Fortis MALAR HOSPITAL

Fortis Malar Hospital
52, 1st Main Road, Gandhi Nagar, Adyar,
Chennai, Tamil Nadu - 600 020
Tel : +91 44 4289 2222
Fax : +91 44 4289 2293
Emergency : +91 44 4933 4933
E-mail : contactus.malar@fortishealthcare.com
Website : www.fortismalar.com

FORM A

Annexure to the annual audit report for the year ended March 31, 2015

1	Name of the Company	Fortis Malar Hospitals Limited BSE Scrip Code – 523696 CIN - L85110DL1989PLC276986
2	Annual financial statements for the year ended	March 31, 2015
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable

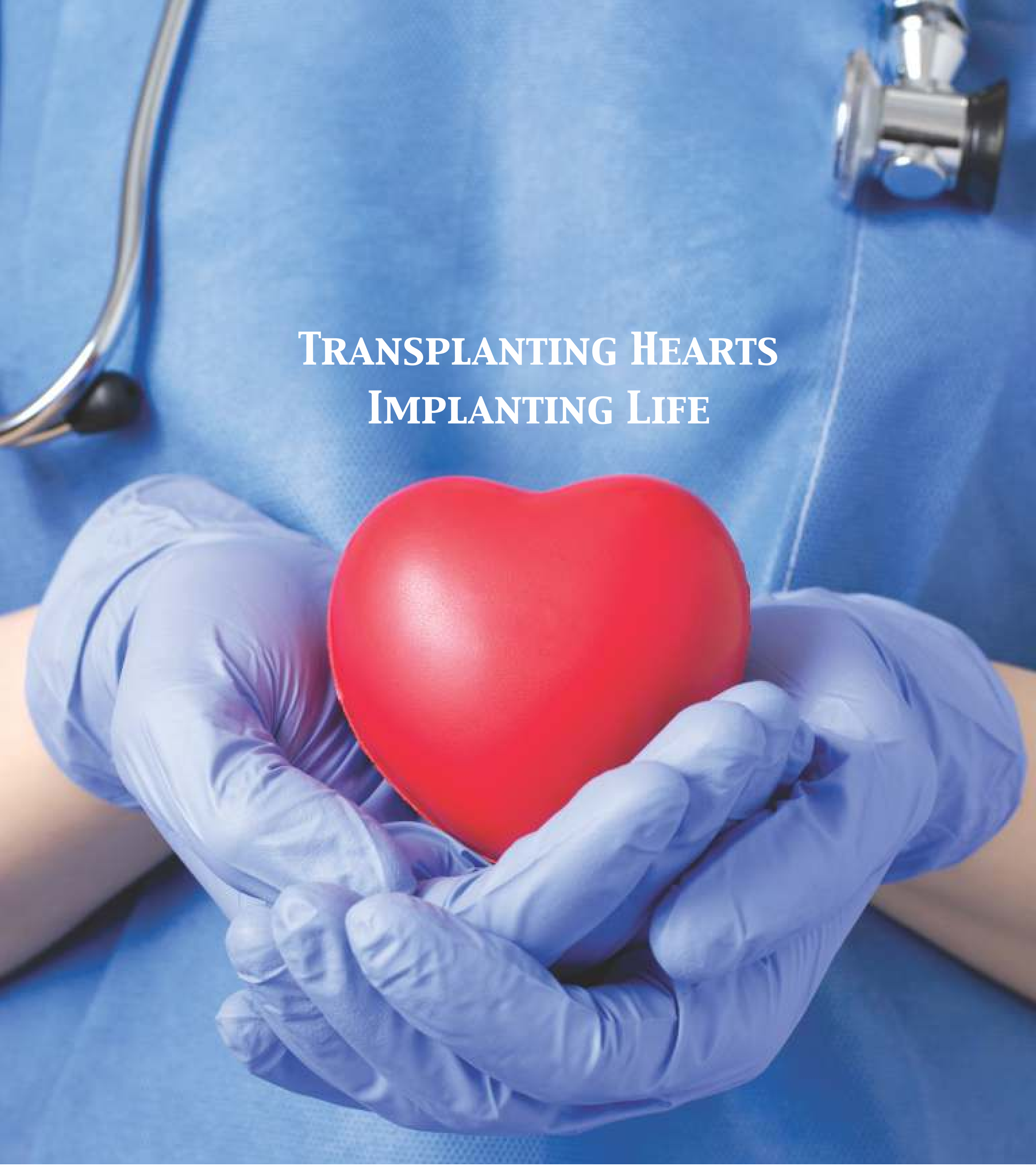
Mr. Raghunath P
Whole-time Director

Mr. Ramesh L. Adige
Chairman - Audit and Risk Management Committee

Mr. Akshaya Singh
Chief Financial Officer

Mr. Aniruddh Sankaran
Partner
Membership No. – 211107
For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. – 101049W

S.R. Batliboi & Associates LLP Chennai Chartered Accountants



Transplanting Hearts
Implanting Life

ANNUAL REPORT 2014-15

Fortis MALAR HOSPITAL

Contents

Corporate Information

BOARD OF DIRECTORS
Mr. Daljit Singh
Mr. Karthik Rajagopal
Mr. Lakshman Teckchand Nanwani
Mr. Murari Pejavar
Dr. Nithya Ramamurthy
Mr. Raghunath P.
Mr. Rama Krishna Shetty
Mr. Ramesh Lakshman Adige

COMPANY SECRETARY
Mr. Sumit Goel

STATUTORY AUDITORS
M/s. S.R. Batliboi & Associates LLP,
Chartered Accountants
(till the upcoming Annual General Meeting)
6th & 7th Floor, A- Block,
Tidel Park, (Module 601, 701 & 702)
No. 4, Rajiv Gandhi Salai
Taramani, Chennai – 600 113

M/s. Deloitte Haskins & Sells LLP,
Chartered Accountants
(Subject to the approval of Shareholders
in the ensuing Annual General Meeting)
7th Floor, Building 10,
Tower B, DLF Cyber City Complex,
DLF City Phase-II, Gurgaon - 122002
Haryana

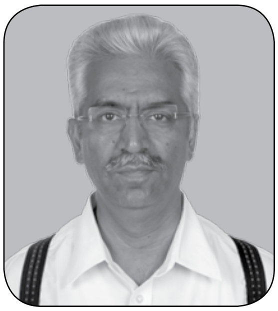
REGISTERED OFFICE
Fortis Malar Hospitals Limited
Escorts Heart Institute and Research Centre,
Okhla Road, New Delhi – 110 025
CIN No. - L85110DL1989PLC276986
Phone no. - + 91 - 11 – 2682 5000
Fax no. - + 91 - 11 – 4162 8435
Website – www.fortismalar.com

REGISTRAR AND TRANSFER AGENT
Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floor,
Plot No.31 & 32, Gachibowli,
Financial District Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500032
Tel: +91- 40-6716 1500
Website: www.karvy.com

Board of Directors

Mr. Daljit Singh

Mr. Karthik Rajagopal



Mr. Lakshman Teckchand Nanwani

Mr. Murari Pejavar

Dr. Nithya Ramamurthy

Mr. Raghunath P.

Mr. Rama Krishna Shetty

Mr. Ramesh Lakshman Adige

Chairman's Message

"Your hospital has earned for itself, the reputation of being the premier center for heart failure and transplant, not only in India but also in this part of the world."

Dear Shareholders,

I have great pleasure in presenting the results of your Company for the year ended March 31, 2015.

During the year we witnessed broad based and balanced growth across all specialties. In particular, our team of dedicated doctors successfully performed numerous heart transplant and artificial heart implant procedures. As a consequence, your hospital has earned for itself, the reputation of being the premier center for heart failure and transplant, not only in India but also in this part of the world. This indeed is extremely creditable and reflective of the world class capability and medical expertise at the hospital.

Annual revenues grew by 9% to ₹ 117.93 Crores from ₹ 108.38 Crores in the previous financial year. Net profit before exceptional and extra-ordinary items was at ₹ 11.97 Crores compared to ₹ 13.39 Crores in the previous financial year. Net profit after tax was at ₹ 7.86 Crores against ₹ 8.78 crores earned in the previous year. While there was a healthy growth in the revenue of the Company, profits were somewhat dampened primarily on account of higher expenses relating to the cost of drugs & consumables, especially in the higher end critical care segment where we are present..

The average revenue per occupied bed (ARPOB) continued its upward trend of the past few years, increasing from ₹ 109 Lakhs in FY 2014 to ₹ 118 Lakhs in FY 2015. The average length of stay (ALOS) went up marginally from 3.81days in FY 2014 to 3.82 days in FY 2015. Both the above reflect the fact that your hospital is continuing to perform increasingly complex, high value surgeries which require exceptional medical skills.

The year was eventful as our surgeons continued to work towards raising the bar in providing superior patient care. Some of the notable procedures that stand out include:

- India's first inter-state Heart & Lung transplant which was successfully performed on a 20 year old male patient who had been suffering from congenital VSD and pulmonary hypertension. The organs for transplant were air lifted from Guntur, Andhra Pradesh.
- Doctors at Fortis Malar successfully performed India's first inter-state Pediatric heart transplant on a 2 year old Russian child with a history of severe heart failure, restrictive cardiomyopathy and breathlessness. The Pediatric heart for the transplant was air lifted from Bangalore where it was harvested.
- Expert Neurologists at Fortis Malar hospital performed a complex 9 hour brain surgery to cure a 7 year old of his drug resistant epilepsy.
- A team of doctors at Fortis Malar successfully performed a Metabolic – Laparoscopic Mini Gastric Bypass surgery on a 72 year old patient.
- An 11 month old child from Burundi was referred to the hospital with a history of incessant vomiting since birth. A Ladd's procedure (corrective surgery for mal-rotation of the Intestine) was performed. The Child began feeding normally and was discharged shortly thereafter.

Efforts to improve the facilities at the hospital have been underway. The Outpatient Department (OPD) has been entirely refurbished and is now called the "Smart OPD", providing superior patient comfort. Ongoing renovation and investment in advanced medical equipment continues to be a priority.

During the year, your Company expanded its team by inducting highly skilled surgeons and consultants to its accomplished faculty, thereby enhancing its ability to provide superior patient care with increased levels of clinical excellence.

I would like to take this opportunity to thank Team Malar, and especially our Doctors, who have been instrumental in bringing Fortis Malar to its present leadership position in Healthcare, in the city of Chennai.

I would also like to thank the members of the Board for their continuous support and guidance and express my gratitude to all our stakeholders, partners and employees, for their continued confidence in the Company.

With Best Wishes and Warm Regards

Daljit Singh
Chairman- Fortis Malar Hospitals Limited.

Notice of the Annual General Meeting

FORTIS MALAR HOSPITALS LIMITED
CIN: L85110DL1989PLC276986
Registered Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025
Website: www.fortismalar.com
Email: secretarial.malar@malarhospitals.in

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting of Fortis Malar Hospitals Limited** will be held on Wednesday, **September 23, 2015 at 10:00** Hours at **PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016**, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Standalone Financial Statements of the Company together with reports of the Boards and Auditor's thereon and the Audited Consolidated Financial Statements of the Company including Auditor's Report thereon.
2. To appoint a director in place of Dr. Nithya Ramamurthy (DIN – 00255343), who retires by rotation and being eligible, offers her self for re-appointment.
3. To declare a Final Dividend of Re. 0.50 per equity share, for the year ended March 31, 2015.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Registration No. 117366W/W-100018), be and are hereby appointed as Statutory Auditors of the Company for a period of 5 years, subject to ratification of the appointment by the Members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Mr. Daljit Singh (DIN-00135414), who was appointed as an Additional Director of the Company with effect from December 24, 2014 under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Mr. Karthik Rajagopal (DIN-06652382), who was appointed as an Additional Director of the Company with effect from December 24, 2014 under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the explanatory Statement annexed to the Notice convening this Meeting.

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

By Order of the Board
For **Fortis Malar Hospitals Limited**

Sd/-
Sumit Goel
Company Secretary

Date : July 30, 2015
Place : Chennai

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is enclosed herewith and forms part of this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY (IES) NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, to be effective shall be duly filled, stamped, signed and deposited, not less than 48 hours before the commencement of the Meeting at the Registered Office of the Company.

   Pursuant to the provisions of Companies Act, 2013 and the rules thereunder, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. Pursuant to provisions of Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/re-appointment at this Annual General Meeting (AGM) are annexed to the Notice.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, September 16, 2015 till Wednesday, September 23, 2015, both days inclusive for the purpose of payment of Dividend and Annual General Meeting cut-off date for reckoning members eligible for voting through E-voting and at the Annual General Meeting on Wednesday, September 16, 2015. E-voting facility will be available from 9.00 am on September 20, 2015 to 5.00 pm September 22, 2015, after which the e-voting facility will not be available.

5. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within a period of 30 days from the date of declaration to those members whose names appear in the list of shareholders as on the date of book closure.

6. The dividend declared during the last financial years, if remaining unclaimed for 7 years, will be statutorily transferred by the Company to Investor Education and Protection Fund established by the Central Government (IEPF)

7. Remittance of Dividend through Electronic Mode

   The Company provides the facility for remittance of dividend to Shareholders through NECS (National Electronic Clearing Service) / RTGS (Real Time Gross Settlement) / NEFT (National Electronic Funds Transfer). Shareholders who have not yet availed the NECS / RTGS / NEFT facility and wish to avail the same may have their bank details, including MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) number updated with their respective Depository Participants (DPs) or ISC where shares are held in the dematerialised form and in the physical form, respectively.

8. Bank Details

   Shareholders holding shares in the physical form are requested to advise ISC of change in their address / mandate / bank details to facilitate better servicing. Shareholders are advised that bank details as furnished by NSDL / CDSL or by them to the Company, for shares held in the dematerialised form and in the physical form respectively, will be printed on the dividend warrants as a measure of protection against fraudulent encashment.

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

10. Members / Proxies are requested to bring the Attendance Slip/proxy form duly filled in, sent herewith along with the notice of the AGM. The members who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement / Delivery Instruction Slip, reflecting their Client Id and DP Id No. for easier identification of attendance at the meeting.

11. Members are requested to notify any change of address:

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

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

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

13. 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.

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

15. 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.

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

17. Non-Resident Indian Members are requested to inform Karvy, immediately of:

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

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

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

19. The notice of Annual General Meeting will be sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on Friday, August 14, 2015. A person who is not a member as on the cut-off date i.e. September 16, 2015 should treat this notice for information purposes only.

20. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by Companies. Also, the Listing Agreement with the Stock Exchange(s) permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail address for receiving electronic communications. The notice for Annual General Meeting along with the annual report of the Company will be made available on the Company's website- www.fortismalar.com

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

22. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

23. Electronic copy of the Notice of the 24th Annual General Meeting of the Company is being sent to all members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice is being sent in the permitted mode.

24. All documents referred to in the Notice and Explanatory Statement will be available for inspection at the Company's registered office during normal business hours on the working days upto the date of Annual General Meeting

25. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the assent or dissent of the shareholders in respect of the resolutions contained in the Annual General Meeting Notice is also being taken through e-voting facility provided through Karvy Computershare Private Limited.

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

24\. The result on resolutions shall be declared on or before closing business hours on Thursday, September 24, 2015 at the registered office of the Company and the same along with the scrutinizer's report shall also be available on the website of the Company and on the website of Karvy Computershare Private Limited. The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the resolutions.

25. The Route Map for the 24th Annual General Meeting of the Company along with the Landmark forms part of this Report.

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

27. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and documents referred to in the notice and explanatory statement, including certificate from the Auditors of the Company under Clause 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are open for inspection at the Registered Office of the Company during normal business hours on all working days (Monday to Friday) upto the date of AGM and will also be available for inspection at the meeting.

EXPLANATORY STATEMENT

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

Item No. 4

Appointment of Statutory Auditors of the Company

The Companies Act, 2013 has introduced the concept of rotation of auditors. It states that no listed Company shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years (total 10 years). Further, an audit firm which has completed its term as aforesaid shall not be eligible for re-appointment as auditor in the same company for 5 years from completion of such term. The Companies Act, 2013 also allows a transition period of three years for complying with above.

S. R. Batliboi & Associates LLP, Chartered Accountants are the statutory auditors of the Company for the financial year 2011-12 onwards. Since they have been the statutory auditors for a period of more than 10 years of group level, it is proposed for rotation of the auditors.

The provisions of the Companies Act, 2013 on transition of Auditors allow continuing with the current auditors for a period of 3 more years i.e. till March 2017. However, the shareholders based on the recommendation of Audit & Risk Management Committee and Board of Directors have in the last AGM decided that the tenure of current auditors is restricted to 1 year only and thus it is proposed to change the statutory auditors of the Company for Financial Year 2015-16 onwards.

The Board of Directors recommends to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company for a period of 5 (Five) years commencing from financial year 2015-16, subject to ratification by members at each annual general meeting.

None of the Directors / Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the proposed resolution.

Item No. 5

The Board of Directors of the Company had appointed Mr. Daljit Singh as an Additional Director of the Company with effect from December 24, 2014. In accordance with the provisions of Section 161 of the Companies Act, 2013 ('the Act'), Mr. Daljit Singh shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Director of the Company. The Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature as a Director of the Company.

Nomination and Remuneration Committee has recommended the appointment of Mr. Daljit Singh as Director (Non-executive) of the Company, liable to retire by rotation. Further, he is not disqualified from being appointed as Director in terms of Section 164 of the Act.

A brief profile of Mr. Daljit Singh, including nature of his expertise, is provided separately in the Annual Report.

A copy of the draft Letter of Appointment for Directors, setting out terms and conditions of appointment is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.fortismalar.com.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Daljit Singh, are concerned or interested (financially or otherwise) in this Resolution.

The Board of Directors recommends the resolution as set out at Item No. 5 for approval of the members as an Ordinary Resolution.

Item No. 6

The Board of Directors of the Company had appointed Mr. Karthik Rajagopal as an Additional Director of the Company with effect from December 24, 2014. In accordance with the provisions of Section 161 of the Companies Act, 2013 ('the Act'), Mr. Karthik Rajagopal shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Director of the Company. The Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature as a Director of the Company.

Nomination and Remuneration Committee recommends the appointment of Mr. Karthik Rajagopal as Director (Non-executive) of the Company, liable to retire by rotation. Further, he is not disqualified from being appointed as Director in terms of Section 164 of the Act .

A brief profile of Mr. Karthik Rajagopal, including nature of his expertise, is provided separately in the Annual Report.

A copy of the draft Letter of Appointment for Directors, setting out terms and conditions of appointment is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.fortismalar.com.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Karthik Rajagopal, are concerned or interested (financially or otherwise) in this Resolution.

The Board of Directors recommends the resolution as set out at Item No. 6 for approval of the members as an Ordinary Resolution.

Item No. 7

The Board, on the recommendation of the Audit & Risk Management Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2015 as per the following details:

Name of the Cost Audit Firm	Amount (In Rupees)
M/s. Jitender, Navneet & Co, Cost Accountants	50,000 (Plus out of pocket expenses extra)

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board of Directors recommends the resolution as set out at Item No. 7 for approval of members as an Ordinary Resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Dr. Nithya Ramamurthy

Dr. Nithya, aged about 63 years has extensive experience in Medical Profession as an expert in Gynaecology/ Obstetrics. Dr. Nithya is a Senior Consultant Obstetrician and Gynaecologist at Fortis Malar Hospital, Chennai having more than 39 years of extensive experience as a medical professional.

Dr. Nithya Ramamurthy specialises in Gynaecology & Obstetrics and also holds the record performing over 10,000 Laparoscopic surgeries. She is also a member of 'Inner Wheel of India' and member of 'Federation of Obstetricion & Gynaecologists Association', South India.

Apart from the above, she has conducted a number of CME programs for the young medical students and practitioners, and also held Vaginal Pelvic Surgery Workshop with Royal college of Obstetricians and Gynaecologists. Her special areas of Interest are High Risk Pregnancy, Infertility Treatment, Obesity, Pcos and Laparoscopic Surgery.

Dr. Nithya was awarded the "The Best Doctor" by the Governor of Tamil Nadu in March 2012 by Dr. MGR University. She is the "Best Outgoing Student Award Holder", Women & Children Hospital, Madras Medical College – 1983 – 1985 and also holder of Malaysian Govt. Merit Scholarship (MARA), she has done House Surgeoncy – Govt. Rajaji Hospital, Madurai Medical College. Dr. Nithya is a DGO from Madras Medical College and MBBS from Madurai Medical College, Madurai.

Original date of appointment: May 1, 2006

Shareholding in the Company as on July 30, 2015: 905377 equity shares of ₹ 10 each.

Dr. Nithya Ramamurthy is not related to any other Director and/or Key Managerial Personnel of the Company.

During the financial year 2014-15 Dr. Nithya has attended all five Board meetings.

Dr. Nithya is not holding Directorship and/or Committee membership/ chairmanship in any other Company.

Dr. Nithya is a non Executive Director liable to retire by rotation. Details of remuneration are given under Corporate Governance Report, forming part of the Annual Report.

Mr. Daljit Singh

Mr. Daljit Singh, aged about 62 years, is the Chairman of the Company and also holds the position of President in the Holding Company i.e. Fortis Healthcare Limited. During his tenure of 12 years with Fortis, he has led the Company's Projects Function, Strategy and Organizational Development Functions and has also held the office of the Chief Executive Officer. He has over 40 years of rich management experience in the Corporate Sector.

Mr. Daljit Singh is an acknowledged expert and thought leader in the domain of Healthcare Delivery. He has represented Fortis at Industry forums like the CII and FICCI and led several healthcare related committees. He is an active participant on the World Economic Forum platform and is on a number of Steering Boards constituted by the Forum to guide a number of major Global projects: 'Scenarios for Sustainable Health Systems', 'The Healthy Living Charter', and 'Health Systems Leapfrogging'. He is also on the Forum's Advisory Board on 'The Economic Burden of Non Communicable Diseases in India'. He has spoken on panels and presented to Indian and International audiences on themes related to Healthcare. His key experience and achievements have been in the areas of developing progressive HR strategies and ensuring their implementation, organizational restructuring, building a high performance culture and leading teams to deliver business value. He has successfully planned and executed significant change programs.

A graduate from the Indian Institute of Technology, Delhi, Mr. Singh was a Commonwealth Scholar to the Senior Management Programme at the Manchester Business School. With an outstanding track record in the field of athletics, his current interests include athletics, high altitude trekking, adventure sports, spirituality, music and reading.

Original date of appointment: December 24, 2014

Mr. Daljit Singh is not related to any other Director and/or Key Managerial Personnel of the Company.

As on July 30, 2015, no equity shares of the company or other convertible instrument(s), if any, are held by him in the Company.

During the financial year 2014-15, Mr. Daljit Singh has attended One Board Meeting of the Company.

Mr. Daljit Singh is a Director and/or Chairman / Member of the Committees of Boards of the following other companies:

S. No.	Name of the Company/Entity in which interested*	Committee Memberships
1.	Fortis Hospotel Limited – Director	Chairman – Audit and Risk Management Committee Member – Nomination and Remuneration Committee
2.	Reliant Healthcare Consultancy Private Limited – Director	–
3.	Health Is Wealth Media Private Limited –Director	–
4.	Fortis Hospitals Limited – Director	–
5.	Fortis La Femme Limited – Director	–
6.	Fortis Emergency Services Limited – Director	–
7.	Birdie & Birdie Realtors Private Limited – Director	–

*The Directorships held by Mr. Daljit Singh does not include directorship in Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

Mr. Karthik Rajagopal

Mr. Karthik Rajagopal, aged about 45 years is a Management Graduate from Asian Institute of Management, Manila (AIM) and has managerial experience of over 20 years. His core functional strengths include Operations Management, Marketing including Brand Management and Integrated Marketing Communications, Patient Engagement and Consultant Relations Management.

Mr. Karthik Rajagopal works as a Regional Director (Southern Region) in the Holding Company i.e. Fortis Healthcare Limited, heads Fortis Hospitals in Karnataka, Tamil Nadu, Goa and La Femme Facilities and is also responsible for Growth, Strategic Alliances, Brand and Marketing in the region.

Original date of appointment: December 24, 2014

Mr. Karthik Rajagopal is not related to any other Director and/or Key Managerial Personnel of the Company.

As on July 30, 2015, no equity shares of the company or other convertible instrument(s), if any, are held by him in the Company.

During the financial year 2014-15, Mr. Karthik Rajagopal has attended One Board Meeting of the Company.

Mr. Karthik Rajagopal does not hold Chairmanship / Membership in any other Company but holds Directorship in the following other companies:

S. No.	Name of the Company/Entity in which interested*	Committee Memberships
1.	Lalitha Healthcare Private Limited – Director	–
2.	Malar Stars Medicare Limited – Additional Director	–

*The Directorships held by Mr. Karthik Rajagopal does not include directorship in Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

By Order of the Board
For **Fortis Malar Hospitals Limited**

Sd/-
Sumit Goel
Company Secretary

Date : July 30, 2015
Place : Chennai

Board Report

Dear Members,

Your Directors have pleasure in presenting here the Twenty Fourth Annual Report of your Company along with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2015.

FINANCIAL RESULTS

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

[in ₹ Lacs]

Particulars	Consolidated		Standalone	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Continuing Operations				
Operating Income	11,792.57	10,837.83	11,792.57	10,837.83
Other Income	764.29	690.25	736.41	661.44
Exceptional items	–	–	–	–
Total Income	**12,556.86**	**11,528.08**	**12,528.98**	**11,499.27**
Total Expenditure	11,038.22	9,944.20	11,039.84	9,946.91
Operating Profit	**1,518.64**	**1,583.88**	**1,489.14**	**1,552.36**
Less: Finance Charges, Depreciation & Amortization	322.05	245.00	322.05	245.00
Profit before Tax	**1,196.59**	**1,338.88**	**1,167.09**	**1,307.36**
Less: Tax Expenses	410.41	461.32	401.14	451.58
Net Profit for the year	**786.18**	**877.56**	**765.95**	**855.78**
Profits/ (losses) attributable to Minority Interest	–	–	–	–
Share in the (Loss)/Profit of Associates	–	–	–	–
Profit for the year	**786.18**	**877.56**	**765.95**	**855.78**

STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

Fortis Malar Hospital was acquired by Fortis Group in early 2008. The hospital founded in 1989, is established as one of the largest corporate hospitals in Chennai providing quality super specialty and multi-specialty healthcare services. Fortis Malar Hospital, with 170 beds, focuses on providing comprehensive medical care in the areas of Cardiology and Cardiac Surgery, Neuro Surgery, Gynecology, Orthopedics, Gastroenterology, Neurology, Pediatrics, Diabetics, Nephrology and Internal Medicine.

Fortis Malar Hospital has a state of the art Cath Lab and multiple dedicated cardiac operation theatres and intensive coronary care units. Several rare and complex Adult and Pediatric Cardiac surgeries, Orthopedic and Joint replacements, Neurosurgeries and Plastic reconstruction surgeries have been performed at this hospital. The hospital's Obstetrics and Gynecology services are among the best in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

The Company witnessed growth across all its major specialties. Your Company continued its focus on Quality Parameters, Patient Care and Patient Welfare services resulting in significant improvement in patient satisfaction levels.

Further, there are no significant material order passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations and there is no change in the nature of the Company. The Company has not made any provision of money for purchase of, or subscription for, its own shares or of its holding Company.

Operational and Financial Performance

During the financial year 2014-15, your company achieved a consolidated income from operations of ₹ 117.93 Cr against ₹ 108.38 Cr during the last financial year ended March 31, 2014, representing a growth of 9%. Consolidated EBITDA for the year stood at ₹ 7.54 Cr compared to ₹ 8.94 Cr in the previous year. Profit before tax stood at ₹ 11.97 Cr compared to ₹ 13.39 Cr in the corresponding period. Consolidated Net profit for the year was at ₹ 7.86 Cr compared to ₹ 8.78 Cr.

Regarding the key performance indicators, the company's average revenue per occupied bed (ARPOB) improved significantly during the current year to ₹ 118 lacs from ₹ 109 lacs in the previous year. The average length of stay (ALOS) stood at 3.82 days in FY2015 compared to 3.81 days in FY2014. Occupancy of the hospital during the year was at 60%, similar to the previous year.

DIVIDEND AND TRANSFER TO RESERVES:-

Your Directors have recommended a dividend of Re. 0.50 (Fifty Paisa) per equity share (last year Re. 0.50 per equity share) for the financial year ended March 31, 2015. The dividend payout is subject to approval of members at the ensuing Annual General Meeting. The dividend will be paid to members whose names appear in the Register of Members as on the date of book closure and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date. No amount has been transferred to reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 2014-15 AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2014-15 and the date of the report.

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

The Company has in place adequate internal financial controls with reference to financial statements. During the year such controls were tested and no reportable material weakness in the design or operation was observed.

DETAILS OF SUBSIDIARY

During the year under review, the Company had only one subsidiary Company viz. Malar Stars Medicare Limited. The main objects of the said wholly-owned subsidiary include setting up, managing / administering hospital(s) and to provide Medicare and Health care services.

Further note that the Board of Directors has adopted a policy for determining "material subsidiary" pursuant to Clause 49 V (D) of the Listing Agreement entered with the Stock Exchange. The said policy is available at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy_material_subsidiary.pdf.

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2014-15, the Company has no "material non-listed subsidiary" in terms of Clause 49 of the Listing Agreement. However, your Company has nominated Mr. Rama Krishna Shetty and Mr. Lakshman Teckchand Nanwani as Independent Directors on the Board of Malar Stars Medicare Limited.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

The consolidated financial statements of the Company and its subsidiary, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India, forms part of the Annual Report. In terms of the Section 136 of the Companies Act, 2013. Financial statements of the subsidiary company will be provided to any shareholder of the Company who asks for it and said annual accounts will also be kept open for inspection at the registered office of the Company and that of subsidiary. Performance and financial position of the subsidiary included in the Consolidated Financial Statements of the Company is mentioned below (Form AOC-1):-

AOC - I

[Amount in ₹]

	Particulars	Year ended March 31, 2015
1.	Name of the subsidiary	**MALAR STARS MEDICARE LIMITED**
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	**April 2014 to March 31, 2015**
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
4.	Shares of the subsidiary company held on the above date and extent of holding	
5.	Equity shares of ₹ 10/- each (50,000 equity shares of ₹ 10/- each fully paid)	**500,000**
	Reserves & Surplus	7,835,389
6.	Total Assets	**642,023,933**
7.	Total Liabilities	642,023,933
8.	Investments	–
9.	Turnover	3,657,000
10.	Profit before Taxation	**2,950,250**
11.	Provision for Taxation	926,580
12.	Profit after Taxation	2,023,670
13.	Proposed Dividend	–
14.	% of Shareholding	100%

For and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited

Sd/-
Daljit Singh
Chairman

Sd/-
Raghunath P
Whole Time Director

Sd/-
Akshaya Kumar Singh
Chief Financial Officer

Sd/-
Sumit Goel
Company Secretary

*As on March 31, 2015, the Company does not have any associate Company and/or Joint Venture

LOANS/ADVANCES/INVESTMENTS

Particulars of Loans/Advances/Investments given & outstanding during the Financial Year 2014-15 are mentioned in notes to financial statements. Further, the loans have been given for meeting the working capital requirement and investments.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

AUDITORS

1. **Statutory Auditors**

   M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting. It is proposed to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018) as Statutory Auditors of the Company for a period of 5 years.

   The Company has received a letter dated July (23), 2015 from them to the effect that their appointment, if made, would be within the limit prescribed under Section 139 of Companies Act, 2013, and that they are not disqualified for such appointment within the meaning of Section 141 of the Act.

   Based on the recommendations of the Audit and Risk Management Committee, the Board of Directors of the Company proposes the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

2. **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies Cost Records and Audit Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its hospital activity is required to be audited. Your Directors had, on the recommendation of the Audit & Risk Management Committee, appointed M/s Jitender, Navneet & Co., Cost Accountants to audit the cost accounts of the Company for the Financial Year 2014-15 at a remuneration of ₹ 50,000 (Rupees Fifty thousand) plus out of pocket expenses and taxes. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s Jitender, Navneet & Co., Cost Auditors is included at Item No. 7 of the Notice convening the Annual General Meeting.

3. **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Mukesh Agarwal, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I" and it does not contain any qualification, reservation or adverse remark.

4. **Internal auditors**

Upon the recommendation of the Audit and Risk Management Committee, the Board of Directors has appointed Mr. Rajiv Puri, Head Risk and Internal Audit of the Holding Company as the Chief Internal Auditor of the Company and authorized him to engage independent firms' for conducting the internal audit for the Financial Year 2014-15. Accordingly, M/s. Axis Risk Consulting Services Private Limited was engaged to perform Internal Audit for the Company.

STOCK OPTIONS

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Scheme of the Company in accordance with the applicable SEBI Guidelines. Each option when exercised would be converted into one fully paid up equity share of ₹ 10 each of the Company.

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, 2015 under the "Malar Employees Stock Option Plan 2008" are set out in the "Annexure-II" to this Board' Report.

Disclosure pursuant to the Regulations for the year ended on March 31, 2015 is available at http://www.fortismalar.com/wp-content/uploads/annualreport/ESOP-Disclosure-2014-15.pdf and also forms part of this Directors' Report.

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

EXTRACT OF ANNUAL RETURN

Extract of Annual Return is annexed herewith as "Annexure III"

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of The Companies (Accounts) Rules, 2014, regarding Conservation of Energy, Technology Absorption and Foreign Exchange is given in "Annexure IV", forming part of the Board Report.

CORPORATE SOCIAL RESPONSIBILITY

I **Ethos – As a Social Enterprise**

The concept of public service is deeply embedded in the very fabric of Fortis since its inception and is enshrined in the words of our founding Chairman Dr. Parvinder Singh whose vision was, 'to create a world class integrated healthcare delivery system, entailing the finest medical skills combined with compassionate patient care'. There can be no larger calling or purer intent than to serve mankind and alleviate human suffering. We are indeed fortunate that this philosophy is so entwined and fundamental to the very nature of our business of healthcare.

Community service is therefore not new to us. Ever since Fortis was set up in 2001, we have continually endeavored to provide access to quality healthcare for all. While the story of India's economic growth is remarkable, equally obvious are its socio-economic problems such as poverty, illiteracy and the lack of healthcare. As a company focused on healthcare we believe we can play a role in bridging the gap between the privileged and the less privileged to make a profound impact on the well-being of the community. In order to do this in a sustainable manner, we have created a robust model of corporatized healthcare that is self- sufficient, viable and for-profit, such that while we serve the interests of our stakeholders, we do it in a manner that also furthers a social need.

II **An Enabling Social Enterprise Model**

Corporate Social Responsibility efforts at Fortis are varied and leverage our core competencies and experience (organizational and that of the people who we employ) linked to healthcare and seek to provide access to those who need it the most and at a significantly reduced / subsidized cost. We also support awareness campaigns, provide facilities for the aged, organize health camps, and have instituted a number of healthcare training programs' and patient support groups. Our social responsibility programs are implemented through the Fortis Charitable Foundation (FCF). At a macro level if one looks back at the last decade of our work we are proud to have contributed towards:

a. Building Competencies and Capacity

Our contributions have been directed at creating and building competencies and capacity in the healthcare space in the country. This is particularly noteworthy in an era of tremendous shortages. Establishing a network of large hospitals across the country, we have been instrumental in providing an environment conducive for medical work and have successfully created an ecosystem where many healthcare professionals have found it possible to pursue their career aspirations and even more importantly for those who had gone overseas for lack of adequate opportunities to return to the country. This brain gain and reverse flow of talent has also led to global learning's and best practices being applied locally. Equally, our experts have enjoyed the satisfaction of working on cutting edge technologies and performing the latest procedures back home in their own country.

Having created such platforms for knowledge exchange, Fortis has become the training ground for many of the country's finest doctors, nurses, medics, paramedics and hospital support staff. They continue to carry on the good work, today in virtually every nook and corner of the country, providing medical care to an ever-growing population. Changing society in a very profound way and making it healthier.

b. **Partnerships for Social change**

Fortis has been conceived with the mission of bringing the fruits of modern healthcare to an ever widening population base in the country. A healthier population has direct linkages to productivity gains, the state of the economy and to a society that is better off as a result. Scalability and accelerating this positive change in an environment which offers tremendous headroom for further improvement therefore is crucial to our game-plan. With this in mind we have been busy creating a network of like-minded partners who are possessed with a similar mission of bettering the health status of our fellow countrymen. These linkages are vital. Our ecosystem today is much enlarged and we hope this will create a multiplier effect as industry bodies like NATHEALTH through which we have been able to enlist the support of numerous pharmaceutical companies, diagnostic firms and medical equipment manufacturers join our common efforts to improve overall health and provide succor to the needy.

c. Industry Standards and Protocols

On the clinical side with a view to setting benchmarks and improving healthcare delivery we have pushed for JCI accreditations at many of the Fortis hospitals so that medical facilities, protocols and outcome expectations can be standardized and benchmarked with the best available globally. Our work process, protocols and standards of care and patient experience set the benchmark and spur many other aspiring medical establishments in the country to upgrade, emulate and adopt, the standards, lifting the state of the industry as a whole.

THE JOURNEY SO FAR - A SOCIALLY RESPONSIBLE ENTERPRISE

At a more granular level Fortis is a forerunner in supporting and promoting social charitable healthcare. Over the past decade, we have established ourselves as an institution dedicated not only to high quality treatment but to capacity building and dissemination of medical information, supporting a range of stakeholders. Our work has enabled us to mobilize resources, provide guidance, set protocols and standards and above all lead the way as a healthcare provider.

As we pioneer the development of corporatized healthcare delivery models we are also acutely aware of our position as a member of society and in this regard have continuously driven programs and initiatives leading social awareness and change. While all of these initiatives are difficult to mention some core areas include:

MOTHER AND CHILD

Fortis aims to contribute towards a "healthy Nation through healthy youngsters" who will be the future of tomorrow. Our programs have focused on the health of the **Mother & Child**.

Amongst our numerous mother and child programs, a few deserve special attention.

Under our Congenital Heart Disease program, Fortis has collaborated with multiple partners, conducting over 4500 surgeries for children born with congenital heart defects. This transformative intervention provided children the chance to lead a normal life. The Fortis Foundation has also committed to support **Operation Smile**, another initiative in transformative intervention for children who are born with a cleft lip/palate. The support helps provides a normal life post corrective surgery to many such children born with this deformity. Our Program focusing on children also provides new hope to children with **Epilepsy**, which otherwise is a huge deterrent in their day-to-day lives. These surgeries give them a chance to lead normal lives, allowing them to be a part of society without fear of epileptic attacks.

WOMEN

Fortis believes that gender is one of the critical determinants for societal health and well-being. With that outlook, we prioritize women's empowerment and capacity building at all our centers.

Our focus is provision of medical support for survivors of violence and addressing their mental health. To this end our effort is to help acid attack victims. The treatment is a long drawn process that runs into years given the protracted multiple surgeries & laser sittings required for a survivor. Apart from the surgical intervention, the most important part of the treatment is psychological support to the victims and carving a pathway for rehabilitation, through partners, that allows them financial independence & a place in society for the future.

In keeping with the same Fortis was a sponsor for an year- long radio campaign "Fever Voice of Change" on different concerns related to women, including acid attack, in partnership with an FM Channel "fever 104" with John Abraham as the campaign ambassador.

DISASTER RELIEF

A core area of commitment at Fortis, is providing emergency medical relief services to people in disaster hit areas. Every Fortis facility has a 5 member Disaster Response team (DRT) and over 500 employees have registered as volunteers.

In the past we have been present to support relief efforts during the Fire in Masoodpur Slums in Vasant Kunj, the Floods in Uttarakhand, the Leh Flash Floods in 2010 and the Bihar Floods in 2008.

In the recent past, 50 volunteers comprising of Doctors, Nurses, Paramedics and Administration staff went to Srinagar and its surrounding areas in 2014 for a month, to provide assistance to people affected by the floods. Fortis Foundation extended not only the medical support, but also essentials like warm clothes, blankets, food, etc. to protect those affected.

Similarly after the Nepal earthquake in 2015, our team of 24 medical professionals spent 10 days providing medical aid to over 5000 people.

HEALTHCARE INFRASTRUCTURE

Fortis believes in sharing its experience and learning's in promoting the sustainability of public charitable medical infrastructure. Our support to such facilities is a responsibility we own as a healthcare leader. This support helps sustain the charitable infrastructures. In the absence of such guidance and assistance, it could collapse at the cost of their target audience who needs it the most i.e. individuals at the bottom of the pyramid.

In this effort, Fortis has been actively collaborating with a reputed Charitable Institution by helping it streamline and run its laboratory facilities. This support has helped in improving its efficiency and releasing critical resources to support patient facing efforts. This support helps the above 3 Lac patients who visit this facility annually and receive free treatment.

In addition, we collaborate and support in the running of charitable OPD clinics in Jaipur and Amritsar allowing for existing infrastructure to be better leveraged and sustained.

As part of the current National Focus, Fortis Foundation sponsored the construction of 100 toilets, supporting an initiative by the "World Toilet Organization" (WTO), a Singapore based not for profit Company. It is also the knowledge partner of

"Care Today Fund", the CSR initiative by the India Today Group. The aim being to help socially relegated people, especially women, in India who had no access to toilets. Construction of 200 toilets is also being executed through "Nanhi Chaan" foundation in Himachal Pradesh and other select areas.

SPECIAL LIVES

Fortis Foundation has, over the years, sponsored many critical surgeries for under privileged and in doing so has transformed their lives. While difficult to mention all a few highlighted cases are:

Keshav Prashar, a 5½ years old child, needed three different Chemotherapy protocols and a surgery. To save his life he needed an allogeneic Bone Marrow Transplant from his father followed by radiation. Fortis Foundation sponsored his entire treatment.

Yohan, a 7 year old boy, had a condition of undescended testicles from the time of his birth. He needed surgeries and was brought in by an NGO, "Human Dreams (India) Family Home" for abandoned children. The first corrective surgery took place in July, 2014 at FMRI, Gurgaon.

Hiralal, from Maharashtra, belongs to an economically weaker section of society. He could not afford the cost of a heart transplant. Fortis Malar, Chennai sponsored his transplant.

Baby Prateeksha was abandoned at the door steps of an NGO by her biological mother the day she was born. Prateeksha had multiple complications, apart from congenital heart defect (CHD). The doctors at FMRI stabilised the baby over a period of 2 weeks at the hospital. Her heart surgery will be supported under the Little Hearts Program.

The Fortis foundation is a key partner in the **Cancerthon**, a joint initiative by Fortis Healthcare, NDTV & ICS. We are committed to supporting the government in their cause to fight cancer among young Indians.

AWARENESS AND COMMUNICATION

Fortis believes that generating awareness and disseminating health information at every level of society is key to preventing illnesses and increasing knowledge amongst the general population, especially for those who have limited access to information.

Our hospitals and partners focus on health awareness camps all over India. Our pamphlets focusing on different diseases are distributed freely and our 'Sunday Conversations' are aimed at discussing the different aspects of healthcare.

Under 'The Global Dignity – India' Program we aim to promote the message of dignity amongst the younger generation. Launched in 2013, Fortis together with its like-minded partners, have reached out to 193 schools, 3241 children & 277 teachers within a short span through sessions held at over 100 schools around India dealing with issues from a healthcare prespective.

Fortis has conducted awareness Programmes for under privileged girls, people from economically weaker sections of society, students, NGO's, Police, Government agencies, cancer patients and a range of others to generate awareness about illnesses and prevention in an attempt at creating a healthier society.

Particulars pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is given in Annexure V, forming part of the Board Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Nithya Ramamurthy, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered herself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposed her re-appointment to the shareholders of the Company.

During the year under review, the Board of Directors had on the recommendation of the Nomination & Remuneration Committee appointed Mr. Daljit Singh and Mr. Karthik Rajagopal as Non-executive Non-Independent Directors (Additional Directors) on December 24, 2014. Also, Mr. Daljit Singh was designated as the Chairman from the date of his appointment. Further, it is now proposed to have the appointment of such Directors approved by the members, in the ensuing Annual General Meeting.

Brief resume of directors seeking appointment and reappointment along with other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Notice for convening the Annual General Meeting as well as in the Corporate Governance Report.

Further, Mr. Aditya Vij, Chairman, Mr. Ashish Bhatia, Mr. Sandeep Puri and Mr. Sanjay Jayavarthanavelu, Directors and Mr. V. Vijayarathna, Whole-Time Director of the Company had resigned during the period under review. For further details please refer Corporate Governance Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchange. There are no inter-se relationship between our Board Members.

Details of the Key Managerial Personnel of the Company are detailed below:-

S. No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Resignation
1.	Mr. Raghunath P.	Whole-time Director	July 26, 2014	NA
2.	Mr. V. Vijayarathna	Whole-time Director	July 10, 2012	July 26, 2014
3.	Mr. Akshaya Kumar Singh	Chief Financial Officer	July 26, 2014	NA
4.	Mr. Dinesh Gupta	Company Secretary	November 1, 2012	June 2, 2014
5.	Mr. Sumit Goel	Company Secretary	September 5, 2014	NA

During the year 2014-15, five meetings were held by the Board of Directors. The details of board/committee meetings and the attendance of Directors are provided in the Corporate Governance Report.

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

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

Board Evaluation:

The Company has devised a Policy for performance evaluation of Independent Directors (IDs), Board, Committees and other Individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The Company had engaged an independent consultant for looking at the best practices prevalent in the industry and advising with respect to evaluation of Board Members. On the basis of recommendations of the consultant and the Policy for performance evaluation of Independent Directors, Board, Committees and other Individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and Individual Directors.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out performance evaluation of its own performance, the directors individually, chairman as well as the evaluation of the working of its Audit & Risk Management Committee, Nomination & Remuneration Committee (NRC), Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

On the basis of recommendations of the consultant following process of evaluation was followed:

Stage	Procedure	Remarks
I	**Data Collection/ Gathering**	<u>Individual Assessment:</u> Self-evaluation forms (SEF) were circulated to all Directors by the scrutinizer. All Directors submitted the SEF to the scrutinizer.
II	**Data Analysis & Discussion**	**<u>Assessment by NRC and Independent Directors (IDs)</u>** NRC discussed and evaluated the performance of all Directors. IDs evaluated the performance of all Non Independent Directors, Chairman and Board & its committees **<u>Assessment by Board of Directors</u>** Board of Directors evaluated the performance of all Directors and overall performance of the Board and its committees.
III	**Outcome Recording & Reporting**	Outcome of the discussions & analysis made by NRC and IDs were placed before the Board for its consideration. The Board gave its comments and assessment on the evaluation process.

Managerial Remuneration:

Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:-

(a) Comparison and ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2014-15;

Name of the Director*	Remuneration of Director	Median Remuneration of employees	Ratio
Mr. Raghunath P.#	₹ 24,73,665/-	₹ 2,07,094/-	0.08
Mr. V. Vijayarathna ##	₹ 17,03,340/-	NA	NA

*None of the other Directors are paid any remuneration, except sitting fees.

Mr. Raghunath P. was appointed as Whole-time Director w.e.f July 26, 2014. However Remuneration is given on annual basis.

Mr. V. Vijayarathna resigned w.e.f. July 26, 2014

(b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year under review;

Name of Director/ KMP	Designation	% increase in Remuneration
Mr. Raghunath P.[1]	Whole-time Director	NA
Mr. V. Vijayarathna[2] (resigned w.e.f. July 26, 2014)	Whole-time Director	10%
Mr. Akshaya Kumar Singh[3]	Chief Financial Officer	NA
Mr. Sumit Goel[4]	Company Secretary	NA

[1] Appointed as Whole-time Director w.e.f. July 26, 2014

[2] Resigned w.e.f. July 26, 2014

[3] Appointed as Chief Financial Officer w.e.f. July 26, 2014

[4] Appointed as Company Secretary w.e.f. September 5, 2014

(c) The percentage increase in the median remuneration of employees in the financial year is 9%;

(d) The number of permanent employees on the rolls of company is 516 as on March 31, 2015;

(e) The explanation on the relationship between average increase in remuneration and company performance - Company's revenue grew by 10%. The average increase in median remuneration was in line with the performance of the company;

(f) Comparison of the remuneration of the Key Managerial Personnel (Individually and collectively) against the performance of the company;

Key Managerial Personnel	CTC (Amount in ₹ Lacs)	Revenue (Amount in ₹ Lacs)
Mr. Raghunath P.	24.74	12,528.98 [Turnover-standalone]
Mr. V. Vijayarathna	17.03	
Mr. Akshaya Kumar Singh	14.51	
Mr. Dinesh Kumar Gupta	N.A.	
Mr. Sumit Goel	N.A.	
Total	56.28	12,528.98

(g) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer;

Particulars	March 31, 2014	March 31, 2015
Market capitalization (₹ in crore)	47	99
Price earnings ratio	5.4	12.7
Rate at which the company came out with the last public offer i.e. in 2007 (₹)	10	10
Share price as at (₹)	25.4	53.4
% Increase or decrease in share price	154%	434%

(h) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Particulars	For the Financial Year 2014-15
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	9%
(B) Percentile increase in the managerial remuneration	N.A.
Comparison of (A) and (B)	N.A.
Justification	N.A.
Any exceptional circumstances for increase in the managerial remuneration	N.A.

(j) Salary details along with the variable component and other benefits of the remuneration being paid to directors are detailed below:

Name of the Director	Salary Allowance Prerequisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. Raghunath P.	20,72,340	2,71,781	1,29,545	3 Years w.e.f. July 26, 2014	3 Months
Mr. Venkataraman Vijayarathna	15,94,636	NIL	1,08,704	Resigned w.e.f. July 26, 2014	–

(k) There is no employee who received remuneration in excess of the highest paid director during the year under review; and

(l) Remuneration has been paid to Directors and KMPs is as per the Remuneration Policy of the Company; and

(m) Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a remuneration policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director etc. and the same is also available on the website of the Company at the link http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy-on-Compensation-Benefits.pdf.

The company has from time to time familiarised the Board of Directors with the company's operations, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The same is governed by a template viz Board of Directors Governance Standard and is available at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Governance_Document.pdf.

PARTICULARS OF EMPLOYEES

There are no employees in the Company who falls under the purview of Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into, during the financial year under review were on an arm's length basis and in the ordinary course of business. There are few materially significant Related Party Transactions made by the Company with other related parties. Disclosures as required under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in "Annexure VI" in Form AOC 2 as specified under the Companies Act, 2013.

All Related Party Transactions are placed before the Audit and Risk Management Committee for approval as required under Clause 49 of the Listing Agreement. Prior omnibus approval of the Audit and Risk Management Committee is obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit and Risk Management Committee on a quarterly basis.

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

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the link: http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy_on_Materiality_Related_Party_Transactions.pdf.

None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company, except to the extent of sitting fees and remuneration approved by the Board of Directors.

RISK MANAGEMENT POLICY

The Company has developed and implemented a Risk Management Policy. The said policy is being implemented and monitored by the Audit & Risk Management Committee. The details thereof are covered under Management and Discussion Analysis Report which forms part of the Annual Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT

Your Company has adopted a Policy for Prevention, Prohibition and Redressal of sexual harassment. There are no complaints relating to sexual harassment during the year under review and those are pending as on the end of the financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement, forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

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

Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large, and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

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

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

CODE OF CONDUCT

Declaration by Mr. Raghunath P., Whole-time Director confirming compliance with the 'Fortis Code of Conduct' is enclosed with Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for financial year ended March 31, 2015 and of the profit of the company for the said period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

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

On behalf of the Board of Directors

Sd/-
Daljit Singh
Chairman

Date : July 30, 2015
Place: Chennai

ANNEXURE - I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2015

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2015

To,
The Members,
FORTIS MALAR HOSPITALS LIMITED
ESCORTS HEART INSTITUTE & RESEARCH CENTRE,
OKHLA ROAD, NEW DELHI 110025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FORTIS MALAR HOSPITALS LIMITED** (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **FORTIS MALAR HOSPITALS LIMITED** for the financial year ended on March 31, 2015 according to the provisions of:

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

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

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

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

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

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

We have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with BSE Limited (where the shares of the Companies are listed).

During the period under review the Company has duly complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent reasonably in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and are recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has –

(i) Passed Special Resolution under section 180(1)(c) of the Companies Act, 2013 for availing the borrowing Limit upto ₹ 50 Crores (Rupees Fifty Crores) over and above the aggregate of paid up share capital and free reserves of the company.

(ii) Passed Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to create charge, mortgage, hypothecation on movable and immovable properties.

(iii) Passed Special Resolution under Section 94 of the Companies Act, 2013 for keeping the Register of Members and Register of Debenture Holders (including Index of Members and Debenture Holders) at a place other than the registered office of the Company.

(iv) Passed Special Resolution for alteration of the Memorandum of Association and adoption of new set of Articles of Association of the Company to bring in line with the Companies Act, 2013.

(v) Passed Special Resolution under Section 186 of the Companies Act, 2013 to make loans and investments and to give guarantee/ security upto the limit of ₹ 100 Crores (Rupees One Hundred Crores).

(vi) Passed Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to sell the whole or substantially the whole of the undertaking of the Company.

(vii) Passed Special Resolution for approval for entering into related party transaction with Fortis Health Management Limited (being an Associate of the Fellow Subsidiary) for rendering and availing services.

(viii) Passed Special Resolution for shifting of the Registered Office of the Company from the State of Tamil Nadu to the National Capital Territory of Delhi.

for **Mukesh Agarwal & Company**

Date : 22.07.2015
Place : New Delhi

Sd/-
Mukesh Kumar Agarwal
M No-F5991
C P No.3851

Note- All the Findings are based on the Physical Audit of the relevant Statutory Books made available to us by the Management and the Management Representation Letter

ANNEXURE II

Employee Stock Option Schemes (ESOSs)

Disclosure Pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

1. **General Disclosures**

   a. Disclosure under Guidance note on Accounting for employee share based payments or any other applicable AS

   For details please refer to notes to Standalone Financial Statements mentioned in the Annual Report 2014-15

   b. Diluted EPS in accordance with "AS-20-Earning Per Share" stood at ₹ 4.10

2. **SCHEME SPECIFIC DISCLOSURES**

   i. **General Disclosures**

S.No.	Particulars	Disclosures
1	Date of Shareholder's Approval	The Scheme was approved at the General Meeting held on September 29, 2008. The Scheme was subsequently modified at the General Meeting held on August 21, 2009.
2	Total Number of options approved under ESOP Scheme 2008	929712
3	Vesting requirements	• 25% on completion of first year from the date of grant. • 25% on completion of second year from the date of grant. • 25% on completion of third year from the date of grant. • 25% on completion of fourth year from the date of grant.
4	Exercise Price or Pricing Formula	The Grant Price is determined based on the Closing Price of the Equity Shares of the company, prior to the date of the meeting of the Nomination and Remuneration Committee (NRC) (formerly known as Remuneration Committee) in which Stock Options were granted, on the BSE Limited. The Closing price of the shares of the Company at BSE on September 20, 2009 was ₹ 26.20 per share. Accordingly, Exercise Price of the Options granted by NRC at its meeting held on August 21, 2009 was fixed at ₹ 26.20 per equity share having face value of ₹ 10 each.
5	Maximum term of Options Granted	Options granted shall vest within a period of four years from the date of grant.
6	Sources of Share (Primary, Secondary or Combination)	Primary
7	Variation in terms of Options	Nil
8	Method used for Accounting of ESOS (Intrinsic or Fair Value)	Intrinsic

<table>
<tr><th>S.No.</th><th>Particulars</th><th>Disclosures</th></tr>
<tr><td>9 (a)</td><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options</td><td>The effect on the profit and earning per share had the fair value method ben adopted, is presented below:
<table>
<tr><td colspan="3">Profit After Tax (Amount in ₹)</td></tr>
<tr><td>As Reported</td><td colspan="2">765.95 Lacs</td></tr>
<tr><td>Add: Intrinsic Value compensation cost</td><td colspan="2">Nil</td></tr>
<tr><td>Less: Fair Value compensation cost</td><td colspan="2">Nil</td></tr>
<tr><td>Adjusted Profit</td><td colspan="2">765.95 Lacs</td></tr>
<tr><td>Earnings per share</td><td>Basic</td><td>Diluted</td></tr>
<tr><td>As reported</td><td>4.12</td><td>4.10</td></tr>
<tr><td>As adjusted</td><td>4.12</td><td>4.10</td></tr>
</table></td></tr>
<tr><td>9(b)</td><td>Impact on the profits of the Company and on the earnings per share ("EPS") arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)</td><td>NIL</td></tr>
<tr><td>10</td><td>a) Weighted average exercise price and
b) weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock</td><td>₹ 26.20
Nil</td></tr>
</table>

ii. **Option Movement during the FY 2014 – 2015**

S.No.	Particulars	Disclosures
1	Number of options outstanding at the beginning of the period	230000
2	Number of options granted during the year	NIL
3	Number of options forfeited / lapsed during the year	NIL
4	Number of options vested during the year	NIL
5	Number of options exercised during the year	NIL
6	Number of shares arising as a result of exercise of options	NIL
7	Money realized by exercise of options (₹), if scheme is implemented directly by the company	NIL
8	Loan repaid by the Trust during the year from exercise price received	NA
9	Number of options outstanding at the end of the year	230000
10	Number of options exercisable at the end of the year	230000

iii. Employees Details who were granted options during the year

S. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
1	Senior Managerial Personnel	NIL	NIL	NIL	NIL
2	Employee who received grant in any one year equal to or more than 5% of Options granted during the Year	NIL	NIL	NIL	NIL
3	Identified Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL	NIL	NIL

iv. Accounting Method and Assumptions

Method used for ESOP	Intrinsic Value Method
Risk free interest rate	7.50%
Expected Life	5 years
Expected Volatility	67.42%
Expected Dividends	0%
Price of underlying shares in market at the time of Option grant	₹ 26.20

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

ANNEXURE III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2015

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

I. REGISTRATION & OTHER DETAILS:

S. No.	Particulars	Details
1	CIN	L85110DL1989PLC276986
2	Registration Date	April 13, 1989
3	Name of the Company	Fortis Malar Hospitals Limited
4	Category/Sub-category of the Company	Public Company / Limited by Shares
5	Address of the Registered office & contact details	Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025 Tel.: +91-11-2682 5000, Fax: +91-11-4162 8435 Email Id: secretarial.malar@malarhospitals.in Website : www.fortismalar.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 008 Tel.: 040 6716 1500 Fax: 040 23420814 Email: einward.ris@karvy.com Website: www.karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product / service*	% to total turnover of the Company
1	To establish hospitals and clinics and to conduct the same to provide to comprehensive healthcare for the society in the various branches of medicine such as General Surgery, General Medicine, Pediatrics, Neurology, Cardiology, ENT, Ophthalmology, Radiology, Pathology, Gastro-entrology, Urology, Thoracic Surgery, Plastic surgery, Ortliapaedics and other allied specialties and to provide facilities for post graduate medical education/medical research.	861	100%

*As per National Industrial Classification - Ministry of Statistics and Programme Implementation.

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

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Fortis Hospitals Limited	U93000DL2009PLC222166	Holding Company	63.20	2(46)
2	Malar Stars Medicare Limited	U93000TN2009PLC072209	Subsidiary Company	100.00	2(87)

**There is no associate company of Fortis Malar Hospitals Limited.

Note:- Fortis Healthcare Limited Holding Company of Fortis Hospitals, Fortis Healthcare Holding (P) Ltd. is Holding of Fortis Healthcare Limited and RHC Holding Private Limited is Holding Company of Fortis Healthcare Holding Private Ltd.

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 1, 2014				No. of Shares held as on March 31, 2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	11752402	–	11752402	63.20	11752402	–	11752402	63.20	0
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**11752402**	**–**	**11752402**	**63.20**	**11752402**	**–**	**11752402**	**63.20**	**0**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**11752402**	**–**	**11752402**	**63.20**	**11752402**	**–**	**11752402**	**63.20**	**0**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. **Institutions**	–	–	–	–	–	–	–	–	–
a) Mutual Funds	50000	58200	108200	0.58	50000	54900	104900	0.56	(0.02)
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	154525	–	154525	0.83	0.83
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**50000**	**58200**	**108200**	**0.58**	**204525**	**54900**	**259425**	**1.40**	**0.81**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	631131	24801	655932	3.53	433405	24801	458206	2.46	(1.07)
ii) Overseas	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held as on April 1, 2014				No. of Shares held as on March 31, 2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1718229	1225331	2943560	15.83	1744171	1207025	2951196	15.87	0.04
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1461475	142600	1604075	8.63	1540830	142600	1683430	9.05	0.42
c) Others									
Foreign Collaborators	–	–	–	–	–	–	–	–	–
Non Resident Indians	308017	159600	467617	2.51	251195	159600	410795	2.21	(0.30)
Foreign Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	4356	–	4356	0.02	20138	–	20138	0.11	0.09
Trusts	–	–	–	–	–	–	–	–	–
Directors	905377	–	905377	4.87	905927	–	905927	4.87	0.01
Directors and their relatives	–	152740	152740	0.82	–	152740	152740	0.82	0
Sub-total (B)(2):-	**5028585**	**1705072**	**6733657**	**36.21**	**4895666**	**1686766**	**6582432**	**35.40**	**(0.81)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**5078585**	**1763272**	**6841857**	**36.80**	**5100191**	**1741666**	**6841857**	**36.80**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	–	**–**	–	–	–	–	–	–
Grand Total (A+B+C)	**16830987**	**1763272**	**18594259**	**100**	**16852593**	**1741666**	**18594259**	**100**	–

(ii) Shareholding of Promoters-

Sl. No.	Shareholder's Name	Shareholding as on April 1, 2014			Shareholding as on March 31, 2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Fortis Hospitals Limited	11752402	63.20	0	11752402	63.20	0.00	0

(iii) Change in Promoters' Shareholding – There is no change in Promoter's Shareholding

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

					Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl no	Folio/DP ID - Client ID	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase / Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	IN30037810205511	LTD	Opening Balance	SPIC OFFICERS AND STAFF WELFARE FOUNDATION	245000	1.32	31/03/2014			245000	1.32
			Sale				05/12/2014	-16119	Transfer	228881	1.23
			Sale				12/12/2014	-4560	Transfer	224321	1.21
			Sale				19/12/2014	-140	Transfer	224181	1.21
			Sale				09/01/2015	-37532	Transfer	186649	1.00
			Sale				16/01/2015	-186649	Transfer	0	0.00
			Closing Balance				31/03/2015			0	0.00
2	IN30045012402444	PUB	Opening Balance	A M GOPALAN	231028	1.24	31/03/2014			231028	1.24
			Closing Balance				31/03/2015			231028	1.24
3	IN30057210009866	PUB	Opening Balance	RUCKMANI NATARAJAN	217960	1.17	31/03/2014			217960	1.17
			Closing Balance				31/03/2015			217960	1.17
4	IN30057210046887	PUB	Opening Balance	RUCKMANI NATARAJAN	170000	0.91	31/03/2014			170000	0.91
			Closing Balance				31/03/2015			170000	0.91
5	IN30039411676834	NRI	Opening Balance	KUMUNTHA MUNIYANDI	170000	0.91	31/03/2014			170000	0.91
			Closing Balance				31/03/2015			170000	0.91
6	IN30039411433779	PUB	Opening Balance	T SENTHIL KUMARAN	162700	0.88	31/03/2014			162700	0.88
			Sale				13/06/2014	-600	Transfer	162100	0.87
			Sale				27/02/2015	-2500	Transfer	159600	0.86
			Sale				06/03/2015	-1500	Transfer	158100	0.85
			Closing Balance				31/03/2015			158100	0.85
7	IN30057210046879	PUB	Opening Balance	RUCKMANI NATARAJAN	159000	0.86	31/03/2014			159000	0.86
			Closing Balance				31/03/2015			159000	0.86
8	IN30152430034884	FII	Opening Balance	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	0	0.00	31/03/2014			0	0.00
			Purchase				01/08/2014	22003	Transfer	22003	0.12
			Purchase				08/08/2014	87969	Transfer	109972	0.59
			Purchase				15/08/2014	16795	Transfer	126767	0.68
			Purchase				22/08/2014	38000	Transfer	164767	0.89

					Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl no	Folio/DP ID - Client ID	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase / Decrease in share holding	Reason	No of Shares	% of total shares of the company
			Purchase				05/09/2014	4758	Transfer	169525	0.91
			Sale				06/03/2015	-15000	Transfer	154525	0.83
			Closing Balance				31/03/2015			154525	0.83
9	IN30039414906654	PUB	Opening Balance	T SHANMUGAPRIYA	98250	0.53	31/03/2014			98250	0.53
			Sale				19/09/2014	-1350	Transfer	96900	0.52
			Sale				30/09/2014	-3900	Transfer	93000	0.50
			Sale				27/02/2015	-6500	Transfer	86500	0.47
			Sale				06/03/2015	-12500	Transfer	74000	0.40
			Closing Balance				31/03/2015			74000	0.40
10	IN30258210003312	PUB	Opening Balance	SONAL H.HIND OCHA	0	0.00	31/03/2014			0	0.00
			Purchase				27/02/2015	60000	Transfer	60000	0.32
			Closing Balance				31/03/2015			60000	0.32

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mr. Aditya Vij, Chairman (Non-Executive Director) (Ceased to be a Director w.e.f. December 24, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
2.	Mr. Ashish Bhatia (Non-Executive Director) (Ceased to be a Director w.e.f. December 24, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
3.	Mr. Daljit Singh, Chairman (Non-Executive Director) (appointed as an Additional Director on December 24, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
4.	Mr. Karthik Rajagopal (Non-Executive Director) (appointed as an Additional Director on December 24, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
5.	Mr. Lakshman Teckchand Nanwani (Non-Executive Independent Director)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
6.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
7.	Dr. Nithya Ramamurthy (Non-Executive Director)	905377	4.87	April 1, 2014	0	Nil movement during the year	905377	4.87
		905377	4.87	March 31, 2015	0		905377	4.87
8.	Mr. Raghunath P., Whole-time Director (also designated as the Key Managerial Personnel on July 26, 2014)	550	0.00	April 1, 2014	0	Nil movement during the year	550	0.00
		550	0.00	March 31, 2015	0		550	0.00
9.	Mr. Rama Krishna Shetty (Non-Executive Independent Director)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
10.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
11.	Mr. Sandeep Puri (Non-Executive Director) (Ceased to be a Director w.e.f. December 24, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
12.	Mr. Sanjay Jayavarthanavelu (Non-Executive Independent Director) (Ceased to be a Director w.e.f. March 31, 2015)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
13.	Mr. Venkatraman Vijayarathna, Whole-time Director (Ceased to be a Director w.e.f. July 26, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
14.	Mr. Akshaya Kumar Singh, Chief Financial Officer (designated as Key Managerial Personnel on July 26, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
15.	Mr. Dinesh Gupta, Company Secretary (Resigned w.e.f. June 2, 2014)	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–
16.	Mr. Sumit Goel Company Secretary and designated as Key Managerial Personnel on September 5, 2014	Nil	–	April 1, 2014	0	NA	Nil	–
		Nil	–	March 31, 2015	0	NA	Nil	–

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl no.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (A) (₹)
		Raghunath P.	**Venkatraman Vijayarathna**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,73,665	17,03,340	41,77,005
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others (Leave encashment and other benefits as pet the Company's Policy)	NIL	NIL	NIL
	Total	**24,73,665**	**17,03,340**	**41,77,005**
	Ceiling as per the Act	The aggregate remuneration shall not exceed 10% of the Net Profits of the Company calculated under Section 197 of the Companies Act, 2013.		

B. Remuneration to other Directors -

S. N.	Name of Directors	*Particulars of Remuneration - Sitting Fees (in ₹)
1	**Independent Directors**	
	Mr. Lakshman Teckchand Nanwani	**75,000**
	Mr. Murari Pejavar	**75,000**
	Mr. Rama Krishna Shetty	**1,32,602**
	Mr. Ramesh Lakshman Adige	**2,65,238**
	Mr. Sanjay Jayavarthanavelu	**55,170**
	Total (1)	**6,03,010**

S. N.	Name of Directors	***Particulars of Remuneration -** Sitting Fees (in ₹)
2	**Other Non-Executive Directors**	
	Dr. Nithya Ramamurthy	**1,50,170**
	Total (2)	**1,50,170**
	Total (B)=(1+2)	**7,53,180**
	Total Managerial Remuneration (A+B)	49,30,185
	Overall Ceiling as per the Act	Sitting fees is payable upto the Maximum amount as specified under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

*No commission was paid to any of the Directors for the Financial Year 2014-15

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD -

SI No.	Particulars of Remuneration	Key Managerial Personnel*
		Akshaya Kumar Singh, Chief Financial Officer
1	**Gross salary**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,99,754
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0
2	**Stock Option**	NIL
3	**Sweat Equity**	NIL
4	**Commission**	NIL
	- as % of profit	NIL
	Others specify	NIL
5	**Others, please specify**	NIL
	Total	**13,99,754**

* Mr. Dinesh Gupta, Company Secretary resigned w.e.f. June 2, 2014 and Mr. Sumit Goel, Company Secretary has been appointed as a Key Managerial Personnel w.e.f. September 5, 2014 without remuneration.

VII. Neither any penalty / punishment levied against the Company nor there was any case of Compounding of Offences made against the Company during the Financial Year 2014-15.

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

ANNEXURE – IV

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

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, 2015.

A. Conservation of Energy

a) Energy conservation measures taken:

79% of total power consumption at your Company is drawn from wind energy which is a renewable source of energy.

The air conditioning equipment in new operation theatre area, which had become obsolete and was consuming higher electricity, were changed to the latest and energy efficient electrical equipment.

The lifts in B Block changed with newer and more energy efficient lifts.

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

Passage light system was replaced with new LED fittings which are more energy efficient.

a) Impact of measures at (a) & (b): - Energy conservation measures taken by the Company from time to time including utilization of wind energy have resulted in considerable reduction of energy consumption and thereby reducing the power and fuel cost by 5.7%.

B. Technology Absorption

1. Research & Development (R & D): - Nil
2. Technology Absorption, Adaptation & Innovation:

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

Your Company purchased various medical equipment that offer superior technology for treating the patients. Key among those are 3D ECHO Machine, Siremobil Compact L, Ventilator -Servo-S, etc.

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

3D Echo Machine, EPIQ 7 features a powerful architecture ever applied to ultrasound imaging – touching all aspects of acoustic acquisition and processing, allowing one to truly experience ultrasound's evolution to a more definitive modality.

Siremobil Compact L comes with the renowned MEMOSKOP CX imaging system, which offers individual storage capacities. For comfortable playback of images series, 'Auto Loop' is a standard feature on continuous fluoroscopy, pulsed fluoroscopy, and subtraction. The SERVO-s® ventilator is based on proven SERVO technology, ensuring safe, reliable and high quality ventilation. By combining state-of-the-art sensitivity and reliability with user-friendly simplicity, SERVO-s delivers top performance for both adult and pediatric patients. .

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: ₹ 573.15 Lacs

(ii) Expenditure: CIF Value of Imports ₹288.11 Lacs

Others ₹48.86Lacs

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

ANNEXURE – V

Corporate Social Responsibilities

1. **A brief outline of the Company CSR Policy**

   Under the guiding principles detailed in the Code of Conduct including amongst others:

   - Conducting our operation in a honest and fair manner with integrity and openness.
   - Respecting the human rights, dignity and legitimate interest of all individuals directly or indirectly associated with us.
   - Providing a safe, healthy work and business environment directly or indirectly associated with us.
   - Insuring conduct which sustains and enhances the global reputation and image of the organization.

     The Board of Director has approved the CSR policy for the Company. The said policy approaches this area under the philosophy that the company efforts should strive towards building and sustaining a healthier humanity. The policy elucidates the concept of growing our business in a socially and environmentally responsible manner through an active role in empowering communities and driving social development and positive change.

   With the above in mind the policy seeks as an objective to bring focus, leveraging its inherent skills, experience, knowledge and recourses in the area surrounding "Mother & Child".

   The policy holds itself out as a forward looking aspirational charter which recommends liberal interpretation, promotes activity under the sprit of partnership and recommends that initiatives be targeted to the needs of the disadvantaged, vulnerable and marginalized sections of society. While the underlying guidance is to bring alignment of varied activities under the focus umbrella, it recognizes the need to record presence and contribution in such weak links in society where its mere presence and support could drive significant social benefit. In keeping with such themes, program/s such as supporting charitable healthcare infrastructure, disaster relief and developing a repository of healthcare information which could then be communicated with the help of technology and innovation remain well within the range of the policy objectives.

   In fulfillment of these objectives the Company executes both direct activities and also has designated a specialist organization i.e. The Fortis Charitable Foundation, which has about a decade of requisite experience to help drive its objectives.

   The policy seeks to define the specific roles and responsibilities associated with administration, program design and execution. It further clarifies the governance, monitoring, reporting and disclosure requirements.

   As a social enterprise in the critical domain of healthcare, the Company has participated and implemented various socially responsive programs since its inception. While some or many of these programs may not meet the strict interpretation of the new CSR rules, thereby impacting the assessment and eligibility of the 2% spent, these programs remain significant Fortis contributions to society and the Board, the Policy and Senior Management remain committed to continuing with them in the wider interests. The cumulative spend over such initiatives and programs would far exceed the strict CSR rules. Even so the Company remains committed to ensuring compliance to applicable regulation requirements.

   The policy as approved by the Board is available on the Company's web site at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/CSR_Policy.pdf.

2. **Composition of the CSR Committee**

   The Board has approved the constitution of a standalone CSR Committee with a delegated mandate. The current composition and mandate of the committee are available and updated on the Company's website http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/CSR_Committee_Mandate.pdf.

   The composition of the CSR committee as on March 31, 2015 was as follows:

   i. Mr. Daljit Singh (Chairman)

   ii. Mr. L. T. Nanwani (Member)

   iii. Dr. Nithya Ramamurthy (Member)

3. **Average Net profits of the Company/ s for last three financial years:** ₹ 1297.00 Lacs

4. **Prescribed CSR spend :** ₹ 25.16 lacs

5. **Overview of project/ programs undertaken / proposed to be undertaken**

PROGRAM	NEED BASED FOCUS AREA	OBJECTIVE
UMEED	Healthcare for Children	• Provide access to affordable quality Healthcare • Early & timely intervention • Healthy & fulfilled life • Bring focus to under resourced areas in the context of child Health
AANCHAL	Women & Maternal Health	• To educate & empower • To accelerate the domino impact • Drive prevention over remediation
SEWA	Medical Relief to Disaster Affected Areas	• To address immediate & critical medical relief • To deal with physical & Psychological trauma • To mitigate risk of epidemic & diseases post disaster • To support national disaster management program
CHHAYA	Medical Infrastructure support to public/ charitable hospitals	• To ensure continuity of charitable healthcare Infrastructure • To align with PPP (public private partnership) structures/ become the execution arm for National Healthcare program to drive positive impact • To develop economically viable model for mass healthcare
SAVERA	Awareness, communication & Publication	• To effectively communicate who we are and what we do • To lead thinking based on knowledge and date • To structure the message in context of target audience
SPECIAL LIVES	Rare or Special medical needs	• To address specific critical medical needs of an individual • Lead and support humanitarian efforts
FRIENDS OF FORTIS	Volunteer Program	• Working in a spirit of partnership • Legitimizing healthcare programs under CSR • Involving our internal partners (employees) and external stakeholders in a positive manner • Maximize reach with limited resources • Strengthen team efforts • Maximize knowledge sharing and awareness

6. **Details of CSR spend during the financial year (Total Amount Spent, Details of amount committed, manner in which the amounts were spent during the financial year including details of implementing agency/vehicle :**

<u>**Chart I: CSR spend measured under Section 135 of the Act**</u>

Manner in which the amount spent during the financial year is detailed below:-

(Amount is ₹ lacs)

S. No	CSR Project or activity identified	Sector in which the project is covered (Schedule VII of the Companies Act, 2013)	Projects or programs Local area or other Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1.Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Chhaya	i, iii, x	Pan India	25.16	1	1	Direct

The delta between amounts reflected in column 5 & 6 reflects amounts committed against actual spend. Activities during the FY 2014-15 focused on Policy development, Needs Assessments, Program Design and Development, Program Organizational Design and On-boarding of the requisite talent. The amounts committed and unspent would be carried forward into the succeeding budget and outlays for FY 2015-16. The above figures do not include overheads and administrative figures, the recording and quantification of which would get streamlined in the coming year for reporting purposes.

CHART II: CSR spend beyond the purview of Section 135

(Amount is ₹ lacs)

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs Local area or other Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1.Direct expenditure on projects or programs 2. Overheads	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Chhaya	i, iii, x	PAN India	3	3	Direct

7. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Working in the realm of healthcare the group provides support to a critical social need. Individual members of the Company and also the group, in developing sustaining and executing healthcare delivery models by their very nature validate the concept of the social enterprise. In keeping with the same while in the past there has not been a strict segregation of the social welfare activities from our normal day today business, as recommended under the terms of Section 135, its enactment has certainly provided the impetus to validate the past activities in this domain as also helped to bring focus, accountability and quantification of outcome to justify the efforts. As a responsible corporate citizen the company stands by its programs on CSR and Community Connect irrespective of whether the same fall under the ambit of Section 135 or not, while at the same time striving to ensure compliance to applicable regulations. The Company is committed to honoring its expectation in this regard and has in the past year restructured its CSR initiatives, allocated the requisite commitments which if remaining unspent have been carried forward to the coming year. In the nature of industry i.e. Healthcare, program design and cumulative multiyear spend plans seek to optimize the efforts and outcomes and also to ensure sustainability and scalability of the program design targeting a cost benefit value to the outcome. As the cumulative spend at group level far exceeds the 2% statutory requirement.

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

ANNEXURE VI

AOC-2

PARTICULARS OF CONTRACT / ARRANGEMENT MADE WITH RELATED PARTIES

(pursuant to Clause (h) of Sub Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the disclosure of particulars of contracts/ arrangement entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transaction not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2015, which are not on arm's length basis.

Details of material contracts or arrangements or transaction at arm's length basis

The details of material contracts or arrangements or transactions entered into during the year ended March 31, 2015, which are on arm's length basis

Name of Related Party	Nature of Relationship	Nature of Contract / arrangement / transaction	Duration of the Contract / arrangement / transaction	Salient terms of the Contract/ arrangement/ transaction including the value, if any	Date of approval by the Board, if any	Amount paid in advance
Fortis Health Management Ltd	Associate of fellow subsidiary	Availing of services	Continuing Agreement	Existing hospital service agreement is a continuous agreement; ₹ 2,29,41,963/- per quarter fixed + 7.5% on revenue subject to maximum of ₹ 25 Crores per annum	September 5, 2014	Nil
Malar Stars Medicare Ltd	**Wholly owned subsidiary**	**Inter Corporate Deposits**	**One year**	**ICD of** ₹ 617,933,577 @ 10%	September 5, 2014	**100%**

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

Management Discussion and Analysis Report

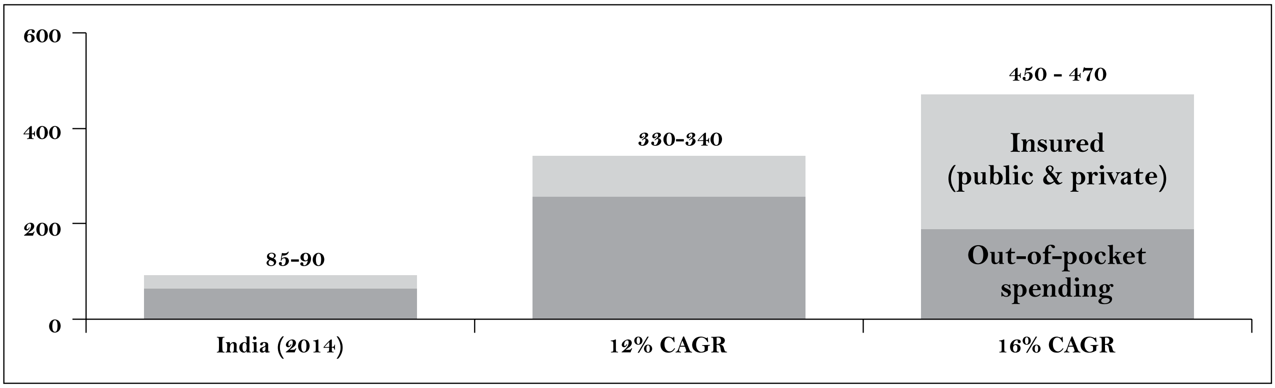
Indian Healthcare Sector: An Overview

Today, the Indian Healthcare Sector is at crossroad. As a nation, we have made noteworthy progress across various dimensions, and India is healthier today than ever. We have successfully eradicated multiple diseases including smallpox, polio and guinea worm diseases. HIV infections and AIDS related deaths have dropped significantly.

Despite this, India still struggles with substantial issues and gaps in its healthcare systems. Healthcare in India is under-served and under-consumed.

The Indian healthcare market is expected to grow at a CAGR of ~15% from USD 85-90 billion in 2014 to between USD 450 – 470 billion by 2015. This would reflect in India's spend on healthcare which is expected to increase from 4% of GDP currently to approximately 6% of GDP by 2025. The growth in population, increase in lifestyle related diseases, rising purchasing power of the middle class and higher awareness of chronic illnesses will be the key growth drivers for the sector.

Chart: Indian Healthcare Market to grow to USD 450-470 billion by 2025



Source: Aarogya Bharat – India Healthcare Roadmap for 2025 by Bain & Company and NATHEALTH

The Indian healthcare delivery system can be segregated into two major segments; public and private. Government of India / public hospitals provide treatment at the taxpayers' expense. Most essential drugs are offered free of charge in these hospitals. The Indian private healthcare sector is highly fragmented with approximately 90% of the hospitals being established and operated by doctors and trusts and the remainder being corporate hospitals (chain of hospitals run by professional healthcare groups). Most of the private hospitals are usually smaller scale establishments (50-200 bed) that are managed as standalone entities.

The corporate hospital chains have been playing a key role in driving expansion and growth in the industry. So far, the corporate hospitals have mostly concentrated on expanding in Tier I cities (including metros) with large scale multi-specialty tertiary care facilities.

If we look at India's public healthcare system, it is underfunded and its hospitals are overcrowded with inadequate rural coverage. The government's low spending on health care places much of the burden on patients and their families, as evidenced by the country's out-of-pocket (OOP) spending rate, one of the world's highest. According to the World Health Organization (WHO), just 33% of Indian health care expenditures in 2012 came from government sources. Of the remaining private spending, around 86% was OOP.

Several public health insurance systems exist, such as state-level employee insurance for industrial workers and the central government's health care plan for civil servants. Several large companies also operate employee health policies. While health insurance penetration in India is increasing, it has been proposed that better accessibility to quality health care could be made possible by extending coverage to all employees in the private sector and by offering inexpensive health plans for the poor. This way, people can have full coverage for themselves, their families and elders.

The Indian Government has accorded priority in its 2014-2015 budget to the health care sector. Key recommendations that will have a direct impact on enhancing health care access include a rise in foreign direct investment (FDI) limit in the medical insurance business to 49 percent; four more medical institutions of the status of All India Institute of Medical Sciences (AIIMS); 12 more medical colleges in the public sector; and broadband connections in rural areas to expand the reach of telemedicine. In addition, a $1.7 billion fresh fund allocation to encourage start-ups and another scheme for establishing biotech clusters will help to develop innovative health care technologies. Finally, the budget provisions also aim to address the infrastructure deficit by establishing institutions like AIIMS in all states and setting up 15 model rural health research centers to bridge the rural-urban divide.

However, challenges remain. The vision for the plan period of 2012-2017 is to achieve acceptable standards of health care for the Indian populace. However, India still doesn't have a central regulatory authority for its health care sector.

KEY GROWTH DRIVERS

Improved access and affordability with higher public spending on healthcare

The current healthcare infrastructure in India is quite inadequate to meet the growing demand for healthcare services. India's expenditure on healthcare is close to 4 % of GDP, which is much below the global average. Today, Healthcare spending in the country is driven by out-of-pocket rather than government spending. However, according to a Healthcare Report by Bain & Company and NATHEALTH, the total spending on healthcare is anticipated to reach about 6% of GDP by 2025, with out of pocket spending at less than 30%.

Inadequate Healthcare Infrastructure and Resources

India's ratio of 0.9 beds, 0.7 doctors and 1.5 nurses per 1,000 people is dramatically lower than the WHO average. And industry faces an acute shortage of paramedical and administrative professionals as well. Given the inadequate healthcare infrastructure and human resources in India, the sector requires huge investment to bridge the increasing gap arising due to the growing Indian population including significant development in Government's policies related to medical education, health insurance and preventive healthcare. It is estimated that capex spending will grow from less than 10% of overall healthcare spending to 15% by 2025. This would lead to 1.8 million additional functional beds, improving the density of beds from 0.9 per 1000 population today to 2.0 by 2025.

Health Insurance

Though, there has been a considerable progress in the healthcare ecosystem, including healthcare delivery and insurance in the past decade. However, India still trails in health coverage when compared to other developed and developing countries. For instance, the penetration levels of the health insurance is much lower in our country whereas the share of out of pocket expenditure, for a majority of population is significantly higher.

Nonetheless, the rising healthcare cost inflation, due to advancements in medical technology, changing disease pattern (which are more towards lifestyle diseases) and increase in awareness, the health insurance market has significant headroom for growth in the coming years.

Medical Tourism

India has emerged as one of the most sought after destinations for medical tourists across the globe owing to its high value proposition in terms of quality healthcare, pool of specialists and availability of alternate treatment options such as ayurveda and yoga. SAARC countries in particular (namely Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Maldives and Sri Lanka) are a major source of medical tourists owing to the physical proximity and political co-operation agreements.

According to KPMG and FICCI, India's medical tourism market is expected to expand at a CAGR of 27% to reach USD 4.9 billion in 2015, from USD 1.9 billion in 2011. With the emergence of newer needs and with India establishing a firmer footprint as a healthcare delivery destination, medical tourism is likely to gain impetus.

India's favorable demographics

India's population is expected to cross 1.3 billion by 2017 and this growing population would translate into an incremental demand for healthcare services.

Analyzing the demographic profile of India, around 65% of the Indian population is below 35 years of age and over 50% of the population is below 25 years of age (the median age of India's population is 24 years). Further, the proportion of geriatric population (60 years and above) is increasing at a faster rate than the rest of the population. The increasing geriatric population is expected to boost demand for the healthcare and related services significantly.

Rise in Life Style related / Non Communicable diseases

In recent years, India has managed to control communicable diseases like malaria, cholera and polio. However, the country is dealing with a new breed of developed world obesity-fuelled diseases like diabetes and cardiovascular ailments.

Coupled with a sedentary urban lifestyle, increased alcohol consumption and smoking, the urban youth are particularly prone to the aforementioned lifestyle diseases.

- A report on non-communicable diseases released by the World Health Organization paints a grim picture of India. The risk of dying from a non-communicable disease (NCD) for persons aged between 30 and 70 years in India is a high 26 per cent, according to the second set of NCD profiles for 194 countries, released by WHO in 2014. What's more, Indian males are more prone to dying of these diseases than women.
- Among the risk factors that lead to these NCDs, high blood pressure was the biggest reason. Twenty-one percent of all Indians were found to be suffering from high blood pressure, with equal share among men and women. The higher rate among men is explained by increased consumption of tobacco and alcohol. Almost 25 per cent of all males consume tobacco while only 4 per cent females do so. Similarly, 8 per cent of all males consume alcohol and only 0.5 per cent females do so.

KEY CHALLENGES IN THE HEALTHCARE INDUSTRY

Healthcare workforce remains inadequate: India has a ratio of 0.7 doctors, 1.5 nurses and 1.3 beds per 1,000 people compared to the WHO average of 2.5 doctors & nurses and 3 beds per 1,000 people. The shortage of qualified professionals is one of the key challenges for the Indian Healthcare Industry. The situation is aggravated by the concentration of medical professionals in urban areas. Many Indians, especially those living in rural and semi urban areas, are still receiving services from unqualified providers. The Industry needs an additional 1.54 million doctors and 2.4 million nurses to match the global averages. Furthermore, there is an acute shortage of paramedical and administrative professionals in the country.

Inadequate number of Public Private Partnerships (PPP): The Public Private Partnership (PPP) model is yet to gather momentum. If the PPP model is implemented widely it can enhance the quality of health care services in the country as the healthcare infrastructure can be provided by the government and management skills can be provided by the private sector. Such initiatives will enhance the quality of healthcare services at affordable price points.

Outlook

Current status of Indian Healthcare delivery sector provides significant opportunity for private healthcare organisations. Continuing lack of adequate healthcare infrastructure and limited access to quality tertiary healthcare delivery services would result in private players playing a critical role in bridging the increasing demand supply gap in the sector. The private players continue to explore new business models to expand their presence in new geographies and specialties with rising demand.

However, given the capital intensive nature of the sector and the gap of over 2 million beds to reach 3 beds per thousand population, it seems like a non-achievable target for both private and public sector. The focus, instead, should be on better utilization of under-utilized government infrastructure, incentivizing fund flows into the sector and technological enhancement. PPP models across the country would have to gain momentum so that the skill set of both private and public sector and public infrastructure can be leveraged to provide quality healthcare services to the population of country.

The Company

Fortis Malar Hospital was acquired by Fortis Healthcare Limited in early 2008. The hospital founded in 1992, is established as one of the largest corporate hospitals in Chennai providing quality super specialty and multi-specialty healthcare services. Fortis Malar Hospital, with 170 beds, focuses on providing comprehensive medical care in the areas of Cardiology and Cardiac Surgery, Neuro Surgery, Gynaecology, Orthopedics, Gastroenterology, Neurology, Pediatrics, Diabetics, Nephrology and Internal Medicine.

Fortis Malar Hospital has a state of the art Cath Lab and multiple dedicated cardiac operation theatres and intensive coronary care units. Several rare and complex Adult and Pediatric Cardiac surgeries, Orthopedic and Joint replacements, Neurosurgeries and Plastic reconstruction surgeries have been performed at this hospital. The hospital's Obstetrics and Gynaecology services are among the best in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

HUMAN RESOURCE

Talent acquisition and retention is key to the success of any organization and during the year, your company continued to source and retain competent employees. All our employees undergo an induction which enables them to understand and "live the values" of the company. Fortis Malar has a robust performance management which facilitates identifying talent, giving them appropriate opportunities and reward for performance. The company has a focused Training and development program that plays a key role in ensuring all our staff continue to perform at the high standards expected of them and enables them to be prepared for taking on greater challenges.

The number of employees stood at 516 as on 31st March, 2015

OPERATIONAL AND FINANCIAL PERFORMANCE

Your company achieved a consolidated income from operations of ₹ 117.93 Crores against ₹ 108.38 Crores during the last financial year ended 31st March, 2014, representing a growth of 9%. The Profit before exceptional and extra-ordinary items and tax for the period stood at ₹ 11.97 Crores as against ₹ 13.39 Crores during the corresponding period. Profits after tax stood at ₹ 7.86 Crores in the current financial year compared to ₹ 8.78 Crores in the previous year.

Regarding the key performance indicators, the company's average revenue per occupied bed (ARPOB) improved significantly during the current year to ₹ 118 lakhs from ₹ 109 lakhs in the previous year. The average length of stay (ALOS) stood at 3.82 days in FY2015 compared to 3.81 days in FY2014. Occupancy of the hospital during the year was at 60%, similar to the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The overall responsibility to design, implement and monitor effective risk and control environment rests with the management. A framework has been institutionalized for the identification, evaluation and management of significant risks that may impact achievement of business objectives. The framework entails a structured process to identify, assess and monitor the risks and initiate suitable mitigation strategies for effective risk management.

The internal control framework is designed to manage and mitigate the risks faced by the Company. The organizational roles, responsibility and accountability structures with appropriate performance oversight process are defined and aligned to provide an enabling environment to the business units and functions to operate as per the design control environment. Review and oversight procedures are designed to monitor effective adherence.

The Internal Audit function provides an independent assurance to the Audit Committee that system of internal control deployed is designed to manage key business risks and is operating effectively. Management provides action plans to address the observations noted from the internal audit reviews and action plans are monitored towards resolution under the supervision and guidance of Audit Committee.

A quarterly report on the findings is presented to the Audit Committee which reviews the adequacy and effectiveness of the Company's internal control environment and monitor implementation of internal audit observations.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the company's objectives, 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.

References

1. Aarogya Bharat – India Healthcare Roadmap for 2025 by Bain & Company and NATHEALTH
2. 2015 Healthcare Outlook – Deloitte
3. Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference
4. Market Research, reports, web articles, press & media reports and others

Report on Corporate Governance

1. **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE / CODE OF GOVERNANCE**

   Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder value while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic in all its operations. The Company is led by distinguished Board, which includes independent directors. The Board provides a strong oversight and strategic counsel.

   The core values of your Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness. Its business policies are based on ethical conduct, health, safety and a commitment to build long term sustainable relationship with all stakeholders.

2. **BOARD OF DIRECTORS**

(A) Composition of the Board

The Board of Directors ("the Board") of the Company consists of an optimal combination of Executive, Non-Executive and Independent Directors which represent a mix of professionalism through 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 date, the Board comprises of 8 (Eight) Directors, of whom, 1(One) is an Executive Director and 7 (seven) are Non-Executive Directors. Amongst the Non-Executive Directors, 4 (Four) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions.

The size and composition of the Board conforms to the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchange. Other details relating to the Directors as on March 31, 2015 are as follows:

S. no.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other companies[2]
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Director	9	1	–
2	Mr. Karthik Rajagopal DIN – 06652382	Non-Executive Non-Independent Director	2	–	–
3	Mr. Lakshman Teckchand Nanwani DIN – 00076536	Non-Executive Independent Director	5	1	–
4	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	–	–	–
5	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	8	5	3
6	Mr. Raghunath P. DIN – 06929117	Whole-time Director	1	1	1
7	Mr. Rama Krishna Shetty DIN – 01521858	Non-Executive Independent Director	10	9	1
8	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	1	1	-

[1] The Directorships held by Directors as mentioned above, do not include directorships in Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

[2] In accordance with Clause 49, Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all Public Limited Companies (excluding Fortis Malar Hospitals Limited) other than Private Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 have been considered.

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

Further, none of the Independent Directors serves in more than seven listed companies and also the Whole-time Director of the Company doesn't serve as an Independent Director in any other listed company.

(B) Independent Directors

Independent Directors fulfill all the conditions for being Independent to the Company, as stipulated under Clause 49 of the Listing Agreement and the Companies Act, 2013. The maximum tenure of Independent Directors is determined in accordance with the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company has issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013 and the terms and conditions of such appointment is disclosed on the website of the Company viz. www.fortismalar.com.

Further, in compliance with Clause 49 of the Listing Agreement, the Company has made familiarization programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Governance_Document.pdf .

Disclosure regarding appointment or re-appointment of Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, all the Independent Directors hold office for tenure of five consecutive years and are not liable to retire by rotation.

Every appointment made to the Board is recommended by the Nomination and Remuneration Committee after considering various factors such as qualification, positive attributes, area of expertise and other criteria's as laid down in the "Board of Directors Governance Standards". The same is further taken for shareholders' approval, as and when required, under the provisions of applicable laws.

During the year under review, Mr. Daljit Singh and Mr. Karthik Rajagopal, Non-Executive Directors, were appointed as Additional Directors with effect from December 24, 2014 on the Board of the Company and Mr. Raghunath P., was appointed as the Whole-time Director of the Company with effect from July 26, 2014 and his appointment and remuneration was duly approved by the shareholders of the Company at the Annual General Meeting held on September 5, 2014.

Further, Mr. Aditya Vij, Chairman, Mr. Ashish Bhatia, Mr. Sandeep Puri and Mr. Sanjay Jayavarthanavelu, Directors and Mr. V. Vijayarathana, Whole-time Director of the Company had resigned during the period under review.

As per the provisions of Companies Act, 2013, Dr. Nithya Ramamurthy is liable to retire by rotation at the ensuing Annual General Meeting. The Company has received confirmation recommending the re-appointment of Dr. Nithya Ramamurthy at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Dr. Nithya Ramamurthy as a director liable to retire by rotation.

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:

(a) **Dr. Nithya Ramamurthy,** a Non-Executive (Non-Independent) Director, aged 63 years, is a Senior Consultant Obstetrician & Gynaecologist having more than 39 years of rich experience as a medical professional. She has worked as Medical Officer at Govt. Hospital, Serambun, West Malaysia and then worked as Director & Obstetrician & Gynecologist at Malar Polyclinic, Chennai. Later, she has promoted Malar Hospitals (now Fortis Malar Hospital) along with her husband.

Dr. Nithya Ramamurthy specializes in Gynecology & Obstetrics and also holds the record performing over 10,000 Laparoscopic Surgeries. She is also a member of 'Inner Wheel of India' and Member of 'Federation of Obstetrician & Gynecologists Association', South India. Apart from the above, she has conducted a number of CME programs for the young medical students & practitioners, and also held Vaginal Pelvic Surgery Workshop with Royal College of Obstetricians & Gynecologists.

Her special areas of interest are High Risk Pregnancy, Infertility Treatment, Obesity, PCOS and Laproscopic Surgery. She has been awarded "Best Outgoing Student Award Holder", Women & Children Hospital, Madras

Medical College (1983 – 1985), the "Best Doctor" by the Governor of Tamil Nadu in March 2012 by Dr. MGR University and Jeppiar ICON Award 2015.

As on March 31, 2015, she holds 905377 equity shares of the company and no other convertible instrument(s) is held by her in the Company.

Dr. Nithya is not related to any other Director and presently, Dr. Nithya is neither a Director on the Board nor a Committee Member of any other Company.

(b) **Mr. Daljit Singh,** a Non-Executive (Non-Independent) Director, aged 62 years, is the Chairman of the Company and also holds the position of President in the Holding Company i.e. Fortis Healthcare Limited. During his tenure of 12 years with Fortis, also he has led the Company's Projects Function, Strategy and Organizational Development Functions and has also held the office of the Chief Executive Officer. He has over 40 years of rich management experience in the Corporate Sector.

Mr. Daljit Singh is an acknowledged expert and thought leader in the domain of Healthcare Delivery. He has represented Fortis at Industry forums like the CII and FICCI and led several healthcare related committees. He is an active participant on the World Economic Forum platform and is on a number of Steering Boards constituted by the Forum to guide a number of major Global projects: "Scenarios for Sustainable Health Systems", "The Healthy Living Charter" and "Health Systems Leapfrogging". He is also on the Forum's Advisory Board on "The Economic Burden of Non Communicable Diseases in India". He has spoken on panels and presented to Indian and International audiences on themes related to Healthcare. His key experience and achievements have been in the areas of developing progressive HR strategies and ensuring their implementation, organizational restructuring, building a high performance culture and leading teams to deliver business value. He has successfully planned and executed significant change programs.

A graduate from the Indian Institute of Technology, Delhi, Mr. Singh was a Commonwealth Scholar to the Senior Management Programme at the Manchester Business School. With an outstanding track record in the field of athletics, his current interests include athletics, high altitude trekking, adventure sports, spirituality, music and reading.

Mr. Daljit Singh is not related to any other Director of the Company.

As on March 31, 2015, no equity shares of the company or other convertible instrument(s), if any, are held by him in the Company.

Mr. Daljit Singh is a Director and member of the Committees of Boards of the following other companies:

S. No.	Name of the Company/Entity in which interested	Committee Memberships
1.	Fortis Hospotel Limited – Director	Chairman – Audit and Risk Management Committee Member – Nomination and Remuneration Committee
2.	Reliant Healthcare Consultancy Private Limited – Director	–
3.	Health Is Wealth Media Private Limited –Director	–
4.	Triple Loop Coaching Private Limited – Director	–
5.	Fortis Hospitals Limited – Director	–
6.	Navkar Centre For Skills Private Limited – Director	–
7.	Fortis La Femme Limited – Director	–
8.	Fortis Emergency Services Limited – Director	–
9.	Birdie & Birdie Realtors Private Limited – Director	–
10.	Fortis CSR Foundation – Director	–
11.	Fortis Healthcare International Limited – Director	–
12.	The Lanka Hospitals Corporation Plc – Director	–

(c) **Mr. Karthik Rajagopal,** a Non-Executive (Non-Independent) Director, aged 45 years is a Management Graduate from Asian Institute of Management, Manila (AIM) and has managerial experience of over 20 years. His core functional strengths include Operations Management, Marketing including Brand Management and Integrated Marketing Communications, Patient Engagement and Consultant Relations Management.

Mr. Karthik Rajagopal works as a Regional Director (Southern Region) in the Holding Company i.e. Fortis Healthcare Limited, heads Fortis Hospitals in Karnataka, Tamil Nadu, Goa and La Femme Facilities is responsible for Growth, Strategic Alliances, Brand and Marketing in the region.

Mr. Karthik Rajagopal is not related to any other Director of the Company.

As on March 31, 2015, no equity shares of the company or other convertible instrument(s), if any are held by him in the Company.

Mr. Karthik Rajagopal is a Director and member of Committees of Boards, if any, of the following other companies:

S.No.	Name of the Company/Entity in which interested	Committee Memberships
1.	Lalitha Healthcare Private Limited – Director	-
2.	Malar Stars Medicare Limited – Additional Director	-
3.	The Lanka Hospitals Corporation Plc – Alternate Director	-

Board Functioning & Procedure

At Fortis Malar Hospitals Limited, 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 and Whole-time Director and circulated in advance to the Board Members.

The provisions and procedures relating to Performance Evaluation of the Directors and Familiarization Program forms part of the Board Report.

During the year ended March 31, 2015 Five Board Meetings were held on:

(i) April 28, 2014 (ii) July 26, 2014 (iii) September 5, 2014 (iv) November 3, 2014 and (v) January 28, 2015.

The last Annual General Meeting of the Company was held on September 5, 2014.

The attendance of each Director at the Board Meetings held during the year ended March 31, 2015 and at the last Annual General Meeting (AGM) is as under: -

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Aditya Vij[3] (resigned with effect from December 24, 2014)	4	Yes
Mr. Ashish Bhatia (resigned with effect from December 24, 2014)	0	No
Mr. Daljit Singh (appointed with effect from December 24, 2014)	1	N.A.
Mr. Karthik Rajagopal (appointed with effect from December 24, 2014)	1	N.A.
Mr. Lakshman Teckchand Nanwani	4	No
Mr. Murari Pejavar	1	No
Dr. Nithya Ramamurthy	5	Yes
Mr. Raghunath P (appointed with effect from July 26, 2014)	4	Yes
Mr. Rama Krishna Shetty	3	No
Mr. Ramesh Lakshman Adige	5	Yes
Mr. Sandeep Puri (resigned with effect from December 24, 2014)	1	Yes
Mr. Sanjay Jayavarthanavelu (resigned with effect from March 31, 2015)	2	No
Mr. Venkatraman Vijayarathna (resigned with effect from July 26, 2014)	2	N.A.

[3] Mr. Aditya Vij attended Board Meeting through audio visual means which was held on April 28, 2014, and attended another Board Meeting held on July 26, 2014 through audio call, but he was not counted for the purpose of quorum for this meeting.

Availability of information to the members of Board:

As required under Clause 49 of the Listing Agreement, to the extent applicable, inter alia 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 and Risk Management Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment 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.
- Sales 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 transfers etc.

Statutory Compliances

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

Code of Conduct

The Board has prescribed a Code of Conduct ("Code") for all employees of the Company including Senior Management and Board Members which covers the transparency, behavioural conduct, a gender friendly work place, legal compliance and protection of the Company's property and information.

Further, in terms of Schedule IV of the Companies Act, 2013 the Company has adopted a separate Code of Conduct for the Independent Directors. In terms of Clause 49 of the Listing Agreement, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2014-15. The aforesaid codes are also hosted on the website of the Company.

A declaration to this effect signed by the Whole-time Director of the Company, forms part of this Report.

3. COMMITTEES OF THE BOARD

In terms of Clause 49 of the Listing Agreement read with the Companies Act, 2013, the Board has formed four Committees viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

Keeping in view the requirements of the Companies Act, 2013, as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of these Committees and the assignment of members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of the Committee[4]

As on March 31, 2015, Audit and Risk Management Committee comprised of the following members, namely:-

S. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh (appointed as a member with effect from December 24, 2014)	Member	Non-Executive Director
3	Mr. Lakshman Teckchand Nanwani (appointed as a member with effect from November 3, 2014)	Member	Non-Executive Director
4	Mr. Murari Pejavar	Member	Non-Executive Independent Director
5	Mr. Rama Krishna Shetty	Member	Non-Executive Independent Director

Members of the Committee are financially literate and also have requisite accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

The Committee shall inter alia have the accountabilities, roles and responsibilities as set out below, as well as any other matter that is specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform the duties required of an Audit and Risk Management Committee by applicable statute's, requirements of the Stock Exchange on which the securities are listed and all other applicable laws:-

- Oversight of the financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend appointment, remuneration and terms of appointment of auditors of the company;
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - 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 judgment 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.
- To review with the management, the quarterly financial statements before submission to the board for approval;
- 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

[4] The name, composition and terms of reference of the Audit and Risk Management Committee (formerly known as Audit, Risk and Controls Committee) was changed/revised w.e.f. July 26, 2014 as per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or any subsequent modification of transactions of the company with related parties;
- To scrutinize inter-corporate loans and investments;
- To do valuation of undertakings or assets of the company, wherever it is necessary;
- To do evaluation of internal financial controls and risk management systems;
- To monitor the end use of funds raised through public offers and related matters;
- To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- To discuss with internal auditors for any significant findings and follow up there on;
- 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;
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit and Risk Management Committee.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Audit and Risk Management Committee. However, the detailed and exhaustive mandate / terms of reference of the Audit and Risk Management Committee are also available on the website of the Company.

Meetings and Attendance during the year

During the financial year ended March 31, 2015, four Audit and Risk Management Committee meetings were held on (i) April 28, 2014 (ii) July 26, 2014 (iii) November 03, 2014 and (iv) January 28, 2015.

The attendance at the Audit and Risk Management Committee Meetings held during the year under review are as under:

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Aditya Vij[5] (resigned with effect from December 24, 2014)	2
3	Mr. Daljit Singh (appointed as a member with effect from December 24, 2014)	1
4	Mr. Lakshman Teckchand Nanwani (appointed as a member with effect from November 3, 2014)	1
5	Mr. Murari Pejavar	1
6	Mr. Rama Krishna Shetty (appointed as a member with effect from July 26, 2014)	2
7	Mr. Sanjay Jayavarthanavelu (resigned with effect from March 31, 2015)	2

[5] Mr. Aditya Vij attended Audit & Risk Management Committee Meeting through audio visual means which was held on April 28, 2014, and another meeting was held on July 26, 2014 through audio call, but was not considered as a part of quorum for this meeting.

NOMINATION AND REMUNERATION COMMITTEE

Composition of the Committee[6]

As on March 31, 2015, the Nomination and Remuneration Committee comprised of the following members:-

Sr. No.	Name of Members	Designation	Category
1	Mr. Lakshman Teckchand Nanwani (appointed as Chairman of the Committee with effect from December 24, 2014)	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh (appointed as a member with effect from December 24, 2014)	Member	Non-Executive Director
3	Mr. Ramesh Lakshman Adige	Member	Non-Executive Independent Director
4	Mr. Rama Krishna Shetty (appointed as a member with effect from March 24, 2015)	Member	Non-Executive Independent Director

Accountabilities, Roles and Responsibilities

The Committee shall have the accountabilities, roles and responsibilities as set out below, as well as any other matter as may be specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform such duties as may be required by applicable laws.

Key responsibilities of the Nomination and Remuneration Committee inter alia include:-

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall also disclose the remuneration policy and the evaluation criteria in the Annual Report.

Meetings and Attendance

During the financial year ended March 31, 2015, two meetings of the Nomination and Remuneration Committee were held on (i) July 26, 2014 and (ii) January 28, 2015.

The attendance at the Nomination and Remuneration Committee Meetings held during the year under review is as under:

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Aditya Vij, Chairman (resigned with effect from December 24, 2014)	0
2	Mr. Murari Pejavar (ceased to be a member of this Committee with effect from July 24, 2014)	0
3	Mr. Ramesh Lakshman Adige	2
4	Mr. Rama Krishna Shetty (appointed as a member with effect from March 24, 2015)	0
5	Mr. Sanjay Jayavarthanavelu (resigned with effect from March 31, 2015)	1
6	Mr. Lakshman Teckchand Nanwani, Chairman (appointed as Chairman of the Committee with effect from December 24, 2014)	1
7	Mr. Daljit Singh (appointed as member of the Committee with effect from December 24, 2014)	1

The Company Secretary of the Company acts as the Secretary of the Committee.

[6] The name, composition and terms of reference of Nomination and Remuneration Committee (earlier known as Human, Resource and Remuneration Committee) changed/revised w.e.f. July 26, 2014 as per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

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

The Directors' remuneration policy of your Company confirms to the provisions of the Companies Act, 2013 and this policy forms part of "Board Governance document" and is attached with this Report. The remuneration paid/payable to the Executive Director i.e. Whole-time Director is, as recommended by the Nomination and Remuneration Committee (erstwhile Human Resources & Remuneration Committee), decided by the Board and approved by the Shareholders and Central Government, if required.

Presently, the Non-Executive Directors are being paid sitting fees for attending the meetings of Board of Directors and various Committees of the Board viz. Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Independent Directors are also being paid sitting fees for their separate meeting.

Remuneration to Directors

Executive Director(s)

The details of remuneration paid to executive director(s) during the financial year ended March 31, 2015 are as under:

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. V. Vijayarathna (upto July 26, 2014)	1,594,636	–	108,704	3 years w.e.f. July 10, 2012	3 months
Mr. Raghunath P. (appointed w.e.f. July 26, 2014)	2,072,340	271,781	129,545	3 years w.e.f. July 26, 2014	3 months

Notes:

1) Mr. Raghunath P was appointed as Whole-time Director of the Company for a period of 3 years with effect from July 26, 2014.

2) Retiral Benefits of ₹ 129,545 were paid to Mr. Raghunath P. towards "Employer's PF Contribution and Gratuity".

3) The notice period is 3 months from either side or a shorter period decided mutually. No severance fees is payable on termination of contract.

4) The Board of Directors has vide resolution dated July 26, 2014, fixed the remuneration payable to Mr. Raghunath P., which was subsequently approved by the members in the Annual General Meeting held on September 5, 2014.

5) As on March 31, 2015, Mr. Raghunath P. holds 550 equity shares in the Company.

6) No Stock options have been granted to Mr. Raghunath P. Further, Executive Director are not paid any commission from the Company or its Holding/Subsidiary Company during the year.

Non – Executive Directors

Except the sitting fees being paid to Non-Executive Directors, there is no other pecuniary relationship or transaction between such Directors and the Company.

During the period under review, the sitting fees for attending each Board Meeting was enhanced from ₹ 7,500/- (Rupees Seven Thousand Five Hundred Only) to ₹ 25,000/- (Rupees Twenty Five Thousand Only) and for each Committee Meeting from ₹ 5,000/- (Rupees Five Thousand Only) to ₹ 25,000 (Rupees Twenty five Thousand) with effect from September 5, 2014, within the limits as laid down under Companies Act, 2013.

Also, the Board approved the payment of sitting fees of ₹ 25,000/- (Rupees Twenty five Thousand) for attending separate meeting(s) of Independent Directors.

The sitting fees paid to the Non-Executive Directors for the financial year ended March 31, 2015 and their shareholding as on that date is as follows:

Particulars of Director	Sitting Fee (Amount in ₹)	Shareholding in the Company as on March 31, 2015
Mr. Aditya Vij (resigned with effect from December 24, 2014)	–	–
Mr. Ashish Bhatia (resigned with effect from December 24, 2014)	–	–
Mr. Daljit Singh (appointed with effect from December 24, 2014)	–	–
Mr. Lakshman Teckchand Nanwani	75,000	–
Mr. Murari Pejavar	75,000	–
Dr. Nithya Ramamurthy	150,170	905377
Mr. Rama Krishna Shetty	132,602	–
Mr. Ramesh Lakshman Adige	265,238	–
Mr. Sandeep Puri (resigned with effect from November 3, 2014)	–	–
Mr. Sanjay Jayavarthanavelu (resigned with effect from March 31, 2015)	55,170	–

Except for Dr. Nithya Ramamurthy, Non-Executive Director, to whom 20,000 Stock Options have been granted under ESOP-2008 Scheme of the Company, the Company has not granted any stock options to any other Director.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition of the Committee[7]

As on March 31, 2015, the Stakeholders Relationship Committee comprised of the following members, namely:

Sr. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh (appointed as member with effect from December 24, 2014)	Member	Non-Executive Director
3	Dr. Nithya Ramamurthy	Member	Non-Executive Director
4	Mr. Raghunath P. (appointed as member with effect from July 26, 2014)	Member	Executive Director (Whole-time Director)

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 Exchange.

The Board of Directors has approved the following terms of reference for Stakeholders Relationship Committee:

- To approve / refuse / reject registration of transfer / transmission of Shares;
- To authorize issue of Share Certificates after split / Consolidation / Replacement and duplicate Share certificates;
- To authorize printing of Share Certificates;
- To affix or authorize affixation of the Common Seal of the Company on Share Certificates approved by the Committee on behalf of the Company.
- To authorize Managers / Officers / Signatories for signing Share Certificates as well as for endorsing share transfers.

[7] The name and composition of the Stakeholders Relationship Committee (formerly known as Shareholders' / Investors' Grievance Committee) was changed w.e.f. December 24, 2014 as per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

Name and Designation of Compliance Officer

Mr. Sumit Goel

Company Secretary

Status of Shareholders' Complaints during financial year 2014-15

Number of complaints pending from last year	:	1
Number of shareholders' complaints received during the year	:	152
Number of complaints not resolved to the satisfaction of shareholders	:	Nil
Number of pending complaints	:	Nil

Meeting and Attendance

The Stakeholders Relationship Committee meets as and when required and during the year under review, four meetings were held on (i) April 28, 2014 (ii) July 26, 2014 (iii) November 3, 2014 and (iv) January 28, 2015.

The attendance of the members of the Stakeholders Relationship Committee at the said meetings was as follows:-

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Aditya Vij[8] (resigned with effect from December 24, 2014)	2
3	Mr. Daljit Singh (appointed as a member with effect from December 24, 2014)	1
4	Dr. Nithya Ramamurthy	4
5	Mr. Raghunath P. (appointed as a member with effect from July 26, 2014)	2
6	Mr. Venkatraman Vijayarathna	2

<u>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</u>

Composition of the Committee

The Committee as on March 31, 2015 comprised of:

Sr. No.	Names of Members	Designation	Category
1	Mr. Daljit Singh	Chairman	Non-Executive Director
2	Mr. Lakshman Teckchand Nanwani	Member	Non-Executive Independent Director
3	Dr. Nithya Ramamurthy	Member	Non-Executive Director

The Company Secretary acts as the Secretary of the Committee.

The salient roles and responsibilities associated with the Corporate Social Responsibility Committee inter alia include, but are not limited to, the following:

- To review and make recommendations, as appropriate, with regard to the Company's Corporate Social Responsibility (CSR) policy indicating the activities to be undertaken by the Company;
- To review the various proposals of CSR programmes / projects as submitted by CSR department of the Company and if thought fit, approval thereof, provided that the same is within the framework of CSR Policy;
- To identify and appoint various eligible agencies / entities for execution of CSR programmes or projects of the Company;
- To recommend the amount of expenditure to be incurred on the CSR activities as per the framework of CSR Policy.

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[8] Mr. Aditya Vij attended the committee meeting through audio visual means which was held on April 28, 2014.

- To fix the schedule of implementation of CSR projects and programmes and supervise and review the same;
- To liaise with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- To satisfy itself that management of the Company monitor trends and emerging issues in the corporate social responsibility field and evaluates the impact on the Company;
- To schedule regular reports from CSR Department(s) and / or various eligible agencies or entities on the Company's CSR performance to assess the effectiveness of the CSR program;
- To identify the principal areas of risks and impacts relating to corporate social responsibility and ensuring that sufficient resources are allocated to address these liabilities;
- To review the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate;
- To review the Company's CSR performance and to assess the effectiveness of the CSR program and to determine whether the Company is taking all appropriate actions in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, wherever appropriate; and
- To open various bank account(s) and authorize the bank signatories, as may be required, for execution of various CSR programmes or projects of the Company and change, if any, of said signatories and closure of said bank account(s).

The above mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the Corporate Social Responsibility Committee. The detailed and exhaustive mandate of the Corporate Social Responsibility Committee is available on the website of the Company viz., www.fortismalar.com, for reference.

There was no Corporate Social Responsibility Committee Meeting held during the period under review however, CSR Policy was approved and recommended by the Corporate Social Responsibility Committee to the Board vide its circular resolution dated November 1, 2014.

INDEPENDENT DIRECTORS MEETING

Besides the Committees mentioned above, one meeting of Independent Directors of the Company was held on March 20, 2015 and the details of the sitting fees paid to the Directors has also been included in the sitting fees details mentioned above.

4. SUBSIDIARY COMPANY

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2014-15, the Company has no "material non-listed subsidiary" in terms of Clause 49 of the Listing Agreement. Further, your Company has nominated Mr. Rama Krishna Shetty and Mr. Lakshman Teckchand Nanwani as Independent Directors on the Board of its subsidiary company viz., Malar Stars Medicare Limited.

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

The Company has also formulated a policy for determining 'material' subsidiaries and such policy has also been disclosed on the company's website i.e. www.fortismalar.com and the web link of the same is http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy_material_subsidiary.pdf.

5. WHOLE TIME DIRECTOR / CHIEF FINANCIAL OFFICER CERTIFICATION

The Whole-time Director and Chief Financial Officer certification as stipulated in the Clause 49(IX) of the Listing Agreement was placed before the Board along with financial statements for the year ended March 31, 2015. The Board reviewed and took the same on record.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Address	Special resolution passed
2011-12	September 5, 2012	2.30 P.M.	P.Obul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017	Appointment of Mr. Venkatraman Vijayarathna as a Director and Whole-time Director and approval of the terms and conditions of appointment including remuneration.
2012-13	August 19, 2013	11.30 A.M.	P.Obul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017	-
2013-14	September 5, 2014	11:30 A.M.	P.Obul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017	– Approval for borrowing limits under Section 180 (1)(c) of the Companies Act, 2013 – Authorisation for creating charge against the properties of the Company under section 180(1)(a) of the Companies Act 2013 – Approval for placing Registers of Members other than the place of registered office of the Company

Details of resolution passed by way of Postal Ballot

During the year ended March 31, 2015, pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014), the members of the Company have approved following resolutions on October 21, 2014:

1. To consider and approve amendment to the Memorandum of Association of the Company.
2. To consider and adopt new set of Articles of Association of the Company.
3. To make loans or investments under Section 186 of the Companies Act, 2013.
4. To sell of whole or substantially the whole of the undertaking of the Company.
5. To approve entering into the Related Party transactions under Section 188 of the Companies Act, 2013.
6. To shift the Registered Office of the Company from the state of Tamil Nadu to National Capital Territory of Delhi.

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

Summary of the result of the aforementioned Postal Ballot / electronic voting process announced by Mr. Raghunath P., Whole-time Director of the Company on October 21, 2014, is detailed below:

Item	Net Valid Votes Polled (No. of Equity Shares)	Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes)	Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes)
Special Resolution for amendment to the Memorandum of Association of the Company	12699341	12699171 (99.9987)	170 (0.0013)
Special Resolution for adoption of new set of Articles of Association of the Company	12699340	12697595 (99.9863)	1745 (0.0137)
Special Resolution for making loans or investments under Section 186 of the Companies Act, 2013	12699341	12686236 (99.8968)	13105 (0.1032)
Special Resolution for selling of whole or substantially the whole of the undertaking of the Company	12699341	12679656 (99.8450)	19685 (0.1550)
Special Resolution for entering into Related Party Transactions	41562	32227 (77.5396)	9335 (22.4604)
Special Resolution for shifting of the Registered Office of the Company	12699546	12686629 (99.8983)	12917 (0.107)

There is no immediate proposal for passing any resolution through Postal Ballot. Further, none of the resolution / business proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through Postal Ballot.

Procedure for voting by Postal Ballot and E-voting

In compliance with Clause 35B of the Listing agreement and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the Company provides E-voting facility to the members. The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts along with the Postal ballot form and the postage prepaid self-addressed envelope, are sent to all the members, whose name appear on the register of members as on the cut-off date, under secured mode of Posting/through e-mail. The members were given option to vote either through the Postal Ballot Forms or through e-voting facility. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013.

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

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against.

For the members who opted for e-voting facility, they casted their votes via electronic platform (https://evoting.karvy.com) of Karvy Computershare Private Limited (Karvy).

The scrutinizer appointed for the purpose scrutinizes the postal ballots and e-votes received and submit his consolidated report to the Company. The results are also displayed on the website of the Company i.e. www.fortismalar.com. The date of declaration of results by the Company is deemed to be the date of passing the resolutions.

7. DISCLOSURES

Related party transactions

The details of transactions with related parties or others, if any, as prescribed in the Listing Agreement, are placed before the Audit and Risk Management Committee periodically. Further, the details of all material transactions with related parties are also disclosed quarterly along with the compliance report on Corporate Governance. The Company has adopted a Policy on 'Materiality on Related Party Transactions' and the weblink for the same is http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy_on_Materiality_Related_Party_Transactions.pdf.

During the period under review, the following are details of the material transaction(s) with related parties of the Company, however, the same does not have any potential conflict with the interests of the Company at large:-

Nature of transaction	Name of the Director / KMP who is related and nature of their relationship	Name of the Related Party	Relationship	Particulars/ Material Terms and Conditions of the Transaction	Approvals
Rendering and Availing of any services	None	Fortis Health Management Limited	Associate of Fellow Subsidiary	Existing Hospital Service Agreement is a continuous agreement; ₹ 2,29,41,963/- per quarter fixed + 7.5% on revenue subject to maximum of ₹ 25 Crores per annum	Audit and Risk Management Committee approval dated 4.09.2014 Board Approval dated 5.09.2014 Shareholders' Approval dated 21.10.2014 (through Postal Ballot)

Accounting Treatment

While in the preparation of financial statements, the treatment that has been prescribed in the Accounting Standards has been followed to represent the facts in the financial statements in a true and fair manner.

Compliances by the Company

The Company has complied with requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets.

No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI and other statutory authorities relating to the above during the last three years.

Management

A) Management Discussion and Analysis Report forms part of the Annual Report to the members.

B) During the year under review, no material financial and commercial transaction has been entered by Senior Management personnel, where they have any personal interest that may have potential conflict of the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were placed before the Board of Directors on periodic basis.

Code of Conduct and Prohibition of Insider Trading

Code of Conduct for Prevention of Insider Trading of Fortis Malar Hospitals Limited, as approved by the Board of Directors, inter alia, prohibits purchase or sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available on the Company's website viz., www.fortismalar.com.

Whistle Blower Policy / Vigil Mechanism

The Company strongly supports and strives to provide a structured platform via Whistle Blower Policy / Vigil Mechanism for reporting of instances of alleged wrongful conduct or gross waste or misappropriation of funds including instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct.

Through this Policy, the Company seeks to provide a procedure for all the employees and directors of the Company to report concerns about unethical and improper practice taking place in the Company and provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit and Risk Management Committee, in exceptional cases. It protects employees, officers and directors who in good faith raise a concern about irregularities within the Company. It is hereby confirmed that no personnel has been denied access to the Audit and Risk Management Committee. The Company has adopted a Whistle Blower Policy in line with the requirements laid down under the Companies Act, 2013 and Clause 49 of the Listing Agreement. The same is available at the website of the Company i.e. www.fortismalar.com under 'Corporate Governance' section.

8. MEANS OF COMMUNICATION

(a) Quarterly Results: The quarterly financial results are generally published in Business Standard (English – all India editions) and also in newspapers in vernacular language having circulation in the Registered Office location.

(b) Website: The financial results including quarterly and half yearly financial results are hosted on the Company's website viz. www.fortismalar.com.

(c) News Release, Presentations: The press releases/ official news, detailed presentation made to media, analysts, institutional investors etc., if any, are displayed on the Company's website. Official Media Releases, if any, are also sent to the stock exchange before dissemination to the media.

(d) Intimation to the Stock Exchange: The Company also intimates the Stock Exchange all price sensitive information or such other matters, if any, which in its opinion are material and of relevance to the Shareholders.

(e) Investors can mail their queries to Registrar and Transfer Agent at einward.ris@karvy.com or to the Company at secretarial.malar@malarhospitals.in.

9. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting

(Day, Date, Time and Venue)
Wednesday, September 23, 2015 at 10.00 a.m.
PHD Chamber of Commerce and Industry,
4/2 Siri Institutional Area, August Kranti Marg,
New Delhi – 110016

(ii) The Financial Year of the Company - April 1 to March 31

(iii) Financial Calendar 2015-2016 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2015	August 14, 2015
2.	Financial Reporting for the quarter ending September 30, 2015	November 14, 2015
3.	Financial Reporting for the quarter ending December 31, 2015	February 14, 2016
4.	Financial Reporting for the quarter ending March 31, 2016*	May 14, 2016
5.	Annual General Meeting for the year ending March 31, 2016	September 30, 2016

*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2015-2016 in lieu of Unaudited Financial Results for fourth quarter, on or before May 30, 2015 (or such other period as may be stipulated from time to time).

(iv) Date of Book Closure

Wednesday, September 16, 2015 to Wednesday, September 23, 2015 (both days inclusive) for payment of Dividend and Annual General Meeting.

(v) Dividend payment date

The Dividend payment will be done within 30 days from the date of declaration which is Wednesday, September 23, 2015.

(vi) Listing on Stock Exchanges

The Equity shares of the Company are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400001.

The Company has paid the listing fee of BSE Limited for the financial year 2015-16.

(vii) Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

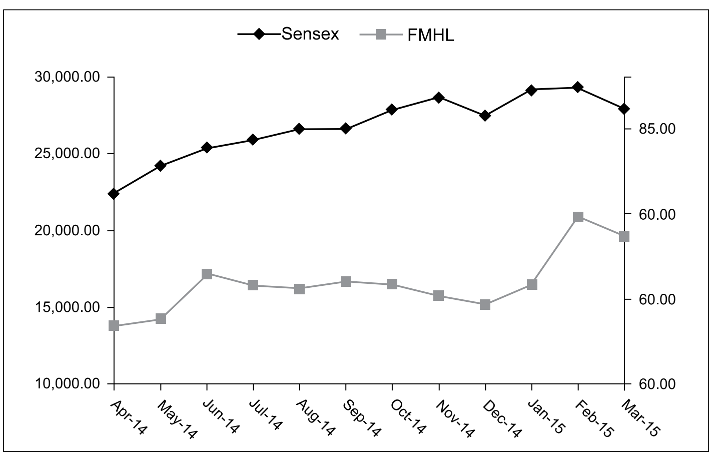
(viii) Market Price Data

The Equity shares of the Company are listed on BSE Limited.

Monthly High and Low Quotations of Shares traded on BSE

Month Ending	BSE (₹)	
	High	Low
April 2014	30.80	22.60
May 2014	34.10	25.40
June 2014	44.50	29.50
July 2014	43.10	34.10
August 2014	42.30	37.00
September 2014	50.00	36.70
October 2014	43.45	37.20
November 2014	41.70	35.10
December 2014	37.00	32.50
January 2015	40.80	32.50
February 2015	60.95	35.10
March 2015	69.40	46.00

Performance in comparison to broad based indices (BSE Sensex)



Based on monthly closing data of BSE Sensex (Value) and Fortis Malar (Rupee per share)

(ix) Registrar and Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floor,
Plot No.31 to 32, Gachibowli,
Financial District Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500032
Phone No.- +91 40 6716 1500
Fax No.- + 91 40 23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com
(Address changed w.e.f. April 14, 2015)

(x) Share Transfer System

Share transfers are processed and share certificates duly endorsed are delivered within a period of seven days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Whole-time Director and/or Company Secretary. A summary of transfer / transmission of securities of the Company so approved by the Whole-time Director / Company Secretary is placed at every Board meeting / Stakeholders' Relationship Committee.

The Company obtains from a Company Secretary in Practice half yearly certificates of compliance with the share transfer formalities as required under clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchange.

(xi) Distribution of Shareholding as on March 31, 2015

Number of equity shares held	No. of Share-Holders	% age of Share-Holders	Amount (in ₹)	(%) to Total
1 - 5000	14319	93.38	1,45,27,990	7.81
5001 - 10000	502	3.27	44,49,020	2.39
10001 - 20000	222	1.45	35,52,510	1.91
20001 - 30000	92	0.60	24,39,420	1.31
30001 - 40000	28	0.18	9,95,870	0.54
40001 - 50000	49	0.32	23,88,430	1.28
50001 - 100000	58	0.38	45,74,180	2.46
100001 and above	64	0.42	15,30,15,170	82.29
TOTAL:	**15334**	**100.00**	**18,59,42,590**	**100.00**

(xii) Shareholding Pattern of Equity Shares as on March 31, 2015

Category	Number of Shareholders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	1	11752402	63.20
Mutual Funds and UTI	4	104900	0.56
Banks / Financial Institutions	-	-	-
FII's / Foreign Companies	1	154525	0.83
Indian Body Corporates	157	458206	2.46
NRIs / Foreign Nationals	105	410795	2.21
Indian Public	15042	5693293	30.62
Others	24	20138	0.11
Total	**15334**	**18594259**	**100.00**

(xiii) Dematerialization of Shares and Liquidity

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

As on March 31, 2015, 16852593 Equity shares representing 90.63% of the paid up Equity Capital of the Company had been dematerialized.

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).

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.

The Company's Equity Shares are actively traded on BSE Limited. Further, the relevant data for the average daily turnover for the financial year 2014-15 is given below:

		BSE
Average Shares Traded	Share (Nos.)	22874
Average Annual Turnover	Value (In Crores)	0.10

[Source: This information is compiled from the data available from the websites of BSE]

(xiv) The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

(xv) Hospital Location

Fortis Malar Hospital
52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai – 600 020, Tamil Nadu
Tel No. – 044 4289 2222

(xvi) Lock-in of Equity shares

As on 31.03.2015 none of the shares of the Company are under Lock-in.

(xvii) Address for Correspondence

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

Karvy Computershare Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 67161500
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com

For Investor Assistance

Secretarial Department
Fortis Malar Hospitals Limited,
Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110 025
Tel: + 91-11- 2682 5000
Fax:+ 91-11- 41628435
E-Mail:- secretarial.malar@malarhospitals.in

(xviii) Nomination Facility

Shareholders who hold shares in the physical form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit the nomination Form SH-13 of the Companies (Share Capital and Debentures) Rules, 2014, available with the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

(xix) 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.

(xx) 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 2014-15, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Audit Report confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Reconciliation of Share Capital Audit Reports for each quarter of the Financial Year ended March 31, 2015 has been filed with the Stock Exchange within one month of end of the respective quarter.

(xxi) Demat Suspense Account as per Amended Clause 5A of the Listing Agreement and Unclaimed Shares

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

a) Aggregate Number of the Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year: **25 Shareholders and 19700 shares**.

b) Number of shareholders who approached issuer for transfer of shares from suspense account during the year: **Nil**

c) Number of shareholders to whom shares were transferred from suspense account during the year: **Nil**

d) Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2015: **25 Shareholders and 19700 shares**.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares.

10. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

A. Shareholders Rights

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

B. Reporting of Internal Auditor

The Internal Auditor's report directly to the Audit and Risk Management Committee.

11. GO GREEN INITIATIVE

(a) The shareholders having shares in physical form are requested to register their e-mail IDs with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication annual report, etc. through e-mail.

(b) The shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2015.

Sd/-
Raghunath P.
Whole-time Director

Date: April 29, 2015
Place: Chennai

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
FORTIS MALAR HOSPITALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Fortis Malar Hospitals Limited (herein after referred to as "the Company"), for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

For **Sanjay Grover & Associates**
Company Secretaries

Date: July 29, 2015
Place: New Delhi

Sd/-
Sanjay Grover
C.P No. 3850

Independent Auditor's Report

To the Members of Fortis Malar Hospitals Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Fortis Malar Hospitals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aniruddh Sankaran
Partner
Membership Number: 211107

Place of Signature: Chennai
Date: April 29, 2015

Annexure 1 referred to in our report of even date
Re: Fortis Malar Hospitals Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted loans to a Company covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for sale of services and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause 148(1) of the Act for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, value added tax cess and other material statutory dues applicable to it. Statutory dues pertaining to wealth tax excise duty and sales tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty and cess which have not been deposited on account of any dispute.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) The Company has not availed any loans from any banks or financial institutions or issued any debentures during the year.

(x) 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.

(xi) The Company did not have any term loans outstanding during the year.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aniruddh Sankaran
Partner
Membership Number: 211107

Chennai
April 29, 2015

Balance Sheet as at March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
Shareholders' funds			
Share capital	3 (i)	186,095,090	186,095,090
Reserves and surplus	3 (ii)	718,474,715	656,195,535
		904,569,805	**842,290,625**
Non-current liabilities			
Deferred tax liabilities (net)	3 (iii)	2,264,966	7,425,818
		2,264,966	**7,425,818**
Current liabilities			
Trade payables	3 (iv)	131,745,660	102,856,208
Other current liabilities	3 (v)	42,345,737	37,709,658
Short-term provisions	3 (vi)	18,477,524	16,939,120
		192,568,921	**157,504,986**
TOTAL		**1,099,403,692**	**1,007,221,429**
II. Assets			
Non-current assets			
Fixed Assets			
Tangible assets	3 (vii)	175,601,973	174,333,678
Intangible assets		1,470,804	1,983,263
Intangible assets under development		6,422,636	6,422,636
Non-current investments	3 (viii)	500,000	500,000
Long term loans and advances	3 (ix)	4,140,110	3,157,600
		188,135,523	**186,397,177**
Current assets			
Inventories	3 (x)	10,021,258	2,692,603
Trade receivables	3 (xi)	42,133,983	39,048,019
Cash and bank balances	3 (xii)	189,586,386	101,486,751
Short term loans and advances	3 (xiii)	629,449,849	628,886,974
Other current assets	3 (xiv)	40,076,693	48,709,905
		911,268,169	**820,824,252**
TOTAL		**1,099,403,692**	**1,007,221,429**
Summary of significant accounting policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
Chennai
April 29, 2015

Raghunath P
Whole Time Director
DIN- 06929117
Chennai
April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

Statement of Profit and Loss for the year ended March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	3 (xv)	1,179,256,828	1,083,783,455
Total revenue		**1,179,256,828**	**1,083,783,455**
Expenditure			
Purchase of medical consumables and drugs	3 (xvi)	282,864,035	243,997,802
Changes in inventories of medical consumables and drugs	3 (xvii)	(7,328,655)	1,250,355
Employee benefits expense	3 (xviii)	154,741,923	139,513,851
Other expenses	3 (xix)	673,706,377	609,928,713
Total expenses		**1,103,983,680**	**994,690,721**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**75,273,148**	**89,092,734**
Finance costs	3 (xx)	5,087,692	4,572,696
Depreciation and amortisation expense	3 (vii)	27,117,598	19,927,110
Interest income	3 (xxi)	(73,640,823)	(66,142,678)
Profit before tax		**116,708,681**	**130,735,606**
Tax expense			
Current tax			
Pertaining to profit for the current year		43,648,921	46,030,798
Adjustment of tax relating to earlier years		–	(1,997,668)
Deferred tax charge/(credit)		(3,534,843)	1,124,629
Profit for the year carried over to the balance sheet		**76,594,603**	**85,577,847**
Earnings per share	3 (xxii)		
Basic [Nominal value of shares ₹ 10/- each]		4.12	4.60
Diluted [Nominal value of shares ₹ 10/- each]		4.10	4.60
Summary of significant accounting policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
Chennai
April 29, 2015

Raghunath P
Whole Time Director
DIN- 06929117
Chennai
April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

Cash Flow Statement for the year ended March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A.	**Cash flow from operating activities**		
	Net profit before tax and extraordinary item	**116,708,681**	**130,735,606**
	Adjustments for :		
	Depreciation and Amortisation	27,117,598	19,927,110
	Loss on sale of fixed assets	137,936	472,748
	Bad debts written off	346,691	1,662,370
	Provision for doubtful debts	5,810,438	4,953,734
	Interest income	(73,640,823)	(66,142,678)
	Interest expense	1,416,030	706,898
	Operating profit before working capital changes	**77,896,551**	**92,315,788**
	Movements in working capital :		
	Increase/(decrease) in trade payables	28,810,350	11,487,151
	Increase/(decrease) in short term provisions	1,838,000	(98,000)
	Increase/(decrease) in other current liabilities	4,636,079	13,650,069
	(Increase)/decrease in trade receivables	(8,896,402)	(11,936,436)
	(Increase)/decrease in inventories	(7,328,655)	1,250,355
	(Increase)/decrease in long term loans and advances	(982,510)	(107,000)
	(Increase)/decrease in short term loans and advances	(909,566)	(2,020,109)
	(Increase)/decrease in other current assets	8,633,212	(7,974,555)
	Cash generated from/ (used in) operations	**103,697,059**	**96,567,263**
	Direct taxes paid	(55,106,161)	(39,062,561)
	Net cash from / (used in) operating activities (A)	**48,590,898**	**57,504,702**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(32,859,815)	(26,880,129)
	Proceeds from sale of fixed assets	143,759	214,822
	Fixed Deposits placed with Bank	15,000,000	(40,000,000)
	Intercorporate deposit placed with subsidiary*	–	(64,333,577)
	Intercorporate deposit placed with subsidiary - Repaid*	–	–
	Interest received	73,640,823	116,763,208
	Net cash from /(used in) investing activities before extraordinary item	**55,924,767**	**(14,235,676)**
	Proceeds from sale of clinical establishment business (extraordinary item)	–	–
	Business transfer expense (extraordinary item)	–	–
	Net cash from /(used in) investing activities after extraordinary item (B)	**55,924,767**	**(14,235,676)**
	*Intercorporate deposit placed with the subsidiary has been renewed by the Company without involving physical exchange of cash. Accordingly, such renewal has not been presented in this cash flow statement.		
C.	**Cash flows from financing activities**		
	Dividend paid on equity shares	–	(8,716,355)
	Tax on equity dividend paid	–	(1,581,322)
	Proceeds / (Repayments) of short-term borrowings (net)	–	–
	Interest paid	(1,416,030)	(706,898)
	Net cash from/ (used in) financing activities (C)	(1,416,030)	(11,004,575)
	Net increase in cash and cash equivalents (A + B + C)	103,099,635	32,264,451
	Total cash and cash equivalents at the beginning of the year	**61,486,751**	**29,222,300**
	Cash and cash equivalents at the end of the year	**164,586,386**	**61,486,751**
	Components of cash and cash equivalents:		
	Cash in hand	1,660,415	3,265,051
	Balances with banks		
	On current accounts	1,052,758	2,903,150
	On unpaid dividend account**	580,338	582,138
	On Deposits with original maturity of less than three months	161,292,875	54,736,412
	Total	**164,586,386**	**61,486,751**

** The Company can utilize these balance only toward settlement of the respective unpaid dividend.

Summary of significant accounting policies 2.1

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
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April 29, 2015

Raghunath P
Whole Time Director
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April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

1. Corporate information

Fortis Malar Hospitals Limited ('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 the year 1992. The Company is a subsidiary of Fortis Hospitals Limited.

2. Basis of preparation,

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except the change in accounting policy explained below.

2.1. Summary of significant accounting policies

a Change in accounting policy

Depreciation of fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Useful lives/depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Component Accounting

The Company has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1 April 2014. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has no remaining useful life on the date of Schedule II becoming effective, i.e., 1 April 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2014, is depreciated over their remaining useful life.

Effect

Had the Company continued to use the earlier policy of depreciating fixed asset, the profit for the current period

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

would have been higher by ₹ 2,103,129 (net of tax impact of ₹ 1,082,948), retained earnings at the beginning of the current period would have been higher by ₹ 3,157,778 (net of tax impact of ₹ 1,626,009) and the net block of fixed assets at March 31, 2015 would correspondingly have been higher by ₹ 3,186,077.

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c Inventories

Inventory of medical consumables, drugs, stores and spares are valued at cost or net realizable value whichever is lower. Cost is determined on First in First out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

d Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)
Plant and Equipment	14
Medical Equipment	3 to 12
Furniture and Fixtures	10
Computers	3
Office Equipment	5
Vehicles	8

Assets individually costing ₹ 5,000 /- or less are fully depreciated in the year of purchase.

The management has estimated the useful lives of medical equipment ranging from 3 to 12 years and plant and machinery as 14 years. These lives are lower than those indicated in Schedule II to the Act.

Also refer note 2.1(a) above.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

f **Intangible assets**

Computer Software

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their estimated useful lives viz., 6 years.

g **Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership for the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

h **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

i **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

j **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

k Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Inpatient and Outpatient revenue

Inpatient and outpatient revenue is recognized as and when the services are rendered.

Management fees & income from medical services

Management fee from hospitals and income from medical services is recognized as and when the related services are rendered as per the terms of the agreement with respective hospitals.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized as and when the pharmacy items are sold to patients.

Interest

Revenue is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

Income from Served from India Scheme (SFIS)

Income from SFIS is recognized based on a prescribed percentage of foreign currency receipts on account of services rendered in accordance with the Served from India Scheme of the Foreign Trade Policy (the "scheme"). The credit under the scheme is recognized only at the time when and to the extent there is no significant uncertainty as to its measurability and ultimate realization.

l Foreign Currency Translation

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

m Retirement and other employee benefits

i. Contribution to provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

iii. Compensated absences/Leave encashment

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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

iv. Actuarial gains/losses

Actuarial gains/ losses on gratuity and long term compensated absences are recognized in the statement of profit and loss as they occur.

n Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount and expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

o Employee stock compensation cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

p Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

r Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from its operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.

u Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3(i): Share Capital		
Authorised:		
30,000,000 (March 31, 2014 : 30,000,000) Equity Shares of ₹ 10/- each	300,000,000	300,000,000
	300,000,000	**300,000,000**
Issued, Subscribed and Paid up:		
18,594,259 (March 31, 2014 : 18,594,259) Equity Shares of ₹ 10/- each	185,942,590	185,942,590
Add:30,500 (March 31, 2014 : 30,500) equity shares of ₹ 10 each [₹ 5 paid up (March 31, 2014 : ₹ 5 paid up)] forfeited	152,500	152,500
	186,095,090	**186,095,090**

Note A: Reconciliation of Equity Shares outstanding

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Value Rs	Number	Value Rs
Shares outstanding (including forfeited shares) at the beginning of the year	18,609,509	186,095,090	18,609,509	186,095,090
Shares issued during the year	–	–	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	18,609,509	186,095,090	18,609,509	186,095,090

Note B:

Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

Of the above :

11,752,402 Equity Shares (Previous year - 11,752,402 equity shares) are held by Fortis Hospitals Limited , the holding company.

Note C: Details of shareholders having more than 5% interest in the Company

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited	11,752,402	63.20%	11,752,402	63.20%

Terms/ rights attached to equity shares

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

During the year ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.50 per share (March 31, 2014 : ₹ 0.50 per share).

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3(ii) : Reserves and Surplus		
a. Securities premium account		
Opening Balance	93,333,320	93,333,320
Closing balance	93,333,320	93,333,320
b. Surplus/ (deficit) in the statement of profit and loss		
Opening balance	562,862,215	488,164,183
Net Profit for the year	76,594,603	85,577,847
Less: Appropriations		
(i) Schedule II Depreciation Adjustment (net of taxes of ₹ 16,26,009)	(3,157,778)	–
(ii) Interim Dividend paid during the year (amount per share ₹ Nil (March 31, 2014 : ₹ 0.50 Per share)	–	(9,298,493)
(iii) Tax on Interim Dividend	–	(1,581,322)
(iv) Proposed final equity dividend (amount per share ₹ 0.50 Per share (March 31, 2014 : ₹ Nil Per share).	(9,298,493)	–
(v) Tax on proposed equity dividend	(1,859,152)	–
Closing balance	**625,141,395**	**562,862,215**
Total (a+b)	**718,474,715**	**656,195,535**

Note 3 (iii) : Deferred Tax Liabilities, net		
Deferred tax liability arising on account of :		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	12,154,985	14,393,067
Deferred tax asset arising on account of:		
Effect of expenditure debited to statement of profit and loss in the current year but not allowed for tax purposes	(9,890,019)	(6,967,249)
Deferred tax liabilities, net	**2,264,966**	7,425,818

Note 3 (iv) : Trade Payables		
Trade Payable (Also refer Note 16)	127,720,958	98,910,608
Creditors for purchase of fixed assets	4,024,702	3,945,600
	131,745,660	**102,856,208**

Note 3 (v): Other Current Liabilities		
Advances from patients	31,247,853	26,974,355
Sundry deposits	1,714,870	1,742,870
Statutory payables	8,802,676	8,197,491
Unclaimed Dividend	580,338	582,138
Other liabilities	–	212,804
	42,345,737	**37,709,658**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (vi) : Short Term Provisions		
a. Provision for employee benefits		
Provision for gratuity (Also refer Note 12)	3,672,000	1,965,000
Provision for leave encashment	3,077,000	2,946,000
b. Other provisions		
Provision for Income tax (net)	570,879	12,028,120
Proposed equity dividend	9,298,493	–
Provision for tax on proposed equity dividend	1,859,152	–
	18,477,524	16,939,120

Note 3 (vii) Tangible and intangible assets

	Plant and equipment	Medical Equipments	Furniture and fixtures	Computers	Vehicles	Total Tangible Assets	Software	Total Intangible Assets
Original cost								
At 1 April 2013	20,845,872	213,367,202	8,011,857	10,306,533	–	252,531,464	3,070,024	3,070,024
Additions	1,024,045	12,630,729	3,249,136	3,004,114	1,089,157	20,997,181	2,243,448	2,243,448
Disposals	(1,005,443)	(3,966,654)	(217,875)	(426,750)	–	(5,616,722)	–	–
At 31 March 2014	**20,864,474**	**222,031,277**	**11,043,118**	**12,883,897**	**1,089,157**	**267,911,923**	**5,313,472**	**5,313,472**
Additions	1,295,132	21,428,167	7,371,904	2,843,714	–	32,938,917	–	–
Disposals	(325,034)	(515,468)	(397,921)	(1,009,199)	–	(2,247,622)	–	–
At 31 March 2015	21,834,572	242,943,976	18,017,101	14,718,412	1,089,157	298,603,218	5,313,472	5,313,472
Depreciation/ Ammortization								
At 1 April 2013	5,678,481	63,636,372	4,569,438	5,843,532	–	79,727,823	2,182,675	2,182,675
Charge for the year	1,097,949	15,206,414	995,880	1,435,960	43,372	18,779,575	1,147,535	1,147,535
Disposals	(625,981)	(3,728,451)	(147,972)	(426,749)	–	(4,929,153)	–	–
At 31 March 2014	**6,150,449**	**75,114,335**	**5,417,346**	**6,852,743**	**43,372**	**93,578,245**	**3,330,210**	**3,330,210**
Charge for the year	1,805,527	18,878,861	3,173,111	2,616,921	130,720	26,605,140	512,458	512,458
Schedule II adjustments (Refer note 2.1a)	52,142	3,518,736	–	1,212,909	–	4,783,787	–	–
Disposals	(184,313)	(491,126)	(285,195)	(1,005,293)	–	(1,965,927)	–	–
At 31 March 2015	**7,823,805**	**97,020,806**	**8,305,262**	**9,677,280**	**174,092**	**123,001,245**	**3,842,668**	**3,842,668**
Net Block								
At 31 March 2014	**14,714,025**	**146,916,942**	**5,625,772**	**6,031,154**	**1,045,785**	**174,333,678**	**1,983,262**	**1,983,262**
At 31 March 2015	**14,010,767**	**145,923,170**	**9,711,839**	**5,041,132**	**915,065**	**175,601,973**	**1,470,804**	**1,470,804**

	As at March 31, 2015	As at March 31, 2014
Note 3 (viii) : Non Current Investments (valued at cost unless stated otherwise)		
Trade, Unquoted		
Investment in subsidiary companies		
50,000 (March 31, 2014 : 50,000) equity shares of face value ₹ 10 in Malar Stars Medicare Limited	500,000	500,000
	500,000	**500,000**
Note:		
Aggregate amount of unquoted investments	500,000	500,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (ix) : Long Term Loans and Advances		
Unsecured, Considered good		
Capital advances	1,183,360	51,700
Security Deposit	2,956,750	3,105,900
	4,140,110	3,157,600
Note 3 (x) :Inventories (at lower of cost and net realisable value)		
Medical consumables and drugs	10,021,258	2,692,603
	10,021,258	**2,692,603**
Note 3 (xi) : Trade Receivables (Unsecured)		
Aggregate amount outstanding for a period exceeding six months (from due date of payment)		
Considered good	9,342,974	4,931,862
Considered doubtful	2,886,966	2,917,975
Less : Provision for doubtful debts	(2,886,966)	(2,917,975)
	9,342,974	4,931,862
Other Debts		
Considered good	32,791,009	34,116,157
Considered doubtful	11,139,645	5,211,502
Less : Provision for doubtful debts	(11,139,645)	(5,211,502)
	32,791,009	34,116,157
	42,133,983	**39,048,019**
Note 3 (xii) : Cash and Bank Balances		
Cash and cash equivalents		
Cash on hand	1,660,415	3,265,051
Balances with banks		
On current accounts	1,052,758	2,903,150
On unpaid dividend account*	580,338	582,138
On Deposits with original maturity of less than three months	161,292,875	54,736,412
	164,586,386	**61,486,751**
Other bank balances		
On Deposits with original maturity for more than 3 months but less than 12 months	25,000,000	40,000,000
	189,586,386	**101,486,751**

* The Company can utilize these balance only toward settlement of the respective unpaid dividend.

	As at March 31, 2015	As at March 31, 2014
Note 3 (xiii) : Short Term Loans and Advances (Unsecured, Considered good)		
Loans and advances to related parties		
Advances recoverable in cash or in kind or for value to be received	934,296	1,441,918
Inter corporate deposit placed with subsidiary (Also refer Note 7)	617,933,576	617,933,576
Loans and advances to others		
Advances recoverable in cash or in kind or for value to be received	10,581,977	9,511,480
	629,449,849	**628,886,974**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (xiv) : Other Current Assets		
Unsecured, Considered good		
Income from Undischarged Patients	21,010,833	26,523,431
Accrued Served From India Scheme (SFIS) Income	5,352,813	8,473,427
Interest accrued but not due	13,713,047	13,713,047
	40,076,693	**48,709,905**

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xv) : Revenue from operations		
Sales of Services		
In patient	957,781,531	862,001,356
Out patient	177,108,196	177,253,116
Income from others	1,161,446	881,152
Sub Total (a)	1,136,051,173	1,040,135,624
Sales of Traded Goods		
Pharmacy products	40,340,711	36,865,600
Sub Total (b)	40,340,711	36,865,600
Other operating revenue		
Income from Served From India Scheme (SFIS)	1,144,053	4,299,478
Other operating income	1,720,891	2,482,753
Sub Total (c)	2,864,944	6,782,231
Total (a+b+c)	**1,179,256,828**	**1,083,783,455**
Note 3 (xvi) : Purchase of medical consumables and drugs		
Purchase of medical consumables and drugs	282,864,035	243,997,802
	282,864,035	**243,997,802**
Details of purchase of medical consumables and drugs:		
Cardio Consumables	96,466,319	72,766,913
Ortho Consumables	19,729,716	17,619,607
Others	166,668,000	153,611,282
	282,864,035	**243,997,802**
Note 3 (xvii) : Changes in Inventories of Medical Consumables and drugs		
Opening Stock	2,692,603	3,942,958
Closing Stock	10,021,258	2,692,603
	(7,328,655)	**1,250,355**
Details of inventory		
Cardio Consumables	8,386,262	1,643,107
Ortho Consumables	–	–
Others	1,634,996	1,049,496
	10,021,258	**2,692,603**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xviii) : Employee Benefit expense		
Salaries, wages and bonus	**123,659,375**	**113,108,433**
Gratuity (Also refer Note 12)	2,460,982	2,635,000
Compensated absences/Leave encashment	1,784,240	1,459,000
Contribution to Provident & other funds	10,041,940	9,295,362
Staff welfare expenses	16,523,251	12,960,861
Recruitment & training	272,135	55,195
	154,741,923	**139,513,851**
Note 3 (xix) : Other Expenses		
Contractual manpower	5,733,967	3,087,662
Power, fuel and water	21,718,938	21,025,805
Clinical Establishment Fee	176,233,740	166,726,430
Housekeeping expenses including consumables	5,560,042	3,931,421
Patient food and beverages	14,831,410	13,106,133
Pathology laboratory and radiology expenses	42,410,174	30,408,677
Consultation fees to doctors	96,588,959	76,310,148
Professional charges to doctors	198,848,703	191,228,513
Repairs & maintenance		
- Building	1,290,265	1,585,699
- Plant & machinery	12,788,274	9,714,625
- Others	5,427,216	4,628,091
Rent		
- Equipments	4,068,395	3,551,023
- Others	3,499,026	2,999,845
Legal & professional fee	3,725,898	3,801,781
Subscription fee	1,077,817	59,180
Internal audit fee	773,599	645,902
Travel & conveyance	13,846,723	13,383,478
Rates & taxes	156,495	470,170
Printing & stationery	5,328,413	4,815,209
Communication expenses	3,166,309	3,155,736
Directors' sitting fees	753,180	275,542
Insurance	4,130,525	8,340,099
Marketing & business promotion	37,596,578	33,950,028
Loss on sale of fixed assets	137,936	472,748
Payment to auditors (including service tax)		
a. Statutory audit	906,420	906,420
b. Tax audit	56,180	56,180
c. others	252,810	252,810
d. out of pocket expenses	57,907	10,754
Bad debts/ advances written off	346,691	1,662,370
Provision for doubtful debts	5,810,438	4,953,734
Corporate Social Responsibility expenditure (Refer note 16)	118,328	–
Miscellaneous expenses	6,465,021	4,412,500
	673,706,377	**609,928,713**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xx) : Finance costs		
Interest expense	1,416,030	706,898
Bank charges	3,671,662	3,865,798
	5,087,692	**4,572,696**
Note 3 (xxi) : Interest Income		
Interest income		
Interest on bank deposits	11,847,466	4,182,443
Interest from Inter corporate deposit	61,793,357	61,793,357
Interest from other deposits	–	166,878
	73,640,823	**66,142,678**
Note 3 (xxii) : Earnings per share ("EPS")		
Net profit as per statement of profit and loss	76,594,603	85,577,847
Weighted average number of equity shares for calculating Basic EPS	18,609,509	18,609,509
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	71,992	–
Weighted average number of equity shares for calculating Diluted EPS	18,681,501	18,609,509

4 **Segment reporting**

Primary Segment

The Company is engaged in providing health care services, which in the context of Accounting Standard 17 (Segmental Information) is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

Secondary Segment – Geographical Segment.

The Company operates in India and therefore mainly caters to the needs of the domestic market. Therefore, there are no reportable geographical segments.

5 **Capital and other commitments**

At March 31, 2015, the Company has capital commitments of ₹ 8,393,299 (March 31, 2014 : ₹ 517,500) towards purchase of assets.

6 a. **Contingent liabilities**

	31 March 2015 Rs	31 March 2014 Rs
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence).	80,249,842	81,892,872

b. **Litigation**

1) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirements of Indian GAAP.

2) Amount mentioned in Note 6(a) above represents compensation demanded by the patients/their relatives for negligence and are pending with various Consumer Disputes Redressal Commissions. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

7 Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

	Particulars		March 31, 2015	March 31, 2014
A	**Malar Star Medicare Limited**			
	Balance outstanding at the year end	Note 3(xiii)	617,933,576	617,933,576
	Interest accrued and due	Note 3(xiv)	13,713,047	13,713,047
	Total		**631,646,623**	**631,646,623**
	Maximum amount outstanding during the year		631,951,358	631,951,358

Loans given to Malar Stars Medicare Limited for a tenure of 12 months. This loan carries interest @ 10% p.a.

8 Value of imports calculated on CIF basis

Particulars	March 31, 2015	March 31, 2014
Capital goods	2,267,360	621,500
Medical Consumables	26,544,588	17,391,988

9 Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2015	March 31, 2014
Professional fees	2,382,184	2,234,559
Travelling and Conveyance	1,625,156	1,041,667
Others	878,857	532,532
Total	**4,886,197**	**3,808,758**

10 Earnings in foreign exchange (accrual basis)

Particulars	March 31, 2015	March 31, 2014
Healthcare services rendered to international patients	57,315,090	45,690,100

11 The Company does not have any foreign currency exposure as at March 31, 2015 and March 31, 2014. The Company does not have any outstanding derivative instruments as at March 31, 2015 and March 31, 2014.

12 Gratuity

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 service.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the fund status and amounts recognised in the balance sheet.

Statement of Profit and Loss	March 31, 2015	March 31, 2014
Net employee benefit expense (recognised in Employee benefits)		
(i) Current service cost	1,719,000	1,799,000
(ii) Past Service Cost		
(iii) Interest cost on Benefit Obligations	1,159,000	792,000
(iv) Expected return on plan assets	(1,022,000)	(840,000)
(v) Net actuarial (gains)/ losses recognised in the year	805,000	884,000
(vi) Net (benefit) / expense	**2,661,000**	**2,635,000**
(vii) Actual return on plan assets	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

Balance Sheet	March 31, 2015	March 31, 2014
Details of Provision for gratuity		
(i) Defined benefit obligation	15,625,000	12,911,000
(ii) Fair value of plan assets	11,953,000	10,946,000
(iii) Unrecognized past service cost	–	–
(iv) Plan (Liability) /Asset	**(3,672,000)**	**(1,965,000)**
Changes in the present value of the defined benefit obligation are as follows:		
(i) Opening defined benefit obligation	12,911,000	10,330,000
(ii) Current service cost	1,719,000	1,799,000
(iii) Past Service Cost	–	–
(iv) Interest cost	1,159,000	792,000
(v) Actuarial (gains) / losses on obligation	590,000	850,000
(vi) Benefits paid	(754,000)	(860,000)
(vii) Closing defined benefit obligation	**15,625,000**	**12,911,000**
Changes in the fair value of the plan assets are as follows:		
(i) Opening fair value of plan assets	10,946,000	8,017,000
(ii) Expected return	1,022,000	840,000
(iii) Actuarial gains / (losses)	(215,000)	(34,000)
(iv) Contributions by employer	200,000	2,123,000
(v) Benefits paid	–	–
(vi) Closing fair value of plan assets	**11,953,000**	**10,946,000**

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

Particulars	March 31, 2015	March 31, 2014
Discount rate	7.75%	9.25%
Expected rate of return on assets	9.25%	9.25%
Employee turnover		
Age 20 to 30 years	18%	18%
Age 31 to 44 years	6%	6%
Age Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

The Company expects to contribute ₹ 3,672,000 to gratuity in the next year (March 31, 2014: ₹ 1,965,000).

The fund is 100% administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four years are as follows:

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Gratuity					
Defined benefit obligation	(15,625,000)	(12,911,000)	(10,330,000)	(8,781,000)	(7,741,000)
Plan assets	11,953,000	10,946,000	8,017,000	7,273,565	6,328,000
Surplus / (deficit)	(3,672,000)	(1,965,000)	(2,313,000)	(1,507,435)	(1,413,000)
Experience adjustments on plan liabilities	(1,443,000)	(2,508,000)	388,000	(11,000)	91,000
Experience adjustments on plan assets	(215,000)	(34,000)	11,000	(307,283)	28,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

13 Employee stock option plans

The Company provides share-based payment schemes to its employees. The relevant details of the scheme and the grant are as given below.

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the Company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date

The plan shall be deemed to have come in to force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the Company subject to the approval of shareholders of the company in general meeting.

The details of activity under the Scheme are summarized below:

	March 31, 2015		March 31, 2014	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	230,000	26.20	280,000	26.20
Granted during the year	–	–	–	–
Forfeited during the year	–	–	50,000	26.20
Exercised during the year	–	–	–	–
Outstanding at the end of the year	230,000	26.20	230,000	26.20
Exercisable at the end of the year	230,000	26.20	230,000	26.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2015 is 1.75 years (31 March 2014: 2.75 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10. (31 March 2014: ₹ 10).

No stock options were granted during the current year or the previous year. The weighted average fair value of stock options at the last grant date was ₹ 13.45. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2015	March 31, 2014
Dividend yield (%)	0%	0%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (₹)	Nil	Nil
Exercise price (₹)	26.20	26.20
Expected life of options granted in years	5	5

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

	March 31, 2015 (₹)	March 31, 2014 (₹)
Profit after tax as reported	76,594,603	85,577,847
Add: ESOP cost using the intrinsic value method	Nil	Nil
Less: ESOP cost using the fair value method	Nil	407,468
Proforma profit after tax	76,594,603	85,170,379
Earnings Per Share		
Basic		
- As reported	4.12	4.60
- Proforma	4.12	4.58
Diluted		
- As reported	4.10	4.60
- Proforma	4.10	4.58

14 Related Party Disclosures

14.1. Related parties where control exists

Relationship	Name of the related Party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Subsidiary Company	Malar Stars Medicare Limited

14.2. Related parties with whom transactions have taken place during the year

Relationship	Name of the related party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Key Management Personnel	Mr.V.Vijayarathna (Whole-time Director) (resigned from July 26 2014) Mr Raghunath P (Whole time Director) (with effect from July 26, 2014) Mr. Akshaya Kumar Singh (Chief Financial Officer) Mr. Sumit Goel (Company Secretary)
Subsidiary Company	Malar Stars Medicare Limited
Enterprises under common control	Fortis Health Management Limited
	Lalitha Healthcare Private Limited
	Super Religare Laboratories Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

14.2. Transactions during the year with related parties

Particulars	March 31, 2015						March 31, 2014					
	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Transactions during the year												
Intercorporate Deposit Placed												
Malar Star Medicare Limited	–	–	–	–	–	–	–	–	–	64,333,577	–	–
Interest Earned												
Malar Star Medicare Limited	–	–	–	61,793,357	–	–	–	–	–	61,793,357	–	–
Reimbursement of expenses incurred on behalf of group Companies												
Fortis Healthcare Limited	–	3,735,898	–	–	–	–	–	19,743,753	–	–	–	–
Fortis Hospitals Limited	–	–	535,852	–	–	–	–	–	196,354	–	–	–
Lalitha Healthcare Private Limited	–	–	–	–	155,528	–	–	–	–	–	–	–
Super Religare Laboratories Limited	–	–	–	–	–	–	–	–	–	–	952,283	–
Malar Stars Medicare Limited	–	–	–	6,290,751	–	–	–	–	–	–	–	–
Reimbursement of expenses incurred by group companies on behalf of the Company												

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	March 31, 2015						March 31, 2014					
	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Fortis Healthcare Limited	–	455,342	–	–	–	–	–	37,958	–	–	–	–
Fortis Hospitals Limited	–	–	1,035,037	–	–	–	–	–	1,101,942	–	–	–
Fortis Health Management Limited	–	–	–	–	–	20,867,387	–	–	–	–	–	17,290,124
Purchase of consumables												
Fortis Hospitals Limited	–	–	1,943,207	–	–	–	–	–	3,297,076	–	–	–
Sale of consumables												
Fortis Health Management Limited	–	–	–	–	–	619,247	–	–	–	–	–	–
Operations and Management services received												
Super Religare Laboratories Limited	–	–	–	–	40,016,728	–	–	–	–	–	28,037,959	–
Malar Stars Medicare Limited	–	–	–	3,657,000	–	–	–	–	–	3,657,000	–	–
Fortis Health Management Limited	–	–	–	–	–	176,233,740	–	–	–	–	–	166,726,430
Sale of Medical Equipments/ Assets												
Fortis Healthcare Limited	–	–	–	–	–	–	–	3,866,255	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	March 31, 2015						March 31, 2014					
	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Subsidiary Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Fortis Health Management Limited	–	–	–	–	–	–	–	–	–	–	71,562	–
Managerial remuneration												
Mr Raghunath P	3,640,677	–	–	–	–	–	–	–	–	–	–	–
Mr. Vijayarathna	1,703,340	–	–	–	–	–	6,053,743	–	–	–	–	–
Mr. Akshaya Kumar Singh	951,059	–	–	–	–	–	–	–	–	–	–	–
Balances at the end of the year												
Trade Payable												
Super Religare Laboratories Limited	–	–	–	–	3,789,162	–	–	–	–	–	861,993	–
Fortis Health Management Limited	–	–	–	–	–	32,314,650	–	–	–	–	–	28,833,927
Advance Recoverable												
Fortis Healthcare limited	–	934,296	–	–	–	–	–	878,657	–	–	–	–
Malar Stars Medicare Limited	–	–	–	–	–	–	–	–	–	563,261	–	–
Inter corporate deposit placed												
Malar Stars Medicare Limited	–	–	–	617,933,576	–	–	–	–	–	617,933,576	–	–
Interest accrued but not due												
Malar Stars Medicare Limited	–	–	–	13,713,047	–	–	–	–	–	13,713,047	–	–

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

15 **Operating lease payments**

Operating lease agreements have been entered in to by the Company with respect to office premises and medical equipment. All lease commitments are cancellable. The total lease payments made during the year are as follows:

Particulars	March 31, 2015	March 31, 2014
Lease rentals paid	7,567,421	6,550,868

16 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year and previous year.

17 Expenditure on Corporate Social Responsibility (CSR)

For the year ended March 31, 2015 the Company has incurred expenditure of ₹ 1.18 lakhs as compared to expenditure required to be spent under section 135 of the Act of ₹ 25.94 lakhs resulting in a shortfall of ₹ 24.76 lakhs.

18 Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
Chennai
April 29, 2015

Raghunath P
Whole Time Director
DIN- 06929117
Chennai
April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

Independent Auditor's Report

To the Members of Fortis Malar Hospitals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fortis Malar Hospitals Limited (hereinafter referred to as "the Holding Group") and its subsidiary, Malar Stars Medicare Limited (the Holding Company and its subsidiary together referred to as "the Group"), comprising the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2015, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company and its subsidiary (which is incorporated in India), to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;

   (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's companies is disqualified as on 31st March, 2015 from being appointed as a director of the respective companies, in terms of Section 164 (2) of the Act.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 7 to the Consolidated Financial Statements;

      ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary (which is incorporated in India).

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aniruddh Sankaran
Partner
Membership Number: 211107

Place of Signature: Chennai
Date: April 29, 2015

Annexure referred to in our report of even date

(i) (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group and the nature of its business.

(c) The Group is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Group has granted a loan to a company covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and the nature of its business, for the purchase of inventory, fixed assets and for sale of services and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Group in respect of these areas.

(v) The Group has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause 148(1) of the Act for the products/services of the Group.

(vii) (a) The Group is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, value added tax cess and other material statutory dues applicable to it. Statutory dues pertaining to wealth tax and excise duty are not applicable to the Group.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty and cess which have not been deposited on account of any dispute.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Group has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) The Group has not availed any loans from any banks or financial institutions or issued any debentures during the year.

(x) According to the information and explanations given to us, the Group has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Group did not have any term loans outstanding during the year.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Consolidated Financial Statements and as per the information and explanations given by the management, we report that no fraud on or by the Group has been noticed or reported during the year.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aniruddh Sankaran
Partner
Membership Number: 211107

Chennai
April 29, 2015

Consolidated Balance Sheet as at March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
Shareholders' funds			
Share capital	3 (i)	186,095,090	186,095,090
Reserves and surplus	3 (ii)	726,310,105	662,007,255
		912,405,195	**848,102,345**
Non-current liabilities			
Deferred tax liabilities (net)	3 (iii)	2,264,966	7,425,818
		2,264,966	**7,425,818**
Current liabilities			
Trade payables	3 (iv)	131,955,058	103,064,370
Other current liabilities	3 (v)	43,879,409	39,244,566
Short-term provisions	3 (vi)	18,776,375	17,142,238
		194,610,842	**159,451,174**
TOTAL		**1,109,281,003**	**1,014,979,337**
II. Assets			
Non-current assets			
Fixed Assets			
Tangible assets	3 (vii)	175,601,971	174,333,678
Intangible assets		1,470,805	1,983,263
Intangible assets under development	3 (vii)	6,422,636	6,422,636
Deferred tax assets	3 (viii)	125,420	95,838
Long term loans and advances	3 (ix)	15,569,485	14,566,168
		199,190,317	**197,401,583**
Current assets			
Inventories	3 (x)	10,021,258	2,692,603
Trade receivables	3 (xi)	42,133,983	39,048,019
Cash and bank balances	3 (xii)	192,771,784	101,631,445
Short term loans and advances	3 (xiii)	624,516,273	624,890,137
Other current assets	3 (xiv)	40,647,388	49,315,550
		910,090,686	**817,577,754**
TOTAL		**1,109,281,003**	**1,014,979,337**
Summary of significant accounting policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
Chennai
April 29, 2015

Raghunath P
Whole Time Director
DIN- 06929117
Chennai
April 29, 2015

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

Statement of Consolidated Profit and Loss for the year ended March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	3 (xv)	1,179,256,828	1,083,783,455
Total revenue		**1,179,256,828**	**1,083,783,455**
Expenditure			
Purchase of medical consumables and drugs	3 (xvi)	282,864,035	243,997,802
Changes in inventories of medical consumables and drugs	3 (xvii)	(7,328,655)	1,250,355
Employee benefits expense	3 (xviii)	157,956,456	142,695,803
Other expenses	3 (xix)	670,329,766	606,476,205
Total expenses		**1,103,821,602**	**994,420,165**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**75,435,226**	**89,363,290**
Finance costs	3 (xx)	5,087,692	4,572,696
Depreciation and amortisation expense	3 (vii)	27,117,599	19,927,110
Interest income	3 (xxi)	(76,428,995)	(69,024,696)
Profit before tax		**119,658,930**	**133,888,180**
Tax expense			
Current tax			
Pertaining to profit for the current year		44,590,129	47,030,117
Adjustment of tax relating to earlier years		14,954	(1,997,668)
Deferred tax charge		(3,564,426)	1,099,455
Profit for the year carried over to the balance sheet		**78,618,273**	**87,756,276**
Earnings per share	3 (xxii)		
Basic [Nominal value of shares ₹ 10/- each]		**4.22**	**4.72**
Diluted [Nominal value of shares ₹ 10/- each]		**4.21**	**4.72**
Summary of significant accounting policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

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April 29, 2015

Consolidated Cash Flow Statement for the year ended March 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A.	**Cash flow from operating activities**		
	Net profit before tax and extraordinary item	**119,658,930**	**133,888,180**
	Adjustments for :		
	Depreciation and Amortisation	27,117,599	19,927,110
	Loss on sale of fixed assets	137,936	472,748
	Bad debts written off	346,690	1,662,370
	Provision for doubtful debts	5,810,438	4,953,734
	Interest income	(76,428,995)	(69,024,696)
	Interest expense	1,416,030	706,898
	Operating profit before working capital changes	**78,058,628**	**92,586,344**
	Movements in working capital :		
	Increase/(decrease) in trade payables	28,811,586	11,540,511
	Increase/(decrease) in short term provisions	1,933,739	(69,890)
	Increase/(decrease) in other current liabilities	4,634,843	8,987,208
	(Increase)/decrease in trade receivables	(8,896,402)	(11,936,436)
	(Increase)/decrease in inventories	(7,328,655)	1,250,355
	(Increase)/decrease in long term loans and advances	(982,510)	(107,000)
	(Increase)/decrease in short term loans and advances	(1,472,829)	(1,456,849)
	(Increase)/decrease in other current assets	8,633,210	(7,974,555)
	Cash generated from/ (used in) operations	**103,391,610**	**92,819,688**
	Direct taxes paid	(56,083,131)	(44,684,901)
	Net cash from / (used in) operating activities (A)	**47,308,479**	**48,134,787**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(32,859,815)	(26,880,129)
	Proceeds from sale of fixed assets	143,758	214,822
	Fixed Deposits placed with Bank	15,000,000	(40,000,000)
	Intercorporate deposit placed	–	(614,500,000)
	Intercorporate deposit repayment received	1,500,000	561,677,533
	Interest received	76,463,947	113,938,853
	Net cash from /(used in) investing activities before extraordinary item	**60,247,890**	**(5,548,921)**
	Net cash from /(used in) investing activities after extraordinary item (B)	**60,247,890**	**(5,548,921)**
C.	**Cash flows from financing activities**		
	Repayment of long-term borrowings	–	–
	Dividend paid on equity shares	–	(8,716,355)
	Tax on equity dividend paid	–	(1,581,322)
	Proceeds / (Repayments) of short-term borrowings (net)	–	–
	Interest paid	(1,416,030)	(706,898)
	Net cash from/ (used in) financing activities (C)	**(1,416,030)**	**(11,004,575)**
	Net increase in cash and cash equivalents (A + B + C)	**106,140,339**	**31,581,291**
	Total cash and cash equivalents at the beginning of the year	**61,631,445**	**30,050,154**
	Cash and cash equivalents at the end of the year	**167,771,784**	**61,631,445**
	Components of cash and cash equivalents:		
	Cash in hand	4,845,813	3,265,051
	Balances with banks		
	On current accounts	1,052,758	3,047,844
	On unpaid dividend account*	580,338	582,138
	On Deposits with original maturity of less than three months	161,292,875	54,736,412
	Total	**167,771,784**	**61,631,445**

* The company can utilize these balance only toward settlement of the respective unpaid dividend.

Summary of significant accounting policies **2.1**

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

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April 29, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

1. Corporate information

Fortis Malar Hospitals Limited ('Fortis Malar' or '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 the year 1992. The Company is a subsidiary of Fortis Hospitals Limited. The Company has one subsidiary company, Malar Stars Medicare Limited ('Malar Star') as at the year end, which is engaged in providing medical services to Fortis Malar. Fortis Malar along with its subsidiary company, Malar Star, shall hereinafter, be collectively referred to as "the Group".

2. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

2.1. Summary of significant accounting policies

a Principles of consolidation

- The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2015 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2015.
- The financial statements of the Subsidiaries considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2015.
- The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.

b Change in accounting policy

Depreciation of fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Useful lives/depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

Component Accounting

The Group has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1 April 2014. The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the Group identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has no remaining useful life on the date of Schedule II becoming effective, i.e., 1 April 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2014, is depreciated over their remaining useful life.

Effect:

Had the company continued to use the earlier policy of depreciating fixed asset, the profit for the current period would have been higher by ₹ 2,103,129 (net of tax impact of ₹ 1,082,948), retained earnings at the beginning of the current period would have been higher by ₹ 3,157,778 (net of tax impact of ₹ 1,626,009) and the net block of fixed assets at March 31, 2015 would correspondingly have been higher by 3,186,077.

c Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

d Inventories

Inventory of medical consumables, drugs, stores and spares are valued at cost or net realizable value whichever is lower. Cost is determined on First in First out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

e Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

f Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)
Plant and Equipment	14
Medical Equipment	3 to 12
Furniture and Fixtures	10
Computers	3
Office Equipment	5
Vehicles	8

Assets individually costing ₹ 5,000 /- or less are fully depreciated in the year of purchase.

The management has estimated the useful lives of medical equipment ranging from 3 to 12 years and plant and machinery as 14 years. These lives are lower than those indicated in Schedule II to the Act. Also refer note 2(b) above.

g Intangible assets

Computer Software

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their estimated useful lives viz 6 years.

h Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership for the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

i Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

Impairment losses of operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

k Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

l Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

<u>Inpatient and Outpatient revenue</u>

Inpatient and outpatient revenue is recognised as and when the services are rendered.

<u>Management fees</u>

Management fee from hospitals and income from medical services is recognised as per the terms of the agreement with respective hospitals.

<u>Sale of traded goods – pharmacy items</u>

Revenue from sale of pharmacy items are recognised as and when the pharmacy items are sold to patients.

<u>Interest</u>

Revenue is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.

<u>Income from Served from India Scheme (SFIS)</u>

Income from SFIS is recognised based on a prescribed percentage of foreign currency receipts on account of services rendered in accordance with the Served from India Scheme of the Fair Trade Policy (the "Scheme"). The credit under the Scheme is recognised only at the time when and to the extent there is no significant uncertainty as to its measurability and ultimate realisation.

m Foreign Currency Translation

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

n Retirement and other employee benefits

i. Contribution to provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

iii. Compensated absences/Leave Encashment

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Long term compensated absences are provided for based on actuarial valuation made at the end of the year using projected unit credit method.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

iv. **Actuarial gains/losses**

Actuarial gains/ losses relating to gratuity and long term compensated absences are recognized in the statement of profit and loss as they occur.

o **Taxes on Income**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount and expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset unabsorbed depreciation or carry forward tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

p **Employee stock compensation cost**

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

q **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r **Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

be made. Provisions are not discounted to their present values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

s Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

t Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

u Measurement of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs, interest income and tax expense.

	As at March 31, 2015	As at March 31, 2014
Note 3(i) : Share Capital		
Authorised:		
30,000,000 (Previous year 30,000,000) Equity Shares of ₹ 10/- each	300,000,000	300,000,000
	300,000,000	**300,000,000**
Issued, Subscribed and Paid up:		
18,594,259 (Previous year 18,594,259) Equity Shares of ₹ 10/- each	185,942,590	185,942,590
Add:30,500 (Previous year 30,500) equity shares of ₹ 10 each [₹ 5 paid up (Previous year ₹ 5 paid up)] forfeited	152,500	152,500
	186,095,090	**186,095,090**

Note A: Reconciliation of Equity Shares outstanding

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Value Rs	Number	Value Rs
Shares outstanding (including forfeited shares) at the beginning of the year	18,609,509	186,095,090	18,609,509	186,095,090
Shares issued during the year	–	–	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	18,609,509	186,095,090	18,609,509	186,095,090

Note B:

Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

Of the above :

11,752,402 Equity Shares (Previous year - 11,752,402 equity shares) are held by Fortis Hospitals Limited (Previous year - Fortis Hospitals Limited), the holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

Note C: Details of shareholders having more than 5% interest in the Company

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited	11,752,402	63.20%	11,752,402	63.20%

Note D :

Terms/ rights attached to equity shares

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

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

	As at March 31, 2015	As at March 31, 2014
Note 3(ii) : Reserves and Surplus		
a. Securities premium account		
Opening Balance	93,333,320	93,333,320
Closing balance	**93,333,320**	**93,333,320**
b. Surplus/ (deficit) in the statement of profit and loss		
Opening balance	568,673,935	491,797,474
Net Profit for the year	78,618,273	87,756,276
Less: Appropriations		
(i) Interim Dividend paid during the year (amount per share ₹ Nil (March 31, 2014 : ₹ 0.50 Per share)	–	(9,298,493)
(ii) Tax on Interim Dividend	–	(1,581,322)
(iii) Proposed final equity dividend (amount per share ₹ 0.50 Per share (March 31, 2014 : ₹ Nil Per share).	(9,298,493)	–
(iv) Tax on proposed equity dividend	(1,859,152)	–
(v) Schedule II adjustment on Depreciation (Refer note 2(i)(b))	(3,157,778)	–
Closing balance	**632,976,785**	**568,673,935**
Total (a+b)	**726,310,105**	**662,007,255**
Note 3 (iii) : Deferred Tax Liabilities, net		
Deferred tax liability arising on account of :		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	12,154,985	14,393,067
	12,154,985	**14,393,067**
Deferred tax asset arising on account of:		
Effect of expenditure debited to statement of profit and loss in the current year but not allowed for tax purposes	9,890,019	6,967,249
	9,890,019	**6,967,249**
Deferred tax liabilities, net	**2,264,966**	**7,425,818**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (iv) : Trade Payables		
Trade Payable (Also refer Note No 12)	127,930,356	99,118,770
Creditors for purchase of fixed assets	4,024,702	3,945,600
	131,955,058	**103,064,370**
Note 3 (v) : Other Current Liabilities		
Advances from patients	31,247,853	26,974,355
Sundry deposits	1,714,870	1,742,870
Statutory payables	10,336,348	9,732,399
Unclaimed Dividend	580,338	582,138
Other liabilities	–	212,804
	43,879,409	**39,244,566**
Note 3 (vi) : Short Term Provisions		
a. Provision for employee benefits		
Provision for gratuity (Also refer Note 8)	3,970,851	2,168,118
Provision for leave encashment	3,077,000	2,946,000
b. Other provisions		
Provision for Income tax (net)	570,879	12,028,120
Proposed equity dividend	9,298,493	–
Provision for tax on proposed equity dividend	1,859,152	–
	18,776,375	**17,142,238**

Note 3 (vii) Tangible and intangible assets

	Plant and equipment	Medical Equipments	Furniture and fixtures	Computers	Vehicles	Total Tangible Assets	Software	Total Intangible Assets
Original cost								
At 1 April 2013	20,845,872	213,367,202	8,011,857	10,306,533	–	252,531,464	3,070,024	3,070,024
Additions	1,024,045	12,630,729	3,249,136	3,004,114	1,089,157	20,997,181	2,243,448	2,243,448
Disposals	(1,005,443)	(3,966,654)	(217,875)	(426,750)	–	(5,616,722)	–	–
At 31 March 2014	**20,864,474**	**222,031,277**	**11,043,118**	**12,883,897**	**1,089,157**	**267,911,923**	**5,313,472**	**5,313,472**
Additions	1,295,132	21,428,167	7,371,904	2,843,714	–	32,938,917	–	–
Disposals	(325,034)	(515,468)	(397,921)	(1,009,199)	–	(2,247,622)	–	–
At 31 March 2015	**21,834,572**	**242,943,976**	**18,017,101**	**14,718,412**	**1,089,157**	**298,603,218**	**5,313,472**	**5,313,472**
Depreciation/ Ammortization								
At 1 April 2013	5,678,481	63,636,372	4,569,438	5,843,532	–	79,727,823	2,182,675	2,182,675
Charge for the year	1,097,949	15,206,414	995,880	1,435,960	43,372	18,779,575	1,147,535	1,147,535
Disposals	(625,981)	(3,728,451)	(147,972)	(426,749)	–	(4,929,153)	–	–
At 31 March 2014	6,150,449	75,114,335	5,417,346	6,852,743	43,372	93,578,245	3,330,210	3,330,210
Charge for the year	**1,805,527**	**18,878,861**	**3,173,111**	**2,616,921**	**130,720**	**26,605,140**	**512,458**	**512,458**
Schedule II adjustments	52,142	3,518,736	–	1,212,909	–	4,783,787	–	–
Disposals	(184,313)	(491,126)	(285,195)	(1,005,293)	–	(1,965,927)	–	–
At 31 March 2015	**7,823,805**	**97,020,806**	**8,305,262**	**9,677,280**	**174,092**	**123,001,245**	**3,842,668**	**3,842,668**
Net Block								
At 31 March 2014	**14,714,025**	**146,916,942**	**5,625,772**	**6,031,154**	**1,045,785**	**174,333,678**	**1,983,262**	**1,983,262**
At 31 March 2015	**14,010,767**	**145,923,170**	**9,711,840**	**5,041,131**	**915,065**	**175,601,973**	**1,470,804**	**1,470,804**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (viii) : Deferred Tax Assets		
Deferred tax asset arising on account of:		
Effect of expenditure debited to the statement of profit and loss account in the current year but not allowed for tax purposes	125,420	95,838
	125,420	**95,838**
Note 3 (ix) : Long Term Loans and Advances		
Unsecured, Considered good		
Capital advances	1,183,360	51,700
Security Deposit	2,956,750	3,105,900
Advance tax and tax deducted at source (Net)	11,429,375	11,408,568
	15,569,485	**14,566,168**
Note 3 (x) : Inventories (at lower of cost and net realisable value)		
Medical consumables and drugs	10,021,258	2,692,603
	10,021,258	**2,692,603**
Note 3 (xi) : Trade Receivables (Unsecured)		
Aggregate amount outstanding for a period exceeding six months (from due date of payment)		
Considered good	9,342,974	4,931,862
Considered Doubtful	2,886,966	2,917,975
Less : Provision for doubtful debts	(2,886,966)	(2,917,975)
	9,342,974	4,931,862
Other Debts		
Considered good	32,791,009	34,116,157
Considered Doubtful	11,139,645	5,211,502
Less : Provision for doubtful debts	(11,139,645)	(5,211,502)
	32,791,009	34,116,157
	42,133,983	**39,048,019**
Note 3 (xii) : Cash and Bank Balances		
Cash and cash equivalents		
Cash on hand	4,845,813	3,265,051
Balances with banks		
On current accounts	1,052,758	3,047,844
On unpaid dividend account*	580,338	582,138
On Deposits with original maturity of less than three months	161,292,875	54,736,412
	167,771,784	**61,631,445**
Other bank balances		
On Deposits with original maturity for more than 3 months but less than 12 months	25,000,000	40,000,000
	192,771,784	**101,631,445**

* The Company can utilize these balance only toward settlement of the respective unpaid dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3 (xiii) : Short Term Loans and Advances (Unsecured, Considered good)		
Loans and advances to related parties		
Advances recoverable in cash or in kind or for value to be received	934,296	878,657
Inter corporate deposit to entity under common control	613,000,000	614,500,000
Loans and advances to others		
Advances recoverable in cash or in kind or for value to be received	10,581,977	9,511,480
	624,516,273	**624,890,137**
Note 3 (xiv) : Other Current Assets		
Unsecured, Considered good		
Accrued operating income	26,363,648	34,996,858
Interest accrued but not due	14,283,740	14,318,692
	40,647,388	**49,315,550**

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xv) : Revenue from operations		
Sales of Services		
In patient	957,781,531	862,001,356
Out patient	177,108,196	177,253,116
Income from others	1,161,446	881,152
Sub Total (a)	1,136,051,173	1,040,135,624
Sales of Traded Goods		
Pharmacy items	40,340,711	36,865,600
Sub Total (b)	40,340,711	36,865,600
Other operating revenue		
Income from Served from India Scheme (SFIS)	1,144,053	4,299,478
Income from sponsorship camps	147,655	140,140
Other operating income	1,573,236	2,342,613
Sub Total (c)	2,864,944	6,782,231
Total (a+b+c)	**1,179,256,828**	**1,083,783,455**
Note 3 (xvi) : Purchase of medical consumables and drugs		
Purchase of medical consumables and drugs	282,864,035	243,997,802
	282,864,035	**243,997,802**
Details of purchase of medical consumables and drugs:		
Cardio Consumables	96,466,319	72,766,913
Ortho Consumables	19,729,716	17,619,607
Others	166,668,000	153,611,282
	282,864,035	**243,997,802**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xvii) : Changes in Inventories of Medical Consumables and drugs		
Opening Stock	2,692,603	3,942,958
Closing Stock	10,021,258	2,692,603
	(7,328,655)	**1,250,355**
Details of inventory		
Cardio Consumables	8,386,262	1,643,106
Ortho Consumables	–	–
Others	1,634,996	1,049,496
	10,021,258	**2,692,602**
Note 3 (xviii) : Employee Benefit expense		
Salaries, wages and bonus	126,778,175	116,262,275
Gratuity (Also refer Note 8)	2,556,715	2,663,110
Compensated absences/Leave encashment	1,784,240	1,459,000
Contribution to Provident & other funds	10,041,940	9,295,362
Staff welfare expenses	16,523,251	12,960,861
Recruitment & training	272,135	55,195
	157,956,456	**142,695,803**
Note 3 (xix) : Other Expenses		
Contractual manpower	5,733,967	3,087,662
Power, fuel and water	21,718,938	21,025,805
Clinical Establishment Fee	176,233,740	166,726,430
Housekeeping expenses including consumables	5,560,042	3,931,421
Patient food and beverages	14,831,410	13,106,133
Pathology laboratory and radiology expenses	42,410,174	30,408,677
Consultation fees to doctors	96,588,959	76,310,148
Professional charges to doctors	195,191,703	187,571,513
Repairs & maintenance		
- Building	1,290,265	1,585,699
- Plant & machinery	12,788,274	9,714,625
- Others	5,427,216	4,628,091
Rent		
- Hospital building	–	–
- Equipments	4,068,395	3,551,023
- Others	3,499,026	2,999,845
Legal & professional fee	5,737,682	4,592,534
Travel & conveyance	13,846,723	13,855,335
Rates & taxes	160,835	475,396
Printing & stationery	5,329,263	4,815,209
Communication expenses	3,166,309	2,712,600
Directors' sitting fees	753,180	275,542

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Insurance	4,130,525	8,340,099
Marketing & business promotion	37,596,578	33,921,307
Loss on sale of fixed assets	137,936	472,748
Payment to auditors (including service tax)		
a. Statutory audit	1,039,079	990,690
b. Tax audit	84,270	84,270
c. others	252,810	252,810
d. out of pocket expenses	11,990	11,990
Bad debts/Advances written off	346,690	1,662,370
Provision for doubtful debts	5,810,438	4,953,734
Corporate Social Responsibility expenditure	118,328	–
Miscellaneous expenses	6,465,021	4,412,499
	670,329,766	**606,476,205**

Note 3 (xx) : Financial costs

Interest Expense	1,416,030	706,898
Bank charges	3,671,662	3,865,798
	5,087,692	**4,572,696**

Note 3 (xxi) : Interest Income

Interest income		
Interest on bank deposits	11,847,466	4,182,443
Interest from Inter corporate deposit	64,377,083	64,585,239
Interest from other deposits	–	166,878
Interest on income tax refunds	204,446	90,136
	76,428,995	**69,024,696**

Note 3 (xxii) : Earnings per share ("EPS")

Net profit as per statement of profit and loss	78,618,273	87,756,276
Weighted average number of equity shares for calculating Basic EPS	18,609,509	18,609,509
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	71,992	–
Weighted average number of equity shares for calculating Diluted EPS	18,681,501	18,609,509

4 Composition of the group

The list of subsidiaries considered in the preparation of the consolidated financial statements of Fortis Malar Hospitals Limited are as under:

Sl No	Name of the Group Company	Country of incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
I	**Subsidiary**			
a	Malar Stars Medicare Limited	India	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

5 Segment reporting

Primary Segment

The Group is engaged in providing health care services, which in the context of Accounting Standard 17 (Segmental Information) is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

Secondary Segment – Geographical Segment.

The Group operates in India and therefore entirely caters to the needs of the domestic market. Therefore, there are no reportable geographical segments.

6 Capital and other commitments

At March 31, 2015, the Group has capital commitments of ₹ 8,393,299 (March 31, 2014 : ₹ 517,500) towards purchase of assets.

7 a. Contingent liabilities

	31 March 2015 Rs	31 March 2014 Rs
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence).	80,249,842	81,892,872

b. Litigation

1) Matters of litigation, if any, the outcome of which in the opinion of Management is considered probable thereby requiring provision, have been provided for under the requirements of Indian GAAP.

2) The cases are pending with various Consumer Disputes redressal Commissions. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognized in the financial statements.

8 Gratuity

The Group 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 service.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the fund status and amounts recognised in the balance sheet.

Statement of Profit and Loss	**March 31, 2015**	**March 31, 2014**
Net employee benefit expense (recognised in Employee benefits)		
(i) Current service cost	1,770,300	1,846,283
(ii) Past Service Cost	–	–
(iii) Interest cost on Benefit Obligations	1,177,788	806,123
(iv) Expected return on plan assets	(1,022,000)	(840,000)
(v) Past Service Cost (Non Vested Benefits)	-	-
(vi) Net actuarial (gains)/ losses recognised in the year	830,665	850,704
(vii) Net (benefit) / expense	**2,661,000**	**2,663,110**
(viii) Actual return on plan assets	–	–
Balance Sheet		
Details of Provision for gratuity		
(i) Defined benefit obligation	15,828,118	13,114,118
(ii) Fair value of plan assets	11,953,000	10,946,000
(iii) Unrecognized past service cost	-	-
(iv) Plan (Liability) /Asset	**(3,875,118)**	**(2,168,118)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

		March 31, 2015	March 31, 2014
Changes in the present value of the defined benefit obligation are as follows:			
(i)	Opening defined benefit obligation	13,114,000	10,505,008
(ii)	Current service cost	1,770,300	1,846,283
(iii)	Past Service Cost	–	–
(iv)	Interest cost	11,77,788	806,123
(v)	Actuarial (gains) / losses on obligation	615,695	816,704
(vi)	Benefits paid	(754,000)	(860,000)
(vii)	Closing defined benefit obligation	**15,828,118**	**13,114,118**
Changes in the fair value of the plan assets are as follows:			
(i)	Opening fair value of plan assets	10,946,000	8,017,000
(ii)	Expected return	1,022,000	840,000
(iii)	Actuarial gains / (losses)	(215,000)	(34,000)
(iv)	Contributions by employer	2,00,000	2,123,000
(v)	Benefits paid	–	–
(vi)	Closing fair value of plan assets	**11,953,000**	**10,946,000**

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group's plans are shown below:

Particulars	March 31, 2015	March 31, 2014
Discount rate	7.75%	9.25%
Expected rate of return on assets	9.25%	9.25%
Employee turnover		
Age upto 30 years	18%	18%
Age 31 to 44 years	6%	6%
Age Above 44 years	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

The Group expects to contribute ₹ 3,875,118 to gratuity in the next year (March 31, 2014: ₹ 2,168,118).

The fund is 100% administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Gratuity					
Defined benefit obligation	(15,828,118)	(12,911,000)	(10,330,000)	(8,781,000)	(7,741,000)
Plan assets	11,953,000	10,946,000	8,017,000	7,273,565	6,328,000
Surplus / (deficit)	(3,878,118)	(1,965,000)	(2,313,000)	(1,507,435)	(1,413,000)
Experience adjustments on plan liabilities	1,451,531	(2,508,000)	388,000	(11,000)	91,000
Experience adjustments on plan assets	(215,000)	(34,000)	11,000	(307,283)	28,000

9 Employee stock option plans

The Group provides share-based payment schemes to its employees. During the year ended March 31, 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

Malar Employee Stock Option Plan 2008 was approved by the board of directors of the Company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date

The plan shall be deemed to have come to in force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the Company subject to the approval of shareholders of the Company in general meeting.

The details of activity under the Scheme are summarized below:

	March 31, 2015		March 31, 2014	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	230,000	26.20	280,000	26.20
Granted during the year	–	–	–	–
Forfeited during the year	–	–	50,000	26.20
Exercised during the year	–	–	–	–
Outstanding at the end of the year	230,000	26.20	230,000	26.20
Exercisable at the end of the year	230,000	26.20	230,000	26.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2015 is 1.75 years (31 March 2014: 2.75 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10. (31 March 2014: ₹ 10).

The weighted average fair value of stock options granted during the year was ₹ 13.45 (31 March 2014: ₹ 13.45). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2015	March 31, 2014
Dividend yield (%)	0%	0%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (₹)	Nil	Nil
Exercise price (₹)	26.20	26.20
Expected life of options granted in years	5	5

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

The Group measures the cost of ESOP using the intrinsic value method. Had the Group used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

	March 31, 2015 Amount (₹)	March 31, 2014 Amount (₹)
Profit after tax as reported	78,618,273	87,756,276
Add: ESOP cost using the intrinsic value method	Nil	Nil
Less: ESOP cost using the fair value method	Nil	407,368
Proforma profit after tax	78,618,273	87,348,908
Earnings Per Share		
Basic		
- As reported	4.22	4.72
- Proforma	4.22	4.69
Diluted		
- As reported	4.21	4.72
- Proforma	4.21	4.69

10 Related Party Disclosures

10.1. Related parties where control exists

Relationship	Name of the related Party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited

10.2. Related parties with whom transactions have taken place during the year

Relationship	Name of the related Party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Key Management Personnel	Mr.Raghunath P (Whole-time Director) (with effect from July 26, 2014)
	Mr.V.Vijayarathna (whole time director) (Resigned from July 26, 2014)
	Mr. Akshaya Kumar Singh (Chief Financial Officer)
	Mr. Sumit Goel (Company Secretary)
Enterprises under common control	Fortis Healthcare (India) Limited
	Hospitalia Eastern Private Limited
	Lalitha Healthcare Private Limited
	Super Religare Laboratories Limited
	Fortis Health Management (North) Limited
	Escorts Heart Institute and Research Centre Limited
Enterprises under significant influence of the ultimate holding company	Fortis Health Management Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

10.3. Transactions during the year with related parties

	March 31, 2015					March 31, 2014				
Particulars	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Transactions during the year										
Intercorporate Deposit Placed										
Escorts Heart Institute and Research Centre Limited	–	–	–	–	–	–	–	–	614,500,000	–
Intercorporate Deposit Received										
Escorts Heart Institute and Research Centre Limited	–	–	–	1,500,000	–	–	–	–	–	–
Intercorporate deposit repayment receipts										
Fortis Health Management (North) Limited	–	–	–	–	–	–	–	–	561,677,534	–
Interest earned										
Fortis Health Management (North) Limited	–	–	–	–	–	–	–	–	32,235,602	–
Escorts Heart Institute and Research Centre Limited	–	–	–	64,377,082	–	–	–	–	32,349,637	–
Reimbursement of expenses incurred on behalf of group Companies										
Fortis Healthcare Limited	–	3,735,898	–	–	–	–	19,743,753	–	–	–
Fortis Hospitals Limited			535,852					196,354		
Lalitha Healthcare Private Limited	–	–	–	155,528	–	–	–	–	–	–
Super Religare Laboratories Limited	–	–	–	–	–	–	–	–	952,283	–
Reimbursement of expenses incurred by group companies on behalf of the Company										

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2015					March 31, 2014				
Particulars	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Fortis Healthcare Limited	–	455,342	–	–	–	–	37,958	–	–	–
Fortis Hospitals Limited	–	–	1,035,037	–	–	–	–	1,101,942	–	–
Fortis Health Management Limited	–	–	–	–	20,867,387	–	–	–	–	17,290,124
Purchase of consumables										
Fortis Hospitals Limited	–	–	1,943,207	–	–	–	–	3,297,076	–	–
Sale of consumables										
Fortis Health Management Limited	–	–	–	–	619,247	–	–	–	–	–
Operations and Management services received										
Super Religare Laboratories Limited	–	–	–	40,016,728	–	–	–	–	28,037,959	–
Fortis Health management limited	–	–	–	–	176,233,740	–	–	–	–	166,726,430
Sale of medical equipments/ Assets										
Fortis Healthcare Limited	–	–	–	–	–	–	3,866,255	–	–	–
Fortis Health Management Limited	–	–	–	–	–	–	–	–	71,562	–
Managerial remuneration										
Mr Raghunath P	3,640,677	–	–	–	–	–	–	–	–	–
Mr. Vijayarathna	1,703,340	–	–	–	–	6,053,743	–	–	–	–
Mr. Akshaya Kumar Singh	951,059	–	–	–	–	–	–	–	–	–
Balances at the end of the year										
Trade payable										
Super Religare Laboratories Limited	–	–	–	3,789,162	–	–	–	–	861,993	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2015					March 31, 2014				
Particulars	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company	Key Management Personnel	Ultimate Holding Company	Holding Company	Entities under Common Control	Entities under significance of the ultimate holding Company
Fortis Health Management Limited	–	–	–	–	32,314,650	–	–	–	–	28,833,927
Advance Recoverable										
Fortis Healthcare Limited	–	934,296	–	–	–	–	878,657	–	–	–
Inter corporate deposit receivable										
Escorts Heart Institute and Research Centre Limited	–	–	–	613,000,000	–	–	–	–	614,500,000	–
Interest accrued but not due										
Escorts Heart Institute and Research Centre Limited	–	–	–	14,283,740	–	–	–	–	14,318,692	–

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

11 Operating lease payments

Operating lease agreements have been entered in to by the Group with respect to office premises and medical equipments. The total lease payments made during the year are as follows:

Particulars	March 31, 2015	March 31, 2014
Lease rentals paid	7,567,421	6,550,868

12 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year and previous year.

13 Additional disclosures pursuant to Schedule III of the Companies Act 2013.

(i) Statement of Net Assets, i.e., Total assets minus total liabilities

Name of the entity in the	March 31, 2015		March 31, 2014	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent	99%	904,069,806	99%	841,790,626
Subsidiaries				
Indian	1%	8,335,389	1%	6,311,719
Malar Stars Medicare Limited				
Minority interests in all subsidiaries	Nil	Nil	Nil	Nil
Associates (Investment as per the equity method)	Nil	Nil	Nil	Nil
Joint Ventures (as per proportionate consolidation/ investment as per the equity method)	Nil	Nil	Nil	Nil
TOTAL	**100%**	**912,405,195**	**100%**	**848,102,345**

(ii) Statement of Share in profit or loss

Name of the entity in the	Mach 31, 2015		March 31, 2014	
	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent	97%	76,594,603	97%	85,577,849
Subsidiaries				
Indian	3%	2,023,670	3%	2,178,427
Malar Stars Medicare Limited				
Minority interests in all subsidiaries	Nil	Nil	Nil	Nil
Associates (Investment as per the equity method)	Nil	Nil	Nil	Nil
Joint Ventures (as per proportionate consolidation/ investment as per the equity method)	Nil	Nil	Nil	Nil
TOTAL	**100%**	**78,618,273**	**100%**	**87,756,276**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

14 Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date
For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107
Chennai
April 29, 2015

For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited

Daljit Singh
Chairman
DIN- 00135414
Chennai
April 29, 2015

Raghunath P
Whole Time Director
DIN- 06929117
Chennai
April 29, 2015

Akshaya Kumar Singh
Chief Financial Officer
216651
Chennai
April 29, 2015

Sumit Goel
Company Secretary
F6661
Chennai
April 29, 2015

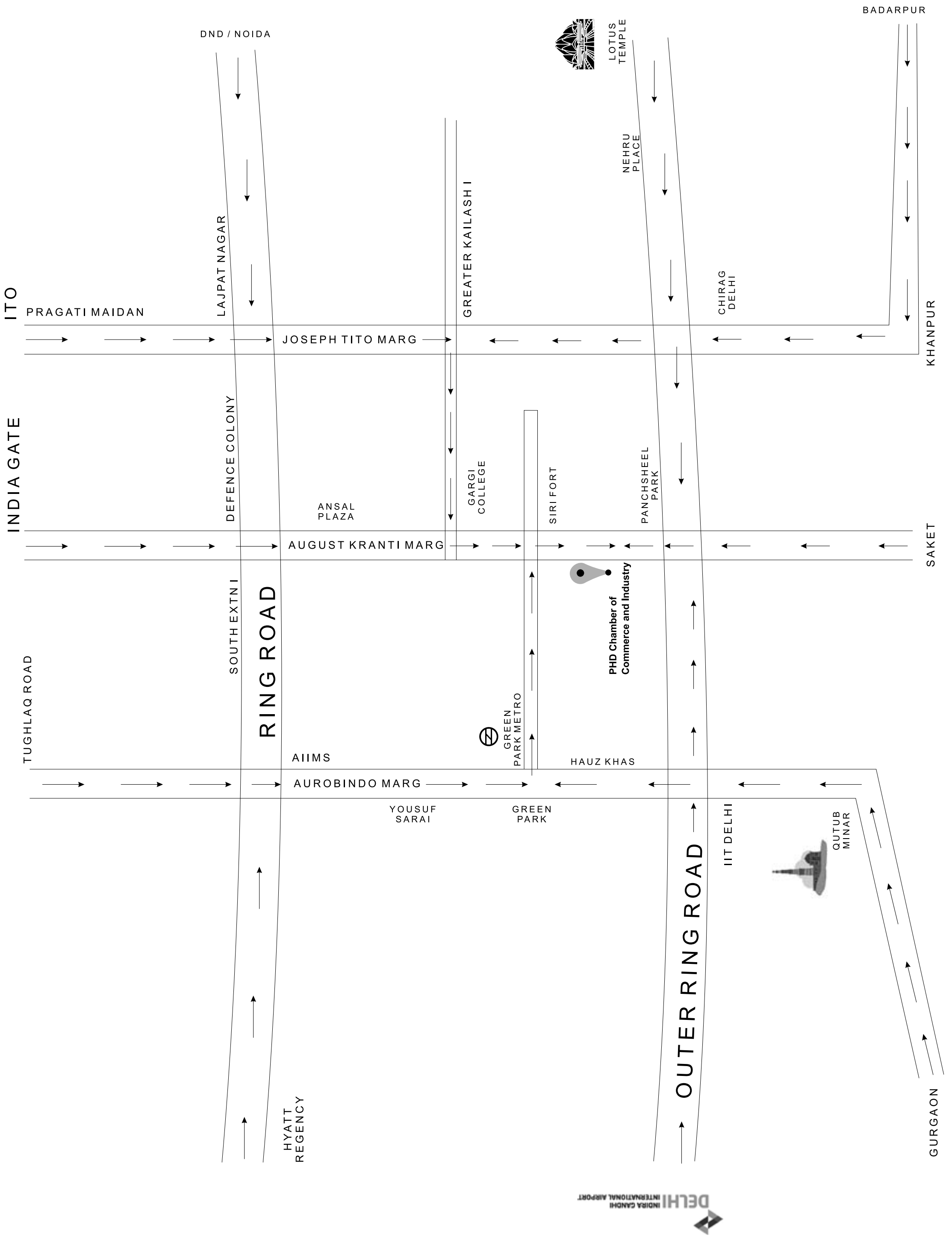
Location Map of venue for Twenty Fourth Annual General Meeting

Day : Wednesday

Date : September 23, 2015

Time : 10:00 Hours

Venue : PHD Chamber of Commerce and Industry,
4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016



FORTIS MALAR HOSPITALS LIMITED

CIN: L85110DL1989PLC276986
Registered Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110 025
Email: secretarial.malar@malarhospitals.in; Website: www.fortismalar.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) : ....

Registered address : ....

E-mail ID : .... Folio No. / *DP ID-*Client ID ....

I/We, being the member(s) of ______________________________________ shares of the above named Company, hereby appoint:

1) ______________ (name) of ___________________________ (address) having e-mail id ______________________________ or failing him

2) ______________ (name) of ___________________________ (address) having e-mail id ______________________________ or failing him

3) ______________ (name) of ___________________________ (address) having e-mail id ______________________________

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th **Annual General Meeting** of the Company, to be held on Wednesday, September 23, 2015, at 10:00 a.m. at PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolutions	For	Against
1.	Adoption of Annual Accounts (Standalone & Consolidated)		
2.	Re-appointment of Dr. Nithya Ramamurthy (DIN – 00255343), who retires by rotation		
3.	Declaration of Final Dividend for Financial Year ended March 31, 2015		
4.	Appointment of Statutory Auditors and fixing of their remuneration		
5.	Appointment of Mr. Daljit Singh as Director		
6.	Appointment of Mr. Karthik Rajagopal as Director		
7.	Ratification of Remuneration of Cost Auditors		

* Applicable for investors holding shares in electronic form.

Affix Re. 1/- Revenue Stamp

Signed this..................... day of..................2015 ________________________ Signature of shareholder

________________________ Signature of first proxy holder

________________________ Signature of second proxy holder

________________________ Signature of third proxy holder

** This is only optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

FORTIS MALAR HOSPITALS LIMITED

CIN: L85110DL1989PLC276986
Registered Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110 025
Email: secretarial.malar@malarhospitals.in; Website: www.fortismalar.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional slip at the venue of the meeting.

DP ID*	
Client ID*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER / PROXY ____

____

I/We hereby record my/our presence at the 24th **Annual General Meeting** of the Company held on Wednesday, September 23, 2015, at 10:00 a.m. at PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016.

* Applicable for investors holding shares in electronic form.

____
Signature of Shareholder / proxy

Note:

(1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**

(2) **A Proxy need not be a member of the Company.**

(3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

(4) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

CSR Initiatives

Fortis Malar Hospital, No. 52, 1st Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.
For Appointments: 044 4289 2222 | Emergency: 044 2491 4737 / 99624 00300
www.fortismalar.com | contactus.malar@fortishealthcare.com