NIL	5,384,780
4. Sale of Medical Consumables	NIL	166,095	166,095

14 Disclosures Under Accounting Standard – 15 (Revised) On “Employee Benefits”:**A. Defined Contribution Plan**

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010
Contribution to Provident Fund	44.66	36.68

B. Defined Benefit Fund

The company has 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 services.

The company also provides Leave Encashment benefit to its employees, which is unfunded. The company also provides Super Annuation benefits to its senior executives.

The following table summaries the components of net benefit expenses recognised in the profit and loss account and the amounts recognised in the balance sheet.

₹. in Lacs

Particulars	Gratuity (Unfunded) 31st March 2011	Gratuity (Unfunded) 31st March 2010
Net employee benefit expenses (recognized in Personnel Expenses)		
Current service cost	11.29	10.34
Interest cost on benefit obligation	5.21	4.64
Expected return on plan assets	(3.17)	(1.21)
Actuarial loss (gain) recognized during the year	(1.19)	(2.54)
Past service cost	0	0
Net benefit expense	12.14	11.23
Balance Sheet		
Details of Provision for Gratuity at March 31, 2011		
Present value of defined benefit obligation	77.41	68.35
Fair Value of plan assets	63.28	14.83
Deficit of funds	(14.13)	(53.52)
Net liability	(14.13)	(53.52)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	68.35	63.11
Current Service cost	11.29	10.34
Interest Cost on benefit obligation	5.21	4.64
Benefits paid	6.53	(7.13)
Actuarial loss/(gain) recognized during the year	(0.91)	(2.61)
Closing defined benefit obligation	77.41	68.35

The Principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	8.50%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Withdrawal rate/Employee Turnover Rate		
Age up to 30 Years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2%	2.00%
Experience adjustment on plan liabilities	-	-

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) The Company'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.

15. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

Particulars	31st March 2011 ₹	31st March 2010 ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	3,757,726	NIL
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL

16. CONTINGENT LIABILITY

- a) Estimated amount of contracts to be executed on capital account and not provided for ₹ 31.87 lacs

17. EARNING PER SHARE

As required by the Accounting Standard on Earnings Per Share (EPS) AS 20 Issued by the Institute of Chartered Accountants of India, our Company discloses the following information.

Particulars	Year ended 31st March, 2011 (₹)	Year ended 31st March, 2010 (₹)
a. Profit (Loss) as per Profit and Loss Account	54,297,036	34,999,398
b. No of Basic equity share	18,594,259	18,594,259
c. Basic earnings per share	2.92	1.88
d. Nominal value of an equity share	10/-	10/-

As per our annexed report of even date

For and on behalf of the Board of Directors

For K.Gopalan & Co.
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

 Registration No.

	1	7	2	3	2
--	---	---	---	---	---

 State code

	1	8
--	---	---

 CIN No.

L	8	5	1	1	0	T	N	1	9	8	9	P	L	C	0	1	7	2	3	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 Balance Sheet Date

	3	1
--	---	---

	0	3
--	---	---

	2	0	1	1
--	---	---	---	---

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue

	N	I	L	
--	---	---	---	--

Rights Issue

	N	I	L	
--	---	---	---	--

Bonus Issue

	N	I	L	
--	---	---	---	--

Private Placement

	N	I	L	
--	---	---	---	--

III. Position of Mobilisation and Deployment of Funds (Amounts in ₹ Thousands)

Total Liabilities

3	7	0	0	1	4
---	---	---	---	---	---

Total Assets

3	7	0	0	1	4
---	---	---	---	---	---

 Source of Funds
 Paid - up Capital

1	8	6	0	9	5
---	---	---	---	---	---

Reserves and Surplus

9	3	3	3	3
---	---	---	---	---

Secured Loans

9	0	5	8	6
---	---	---	---	---

Un Secured Loans

	N	I	L	
--	---	---	---	--

 Application of Funds
 Net Fixed Assets

3	5	2	8	5	0
---	---	---	---	---	---

Deferred Tax Assets / (Liability)

(1	7	5	1	4)
---	---	---	---	---	---	---

Investments

	5	0	0
--	---	---	---

Net Current Assets

1	3	4	3	6
---	---	---	---	---

Accumulated Losses

2	0	7	4	2
---	---	---	---	---

IV. Performance of Company (Amount in ₹ Thousands)

Turnover

8	3	6	9	4	9
---	---	---	---	---	---

Total Expenditure

7	5	5	3	4	6
---	---	---	---	---	---

Profit / (Loss) Before Tax and Deferred Tax

8	1	6	0	3
---	---	---	---	---

Profit / (Loss) After Tax and Deferred Tax

5	4	2	9	7
---	---	---	---	---

V. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)

Item Code No. (ITC Code) : Not Applicable

Products Description : Medical Services

As per our annexed report of even date

For and on behalf of the Board of Directors

 For **K.Gopalan & Co.**
 Chartered Accountants
 Firm's Registration No. 000975S

Dr. Lloyd Nazareth
 Director

Krish Ramesh
 Whole-Time Director

S.N. Parthasarathy
 Partner
 Membership No. 20168

Ramit Rastogi
 Company Secretary

K.Sundar
 Financial Controller

 Place : Chennai
 Date : 16th May 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO THE SUBSIDIARY COMPANY**

NAME OF THE SUBSIDIARY COMPANY	MALAR STARS MEDICARE LTD
1. Financial year of the Subsidiary ended on	31st March, 2011
2. Shares of the Subsidiary Company held on the above date and extent of holding.	
i) Equity Shares of ₹10/- each (50,000 equity shares of ₹ 10/- each fully paid-up)	₹ 500,000
ii) Extent of Holding	100%
3. Net aggregate amount of profits of the Subsidiary Company for the above financial year so far as it concerns the members of Fortis Malar Hospitals Ltd.	
i) Dealt with in Accounts of Fortis Malar Hospitals Ltd.	NIL
ii) Not dealt with in Accounts of Fortis Malar Hospitals Ltd.	₹ 133,344
4. Net aggregate amount of profits for previous financial years of the Subsidiary Company as far as it concerns members of Fortis Malar Hospitals Ltd.	
i) Dealt with in Accounts of Fortis Malar Hospitals Ltd.	NIL
ii) Not dealt with in Accounts of Fortis Malar Hospitals Ltd.	₹ 29,779

For and on behalf of the Board of Directors

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

Place : Chennai
Date : 16th May 2011

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

ABSTRACT OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT 31ST MARCH 2011
NAME OF THE SUBSIDIARY COMPANY : MALAR STARS MEDICARE LTD

	For the Year Ended 31st March 2011 ₹	For the Period Ended 31st March 2010 ₹
a) Capital	500,000	500,000
b) Reserves & Surplus (adjusted for debit balance of profit & loss account)	163,123	29,779
c) Total Assets	747,098	890,356
d) Total Liabilities	83,975	360,577
e) Details of Investment (except in case of investment in subsidiaries)	NIL	NIL
f) Turnover	4,560,000	2,807,097
g) Profit / (Loss) before Taxation	192,972	43,096
h) Provision for Taxation	59,628	13,317
l) Profit / (Loss) after Taxation	133,344	29,779
j) Proposed Dividend	NIL	NIL

For and on behalf of the Board of Directors

Dr. Lloyd Nazareth
 Director

Krish Ramesh
 Whole-Time Director

 Place : Chennai
 Date : 16th May 2011

Ramit Rastogi
 Company Secretary

K.Sundar
 Financial Controller

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF FORTIS MALAR HOSPITALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FORTIS MALAR HOSPITALS LIMITED, ITS SUBSIDIARY.

1. We have audited the annexed Consolidated Balance Sheet of **FORTIS MALAR HOSPITALS LTD** ("the Company") and its subsidiary **MALAR STARS MEDICARE LIMITED** as on 31st March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash flow statement of the Company for the year ended on that date and annexed thereto.
2. These financial statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. We report that the consolidated financial statements (CFS) have been prepared by the company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for investments in Associates in Consolidated Financial Statements, notified pursuant to the companies (Accounting Standards) Rules, 2006 (as amended).
5. Based on our audit and on consolidation of reports on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 Fortis Malar Hospitals Limited as at March 31, 2011;
 - b) In the case of the consolidated profit and loss account, of the profit for the year ended of the Fortis Malar Hospitals Limited on that date; and
 - c) In the case of the consolidated cash flow statement, of the cash flow for the year ended of the Fortis Malar Hospitals Limited on that date.

for **K. Gopalan & Co**
Chartered Accountants
Firm's Registration No.000975S

S.N.Parthasarathy
Partner
Membership No. 20168

Place : Chennai
Date : 16th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	Schedules	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	1	186,095,090	186,095,090
Reserves & Surplus		93,333,320	93,333,320
Loan Funds			
Secured Loan	2	90,585,231	145,225,820
Unsecured Loans	3	-	19,459,306
TOTAL		370,013,641	444,113,536
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	536,711,144	514,702,523
Less: Depreciation		183,861,220	214,715,361
Net Block		352,849,924	299,987,162
Capital Work in Progress		-	9,684,477
Investments			
Deferred Tax Assets/(Liability)	5	(17,514,022)	9,792,109
(See Note No. 2(g) of Schedule 15)			
Current Assets, Loans & Advances			
Inventories		4,159,203	5,787,790
Sundry debtors	6	61,234,873	74,532,479
Cash & Bank Balances	7	3,251,384	9,602,570
Loans & Advances	8	92,120,655	59,932,332
		160,766,115	149,855,171
Less: Current Liabilities & Provisions	9	146,667,566	100,214,954
Net Current Assets		14,098,549	49,640,217
Profit & Loss Account		20,579,190	75,009,571
TOTAL		370,013,641	444,113,536
Notes to Accounts	15		

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
 Chartered Accountants
 Firm's Registration No. 000975S

Dr. Lloyd Nazareth
 Director

Krish Ramesh
 Whole-Time Director

S.N. Parthasarathy
 Partner
 Membership No. 20168

Ramit Rastogi
 Company Secretary

K.Sundar
 Financial Controller

Place : Chennai
 Date : 16th May 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Schedules	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
I. INCOME			
Operating Income		832,671,085	641,401,794
Other Income	10	4,278,236	1,046,037
TOTAL		836,949,321	642,447,831
II. EXPENDITURE			
Hospital Operation Expenses	11	661,452,322	512,424,230
Administrative & other expenses	12	43,042,166	27,521,760
Financial Expenses	13	14,343,243	16,350,528
Miscellaneous Expenses	14	9,443,539	6,256,114
Depreciation/ Provision for Obsolescence/Impairment	4	29,332,620	26,503,911
Preliminary Expense Written Off		-	18,580
TOTAL		757,613,890	589,075,123
Profit /(Loss) before Prior Period Items and Tax		79,335,431	53,372,708
Prior Period Items		(2,460,708)	-
Provision for Deferred Tax		27,306,131	18,330,214
Provision for Current Tax		59,628	13,317
Profit /(Loss) for the period/year		54,430,380	35,029,177
Add: Balance brought forward from previous year		(75,009,570)	(110,038,747)
Net Profit carried over to Balance Sheet		(20,579,190)	(75,009,570)

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	For the Year Ended 31st March 2011 ₹	For the Year Ended 31st March 2010 ₹
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(loss) after Prior period, Extraordinary items and Tax	54,430,380	35,029,177
Extraordinary item		
Provision for deferred tax	27,306,131	18,330,214
Profit before Tax	81,736,511	53,359,391
Adjustments for :		
Depreciation	29,332,620	26,503,911
Prior Period Items -Depreciation	(351,980)	-
Loss on sale of fixed assets	39,435	571,316
Financial charges (considered separately)	14,343,243	16,350,516
Interest received & other income (considered separately)	(4,278,236)	(1,046,038)
Operating profit/loss before working capital changes	120,688,249	95,739,108
Adjustments for :		
Sundry debtors	13,297,606	(44,647,583)
Inventories	1,628,587	(1,097,094)
Loans & advances	(32,188,323)	(6,087,271)
Current liabilities & provisions	46,452,612	8,018,443
Net cash from operating activities	A 150,012,075	51,925,603
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets (including capital work in progress)	(72,602,851)	(112,633,923)
Proceeds from sale of fixed assets	404,492	5,600,545
Net cash used in investing activities	B (72,198,359)	(107,033,378)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		
Proceeds (& Repayments) from new borrowings	(74,099,895)	64,582,599
Increase in investments		-
Financial charges	(14,343,243)	(16,350,528)
Interest received & other income	4,278,236	1,046,038
Net cash used in financing activities	C (84,164,902)	49,278,109
Net increase in cash and cash equivalents	A+B+C (6,351,186)	(5,829,666)
Cash and cash equivalents (Opening balance)	9,602,570	15,432,236
Cash and cash equivalents (Closing balance)	3,251,384	9,602,570

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 1		
SHARE HOLDERS'S FUNDS		
Share Capital		
Authorised Share Capital		
3,00,00,000 Equity Shares of ₹ 10/- each (PY 2,00,00,000 Equity Shares of ₹ 10/- each)	<u>300,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid Up		
18,594,259 (PY 18,594,259) Equity Shares of ₹ 10/- each	<u>185,942,590</u>	<u>185,942,590</u>
Add : Share Forfeiture	<u>152,500</u>	<u>152,500</u>
 Total	 <u>186,095,090</u>	 <u>186,095,090</u>
Rerserves & Surplus		
Share Premium Account	<u>93,333,320</u>	<u>93,333,320</u>
SCHEDULE 2		
SECURED LOANS		
Loans From HDFC Bank		
- Medical Equipment Loan	<u>56,030,958</u>	<u>106,325,170</u>
- Deferred Letter of Credit	<u>24,029,201</u>	<u>24,180,225</u>
- Working Capital Overdraft Loan	<u>10,525,072</u>	<u>14,720,425</u>
Total	<u>90,585,231</u>	<u>145,225,820</u>
Note:		
1. Term Loan and Working Capital Loan taken from HDFC Bank Ltd is secured by sole and exclusive charge on all Fixed Assets and Current Assets both present and future.		
SCHEDULE 3		
UNSECURED LOANS		
From Body Corporate	-	<u>19,459,306</u>
Total	<u>-</u>	<u>19,459,306</u>

SCHEDULE TO THE ACCOUNTS

SCHEDULE - 4
FIXED ASSETS

₹

Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at 1st April 2010	Additions / Adjustments during the year	Deletions / Adjustments during the year	As at 31st March 2011	As at 1st April 2010	For the year	Adjustments during the year	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
Land	22,819,716			22,819,716					22,819,716	22,819,716
Building	162,354,006	35,303,933		197,657,939	62,808,679	5,903,597		68,712,276	128,945,663	99,545,326
Electrical Installations	20,191,008	8,574,780		28,765,788	10,900,538	1,268,248		12,168,786	16,597,002	9,290,470
Air Conditioners	24,380,647	1,120,984		25,501,631	13,924,317	1,287,882		15,212,199	10,289,432	10,456,330
Medical Equipments	245,147,795	29,151,439	59,540,492	214,758,742	105,347,520	16,261,711	59,757,158	61,852,073	152,906,669	139,800,275
Computers	9,400,107	2,400,206		11,800,313	4,090,697	1,770,046		5,860,744	5,939,569	5,309,410
Vehicles	3,936,383			3,936,383	2,845,961	395,413		3,241,374	695,009	1,090,422
Furniture & Fittings	9,299,791	2,318,079	391,415	11,226,455	4,010,602	1,168,991	429,602	4,749,991	6,476,463	5,289,190
Misc Fix Assets	17,173,071	3,417,907	346,800	20,244,178	10,787,046	1,276,731		12,063,778	8,180,400	6,386,027
TOTAL	514,702,523	82,287,328	60,278,707	536,711,145	214,715,360	29,332,620	60,186,760	183,861,220	352,849,924	299,987,162
PREVIOUS YEAR	411,868,831	113,576,779	10,743,086	514,702,523	189,651,335	26,503,911	1,439,888	214,715,361	299,987,162	222,217,493

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 5		
Deferred Tax Asset / (Liability) Net		
Deferred Tax Asset		
Effect of expenditure debited to profit and loss account but not allowed for Tax purpose	3,795,180	4,502,259
Carry forward business losses and Unaborsed depreciation	<u>9,096,528</u>	<u>34,142,572</u>
	12,891,708	38,644,831
Deferred Tax Liability		
Arising on account of timing difference in Depreciation between Book Value of Depreciable Assets as per books of accounts and WDV as per Income Tax Purpose	30,405,730	28,852,722
Deferred Tax Asset / (Liability) Net	<u>(17,514,022)</u>	<u>9,792,109</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured and considered good)		
a) Debts outstanding for a period exceeding six months	15,418,210	9,224,310
b) Other debts	45,816,663	65,308,169
Total	<u>61,234,873</u>	<u>74,532,479</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand	975,476	858,993
Balance with scheduled Banks:		
On Current Account	2,275,908	1,965,707
On Fixed Deposits	-	6,777,870
Total	<u>3,251,384</u>	<u>9,602,570</u>
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or kind for value to be received.	87,593,443	56,375,296
Security Deposit	4,527,212	3,557,036
Total	<u>92,120,655</u>	<u>59,932,332</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	As at 31st March 2011 ₹	As at 31st March 2010 ₹
SCHEDULE 9		
A. CURRENT LIABILITIES		
1) Sundry Creditors		
a) Total Outstanding dues of Micro, Medium and Small Enterprises (Refer Note in Schdedule 15)	3,757,726	-
b) Total Outstanding dues of Creditors other than Micro, Medium and Small Enterprises	84,300,154	60,734,664
2) Misc. Receipts (Shares)	225,656	225,656
B. PROVISIONS		
3) Provision for Staff Benefits	8,701,768	9,650,836
4) Provision for Provident Fund	916,917	-
5) Other Provisions	48,765,345	29,603,798
Total	<u>146,667,566</u>	<u>100,214,954</u>
SCHEDULE 10		
OTHER INCOME		
Misc. Receipts	3,954,615	751,605
Interest on Fixed Deposit	167,703	172,005
Interest Receipts - on Other Deposits	155,918	122,427
Total	<u>4,278,236</u>	<u>1,046,037</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
SCHEDULE 11		
HOSPITAL OPERATING EXPENSES		
Consumables & Others		
Opening Stock	5,787,790	4,690,696
Add: Purchases	<u>208,578,269</u>	<u>145,254,527</u>
	214,366,059	149,945,223
Less: Closing Stock	<u>4,159,203</u>	<u>5,787,790</u>
	210,206,856	144,157,433
Consultation Charges	219,495,567	182,372,773
Rent	5,423,344	4,958,919
Insurance	261,844	480,787
Salaries and Allowances	102,250,591	79,737,494
Bonus/prov.for Bonus/ Exgratia	2,190,565	1,771,150
Provision for Gratuity	1,465,392	2,915,234
Provision for Superannuation	67,716	84,294
Provision for Incentive / Retention	894,349	1,020,000
Provision for Incentive / Retention -Director	1,823,431	2,500,000
Provident Fund	4,466,214	3,668,561
Directors Remuneration	4,824,780	4,824,781
Power & Fuel	17,594,922	14,844,280
Lab Contract Charges	23,352,011	21,685,595
Diet Canteen Charges	9,910,329	8,154,278
Radiology Contract Charges	37,681,872	20,472,231
Repairs & Maintenance		
Building & Renovation Work	4,578,107	5,242,613
Equipments	1,247,531	1,366,479
Electrical	1,895,152	1,691,565
IT	2,118,124	773,597
Others	4,222,520	3,958,782
External Investigation Charges	3,476,087	4,074,367
Sterilization/Laundry Exp./Waste Mgt/CSSD	2,005,018	1,669,017
Total	<u>661,452,322</u>	<u>512,424,230</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	Year Ended 31st March 2011 ₹	Year Ended 31st March 2010 ₹
SCHEDULE 12		
ADMINISTRATIVE AND OTHER EXPENSES		
Office Expenses	86,579	86,442
Postage & Telegrams/Courier	479,575	362,353
Filing Fees	537,222	108,217
Books & Periodicals	346,875	90,377
Security charges	2,571,689	3,690,470
Sitting Fees	46,000	60,000
Rates & Taxes	2,189,838	1,977,146
Freight & Cartage / Cooly	89,173	21,332
Listing Fees	33,490	33,090
Internal Audit Fees	328,160	234,056
Business Promotion Expenses	2,507,871	833,125
Professional / Consultancy Service	1,431,251	931,288
Travelling & Conveyance	11,235,394	7,253,077
Advertisement Charges	13,622,160	4,776,406
Provision for Bad Debts/ Written off	157,151	
Loss on sale of fixed assets	39,435	571,316
Marketing Department Exp	7,066,098	6,202,868
Auditors Remuneration:		
Audit Fees	150,000	130,000
Tax audit/Certification fees	85,000	50,000
Reimbursement of Expenses	39,205	66,900
Others	-	43,297
Total	43,042,166	27,521,760

SCHEDULE 13**FINANCIAL EXPENSES**

Interest

- Financial Institutions and Banks

12,092,496

12,319,266

- Others

187,411

1,950,000

Bank Charges & Commission

2,063,336

2,081,262

Total**14,343,243****16,350,528**

SCHEDULES TO THE ACCOUNTS**PARTICULARS**

Year Ended
31st March 2011
₹

Year Ended
31st March 2010
₹

SCHEDULE 14**MISC. EXPENSES**

Donation	3,000	5,000
Telephone Charges/ Cellular Charges	2,049,771	1,948,316
Share Registry Expenses	152,446	217,525
Ambulance Hire Charges	1,718,400	1,135,039
Annual General Meeting Expenses / EGM Expenses	487,769	224,244
Pooja Expenses	112,641	220,666
Computers /Equipment Hire Charges	4,278,384	1,549,656
Others	641,128	955,668
Total	<u>9,443,539</u>	<u>6,256,114</u>

PRIOR PERIOD ITEMS

Prior Period expenses	67,841	-
Incentive Director reversed	(2,176,569)	-
Prior Period Depreciation Written back	(351,980)	-
Total	<u>(2,460,708)</u>	<u>-</u>

SCHEDULE – 15

CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS

1) NATURE OF OPERATIONS:

The company was incorporated in the year 1989 to set up, manage and operate a multi specialty hospital and it commenced its commercial operations in year 1992. The company has become subsidiary of International Hospital Limited from 1st October 2009.

2) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis for preparation of consolidated financial Statements:

The consolidated financial statements (CFS) have been prepared to comply in all material respects in accordance with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The CFS have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Principles of consolidation

1. The CFS relates to FOTIS MALAR HOSPITALS LIMITED & its wholly owned subsidiary. The CFS has been prepared on the following basis:
 - The financial statements of the company and its subsidiary have been combined on line-by-line basis by adding together the book value of items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
 - The CFS have been 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.

2. The subsidiary considered in the CFS is

Name of the company	Country of incorporation	% voting power held as at 31.03.2011
Malar Stars Medicare Limited	India	100

The above mentioned wholly owned Subsidiary was incorporated on 07th July, 2009

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Fixed Assets:

- i) Fixed Assets are valued at cost less depreciation, financing cost upto the date of commissioning of Assets are capitalised.
- ii) Depreciation on major fixed assets excluding land is provided on straight line method at the rates Prescribed in Schedule XIV of the Companies Act 1956 and for the remaining assets at the rates prescribed by the management.

(e) Revenue recognition:

Operating Income of the Hospital is recognized as and when the services are rendered.

(f) Foreign Currency Transactions:

- i) 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) Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or expense in the year in which they arise in case of revenue transactions and subtracted or added to the cost in the case of asset.

(g) Employee Benefits:

- i) The Company makes contributions to statutory provident fund in accordance with Employee Provident Fund and Miscellaneous Provisions Act 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.
- ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made by an Independent valuer at the end of the year.
- iii) Leave encashment and compensated absences are provided for on the basis of an actuarial valuation carried out by an independent valuer at the end of the year.
- iv) Actuarial gains/losses are recognised in the profit and loss account as they occur.

(h) Provision for Current Tax and Deferred Tax Recognition:

- i) Provision for current tax is made after taking into consideration the benefits admissible under the provisions of IT Act 1961.
- ii) Deferred tax resulting from timing differences between book & taxable profits is accounted for using the tax rates and laws that have been enacted on the balance sheet date.
- iii) Deferred tax is recognized and carried forward only to the extent that there is reasonable certainty; and in case of unabsorbed depreciation and carried forward losses only to the extent that there is virtual certainty supported by convincing evidence, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(l) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable than 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.

(j) 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.

3. 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 "Segment Reporting"

4. Fixed asset include, medical equipment, purchased through HDFC bank Ltd, under confirmed irrevocable foreign deferred letter of credit payable in US Dollars, after 36 months from 3rd October 2008. Liability has been adjusted on value of Dollar at the close of the year.

5. Details of Director's Remuneration (for Fortis Malar Hospitals Limited)

	For the year ended 31st March 2011 ₹	For the year ended 31st March 2010 ₹
Remuneration for whole time Directors (within the limits prescribed under Schedule XIII of the Companies Act, 1956)	5,384,780	7,208,211

- (a) In view of the approval from Ministry of Company Affairs, the previous year figure has been reworked. Provision for incentives has been scaled down, to bring down the total remuneration paid to the director to the limit approved by Ministry of Company Affairs ₹ 7,208,211 and excess remuneration paid ₹ 176,569 is being recovered. The figure for the current year is exclusive of ₹ 1,823,431 included in the provision for incentives for the financial year 2010-2011
- (b) As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and, not included above.

6. CIF value of imports in respect of (for Fortis Malar Hospitals Limited)

	For the year ended 31st March 2011 ₹	For the year ended 31st March 2011 ₹
a. Consumables stores & Repairs & Maintenance	NIL	NIL
b. Capital Goods	4,665,827	19,571,854
c. Others	294,030	NIL

7. The balances outstanding in Hospital Sundry Debtors and Creditors are subject to confirmation.
8. Figures are regrouped and reclassified wherever necessary. The figures are rounded off to nearest Rupees.
9. In respect of Fortis Malar Hospitals Limited Provision for incentives include ₹. 1,823,431 provision created for the whole time director (Previous Year ₹. 500,000)
10. Assets of the Fortis Malar Hospitals Limited, having original cost ₹. 59,331,032, which have become obsolete and irreparable having, very little scrap value were removed from the gross block consequently written down value of ₹. 2,108,549 has been written off in the books of accounts.
11. In respect of Fortis Malar Hospitals Limited Provision for gratuity includes additional provision Rs.Nil assessed by the independent actuary for the liability existed at the beginning of the year. (Previous year ₹. 1,691,197)
12. The company has been regularly remitting the service tax due for the payments received from all TPAs including M/s. Star Health and Allied Insurance Co. Ltd, except for the payments received under TNCM Insurance Scheme. There has been a certain delay in realization and remittance of Service Tax due on amount due from M/s. Star Health and Allied Insurance Co. Ltd., TPA for TNCM Insurance Scheme. For the payments received under the said scheme an amount of ₹. 41.32 lacs (more than six months ₹. 10.95 lacs) was not remitted to the authorities.

13. Disclosure under AS-18 - Related Parties as on 31st March, 2011**(I). LIST OF RELATED PARTIES (AS CERTIFIED BY THE MANAGEMENT) :****A. Enterprises which control (directly or indirectly) reporting enterprise**

Fortis Healthcare Holdings Limited

Fortis Healthcare (India) Limited

RHC Holding Private Limited (Holding Co. of FHHL) (w.e.f. December 22, 2010)

International Hospital Limited

Enterprises which are under common control with reporting enterprise**(a) Subsidiaries of Fortis Healthcare (India) Limited**

Fortis Hospotel Ltd.

International Hospital Limited

Escorts Heart Institute And Research Centre Limited

Escorts Heart And Super Speciality Institute Limited

Escorts Heart And Super Speciality Hospital Limited

Fortis Health Management Limited

Fortis Healthcare International Limited

Lalitha Healthcare Private Limited

Fortis Hospitals Limited

Fortis Emergency Services Limited

Escorts Hospital & Research Centre Limited

Fortis Global Healthcare (Mauritius) Limited

Fortis C-Doc Healthcare Limited (w.e.f. September 17, 2010)

Fortis Asia Healthcare Pte. Limited, Singapore (w.e.f. January 7, 2011)

Fortis Global Healthcare Infrastructure Pte. Limited, Singapore (w.e.f. March 31, 2011)

Kanishka Housing Development Company Limited

(b) Subsidiaries of Fortis Healthcare Holdings Limited

Hiranandani Healthcare Private Limited

Fortis HealthStaff Ltd.

Fortis Hospital Management Ltd.

Religare Wellness Ltd.

Hospitalia Eastern Private Limited

Medsorce Healthcare Pvt. Ltd.

(Subsidiary of Religare Wellness Ltd.)

(c) Subsidiaries of RHC Holding Private Limited**(Holding Company of FHHL)**

Fortis Healthcare Holdings Limited

Fortis Global Healthcare Ltd

A-1 Book Company Private Limited

RHC Finance Private Limited

Maple Leaf Buildcon Private Limited

Todays Holdings Private Limited

Religare Infotech Private Limited

RHC Financial Services (Mauritius) Ltd

Fortis Global Healthcare Holdings Pte. Ltd (Singapore)

Religare Infotech Pty Limited

Altai Investments Limited

Quality Healthcare Limited

Quality Healthcare Medical Services Limited

Quality Healthcare Medical Holdings Limited

Portex Limited

Quality Healthcare Services Limited

Green Apple Associates Limited
 Quality HealthCare Hongkong Limited
 Quality HealthCare Medical Services (Macau)Limited
 Berkshire Group Limited
 HealthCare Opportunities Limited
 GlobalRX Limited
 SmartLab Limited
 Quality HealthCare Medical Centre Limited
 Universal Lane Limited
 Quality HealthCare Chinese Medicine Limited
 Quality HealthCare Psychological Services Limited
 Quality HealthCare Dental Services Limited
 Quality HealthCare Nursing Agency Limited
 Quality HealthCare Physiotherapy Services Limited
 Dynamic People Group Limited
 Normandy (Hongkong) Limited
 Quality EAP (Macau) Limited
 TCM Products Limited
 Great Option Limited
 Marvellous Way Limited
 Potallock Limited
 Summerset Green Limited
 Allied Medical Practices Guild Limited
 Quality HealthCare Professional Services Limited
 DB Health Services Limited
 GHC Holding Limited
 CASE Specialist Limited
 Jadeast Limited
 Jedefairs International Limited
 Jadison Investment Limited
 Jadway International Limited
 Megafaith International Limited
 Fortis Healthcare Singapore Pte. Limited

B. Associate or JV of reporting enterprise Investing party of which reporting enterprises is an associate

NIL

C. individuals (directly or indirectly) having control or significant influence over reporting enterprise

Mr Malvinder Mohan Singh

Mr Shivinder Mohan Singh

Relatives of such individuals

Mrs. Nimmi Singh

Mrs. Japna Malvinder Singh

Mrs. Aditi Shivinder Singh

Ms. Nimrita Parvinder Singh)

Ms. Nanki Parvinder Singh)

Ms. Nandini Parvinder Singh)

Master Anhad Parvinder Singh) MINOR

Master Udayveer Parvinder Singh)

Master Vivan Parvinder Singh)

Master Kabir Parvinder Singh)

D. Key managerial personnel(s)

Mr. Krish Ramesh

Relatives of Key managerial personnel(s)

Ms. R. Uthra, Wife

Mr. R. Krishnamachari, Father

Late Smt. K. Kalyani, Mother

Mr. R. Praveen Kumar, Son

Ms. R. Prashanthi

Mr. K. Ramkumar, Brother

Mr. K. Ravichandaran, Brother

Mrs. R. Shamala, Brother's Wife

Mrs. R. Sumathi, Brother's Wife

E. Enterprises over which any person mentioned at (c) and (d) have significant influence

Religare Enterprises Limited (REL)

Religare Securities Limited

Religare Finvest Limited

Religare Commodities Limited

REL Infrafacilities Limited (formerly known as Religare Realty Limited)

Religare Venture Capital Ltd.

Religare Insurance Broking Ltd.

Religare Finance Limited

Religare Capital Markets Limited

Religare Macquarie Wealth Management Limited

Religare Health Insurance Company Limited

RELIGARE ARTS INITIATIVE LIMITED

Religare United Soccer Limited

Religare Arts Investment Management Limited

AEGON Religare Life Insurance Company Limited

Vistaar Religare Capital Advisors Limited

Religare Asset Management Company Limited

Religare Trustee Company Ltd.,

Mausam Films Limited

Vistaar Religare Films Limited

Vistaar Religare Media Limited

Vistaar Religare Pictures Limited

Vistaar Religare Entertainment Limited

Milestone Religare Investment Advisors Private Limited

Religare Housing Development Finance Corporation Limited (Formerly known as Maharishi Housing Development Finance Corporation Limited)

Religare Advisory Services Limited

Religare Capital Markets Plc.

Hichens, Harrison (Middle East) Limited	RHC Holding Private Ltd
Hichens, Harrison (Ventures) Limited	Oscar Investments Ltd.
Religare Capital Markets (UK) Limited	A- 1 Book Company (P) Ltd
Religare Hichens Harrison Consultoria Internacional Ltd	Malav Holdings (P) Limited
Religare Capital Markets Pty Limited	Luxury Farms (P) Ltd.
Religare Capital Markets Inc	Vistas Realtors Private Limited
London Wall Nominees Limited	Shivi Holdings (P) Ltd
HH1803.Com Limited	Greenview Buildtech Private Limited
Tobler (Mauritius) Limited	RC Nursery (P) Ltd.
Tobler (UK) Limited	Shimal Research Laboratories Ltd
Religare Global Asset Management Japan Co. Ltd.	Hospitalia Informations Systems (P) Ltd
Religare Investment Advisory (Mauritius)	ANR Securities Limited.
Religare Investment Holdings (UK) Ltd.	Bindas Realtors Private Limited
Charterpace Limited	Vistas Complexes Private Ltd
Blamire Limited	Meadows Buildtech Private Limited
Hichens, Harrison (Far East) Pte Limited	Fortis Clinical Research Ltd
Dion Global Solutions Limited	Green Biofuels Farms Private Ltd
Religare Technologies Limited	Malsh Healthcare (Partnership Firm)
Regius Overseas Holding Co. Ltd.	Oscar Traders (Partnership Firm)
Dion Global Solutions Pty Ltd.	Religare Voyages Limited
Dion Global Solutions (Australia) Pty Ltd.	Religare Aviation Limited
Dion Global Solutions (Development) Pty Ltd.	Religare Aviation Training Academy Limited
Dion Global Solutions (Asia Pacific) Pty Ltd.	Religare Travels (India) Limited
Dion Global Solutions (NZ) Ltd.	Religare Bullion Limited
Dion Global Solutions (HK) Ltd.	Religare Aviation Engineering Limited
Dion Global Solutions (UK) Ltd.	Religare Flysims Limited
Dion Global Solutions (MY) Sdn Bhd	Religare Share Brokers Limited
Dion Global Solutions (Singapore) Pte. Ltd.	Piramal Diagnostic Services P Limited
Religare Technova Global Solutions Vietnam Company Ltd.	DDRC Piramal Diagnostic Services P Limited
Super Religare Laboratories Limited	Religare Global Asset Management (HK) Ltd.
MENA Healthcare Investment Company Limited	Religare Capital Markets (EMEA) Limited
Medical Management Company Limited	Kyte Management Limited
Super Religare Laboratories International Limited	Religare Capital Markets (USA) LLC
Super Religare Laboratories International FZ-LLC	Religare Capital Markets (Hongkong) Limited
Super Religare Reference Laboratories (Nepal) Pvt. Ltd.	Religare Capital Markets (Singapore) Pte Limited
	Religare Voyages Business Services Private Limited

Notes:

1. Entities in which person mentioned in (c) and (d) have significant influence whether directly or indirectly, singly or jointly, are also included in the list.

II. PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR ENDED ON 31ST MARCH 2011

Transactions	KMP ₹	Enterprises Under significant influence by KMP ₹	Total ₹
1. Interest paid	NIL	144,247	144,247
2. Other Transactions	NIL	385,601	385,601
3. Whole Time Director's Remuneration	5,384,780	NIL	5,384,780
4. Sale of Medical Consumables	NIL	166,095	166,095

14 Disclosures Under Accounting Standard – 15 (Revised) On "Employee Benefits":**A. Defined Contribution Plan**

₹. in Lacs

Particulars	March 31, 2011	March 31, 2010
Contribution to Provident Fund	44.66	36.68

B. Defined Benefit Fund

The company has 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 services.

The company also provides Leave Encashment benefit to its employees, which is unfunded. The company also provides Super Annuation benefits to its senior executives.

The following table summaries the components of net benefit expenses recognised in the profit and loss account and the amounts recognised in the balance sheet.

Particulars	Gratuity (Unfunded) March 31, 2011	Gratuity (Unfunded) March 31, 2010
Net employee benefit expenses (recognized in Personnel Expenses)		
Current service cost	11.29	10.34
Interest cost on benefit obligation	5.21	4.64
Expected return on plan assets	(3.17)	(1.21)
Actuarial loss (gain) recognized during the year	(1.19)	(2.54)
Past service cost	0	0
Net benefit expense	12.14	11.23
Balance Sheet		
Details of Provision for Gratuity at March 31, 2011		
Present value of defined benefit obligation	77.41	68.35
Fair Value of plan assets	63.28	14.83
Deficit of funds	(14.13)	(53.52)
Net liability	(14.13)	(53.52)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	68.35	63.11
Current Service cost	11.29	10.34
Interest Cost on benefit obligation	5.21	4.64
Benefits paid	6.53	(7.13)
Actuarial loss/(gain) recognized during the year	(0.91)	(2.61)
Closing defined benefit obligation	77.41	68.35

The Principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	8.50%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Withdrawal rate/Employee Turnover Rate		
Age up to 30 Years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2%	2.00%
Experience adjustment on plan liabilities	-	-

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) The Company'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.

15. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

Particulars	31st March 2011 ₹	31st March 2010 ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	3,757,726	NIL
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL

16. CONTINGENT LIABILITY

- a) In respect of Fortis Malar Hospitals Ltd, estimated amount of contracts to be executed on capital account and not provided for ₹ 31.87 lacs

17. EARNING PER SHARE

As required by the Accounting Standard on Earnings Per Share (EPS) AS 20 Issued by the Institute of Chartered Accountants of India, our Company discloses the following information.

Particulars	Year ended 31st March, 2011 (₹)	Year ended 31st March, 2010 (₹)
a) Profit as per Profit and Loss Account	54,430,380	35,029,176
b) No of Basic equity share	18,594,259	18,594,259
c) Basic earnings per share	2.93	1.88
d) Nominal value of an equity share	10/-	10/-

As per our annexed report of even date

For and on behalf of the Board of Directors

For **K.Gopalan & Co.**
Chartered Accountants
Firm's Registration No. 000975S

Dr. Lloyd Nazareth
Director

Krish Ramesh
Whole-Time Director

S.N. Parthasarathy
Partner
Membership No. 20168

Ramit Rastogi
Company Secretary

K.Sundar
Financial Controller

Place : Chennai
Date : 16th May 2011

Fortis Malar Hospitals Limited

Regd. Office: 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.

ATTENDANCE SLIP

Folio No (DP Id - Client Id): _____

I/We _____ hereby record my / our presence at the ANNUAL GENERAL MEETING of the Company to be held on Monday the 4th July 2011 at P.Obul Reddy Hall. Sri Thyaga Brahma Gana Sabha (Regd) - Vani Mahal. 103, G.N. Road, T.Nagar, Chennai - 600 017 at 2.00 P.M.

Signature(s) 1. _____ 2. _____
3. _____ 4. _____

Signature of the Proxyholder _____

NOTE: PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM.

Fortis Malar Hospitals Limited

Regd. Office: 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.

PROXY FORM

I/We _____

Being a Member / Members of Fortis Malar Hospitals Limited hereby appoint _____

_____ of _____

or failing _____ of _____

or failing _____ of _____

As my / our proxy in my / our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday the 4th July 2011 at P.Obul Reddy Hall. Sri Thyaga Brahma Gana Sabha (Regd) - Vani Mahal. 103, G.N. Road, T.Nagar, Chennai - 600 017 at 2.00 P.M. and any Adjournment thereof.

AS WITNESS my hand / our hand this _____ day of _____ 2011

Signature _____

Affix
50 paise
Revenue
Stamp

Note: This form duly completed should be deposited at Company's Registered Office at 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020 not less than 48 hours before the time for holding the meeting. A proxy need not be a member.

Book Post



Fortis Malar Hospitals Limited

Regd. Office: 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020
Tel: + 91 44 4289 2222 Fax: + 91 4289 2293 Email: contactus.malar@fortishealthcare.com
SMS "malar" to 56070 / www.fortismalarhospitals.com