

September 28, 2016

FMHL/SEC/SE/2016-17/REG 34

Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

Scrip Code: 523696

Dear Sir,

**Sub: Submission of Annual Report For FY 2015-16 of Fortis Malar Hospitals Limited**

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report for FY 2015-16 duly approved at the Annual General Meeting held on September 27, 2016

You are requested to take the same on your record.

Thanking you,

Yours faithfully,

For **Fortis Malar Hospitals Limited**

  
**Sumit Goel**  
Company Secretary  
F6661



**Encl: As above**

# NURTURING HEARTS. GARNERING HOPES.

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INDIA'S LARGEST HEART TRANSPLANT CENTRE



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## Corporate Information

### **BOARD OF DIRECTORS**

Mr. Daljit Singh  
Mr. Lakshman Teckchand Nanwani  
Mr. Meghraj Arvindrao Gore  
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. Deloitte Haskins & Sells LLP,  
Chartered Accountants  
ASV, 'N' Ramana Tower,  
52, Venkat Narayana Road,  
T. Nagar, Chennai - 600017

### **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 5000/4713 5000  
Fax no. + 91 - 11 - 4162 8435  
Website – [www.fortismalar.com](http://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 2222  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

## Board of Directors



Mr. Daljit Singh



Mr. Meghraj Arvindrao Gore



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, 2016.

The year gone by witnessed unprecedented flooding in Chennai when normal life was thrown out of gear for more than a week. I am happy to say that your Company operations were largely uninterrupted and we also performed life saving procedures during this time. I would like to take this opportunity to thank the doctors, paramedics and staff who braved the floods and ensured patient care was uninterrupted. During the year we witnessed broad based growth across all specialties. 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 10% to ₹ 129.61 Crores from ₹ 117.93 Crores in the previous financial year. Net profit before exceptional and extra-ordinary items was at ₹ 10.44 Crores compared to ₹ 11.97 Crores in the previous financial year. Net profit after tax was at ₹ 6.41 Crores against ₹ 7.86 crores earned in the previous year. Increasing costs of drugs especially in the higher end critical care segment where your Company operates has impacted the profitability of the Company in the current financial year.

The average revenue per occupied bed (ARPOB) continued its upward trend of the past few years, increasing from ₹ 118 Lakhs in FY 2015 to ₹ 127 Lakhs in FY 2016. The average length of stay (ALOS) went up marginally from 3.82 days in FY 2015 to 3.87 days in FY 2016. Both the above reflect the fact that your hospital performs increasingly complex, high value surgeries requiring exceptional medical skills.

The year was eventful as our surgeons continued to work towards raising the bar in providing superior patient care. To name a few

- The Cardiology team at Fortis Malar had successfully completed 75 Heart transplants & 5 Lung Transplants during this year.
- Fortis Malar Hospitals Chennai has set a shining example of commitment to our motto of "Saving and Enriching Lives" by braving heavy and unprecedented

rains, deluge and huge traffic snarls to perform a heart transplant, saving the life of a 47 year old patient.

- The Fortis Comprehensive Epilepsy Centre was launched to provide advanced care for patients suffering from Epilepsy. Your hospital also crossed the 100 Epilepsy surgery mark during the year.

Playing its part as a good corporate citizen, Fortis Malar has front ended programme that contribute to society. The hospital actively engaged with the local community meaningfully and organized:

- Post Chennai floods, conducted free medical camps at multiple locations with fully equipped Medical Team and relief Materials distributed in mobile camps
- Health awareness talks, Health checkups and free cardiac camps at various corporate and Government organizations.
- On the occasion of "World Stroke Day" Fortis Malar had organized a conference on theme "PREVENT A STROKE BEFORE IT STRIKES YOU" which was attended by renowned Doctors and Stroke Survivors.

Ongoing facility improvement and investment in advanced medical equipment will continue to remain a focus.

During the year your Company has been able to induct highly skilled surgeons and consultants to our accomplished facility complementing the existing talent thereby increasing our ability to provide superior patient care and increased level of clinical excellence. On behalf of the management, I take this opportunity to thank all our consultants who have been instrumental in bringing your hospital to forefront of Healthcare in the city of Chennai.

I would take this opportunity to thank the members of the Board for their continuous support and guidance. I would also like to express my gratitude to all our stakeholders, partners and employees, for their continued commitment, passion and 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

**Regd. Off.:** Escorts Heart Institute and Research Centre,  
Okhla Road, New Delhi-110025

**Tel.:** +91-11-4713 5000/2682 5000

**Fax:** +91-11-26825013

**Email Id:** secretarial.malar@malarhospitals.in

**Website:** www.fortismalar.com

Notice is hereby given that the **Twenty Fifth Annual General Meeting of Fortis Malar Hospitals Limited** will be held on Tuesday, 27th September, 2016 at 10:00 a.m. 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 Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Auditors' Report thereon for the financial year ended on March 31, 2016.
2. To appoint a director in place of Mr Daljit Singh (DIN – 00135414), who retires by rotation and being eligible, seeks re-appointment.
3. To declare a Final Dividend of Re. 0.50 per equity share, for the year ended March 31, 2016.
4. Ratification of appointment of auditors

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 all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty sixth AGM of the Company to be held in the year 2017 to examine and audit the accounts of the Company at such remuneration 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. Meghraj Arvindrao Gore (DIN: 07505123), who was appointed as an Additional Director of the Company with effect from May 24, 2016 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 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, 2016, at a remuneration of Rs. 50,000/- plus out of pocket expenses and taxes.

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.”

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) (the “Act”) and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the consent of the Members of the Company be and is hereby accorded to the Board of Directors to enter into transactions with the following Related Parties and for the maximum amounts, as mentioned herein below:

Nature of transaction as per Companies Act, 2013	Name of the Director/KMP who is related and nature of their relationship	Name of the Related Party(s)	Relationship	Particulars/ Material Terms and conditions of the transaction
Sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, property of any kind including the shares/ debenture or other securities, availing or rendering of services	Mr. Daljit Singh is common Director in the Company and Fortis Hospitals Limited, Fortis La Femme Limited and Birdie & Birdie Realtors Private Limited.	Fortis Hospitals Limited (FHsL), Fortis Healthcare Limited (FHL), Fortis Healthcare Holdings Private Limited (FHHPL), RHC Holding Private Limited (RHC) SRL Limited (SRL), Escort Heart Institute & Research Centre Limited (EHIRCL), H i r a n a n d a n i Healthcare Private Limited (HHPL), Fortis La Femme Limited (FLFL), Birdie & Birdie Realtors Private Limited (B&B), Fortis Cancer Care Limited (FCCL)	Holding Company(ies) and Subsidiaries of Holding Company(ies) i.e. Fellow Subsidiaries	Sale, purchase or supply of any goods or materials, giving or taking loans, providing corporate guarantees for or by holding Company(ies)/ Subsidiaries of holding Company(ies) i.e. Fellow Subsidiaries, purchase or sale of shares, debentures and other securities/ Properties of Companies owned and/or controlled by the holding Company(ies) and/or subsidiaries of Holding Company(ies) i.e. Fellow Subsidiaries , availing or rendering of services upto Rs 250 crores in one or more tranches as may be decided by the Board of Directors from time to time

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof), be and is hereby authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to the aforesaid related party transaction and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution.”

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

Sd/-

**Date : July 19, 2016**  
**Place : Chennai**

**Sumit Goel**  
**Company Secretary**  
**FCS : 6661**

**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 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 Regulation 36 of the SEBI Listing (Obligation & Disclosure Requirements) Regulation 2015, the particulars of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed to the Notice.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 20, 2016 to Tuesday, September 27, 2016, both days inclusive for the purpose of payment of Dividend. The cut-off date for the purpose of remote e-voting and for physical voting is Tuesday, September 20, 2016. The E-voting facility will be available from 9:00 a.m. on September 24, 2016 to 5:00 p.m. September 26, 2016 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 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 should bring the Attendance Slip/proxy form duly filled in for attending the Meeting. 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 12,

2016. A person who is not a member as on the cut-off date i.e. September 20, 2016, 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, as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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](http://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 25<sup>th</sup> 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 and/or corporate office and also at AGM during normal business hours between 10.00 A.M. to 12.00 Noon on all 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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.
  26. The e-voting event number, User Id and Password along with the detailed instructions for e-voting are provided in the notice of e-voting, being sent along with the Notice of Annual General Meeting.
  27. The result on resolutions shall be declared on or before closing business hours on Wednesday, September 28, 2016 at the registered office of the Company and shall also be available on the website of the Company. 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.
  28. Pursuant to Sections 205A and 205C of the Companies Act, 1956 and/ or Section 123 of the Companies Act, 2013 and other applicable provisions, if any, all unclaimed/ unpaid application money remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
  29. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and all documents referred to in the Notice and Explanatory Statement will be available for inspection at the Company's registered office and/or Corporate office and also at Annual General Meeting during normal business hours between 10:00 A.M. to 12:00 Noon on all working days up to the date of Annual General Meeting.
  30. 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.
  31. The Board of Directors has appointed Mr. Mukesh Manglik, Company Secretary in whole-time practice (C.P. No. 8476) as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  32. Route map of the venue of the meeting along with the landmark forms part of this report.

**EXPLANATORY STATEMENT**

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

**Item No. 4**

**Appointment of Statutory Auditors of the Company –**

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

Deloitte Haskins & Sells LLP, (ICAI Firm Registration No. 117366W/W-100018), Chartered Accountants, were appointed as the statutory auditors of the Company for a period of five years commencing from the financial year 2015-16, at the Annual General Meeting (AGM) of the Company held on September 23, 2015,

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every AGM. Accordingly, ratification of the members is being sought for appointment of statutory auditors as per the proposal contained in the Resolution set out at item no. 4 of the Notice.

The Board commends the Resolution at item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their is/are concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**Item No. 5**

The Board of Directors of the Company has appointed Mr. Meghraj Arvindrao Gore as an Additional Director of the Company with effect from May 24, 2016. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Meghraj Arvindrao Gore 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 Fortis Hospitals Limited, one of the shareholder signifying his candidature as a Director of the Company.

Nomination and Remuneration Committee recommends the appointment of Mr. Meghraj Arvindrao Gore as Director of the Company, liable to retire by rotation. Further, he is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

A brief profile of Mr. Meghraj Arvindrao Gore, including nature of his expertise, is provided in the Annual Report.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Meghraj Arvindrao Gore except to the extent of their respective shareholding, 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, 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 ended on March 31, 2016 as per the following details:

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

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. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended March 31, 2016.

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. 6 of the Notice except the extent of their respective shareholding, (if any).

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

**Item no. 7**

The members of the Company may kindly be apprised that the Board of Directors of the Company at their meeting held on July 19, 2016, have approved and recommended to the shareholders for approval for enabling the Board of Directors to enter into, related party transaction(s) upto a limit of Rs. 250 Crore the details of which are given in the draft resolution.

Members may kindly note that for the purpose of smooth operations and expansion of business and operations of the Company it is proposed to explore various options including but not limited to taking up new projects or expansion of existing operations in line with Short Term Plan/Long Term Plan of the Company. Accordingly it is envisaged that the Company may need to augment its size and that may require support from and/or transactions with the holding Company(ies) and/or subsidiaries of Holding Company(ies) i.e. fellow subsidiaries by way of sale, purchase or supply of any goods or materials, loans, Corporate Guarantee, purchase of shares, debentures and other securities of companies owned and/or controlled by the Company or its holding Company(ies) etc, in order to have synergy between various group companies.



Further, the members may please take note that FHS, FHL, FHHPL and RHC are related parties to the Company being holding Companies and SRL, EHIRCL, HHPL, FCCL, FLFL and B&B are subsidiaries of Holding Company(ies) i.e. fellow subsidiaries

The Board of Directors of your Company has envisaged that the consideration payable for the said transaction(s) would be for an amount upto Rs. 250 Crs (Rupees Two Hundred and fifty Crores).

Accordingly, in the light of provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Audit & Risk Management Committee and the Board of Directors of your Company has approved and recommended the proposed transaction for the approval of the shareholders along with limits that your Company may enter into with the related parties.

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sl No.	Particulars	Details/ Remarks
1.	Name of related party(s)	Fortis Hospitals Limited (FHS), Fortis Healthcare Limited (FHL), Fortis Healthcare Holdings Private Limited (FHHPL), RHC Holding Private Limited (RHC), SRL Limited (SRL), Escort Heart Institute & Research Centre Limited (EHIRCL), Hiranandani Healthcare Private Limited (HHPL), Fortis La Femme Limited (FLFL), Birdie & Birdie Realtors Private Limited (B&B), Fortis Cancer Care Limited (FCCL)
2	Name of the Director or Key Managerial Personnel who is related, if any	Daljit Singh is common Director between the Company and FHS, FLFL and B&B
3.	Nature of Relationship	Holding Company(ies) and Subsidiaries of Holding Company(ies) i.e. Fellow Subsidiaries
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	Sale, purchase or supply of any goods or materials, giving or taking loans, providing corporate guarantees for or by holding Company(ies)/ Subsidiaries of holding Company(ies) i.e. Fellow Subsidiaries, purchase

		or sale of shares, debentures and other securities/ properties of Companies owned and/or controlled by the holding Company(ies) and/or subsidiaries of Holding Company(ies) i.e. Fellow Subsidiaries, availing or rendering of services upto Rs 250 crores in one or more tranches as may be decided by the Board of Directors from time to time
5.	Any other information relevant or important for the Board/ Members to take a decision	The transaction may not be in ordinary course of business but will be executed at arm's length

Except Mr. Daljit Singh being common Director as explained above, none of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any. Further none of the Director and/or Key Managerial Personal is holding 2% of the paid up share capital of any of the Company viz FHS, FHL, FHHPL, RHC, SRL, HHPL, EHIRCL, FCCL, FLFL and B& B.

The Board commends the Ordinary Resolution set out at Item no. 7 of the notice for approval by the Members.

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

##### **1) Mr. Daljit Singh**

Mr. Daljit Singh, aged 63 years has been a pivotal member of the top management team of Fortis Healthcare, holding Company that conceptualized, formulated and implemented Fortis' growth strategy to position it as India's leading Healthcare delivery organization in a short span of almost 13 years. He has over 41 years of rich management experience in the corporate sector.

Mr. Singh is the President, Fortis Healthcare Limited. During his tenure of 13 years with Fortis, he has led the Company's Projects Function, Strategy and Organizational Development Functions and has held the office of the Chief Executive Officer.

Prior to joining Fortis, Mr. Singh was on the Board of Directors of ICI India, a subsidiary of the British



Multinational, Imperial Chemicals Industry plc, as the Executive Director in charge of Human Resources, Manufacturing, External Relations and Communications. Amongst key responsibilities held at ICI India, he was the Chief Executive for Pharmaceuticals, Specialties and Catalyst businesses. He was member of the ICI Global Manufacturing Group, SSHE Excellence Group and the Global HR Forum. 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.

Mr. 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.

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.

Shareholding in the Company: Nil

Original date of appointment: December 24, 2014

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

During the financial year 2015-16 Mr. Daljit Singh has attended all five scheduled Board Meetings.

Mr. Daljit Singh is appointed as Non-Executive Non-Independent Director of the Company.

## 2) Mr. Meghraj Arvindrao Gore

Mr. Raj Gore, aged about 40 years is a seasoned global professional with more than 16 years of versatile experience in business management in North America, Asia, & Africa, with a particular focus on healthcare for the past 12 years.

During his association of 12 years with Fortis, he has been part of the phenomenal growth of Fortis in becoming one of the leading players in India. He has demonstrated effective leadership skills and business acumen through various corporate as well as operational roles with Fortis and has led business transformation & financial turnaround of healthcare companies in India, Mauritius, and Vietnam.

In his previous role as VP - Operations, he was responsible for driving operational excellence and profitability through functions such as Pricing, Sales, Medical Value Travel, Marketing, Process Improvement and various centrally driven strategic initiatives across the network.

Prior to that he played an instrumental role as the Chief Executive Officer in transforming Hoan My Medical Corporation, the largest integrated private hospital chain in Vietnam with 6 hospitals and 1 clinic with more than 1,200 beds serving more than 1.5 million patients in a year.

He is a chemical engineer from India and has MBA & MS in Information Technology degrees from USA.

Mr. Gore is proposed to be appointed as Non-Executive Non-Independent Director.

Shareholding in the Company: Nil

Original date of appointment: May 24, 2016

Mr. Meghraj Arvindrao Gore is not related to any other Director of the Company.

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

**Date : July 19, 2016  
Place : Chennai**

Sd/-  
**Sumit Goel  
Company Secretary**

## Board Report

Dear Members,

Your Directors have pleasure in presenting here the Twenty Fifth 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, 2016.

### 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, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
<b>Continuing Operations</b>				
Operating Income	12,961.35	11,792.57	12,961.35	11,792.57
Other Income	797.86	764.29	772.08	736.41
Exceptional items	–	–	–	–
<b>Total Income</b>	<b>13,759.21</b>	<b>12,556.86</b>	<b>13,733.43</b>	<b>12,528.98</b>
Total Expenditure	12,358.94	11,038.22	12,361.02	11,039.84
<b>Operating Profit</b>	<b>1,400.27</b>	<b>1,518.64</b>	<b>1,372.41</b>	<b>1,489.14</b>
Less: Finance Charges, Depreciation & Amortization	356.12	322.05	356.12	322.05
<b>Profit before Exceptional items and tax</b>	<b>1,044.15</b>	<b>1,196.59</b>	<b>1,016.29</b>	<b>1,167.09</b>
<b>Exceptional items</b>	<b>51.15</b>	–	<b>51.15</b>	–
<b>Profit before tax</b>	<b>993.00</b>	<b>1,196.59</b>	<b>965.14</b>	<b>1,167.09</b>
Less: Tax Expenses	352.03	410.41	343.42	401.14
<b>Net Profit for the year</b>	<b>640.97</b>	<b>786.18</b>	<b>621.72</b>	<b>765.95</b>
Profits/ (losses) attributable to Minority Interest	–	–	–	–
Share in the (Loss)/Profit of Associates	–	–	–	–
<b>Profit for the year</b>	<b>640.97</b>	<b>786.18</b>	<b>621.72</b>	<b>765.95</b>

### 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 2015-16, your company achieved a consolidated income from operations of Rs 129.61 Cr against Rs 117.93 Cr during the last financial year ended March 31, 2015, representing a growth of 10%. Consolidated EBITDA for the year stood at Rs 6.02 Cr compared to Rs 7.54 Cr in the previous year. Profit before exceptional item and tax stood at Rs 10.44 Cr compared to Rs 11.97 Cr in the corresponding period. Consolidated Net profit for the year was Rs 6.41 Cr compared to Rs 7.86 Cr in previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) improved significantly during the current year to Rs 127 lacs from Rs 118 lacs in the previous year. The average length of stay (ALOS) stood at 3.87 days in Financial Year 2016 compared to 3.82 days in Financial Year 2015. 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, 2016. 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 2015-16 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 2015-16 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 Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The said policy is available at [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy\\_material\\_subsidary.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy_material_subsidary.pdf)

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2015-16, the Company has no "material non-listed subsidiary" in terms SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

### **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, 2016
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 1, 2015 to March 31, 2016
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	500,000
5.	Equity shares of ₹ 10/- each (50,000 equity shares of ₹ 10/- each fully paid)	500,000
	Reserves & Surplus	9,761,214
6.	Total Assets	644,882,015
7.	Total Liabilities	644,882,015
8.	Investments	-
9.	Turnover	3,588,000
10.	Profit before Taxation	2,787,013
11.	Provision for Taxation	861,188
12.	Profit after Taxation	1,925,825
13.	Proposed Dividend	-
14.	% of Shareholding	100%
<p><b>For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited</b></p> <p>Sd/- <b>Daljit Singh</b> Chairman</p> <p>Sd/- <b>Raghunath P</b> Whole Time Director</p> <p>Sd/- <b>Akshaya Kumar Singh</b> Chief Financial Officer</p> <p>Sd/- <b>Sumit Goel</b> Company Secretary</p>		

\*As on March 31, 2016, 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 2015-16 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. Deloitte Haskins & Sells, LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company w.e.f. September 23, 2015 for period of 5 years subject to ratification by members at every Annual General Meeting.

Based on the recommendations of the Audit and Risk Management Committee, the Board of Directors of the Company proposes to ratify appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company at the ensuing Annual General Meeting 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 2015-16 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. (6) 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". However the Auditors had made a observation which is self explanatory & doesn't call for any further comments.

## 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 2015-16. Accordingly, Axis Risk Consulting Services Pvt. Ltd was engaged to perform Internal Audit for the Company.

During the period under review no fraud was reported by the above stated Auditors.

## 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, 2016 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, 2016 is available at (<http://www.fortismalar.com/wp-content/uploads/annualreport/ESOP-Disclosure-2015-16.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

The initiatives for Fortis Malar Hospitals Limited are led through the Fortis Charitable Foundation (FCF), its designated CSR vehicle.

## ABOUT FORTIS CHARITABLE FOUNDATION

The Fortis Charitable Foundation (FCF) came into being in the year 2005. Set up by Malvinder Mohan Singh and Shivinder Mohan Singh (The Singh Group), the Foundation is constituted as a trust, with Malvinder Mohan Singh, Shivinder Mohan Singh, Japna Singh and Aditi Singh nominated as the founder trustees.

FCF was established with the intention of supporting preventive and remedial healthcare services to vulnerable sections of society.

Given the scale and complexity of the problem, FCF believes that in order to deliver on this objective, we must work in partnership with like-minded organization, volunteers, contributors and “any” stakeholder willing to help towards addressing the problem. The intention is to seed and support the creation of an ecosystem, working to ensure delivery of sustainable, scalable and high-impact programmes.

The programs are designed under a needs assessment, focusing on areas in which we leverage the Group’s inherent healthcare experience and competencies and deliver the most sustainable impact, and also de-risk the entry and role of the other participants, as well as operate the programmes at a level of efficiency, which minimizes over-head and administrative costs.

Fortis Foundation has 5 primary programs:

UMEED (A Child Centric Program),

AANCHAL (Women’s Health and Well-Being),

SEWA (A Disaster Relief Initiative),

CHHAYA (Supporting Charitable Medical Infrastructure)

SAVERA (Awareness, Communication & Publications) and

SPECIAL LIVES (A program catering to special situations that demand a response)

The contributions of Fortis Malar Hospitals Limited are directed towards the CHHAYA Program.

CHHAYA is a program designed to help, sustain and revive existing charitable healthcare infrastructure. CHHAYA also partners with organizations to conduct health camps and run charitable clinics.

In 2015-16, CHHAYA continued supporting the charitable dispensary in Amritsar, and helped start a new charitable dispensary at the Birla Mandir in Delhi.

Over the last year, the Golden Temple dispensary treated 32,190 patients.

With support from our executing partners, we facilitated the testing and treatment of 71,995 people at health camps over the last year.

In 2015-16, FCF also entered into a partnership with PNB Housing Finance Limited, conducting 3 health camps during the year and treating 374 students and faculty. The health camps included free blood tests, eye tests, dental tests, BMI and general health evaluation for each beneficiary.

For further information on Fortis Charitable Foundation please visit the web site: [www.fortisfoundation.in](http://www.fortisfoundation.in)

Particulars pursuant to Section 134(3)(O) of Companies Act, 2013 read with rule 9 of the Companies (CSR) Rules, 2014 is given in “**Annexure V**”.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Daljit Singh, Chairman of the Board of Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposed his re-appointment to the shareholders of the Company.

The Board of Directors on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Meghraj Arvindrao Gore as an Additional Director (Non- Executive) w.e.f May 24, 2016. Further, it is now proposed to have the appointment of such Director approved by the members, in the ensuing Annual General Meeting.

Brief resume of directors seeking appointment and re-appointment along with other details as stipulated under Regulation 36 of SEBI Listing (Obligation & Disclosure Requirements) Regulation, 2015, are provided in the Corporate Governance Report.

Further, Mr. Karthik Rajagopal, Non-Executive 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 Regulation 16(1)(b) of the SEBI Listing (Obligation & Disclosure Requirements) Regulation, 2015. 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. Akshaya Kumar Singh	Chief Financial Officer	July 26, 2014	NA
3.	Mr. Sumit Goel	Company Secretary	September 5, 2014	NA

During the year 2015-16, 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:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(4) and Schedule II Part D of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, 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.

The following process of evaluation was followed:

S. No.	Process	Remarks
1.	Individual Self- Assessment	Self-evaluation forms were shared and completed by the Directors and submitted to the Chairperson of Nomination and Remuneration Committee.
2.	One to One discussion	An independent Advisor was authorised to interact with each member to assess performance, invite direct feedback and seek inputs to identify opportunities for improvement
3.	Board Evaluation for the Board, Nomination and Remuneration Committee and of Independent Directors	Using the Self-Assessment feedback and output from the one-on-one discussions the formal Board Evaluation Process was conducted. A compilation of the individual self-assessments and one to one discussions were placed at the meeting of the Nomination and Remuneration Committee (NRC), the Independent Director's (ID's) and the Board of Directors (BoD), held on February 1, 2016 for them to review collectively and include as additional feedback to the formal process completed in the meetings.
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation was collated, presented and tabled at a meeting of the Board of Directors. The report also noted best practices in certain areas and considered opportunities for improvement.

**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 2015-16;**

(Amount in ₹)

Name of the Director*	Remuneration of Director	Median Remuneration of employees	Ratio
Mr. Raghunath P.	41,10,344/-	2,30,946/-	18

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

- (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.	Whole-time Director	10
Mr. Akshaya Kumar Singh	Chief Financial Officer	8
Mr. Sumit Goel	Company Secretary	NA

- (c) The percentage increase in the median remuneration of employees in the financial year is 11%;
- (d) The number of permanent employees on the rolls of Company is 542 as on March 31, 2016;
- (e) 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 2015-16
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	8%
(B) Percentile increase in the managerial remuneration	9%
Comparison of (A) and (B)	1%
Justification	To retain the skilled employee on the board and to compete the market standard,
Any exceptional circumstances for increase in the managerial remuneration	N.A.

- (f) 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.	33,48,936	5,52,056	2,09,352	3 Years w.e.f. July 26, 2014	3 Months

- (g) Remuneration has been paid to Directors and KMPs is as per the Remuneration Policy of the Company; and
- (h) 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/shareholdingpatterns2015-2016/Policy-on-Compensation-Benefits.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 SEBI (LODR) Regulation 2015. 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/shareholdingpatterns2015-2016/Policy\\_on\\_Materiality\\_Related\\_Party\\_Transactions.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/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 Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 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 F, Schedule V of SEBI (Listing Obligation and Disclosure Requirements) 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, 2016, 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, 2016 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  
Fortis Malar Healthcare Limited**

**Date : July 19, 2016  
Place: Chennai**

**Sd/-  
Daljit Singh  
Chairman**

**ANNEXURE - I****Form No. MR-3****SECRETARIAL AUDIT REPORT**

[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, 2016

**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). 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 31st March, 2016 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 31st March, 2016 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/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (where the shares of the Companies are listed) and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

1. The company has not filed MGT-14 for the Board Resolution dated April 29, 2015. However the process to file the same has been initiated by the company.

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 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 no specific event/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

for **Mukesh Agarwal & Company**

**Date : 12.07.2016**

**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 2015-16
- b. Diluted EPS in accordance with “AS-20-Earning Per Share” stood at Rs. 3.32

**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	<ul style="list-style-type: none"> <li>• 25% on completion of first year from the date of grant.</li> <li>• 25% on completion of second year from the date of grant.</li> <li>• 25% on completion of third year from the date of grant.</li> <li>• 25% on completion of fourth year from the date of grant.</li> </ul>
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 Rs. 26.20 per share. Accordingly, Exercise Price of the Options granted by NRC at its meeting held on August 21, 2009 was fixed at Rs. 26.20 per equity share having face value of Rs. 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

S.No.	Particulars	Disclosures																					
9 (a)	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	<p>The effect on the profit and earning per share had the fair value method been adopted, is presented below:</p> <p>Profit After Tax (Amount in Rupees)</p> <table border="1"> <tr> <td>As Reported</td> <td colspan="2">621.72 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">621.72 Lacs</td> </tr> <tr> <td>Earnings per share</td> <td>Basic</td> <td>Diluted</td> </tr> <tr> <td>As reported</td> <td>3.34</td> <td>3.32</td> </tr> <tr> <td>As adjusted</td> <td>3.34</td> <td>3.32</td> </tr> </table>	As Reported	621.72 Lacs		Add: Intrinsic Value compensation cost	Nil		Less: Fair Value compensation cost	Nil		Adjusted Profit	621.72 Lacs		Earnings per share	Basic	Diluted	As reported	3.34	3.32	As adjusted	3.34	3.32
As Reported	621.72 Lacs																						
Add: Intrinsic Value compensation cost	Nil																						
Less: Fair Value compensation cost	Nil																						
Adjusted Profit	621.72 Lacs																						
Earnings per share	Basic	Diluted																					
As reported	3.34	3.32																					
As adjusted	3.34	3.32																					
9(b)	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)	NIL																					
10	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	₹ 26.20 Nil																					

ii. **Option Movement during the Financial Year 2015 – 2016**

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	11,250
6	Number of shares arising as a result of exercise of options	11,250
7	Money realized by exercise of options (INR), 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	218750
10	Number of options exercisable at the end of the year	218750

**iii. Employees Details who were granted options during the year**

<b>S. No.</b>	<b>Particulars</b>	<b>Name of Employee</b>	<b>Designation</b>	<b>Number of options granted during the year</b>	<b>Exercise Price</b>
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**

<b>Method used for ESOP</b>	<b>Intrinsic Value Method</b>
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**

**Date : July 19, 2016**  
**Place : Chennai**

Sd/-  
**Daljit Singh**  
Chairman

**ANNEXURE III****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on March 31, 2016

**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 67162222 Fax: 040 23420814 Email: einward.ris@karvy.com Website: www.karvycomputershare.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-entology, Urology, Thoracic Surgery, Plastic surgery, Ortopaedics 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	63.17	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 Limited, Fortis Healthcare Holdings (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, 2015				No. of Shares held as on March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	100	0.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	11752402	-	11752402	63.20	11753102	-	11753102	63.17	(0.03)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>11752402</b>	<b>-</b>	<b>11752402</b>	<b>63.20</b>	<b>11753102</b>	<b>-</b>	<b>11753102</b>	<b>63.17</b>	<b>(0.03)</b>
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)= (A)(1) + (A)(2)</b>	<b>11752402</b>	<b>-</b>	<b>11752402</b>	<b>63.20</b>	<b>11753102</b>	<b>-</b>	<b>11753102</b>	<b>63.17</b>	<b>(0.03)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	50000	54900	104900	0.56	50000	36000	86000	0.46	(0.10)
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	154525	0	154525	0.83	154525	-	154525	0.83	0.83
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>204525</b>	<b>54900</b>	<b>259425</b>	<b>1.40</b>	<b>204525</b>	<b>36000</b>	<b>204525</b>	<b>1.29</b>	<b>(0.10)</b>
2. Non-Institutions									
a) Bodies Corp.	433405	24801	458206	2.46	372926	24701	397627	397627	(0.33)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1744171	1207025	2951196	15.87	1946286	1184111	3130397	16.83	0.95

Category of Shareholders	No. of Shares held as on April 1, 2015				No. of Shares held as on March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1540830	142600	1683430	9.05	1437339	122600	1559939	8.38	(0.67)
c) Others									
Foreign Collaborators	-	-	-	-	-	-	-	-	-
Non Resident Indians	251195	159600	410795	2.21	304162	159600	463762	2.49	0.28
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	20138	-	20138	0.11	1390	-	1390	0.01	(0.10)
Trusts	-	-	-	-	-	-	-	-	-
Directors	905927	-	905927	4.87	905927	-	905927	4.87	-
Directors and their relatives	-	152740	152740	0.82	-	152740	152740	0.82	0
<b>Sub-total (B)(2):-</b>	<b>4895666</b>	<b>1686766</b>	<b>6582432</b>	<b>35.40</b>	<b>4968030</b>	<b>1643752</b>	<b>6611782</b>	<b>35.54</b>	<b>0.14</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5100191</b>	<b>1741666</b>	<b>6841857</b>	<b>36.80</b>	<b>5172555</b>	<b>1679752</b>	<b>6852307</b>	<b>36.83</b>	<b>0.03</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>16852593</b>	<b>1741666</b>	<b>18594259</b>	<b>100</b>	<b>16925757</b>	<b>1679752</b>	<b>18605509</b>	<b>100</b>	-

## (ii) Shareholding of Promoters-

Sl. No.	Shareholder's Name	Shareholding as on April 1, 2015			Shareholding as on March 31, 2016			% 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	63.17	0.00	(0.03)

(iii) Change in Promoters' Shareholding – There is no change in Promoter's Shareholding, however change is percentage is due to ESOP allotment.

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

Sl no	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase / Decrease in share holding	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	Opening Balance	ADURU KRISHNAMURTHY	1683443	9.05	31/03/2015			1683443	9.05
	Closing Balance				31/03/2016			1663943	8.94
2	Opening Balance	RUCKMANI NATARAJAN	546960	2.94	31/03/2015			546960	2.94
	Closing Balance				31/03/2016			546960	2.94
3	Opening Balance	A M GOPALAN	231028	1.24	31/03/2015			231028	1.24
	Closing Balance				31/03/2016			231028	1.24
4	Opening Balance	KUMUNTHA MUNIYANDI	170000	0.91	31/03/2015			170000	0.91
	Closing Balance				31/03/2016			170000	0.91
5	Opening Balance	T SENTHIL KUMARAN	158100	0.85	31/03/2015			158100	0.85
	Sale				24/07/2015	-7500	Transfer	150600	0.81
	Sale				07/08/2015	-16300	Transfer	134300	0.72
	Closing Balance				31/03/2016			134300	0.72
6	Opening Balance	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	154525	0.83	31/03/2015			154525	0.83
	Closing Balance				31/03/2016			154525	0.83
7	Opening Balance	MANISH HASMUKH DOSHI	78000	0.42	31/03/2015			78000	0.42
	Sale				03/07/2015	-5000	Transfer	73000	0.39
	Sale				07/08/2015	-3000	Transfer	70000	0.38
	Sale				28/08/2015	-5000	Transfer	65000	0.35
	Sale				11/09/2015	-1446	Transfer	63554	0.34
	Sale				30/09/2015	-4000	Transfer	59554	0.32
	Sale				02/10/2015	-4000	Transfer	55554	0.30
	Sale				06/11/2015	-55554	Transfer	0	0.00
	Closing Balance				31/03/2016			0	0.00
8	Opening Balance	T SHANMUGAPRIYA	74000	0.40	31/03/2015			74000	0.40
	Sale				24/07/2015	-7500	Transfer	66500	0.36
	Sale				07/08/2015	-6200	Transfer	60300	0.32
	Closing Balance				31/03/2016			60300	0.32
9	Opening Balance	SONAL H.HINDOCHA	60000	0.32	31/03/2015			60000	0.32
	Sale				22/05/2015	-45900	Transfer	14100	0.08
	Sale				06/11/2015	-14100	Transfer	0	0.00
	Closing Balance				31/03/2016			0	0.00
10	Opening Balance	AUGUST TRADING PRIVATE LIMITED	57986	0.31	31/03/2015			57986	0.31
	Closing Balance				31/03/2016			57986	0.31



**(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. Daljit Singh, Chairman (Non-Executive Director)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
2.	Mr. Karthik Rajagopal (Non-Executive Director) (Ceased to be Director w.e.f February 1, 2016)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
3.	Mr. Lakshman Teckchand Nanwani (Non-Executive Independent Director)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
4.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
5.	Dr. Nithya Ramamurthy (Non-Executive Director)	905377	4.87	April 1, 2015	0	Nil movement during the year	905377	4.87
		905377	4.87	March 31, 2016	0		905377	4.87
6.	Mr. Raghunath P., Whole-time Director (also designated as the Key Managerial Personnel on July 26, 2014)	550	0.00	April 1, 2015	0	Nil movement during the year	550	0.00
		550	0.00	March 31, 2016	0		550	0.00
7.	Mr. Rama Krishna Shetty (Non-Executive Independent Director)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
8.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
9.	Mr. Meghraj Arvindrao Gore (Appointed as an Additional Director w.e.f May 24, 2016)	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
10.	Mr. Akshaya Kumar Singh, Chief Financial Officer	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	0	NA	Nil	–
11.	Mr. Sumit Goel, Company Secretary	Nil	–	April 1, 2015	0	NA	Nil	–
		Nil	–	March 31, 2016	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
<b>Indebtedness at the beginning of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>	NIL	NIL	NIL	NIL
* Addition				
* Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

SI no.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount (A) (₹)
		Raghunath P.	
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,10,344	41,10,344
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	<b>Stock Option</b>	NIL	NIL
3	<b>Sweat Equity</b>	NIL	NIL
4	<b>Commission</b> - as % of profit - others, specify	NIL	NIL
5	<b>Others (Leave encashment and other benefits as per the Company's Policy)</b>	NIL	NIL
6	<b>Total</b>	<b>41,10,344</b>	<b>41,10,344</b>
7	<b>Ceiling as per the Act</b>	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	<b>Independent Directors</b>	
	Mr. Lakshman Teckchand Nanwani	3,00,000
	Mr. Murari Pejavar	1,50,000
	Mr. Rama Krishna Shetty	1,50,000
	Mr. Ramesh Lakshman Adige	4,00,000
	<b>Total (1)</b>	<b>10,00,000</b>
2	<b>Other Non-Executive Directors</b>	
	Dr. Nithya Ramamurthy	1,75,000
	<b>Total (2)</b>	<b>1,75,000</b>
	<b>Total (B)=(1+2)</b>	<b>11,75,000</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>52,85,344</b>
	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 2015-16.

**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	<b>Gross salary</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,54,245
	(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
	<b>Total</b>	<b>16,54,245</b>

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 2015-16. Further, there was no penalty, punishment or compounding against any officers' in default.

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

Date : July 19, 2016  
Place : Chennai

Sd/-  
**Daljit Singh**  
Chairman

**ANNEXURE – IV****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as per Section 134(3)(m) read with Companies and forming part of the Directors' Report for the year ended March 31, 2016 the Companies (Accounts) Rules, 2014.

**A. Conservation of Energy**

- a) Energy conservation measures taken:

65% of total power consumption at your Company is drawn from wind energy which is a renewable source of energy.

Due to increase in the load, we have strengthened the Rising Main which resulted in better distribution of power  
Installation of energy efficient LED light fittings

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

**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 has purchased High end Cath Lab during the year. During the year your Company has also successfully implemented the F1 Project (Oracle ERP)

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

High resolution quality picture for better analysis of the cardiac cases which will result in patient satisfaction

Oracle ERP facilitates for various MIS report, which would help us for direct data integration and analysis.

**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: ₹ 744.69 Lacs

(ii) Expenditure: CIF Value of Imports ₹ 96.21 Lacs

Others ₹ 83.17 Lacs

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

Sd/-  
**Daljit Singh**  
Chairman

Date : July 19, 2016

Place : Chennai

**Annexure V to the Directors' Report**  
**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 spirit 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 requirement.

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](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 mandate of the committee is available on the Company's website at [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/CSR\\_Committee\\_Mandate.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/CSR_Committee_Mandate.pdf).

The composition of the CSR committee as on March 31, 2016 was as follows:

- i. Mr. Daljit Singh
- ii. Mr. L T Nanwani
- iii. Ms. Nithiya Ramamurthy

**3. Average Net profits of the Company/ s for last three financial years: Rs. 1,367.86 Lacs**

4. Prescribed CSR spend : **Rs. 27.36 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 – through surgeries 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 Support to charitable clinics & support health camps	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 data 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

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) :

**Chart I: CSR spend measured under Section 135 of the Act (FY 2015-16)**

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

(Amount is Rupees lacs)

1	2	3	4		5	6	7	8
S No.	CSR Project or activity identified	Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)	Projects or program Local Area or other Specify the State and District where projects and programs were 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 the Reporting Period	Amount spent : Direct or through implementing agency
1.	Chhaya	i, iii & x	Fortis Malar Hospital Ltd	Pan India	27.39	27.39	28.57	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation and Direct

The delta between amounts reflected in column 5 & 6 reflects amounts committed against actual spend. Activities during the FY 2015-16 focused on Policy Development, Needs Assessment, Program Designed 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 2016-17. 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 Rupees lacs)

S. No	CSR Project or activity identified	Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)	Projects or program Local Area or other Specify the State and District where projects and programs were 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 the Reporting Period	Amount Spent: Direct or through implementing agency
1	Chhaya	i, ii	Fortis Malar Hospital Ltd	Pan India	141.66	141.66	141.66	Direct / FCF
2	Special Lives		Fortis Malar Hospital Ltd	Haryana, Maharashtra	26.12	26.12	26.12	Direct / FCF
			Fortis Malar Hospital Ltd	Tamilnadu	6.97	6.97	6.97	Direct / FCF
3	Chhaya	i, iii & x	Fortis Malar Hospitals Ltd (Subsidiary)	Pan India	–	–	3.00	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.

For the financial year 2015-16, the company has contributed the specified amounts as required under Section 135 of the Companies Act, 2013 through a designated vehicle viz. Fortis Charitable Foundation.

For & on behalf of Board of Directors

Date : July 19, 2016  
Place : Chennai

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, 2016, 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, 2016, 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 Deposit	One year	ICD of ₹ 617,933,577 @ 10%	September 5, 2014	100%

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

Date : July 19, 2016  
Place : Chennai

Sd/-  
**Daljit Singh**  
Chairman

# Management Discussion and Analysis Report

## Indian Healthcare Sector: An Overview

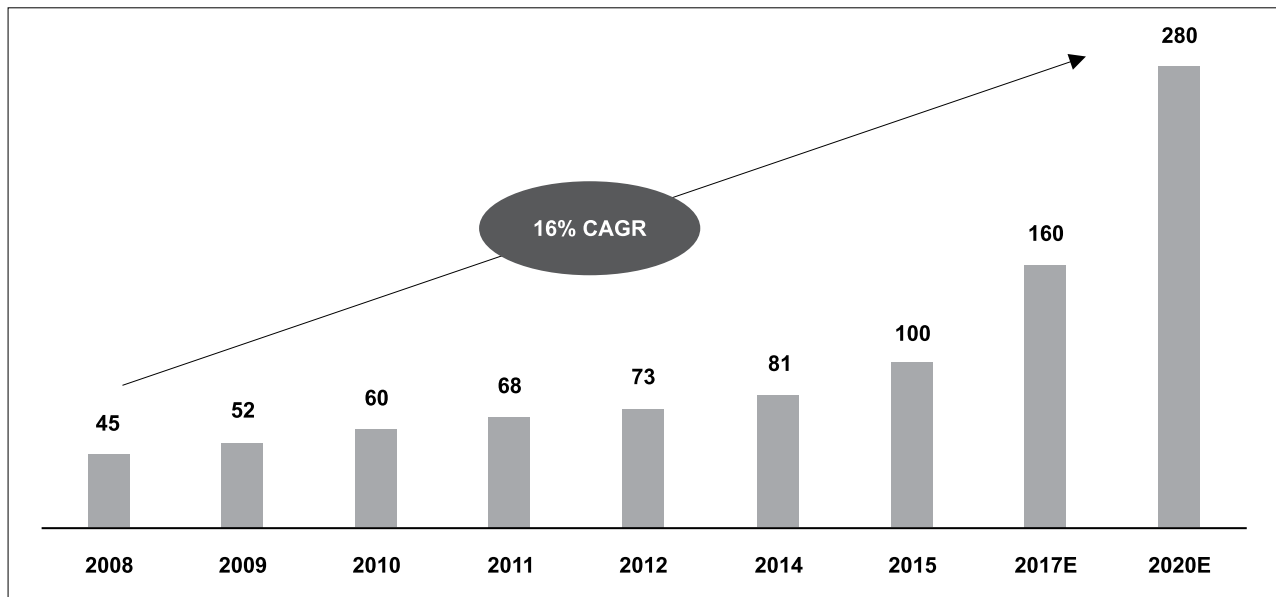
India has come a long way in the last six decades since independence, especially in terms of improving the health of its citizens. The life expectancy at birth has risen more than two fold to 66 years over the past three decades.

While the government has taken significant measures to improve access to quality care, the sector has seen the emergence of private players due to the growing healthcare needs of the population, with an inflow of both domestic and foreign investments. Over the last few years, the private sector has seen the emergence of innovative delivery models, helping improve access to healthcare not only in metro cities, but also in smaller towns.

### Market Size

The Indian healthcare market is expected to grow at a CAGR of ~16% from USD 100 billion in 2015 to reach to USD 280 Billion by 2020 (Source: IBEF). This would translate to an expected increase from 4% of GDP currently to approximately 5% of GDP by 2020, on healthcare spend in India. The growth in population, increase in lifestyle related diseases, rising purchasing power of the middle class and higher awareness of chronic illnesses along with a huge opportunity in medical tourism will be the key growth drivers for the sector.

**Chart: Indian Healthcare Market to grow at a CAGR of 16%**



Source: IBEF

The Indian healthcare sector is growing at a brisk pace due to strengthening of coverage, more services and increase in expenditure by public as well as private players. The Indian healthcare delivery system is categorised into two major components - public and private. The Government, i.e. the public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centers (PHCs) in rural areas. The private sector provides the majority of secondary, tertiary and quaternary care institutions with a major concentration in the metros, tier I and tier II cities. The corporate hospital chains have been playing a key role in driving expansion and growth in the industry.

There is a significant scope for further enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. Rural India, which accounts for over 70% of the population, is set to emerge as a potential demand source.

A total of 3,598 hospitals and 25,723 dispensaries across the country offer AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy) treatment, thus ensuring availability of alternative medicine and treatment to the people.

Several public health insurance systems exist, such as state-level employee insurance for industrial workers and the central government's healthcare plan for civil servants. Some 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.

Furthermore, shortage of qualified medical professionals is another key challenge in the Indian health care industry. India's current ratio of 0.7 doctors and 1.5 nurses per 1,000 people is dramatically lower than the WHO average of 2.5 doctors and nurses per 1,000 people. Also, there is an acute shortage of paramedical and administrative professionals. A majority of the medical professionals are in the urban areas, with only 30% of India's population. Many patients, especially those living in rural and semi urban areas, are still receiving services from unqualified practitioners. According to an internal estimate, the industry needs an additional 1.54 million doctors and 2.4 million nurses to match the global average.

**KEY GROWTH DRIVERS**

**India's favorable demographics and rising population**

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 proportion of geriatric population (60 years and above) is increasing at a faster rate than the rest of the population. This increase in geriatric population is expected to boost demand for the healthcare and related services significantly.

In addition to rising population, the no of middle/upper income households are expected to increased 4x over 2010-2020, as per McKinsey Global Institute (MGI). This will shift consumption from necessities to needs such as healthcare.

**Lifestyle related diseases and growing awareness to increase hospitalization**

Though India has managed to control communicable diseases like polio, malaria and cholera, the country is now dealing with lifestyle related diseases which are on the rise.

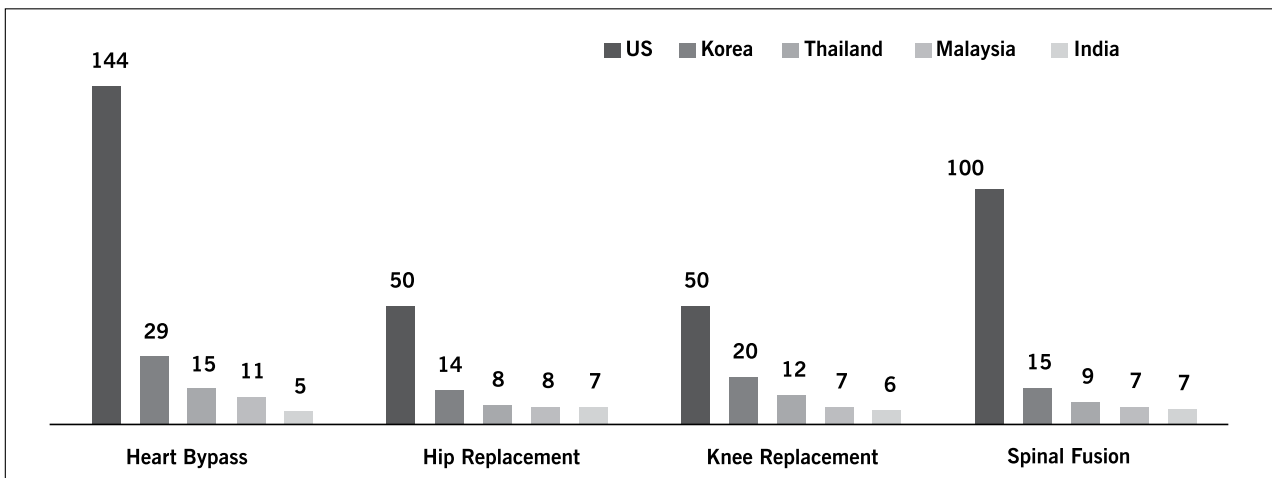
Increased incidence of heart disease, obesity and diabetes have also contributed to rising healthcare spending by individuals. Growing health awareness and precautionary treatments coupled with improved diagnostics are resulting in increased hospitalization. India is expected to witness 18%, 16% and 19% CAGR over 2008-18 in Cardiac, Oncology and Diabetes related hospitalisations, respectively. (Source: IBEF)

**Medical Tourism to witness significant traction**

Comparing various developing countries of the world, India is well positioned as a preferred destination for medical tourism due to the presence of world class hospitals and medical professionals. Further, superior quality healthcare, excellent clinical outcomes comparable with global benchmarks, coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism which has, in turn, enhanced the prospects of the Indian healthcare market.

Analysing the cost of treatment for major surgeries across various countries, Indian costs approximate 10% - 20% of that in developed countries.

**Cost of various surgeries in different countries (in USD '000)**



Source: IBEF

India also attracts medical tourists from developing nations due to lack of advanced medical facilities in many of these countries. The Medical tourism market was estimated to be around USD 3 Billion in 2015 and is expected to reach USD 8 Billion in 2020. Medical tourism to India is growing at a CAGR of 20% and the Inflow of medical tourists would have crossed 3.2 million by 2015 as compared to 0.85 million in 2012.

### **Health Insurance poised to grow - positive for healthcare delivery providers**

Over the last few years, India has witnessed considerable progress in the overall healthcare ecosystem, including healthcare delivery and insurance. However, India still trails in its health coverage when compared to other developed and developing countries. Less than 15-20% of the Indian population is covered through health insurance. Increasing healthcare cost and the burden of new diseases along with low government funding is raising the demand for health insurance coverage. Many companies offer health insurance coverage to employees, driving the market penetration of insurance players. In 2015, spending through health insurance was estimated at 8.4% of total health spending, up from 6.4 per cent in 2009-10. The share of population having medical insurance is likely to rise to more than 20-25% in the next 2-3 years.

### **Outlook**

For any country, a strong healthcare system is an important milestone for its growth journey from a developing to a developed nation. Though India has witnessed significant turnaround in the last 2 decades, it still faces many challenges. With the increase in disease burden, the healthcare sector in the country needs an enlightened policy framework and infrastructure impetus.

Investments from private players have helped enhance healthcare delivery and are also expected to increase bed capacity in the near future. It is, therefore, important for the government and private players to join hands to ink the future of India's healthcare sector.

The country still faces a shortage of hospitals, doctors, specialists and paramedical staff. The education sector has not kept pace with rapid technological developments in the medical field and quality issues exist in both the public as well as private sectors. It should be noted that the healthcare sector impacts the country's GDP through various routes. It is also one of the largest sectors in India in terms of employment generation. If appropriate investments are made in areas, such as healthcare delivery and education, they are expected to further increase the employment rate and positively impact the country's GDP. All in all, investment and focus on healthcare is expected to be the harbinger for a healthy India.

### **The Company**

Fortis Malar Hospital, formerly known as Malar Hospital, is one of the distinguished multi super-specialty corporate hospitals in Chennai providing comprehensive medical care in areas of cardiology, cardio-thoracic surgery, neurology, neurosurgery, orthopedics, nephrology, gynecology, gastroenterology, urology, pediatrics, diabetics and so on.

Established in 1992, Malar Hospital, over the years became a household name for tertiary care hospital services in Chennai. In late 2007, Fortis Healthcare – India's fastest growing hospital network, led by the vision of the late Dr. Parvinder Singh to create an integrated healthcare delivery system in India, acquired a majority stake in Malar Hospital Limited. Thus, paving the way for superlative healthcare services.

Today, Fortis Malar Hospital has a vast pool of talented and experienced doctors, who are further supported by a team of highly qualified, experienced & dedicated support staff & cutting edge technology. The hospital has an infrastructure comprising of around **180 beds** including about 60 ICU beds, 4 Operation theaters, state-of-the-art digital flat panel Cath lab, an ultra-modern dialysis unit besides a host of other world-class facilities.

### **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 employees undergo an induction which enables them to understand and "live the values" of the company. Fortis Malar has a robust performance management system which helps in identifying talent, gives them appropriate opportunities and rewards performance. The company has a focused training and development program that plays a key role in ensuring that staff continue to perform at the high standards expected of them and that they are well prepared to take on greater challenges

The number of employees stood at 542 as on 31st March, 2016

### **OPERATIONAL AND FINANCIAL PERFORMANCE**

Your company achieved a consolidated income from operations of Rs 129.61 Crores against Rs 117.93 Crores during the last financial year ended 31st March, 2015, representing a growth of 10%. The Profit before exceptional and extra-ordinary items and tax for the period stood at Rs 10.44 Crores as against Rs 11.97 Crores during the corresponding period. Profits after tax stood at Rs 6.41 Crores in the current financial year compared to Rs 7.86 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 Rs 127 lakhs from Rs 118 lakhs in the previous year. The average length of stay (ALOS) stood at 3.87 days in FY2016 compared to 3.82 days in FY2015. Occupancy of the hospital during the year was at 60%, similar to that of the previous year.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your company continues to follow a strong internal control program that aims at safeguarding funds, provides efficient and effective management of assets and ensures accurate financial reporting. For all critical activities of the company, Standard Operating Procedures are in place that ensure oversight in connection with authorizations and reconciliations, review of employee performance, security of assets, and segregation of duties. The company has a dedicated independent team of internal auditors who review the entire operations of the company and submit their findings to the Audit Committee with suggestions for improvements on a quarterly basis. The audit committee takes note of the same and guides the management in the implementation of suggestions. The internal auditors also review the implementation and confirm to the audit committee on appropriateness of implementation.

#### **CAUTIONARY STATEMENT**

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

#### **References**

1. IBEF, Healthcare Update, January 2016
2. 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.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

## 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 March 31, 2016, the Board comprises of 7 (Seven) Directors, of whom, 1(One) is an Executive Director and 6 (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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Other details relating to the Directors as on March 31, 2016 are as follows:

S. no.	Name of Director	Category	Directorships held in other companies <sup>1</sup>	Committees Membership in Other Companies <sup>2</sup>	Chairmanship in committees of other Companies <sup>2</sup>
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Director	6	1	–
2	Mr. Karthik Rajagopal <sup>3</sup> DIN – 06652382	Non-Executive Non-Independent Director	–	–	–
3	Mr. Lakshman Teckchand Nanwani DIN – 00076536	Non-Executive Independent Director	4	0	0
4	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	0	0	0
5	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	9	0	0
6	Mr. Raghunath P. DIN – 06929117	Whole-time Director	1	0	0
7	Mr. Rama Krishna Shetty DIN – 01521858	Non-Executive Independent Director	9	9	2
8	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	1	1	–
9	Mr Meghraj Arvindrao Gore <sup>4</sup> DIN- 07505123	Non-Executive Non-Independent Director	1	0	0

<sup>1</sup> The Directorships held by Directors as mentioned above, do not include directorships in Private Companies Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013. (excluding Fortis Malar Healthcare Limited)

<sup>2</sup> In accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, 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.

<sup>3</sup> Resigned w.e.f. February 1, 2016.

<sup>4</sup> Appointed w.e.f. May 24, 2016.

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 Regulation 16 (1)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The maximum tenure of Independent Directors is determined in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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. [http://www.fortismalar.com/wp-content/uploads/Investor%20Grievance%20Contacts/Template\\_for\\_appointment\\_of\\_Non\\_Executive\\_Directors%20\(3\).pdf](http://www.fortismalar.com/wp-content/uploads/Investor%20Grievance%20Contacts/Template_for_appointment_of_Non_Executive_Directors%20(3).pdf).

Further, in compliance with Regulation 25(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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/2016/04/Familiarisation-Program.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.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee appointed Mr Meghraj Arvindrao Gore as an Additional Director (liable to retire by rotation) with effect from May 24, 2016.

Further, Mr Karthik Rajagopal has resigned during the period under review.

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

As required under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the information or details pertaining to the Directors seeking appointment/ re-appointment in the ensuing Annual General Meeting are furnished below:

- (a)** Mr. Daljit Singh, a Non-Executive (Non-Independent) Director, aged 63 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, 2016, 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.	Fortis Hospitals Limited – Director	–
5.	Navkar Centre For Skills Private Limited – Director	–
6.	Fortis La Femme Limited – Director	–
7.	Fortis Emergency Services Limited – Director	–
8.	Healthfore Technologies Limited- Director	–
9.	Dion Global Solutions Limited- Director	Nomination and Remuneration Committee
10.	Birdie & Birdie Realtors Private Limited – Director	–
11.	Fortis CSR Foundation – Director	–
12.	Fortis Healthcare International Limited – Director	–
13.	The Lanka Hospitals Corporation Plc – Director	–

- (b) Mr. Meghraj Arvindrao Gore, a Non-Executive (Non-Independent) Director, aged 40 years is a seasoned global professional with more than 16 years of versatile experience in business management in North America, Asia, & Africa, with a particular focus on healthcare for the past 12 years.

During his association of 12 years with Fortis, he has been part of the phenomenal growth of Fortis in becoming one of the leading players in India. He has demonstrated effective leadership skills and business acumen through various corporate as well as operational roles with Fortis Healthcare and has led business transformation & financial turnaround of healthcare companies in India, Mauritius, and Vietnam.

In his previous role as VP - Operations, he was responsible for driving operational excellence and profitability through functions such as Pricing, Sales, Medical Value Travel, Marketing, Process Improvement and various centrally driven strategic initiatives across the network.

Prior to that he played an instrumental role as the Chief Executive Officer in transforming Hoan My Medical Corporation, the largest integrated private hospital chain in Vietnam with 6 hospitals and 1 clinic with more than 1,200 beds serving more than 1.5 million patients in a year.

He is a chemical engineer from India and has MBA & MS in Information Technology degrees from USA.

Mr. Meghraj Arvindrao Gore is not related to any other Director of the Company.

As on March 31, 2016, no equity shares of the company or other convertible instrument(s), if any are held by him in the Company.

Mr. Meghraj Gore is a Director in Hiranandani Healthcare Private Limited and not a member of any Committee.

#### **Board Functioning & Procedure**

At Fortis Malar Hospitals Limited, Board plays a pivotal role in ensuring good governance. In accordance with Regulation 17(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board meets at least four times a year, with a maximum time gap of one hundred and twenty days between any two

consecutive meetings. 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, 2016, Five Board Meetings were held on:

(i) April 29, 2015 (ii) July 30, 2015 (iii) September 23, 2015 (iv) October 31, 2015 and (v) February 1, 2016.

The last Annual General Meeting of the Company was held on September 23, 2015.

The attendance of each Director at the Board Meetings held during the year ended March 31, 2016 and at the last Annual General Meeting (AGM) is as under: -

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Daljit Singh <sup>1</sup>	5	Yes
Mr. Karthik Rajagopal <sup>2</sup>	0	No
Mr. Lakshman Teckchand Nanwani	5	Yes
Mr. Murari Pejavar	3	No
Dr. Nithya Ramamurthy	4	Yes
Mr. Raghunath P	5	Yes
Mr. Rama Krishna Shetty	3	Yes
Mr. Ramesh Lakshman Adige	5	Yes
Mr Meghraj Arvind Rao Gore <sup>3</sup>	-	-

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

As required under Schedule II- Part A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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.

<sup>1</sup> Mr. Daljit attended Board Meeting through audio visual means which was held on February 1, 2016, but he was not counted for the purpose of quorum for this meeting.

<sup>2</sup> Mr Karthik Rajagopal resigned with effect from February 1, 2016.

<sup>3</sup> Mr Meghraj Arindrao Gore was appointed with effect May 24, 2016.

- 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 Regulation 26 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2015-16. 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 provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 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 SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, 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<sup>4</sup>

As on March 31, 2016, 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	Member	Non-Executive Director
3	Mr. Lakshman Teckchand Nanwani	Member	Non-Executive Independent 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 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, 2016, four Audit and Risk Management Committee meetings were held on (i) April 29, 2015 (ii) July 30, 2015 (iii) October 31, 2015 and (iv) February 1, 2016.

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. Daljit Singh	4*
3	Mr. Lakshman Teckchand Nanwani	4
4	Mr. Murari Pejavar	3
5	Mr. Rama Krishna Shetty	2

\* Mr. Daljit Singh attended one meeting through video conferencing and not counted for the purpose of quorum.

#### **NOMINATION AND REMUNERATION COMMITTEE**

##### Composition of the Committee

As on March 31, 2016, the Nomination and Remuneration Committee comprised of the following members:-

Sr. No.	Name of Members	Designation	Category
1	Mr. Lakshman Teckchand Nanwani	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Director
3	Mr. Ramesh Lakshman Adige	Member	Non-Executive Independent Director
4	Mr. Rama Krishna Shetty	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 every Director's performance;
- 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.

##### Meetings and Attendance

During the financial year ended March 31, 2016, two meetings of the Nomination and Remuneration Committee were held on (i) April 29, 2015 and (ii) February 1, 2016.

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. Ramesh Lakshman Adige	2
2	Mr. Rama Krishna Shetty	1
3	Mr. Lakshman Teckchand Nanwani, Chairman	2
4	Mr. Daljit Singh	2*

\* Mr Daljit Singh participated in the Committee meeting scheduled on February 1, 2016 through video conferencing

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

### 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" which is available at company website on [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Governance\\_Document.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Governance_Document.pdf). 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, 2016 are as under:

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. Raghunath P.	33,48,936	5,52,056	2,09,352	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 2,09,352 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, 2016, Mr. Raghunath P. holds 550 equity shares in the Company.
- 6) No Stock options have been granted to Mr. Raghunath P. Further, Executive Directors 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.

The sitting fees paid to the Non-Executive Directors for the financial year ended March 31, 2016 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, 2016
Mr. Daljit Singh	–	–
Mr. Lakshman Teckchand Nanwani	300,000	–
Mr. Murari Pejavar	150,000	–
Dr. Nithya Ramamurthy	175,000	905377
Mr. Rama Krishna Shetty	150,000	–
Mr. Ramesh Lakshman Adige	400,000	–

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<sup>7</sup>**

As on March 31, 2016, 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	Member	Non-Executive Director
3	Dr. Nithya Ramamurthy	Member	Non-Executive Director
4	Mr. Raghunath P.	Member	Executive Director (Whole-time Director)

The Company Secretary acts as the Secretary of the Committee.

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.
- 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 2015-16**

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 29, 2015 (ii) July 30, 2015 (iii) October 31, 2015 and (iv) February 1, 2016.

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. Daljit Singh	4*
3	Dr. Nithya Ramamurthy	3
4	Mr. Raghunath P.	4

\* Mr. Daljit Singh attended the meeting held on February 1, 2016 through video conferencing.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### Composition of the Committee

The Committee as on March 31, 2016 comprised of the following members, namely:-

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.
- 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](http://www.fortismalar.com), for reference.

There was no Corporate Social Responsibility Committee Meeting held during the period under review.

#### **INDEPENDENT DIRECTORS MEETING**

Besides the Committees mentioned above, one meeting of Independent Directors of the Company was held on February 1, 2016 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 2016-16, the Company has no “material non-listed subsidiary” in terms of the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

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](http://www.fortismalar.com) and the web link of the same is [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy\\_material\\_subsidary.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy_material_subsidary.pdf)

#### **5. WHOLE TIME DIRECTOR / CHIEF FINANCIAL OFFICER CERTIFICATION**

The Whole-time Director and Chief Financial Officer Certification as stipulated in Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board along with financial statements for the year ended March 31, 2016. 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: -

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Address</b>	<b>Special resolution passed</b>
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
2014-15	September 23, 2015	10:00 A.M.	PHD Chamber of Commerce and Industry, 4/2, Institutional Area, August Kranti Marg, New Delhi- 110016	–

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 the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 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](http://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 SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, 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/shareholdingpatterns2015-2016/Policy\\_on\\_Materiality\\_Related\\_Party\\_Transactions.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/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 <http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy-Code-of-conduct-for-prevention-of-Insider-Trading.pdf>.

### 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 behavior, 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 the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The same is available at the website of the Company at [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Whistle\\_Blower\\_Policy.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Whistle_Blower_Policy.pdf).

## 8. MEANS OF COMMUNICATION

- (a) Results: The financial results are generally published in Business Standard (English – all India editions) and also in Jansatta (Hindi).
- (b) Website: The financial results including quarterly and half yearly financial results are hosted on the Company's website viz. [www.fortismalar.com](http://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](mailto:einward.ris@karvy.com) or to the Company at [secretarial.malar@malarhospitals.in](mailto:secretarial.malar@malarhospitals.in).

## 9. GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting

(Day, Date, Time and Venue)  
 Tuesday, September 27, 2016 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

Financial Calendar 2016-2017 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2016	August 14, 2016
2.	Financial Reporting for the quarter ending September 30, 2016	November 14, 2016*
3.	Financial Reporting for the quarter ending December 31, 2016	February 14, 2017
4.	Financial Reporting for the quarter ending March 31, 2017	May 30, 2017
5.	Annual General Meeting for the year ending March 31, 2017	On a before September 30, 2017

\* As may be extended by Regulator.

### iii. Date of Book Closure

Tuesday, September 20, 2016 to Tuesday, September 27, 2016 (both days inclusive) for payment of Dividend and Annual General Meeting.

### iv. Dividend payment date

The Dividend payment will be done within 30 days from the date of declaration which is Tuesday, September 27, 2016.

### v. 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.

### vi. Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

### vii. Market Price Data

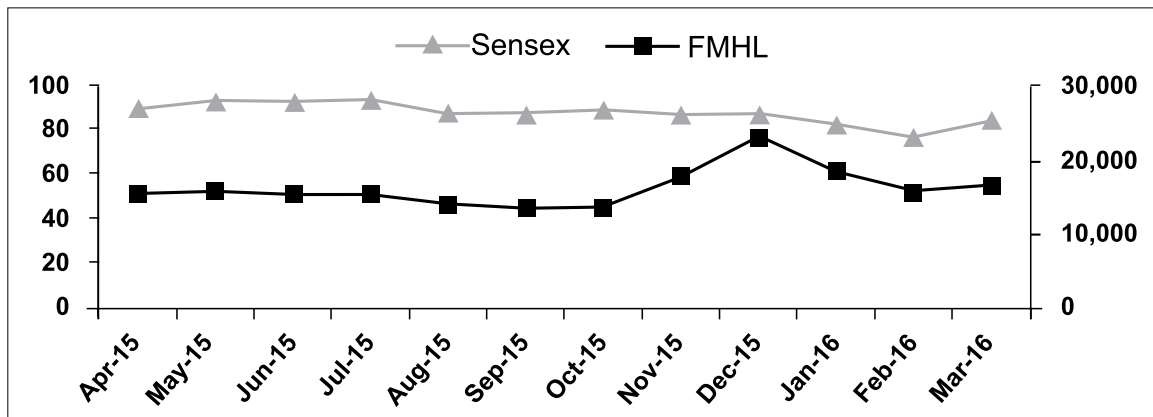
The Equity shares of the Company are listed on BSE Limited.

Monthly High and Low Quotations of Shares traded on BSE

Month	Share Price (Rs.) at BSE	
	High	Low
Apr-15	66.75	50.00
May-15	58.65	50.10
Jun-15	53.90	46.25
Jul-15	59.35	48.50
Aug-15	55.50	36.55
Sep-15	47.85	38.05
Oct-15	48.00	42.40
Nov-15	60.00	47.15
Dec-15	85.80	56.60
Jan-16	79.25	58.00
Feb-16	65.00	45.00
Mar-16	58.35	51.05

**Performance in comparison to broad based indices (BSE Sensex)**

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



viii. Details of commodity price risk or foreign exchange risk and hedging activities (commodity or otherwise) during financial year under review are provided in notes to accounts.

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 67162222  
 Fax No.- + 91 40 23420814  
 E-mail: einward.ris@karvy.com  
 Website: www.karvycomputershare.com

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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

xi. **Distribution of Shareholding as on March 31, 2016**

S.No	Category	No. of Holders	% To Holders	% To Equity
1	1 - 5000	18715	94.45	8.10
2	5001 - 10000	577	2.91	2.71
3	10001 - 20000	218	1.10	1.85
4	20001 - 30000	96	0.48	1.35
5	30001 - 40000	39	0.20	0.74
6	40001 - 50000	50	0.25	1.32
7	50001 - 100000	59	0.30	2.55
8	100001 and above	61	0.31	81.38
	<b>TOTAL</b>	<b>19815</b>	<b>100.00</b>	<b>100.00</b>

**xii. Shareholding Pattern of Equity Shares as on March 31, 2016**

S.No.	Category	Number of Shareholders	No. of Shares held	% of Share holding
A.	<b>Promoters and Promoter Group</b>	9	11753202	63.17
B.	<b>Public Shareholding</b>			
1	Banks /Financial Institutions	–	–	
2	UTI, Mutual Funds	4	86000	0.46
3	Foreign Institutional Investors/Foreign Bodies/ Foreign Collaborations/Foreign National	1	154525	0.83
4	Bodies Corporate	168	397627	2.14
5	Non-Resident Indians	117	46376	2.49
6	Indian Public	19516	5750393	30.91
	<b>Total</b>	<b>19815</b>	<b>18605509</b>	<b>100.00</b>

**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, 2016, 16925757 Equity shares representing 90.97% 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 2015-16 is given below:

Particulars		BSE	Total
Average Shares Traded	Share (Nos.)	21,674	21,674
Average Annual Turnover	Value (In Crores)	0.13	0.13

[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 March 31, 2016 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, Seelingampally Mandal  
 Hyderabad-500032  
 Phone No. - +91 40 67162222  
 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.

**xviii. 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.

**xix. 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 2015-16, 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, 2016 has been filed with the Stock Exchange within one month of end of the respective quarter.

**xx. Demat Suspense Account suspense account**

The Company has opened a Demat Suspense Account - "Fortis Malar Hospitals Limited - Unclaimed Shares Demat Suspense Account" and other information as required under amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 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, 2016: 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.

- xxi. During the period under review, the securities of the Company has not been suspended from trading.





**10. DISCRETIONARY REQUIREMENT AS SPECIFIED IN PART E SCHEDULE II**

**A. 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 Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

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, 2016.

Date: July 19, 2016  
Place: Chennai

Sd/-  
**Raghunath P.**  
**Whole-time Director**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members  
**FORTIS MALAR HOSPITALS LIMITED**

We have examined the compliance of regulations of Corporate Governance by Fortis Malar Hospitals Limited for the year ended March 31, 2016, as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations 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 the best of our information and according to the explanations given to us, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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  
Firm Registration No.: P2001DE052900

Date: July 18, 2016  
Place: New Delhi

Sd/-  
**Sanjay Grover**  
**Managing Partner**  
**C.P No. 3850**

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# Independent Auditor's Report

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## To the Members of Fortis Malar Hospitals Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **FORTIS MALAR HOSPITALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 aforesaid 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 31 March 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. 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 purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the 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 prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Chennai, 24 May, 2016  
PS/EKP&MS/2016

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

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

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

We have audited the internal financial controls over financial reporting of **FORTIS MALAR HOSPITALS LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chennai, 24 May, 2016  
PS/EKP&MS/2016

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

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

**(i) In respect of its fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The inventories were physically verified during the year by the Management at reasonable intervals. Discrepancies noticed on physical verification during the year have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has granted an unsecured Inter Corporate Deposit to a Company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company’s interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, which have not been deposited as on 31 March 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (AY)	Amount Involved (in Rs.)	Amount Unpaid (in Rs.)
Income Tax Act, 1961	Income Tax	Hon’ble Madras High Court	2009-2010	2,267,402	2,267,402

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Chennai, 24 May, 2016  
PS/EKP&MS/2016

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)



## Balance Sheet as at March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	186,207,590	186,095,090
(b) Reserves and Surplus	4	769,600,030	718,474,715
		<b>955,807,620</b>	<b>904,569,805</b>
<b>2. Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	5	3,307,207	2,264,966
		<b>3,307,207</b>	<b>2,264,966</b>
<b>3. Current liabilities</b>			
(a) Trade Payables	6		
(i) total outstanding dues of micro enterprises and small enterprises		343,000	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		206,769,489	127,720,958
(b) Other Current Liabilities	7	102,272,480	50,042,439
(c) Short-Term Provisions	8	18,155,456	14,805,524
		<b>327,540,425</b>	<b>192,568,921</b>
<b>TOTAL</b>		<b>1,286,655,252</b>	<b>1,099,403,692</b>
<b>B. Assets</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9A	214,042,456	175,601,973
(ii) Intangible Assets	9B	30,980,285	1,470,804
(iii) Capital Work-In-Progress		3,595,516	6,422,636
(b) Non-Current Investments	10	500,000	500,000
(c) Long Term Loans and Advances	11	14,178,631	4,140,110
		<b>263,296,888</b>	<b>188,135,523</b>
<b>2. Current assets</b>			
(a) Inventories	12	26,114,509	10,021,258
(b) Trade Receivables	13	60,205,634	42,133,983
(c) Cash and Bank Balances	14	250,837,879	183,108,232
(d) Short-Term Loans and Advances	15	627,305,612	627,505,549
(d) Other Current Assets	16	58,894,730	48,499,147
		<b>1,023,358,364</b>	<b>911,268,169</b>
<b>TOTAL</b>		<b>1,286,655,252</b>	<b>1,099,403,692</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Daljit Singh**  
 Chairman  
 DIN- 00135414  
 Chennai  
 May 24, 2016

**Raghunath P**  
 Whole Time Director  
 DIN- 06929117  
 Chennai  
 May 24, 2016

**Sriraman Parthasarathy**  
 Partner  
 Membership No: 206834  
 Chennai  
 May 24, 2016

**Akshaya Kumar Singh**  
 Chief Financial Officer  
 216651  
 Chennai  
 May 24, 2016

**Sumit Goel**  
 Company Secretary  
 F6661  
 Chennai  
 May 24, 2016

## Statement of Profit and Loss for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I. Income</b>			
(a) Revenue From Operations	17	1,296,135,107	1,179,256,828
<b>Total (I)</b>		<b>1,296,135,107</b>	<b>1,179,256,828</b>
<b>II. Expenditure</b>			
(a) Purchase of Medical Consumables and Drugs	18	285,307,577	282,864,035
(b) Changes in Inventories of Medical Consumables and Drugs	19	(16,093,251)	(7,328,655)
(c) Employee Benefits Expense	20	175,591,498	154,741,923
(d) Other Expenses	21	791,296,179	673,706,377
<b>Total (II)</b>		<b>1,236,102,003</b>	<b>1,103,983,680</b>
<b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) - (II)</b>		<b>60,033,104</b>	<b>75,273,148</b>
(a) Finance Costs	22	4,033,597	5,087,692
(b) Depreciation and Amortisation Expense	9A & 9B	31,577,976	27,117,598
(c) Interest Income	23	(77,207,545)	(73,640,823)
<b>IV. Profit before Exceptional Items and Tax</b>		<b>101,629,076</b>	<b>116,708,681</b>
<b>V. Less: Exceptional Item</b>	24	5,115,031	–
<b>VI. Profit Before Tax</b>		<b>96,514,045</b>	<b>116,708,681</b>
<b>VII. Tax expense</b>			
(a) Current Tax		33,300,000	43,648,921
(b) Deferred Tax		1,042,241	(3,534,843)
Net Tax Expense		34,342,241	40,114,078
<b>VIII. Profit for the Year</b>		<b>62,171,804</b>	<b>76,594,603</b>
<b>Earnings per share</b>	31		
– Basic [Nominal value of shares Rs. 10/- each]		3.34	4.12
– Diluted [Nominal value of shares Rs. 10/- each]		3.32	4.10

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Daljit Singh**  
 Chairman  
 DIN- 00135414  
 Chennai  
 May 24, 2016

**Raghunath P**  
 Whole Time Director  
 DIN- 06929117  
 Chennai  
 May 24, 2016

**Sriraman Parthasarathy**  
 Partner  
 Membership No: 206834  
 Chennai  
 May 24, 2016

**Akshaya Kumar Singh**  
 Chief Financial Officer  
 216651  
 Chennai  
 May 24, 2016

**Sumit Goel**  
 Company Secretary  
 F6661  
 Chennai  
 May 24, 2016

## Cash Flow Statement for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>96,514,045</b>	<b>116,708,681</b>
Adjustments for :		
Depreciation and Amortisation Expense	31,577,976	27,117,598
Loss on Sale/Discard of Fixed Assets	3,051,550	137,936
Bad Receivables / Advances Written off (Net)	-	346,691
Provision for Doubtful Receivables	6,903,291	5,810,438
Interest Income	(77,207,545)	(73,640,823)
Interest on delayed payment of Income Tax	330	1,416,030
<b>Operating Profit before Changes in Working Capital / Other Changes</b>	<b>60,839,647</b>	<b>77,896,551</b>
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(16,093,251)	(7,328,655)
Trade Receivables	(24,974,942)	(8,896,402)
Short-Term Loans and Advances	199,937	(909,566)
Long-Term Loans and Advances	(3,665,160)	149,150
Other Current Assets	(4,300,345)	2,155,058
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	80,205,174	28,810,350
Other Current Liabilities	51,858,534	6,344,879
Short-Term Provisions	3,311,000	131,000
<b>Cash Flow From Operations</b>	<b>147,380,594</b>	<b>98,352,365</b>
Direct Taxes Paid (Net)	(40,635,778)	(56,522,191)
<b>Net Cash Flow From Operations (A)</b>	<b>106,744,816</b>	<b>41,830,174</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(106,400,310)	(33,991,475)
Proceeds from Sale of Fixed Assets	701,146	143,759
Fixed Deposits not considered as Cash and Cash Equivalents (net)	(191,237,238)	12,500,000
Interest Received	77,207,545	73,640,823
<b>Net Cash Flow (Used in)/From Investing Activities (B)</b>	<b>(219,728,857)</b>	<b>52,293,107</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issuance of Equity Share Capital Including Premium	294,750	-
Dividend Paid (including tax thereon)	(11,189,807)	-
<b>Net Cash Flow Used in Financing Activities (C)</b>	<b>(10,895,057)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>(123,879,098)</b>	<b>94,123,281</b>
Cash and Cash Equivalents at the Beginning of the Year	<b>155,027,894</b>	<b>60,904,613</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>31,148,796</b>	<b>155,027,894</b>
<b>Notes:</b>		
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash in Hand	1,032,070	1,660,415
Balances with Banks		
On Current Accounts	12,470,975	1,052,758
On Deposits with Original Maturity of Less Than Three Months	17,645,751	152,314,721
	<b>31,148,796</b>	<b>155,027,894</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Daljit Singh**  
 Chairman  
 DIN- 00135414  
 Chennai  
 May 24, 2016

**Raghunath P**  
 Whole Time Director  
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 May 24, 2016

**Akshaya Kumar Singh**  
 Chief Financial Officer  
 216651  
 Chennai  
 May 24, 2016

**Sumit Goel**  
 Company Secretary  
 F6661  
 Chennai  
 May 24, 2016

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(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 Chennai in the year 1992. The Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for valuation of inventories as more fully described in Note 12.1.

#### 2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3 Inventories

Inventory of medical consumables and drugs are valued at cost or net realizable value whichever is lower. Cost is determined on Weighted Average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Cost includes freight, taxes, duties and other charges incurred for bringing the goods to the present location and condition and are net of VAT credit, where applicable.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the past experience of the Company and such allowances are adjusted against the carrying inventory value.

Refer Note 12.1 with regard to change in the method of valuation of inventories.

#### 2.4 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

technological changes, manufacturers warranties and maintenance support, etc.

	Useful Life (in Years)
Plant and Equipment	15
Medical Equipment	13
Furniture and Fixtures	10
Computers	3
Office Equipment	5

Assets individually costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary.

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their estimated useful lives viz., 6 years or the license period, whichever is lower. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### 2.7 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.

#### Inpatient and Outpatient revenue

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

#### Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivering of items to the customers which is when the risk and rewards are passed on to the customers.

#### Interest

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

### 2.8 Fixed Assets - Tangible and Intangible

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Any part or components of fixed assets which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as "Capital Advances" under Long Term Loans & Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work in Progress".

### 2.9 Foreign currency transactions and translations

#### Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

#### Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

#### Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

### 2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### 2.11 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

#### Defined contribution plan:

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

#### Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### **2.12 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, 2015 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.

### **2.13 Borrowing Costs**

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

### **2.14 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

### **2.15 Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### **2.16 Earnings per Share**

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**2.17 Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**2.18 Impairment of Assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**2.19 Provisions and Contingencies**

A provision is recognised when the Company has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes to the Financial Statements.

**2.20 Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**2.21 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.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**2.22 Operating Cycle**

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

**3. Share Capital**

(Refer Notes (i) to (vi) below)

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>Authorised:</b>		
30,000,000 (March 31, 2015 : 30,000,000) Equity Shares of Rs. 10/- each	300,000,000	300,000,000
<b>Issued</b>		
18,636,009 (March 31, 2015 : 18,624,759) Equity Shares of Rs. 10/- each	186,360,090	186,247,590
<b>Subscribed and Paid up:</b>		
18,605,509 (March 31, 2015 : 18,594,259) Equity Shares of Rs. 10/- each fully paid up	186,055,090	185,942,590
30,500 (March 31, 2015 : 30,500) Equity Shares of Rs. 10 each (Rs. 5 paid up) Forfeited	152,500	152,500
	<b>186,207,590</b>	<b>186,095,090</b>

**Notes:**

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding (including forfeited shares) at the beginning of the year	18,624,759	186,095,090	18,624,759	186,095,090
Add: Issued during the Year (Refer Note (ii) below)	11,250	112,500	-	-
Less: Buy Back of Shares Effected during the Year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>18,636,009</b>	<b>186,207,590</b>	<b>18,624,759</b>	<b>186,095,090</b>

**(ii) Shares issued during the year**

During the year ended 31 March 2016, 11,250 Equity Shares of Rs. 10 each at a premium of Rs. 16.20 each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). The balance outstanding employee stock options as at 31 March 2016 is 218,750. (Refer Note (vi) below)

**(iii) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates**

Name of Shareholder	As at March 31, 2016	As at March 31, 2015
Fortis Hospitals Limited (Equity Shares of Rs. 10 each)	11,752,402	11,752,402

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited	11,752,402	63.17%	11,752,402	63.20%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)***(v) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.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, except in the case of interim dividend.

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.

(vi) As at 31 March 2016 218,750 equity shares (As at 31 March 2015 230,000 equity shares) of Rs. 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 29)

**4. RESERVES AND SURPLUS**

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>(a) Securities Premium Account</b>		
Opening Balance	93,333,320	93,333,320
Addition: Premium on issue of Equity Shares (Refer Note 3 (ii))	182,250	–
Closing Balance	93,515,570	93,333,320
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	625,141,395	562,862,215
Profit for the Year	62,171,804	76,594,603
Less: Appropriations		
(i) Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets (net of taxes of Rs.1,626,009)	–	(3,157,778)
(ii) Proposed Final Equity Dividend (amount per share Rs. 0.50 Per Share (March 31, 2015 : Rs 0.50 Per Share)	(9,302,755)	(9,298,493)
(iii) Tax on Dividend	(1,925,984)	(1,859,152)
Closing balance	<b>676,084,460</b>	<b>625,141,395</b>
<b>TOTAL (a)+(b)</b>	<b>769,600,030</b>	<b>718,474,715</b>

**5. DEFERRED TAX LIABILITIES (NET)**

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>(a) Deferred tax liability arising on account of:</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	16,871,398	12,154,985
<b>(b) Deferred tax asset arising on account of:</b>		
Effect of expenditure debited to statement of profit and loss in the current year but not allowed for tax purposes	13,564,191	9,890,019
<b>TOTAL (a) - (b)</b>	<b>3,307,207</b>	<b>2,264,966</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**6. TRADE PAYABLES**

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Trade Payables - Other than Acceptances		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	343,000	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	206,769,489	127,720,958
<b>TOTAL</b>	<b>207,112,489</b>	<b>127,720,958</b>

**7. OTHER CURRENT LIABILITIES**

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Advances From Patients	83,652,600	31,247,853
(b) Sundry Deposits	411,500	1,714,870
(c) Gratuity (Refer Note 26)	5,416,000	3,672,000
(d) Statutory Payables	8,629,476	8,802,676
(e) Unclaimed Dividend (Refer Note below)	951,845	580,338
(f) Payables for Purchase of Fixed Assets	3,211,059	4,024,702
<b>TOTAL</b>	<b>102,272,480</b>	<b>50,042,439</b>

**Note:**

Amount to be credited to Investor Education and Protection Fund

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**8. SHORT-TERM PROVISIONS**

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>(a) Provision for Employee Benefits</b>		
(i) Provision for Compensated Absences	6,388,000	3,077,000
<b>(b) Other provisions</b>		
(i) Provision for Income Tax [Net of Advance Tax / TDS - Rs. 172,737,042 (As at 31 March 2015 Rs. 172,737,042)]	570,879	570,879
(ii) Proposed Equity Dividend	9,302,755	9,298,493
(iii) Provision for Tax on Proposed Equity Dividend	1,893,822	1,859,152
<b>TOTAL</b>	<b>18,155,456</b>	<b>14,805,524</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

Amount in Rs.

Particulars	Gross Block						Accumulated Depreciation and Amortisation				Net Block	
	Balance as at 1 April 2015	Additions	Disposals	Reclassified as held for sale	Balance as at 31 March 2016	Balance as at 1 April 2015	For the year	Eliminated on Disposal of Assets	Eliminated on reclassification as held for sale	Balance as at 31 March 2016	Balance as at 31 March 2015	
<b>A. Tangible Assets - Owned / Acquired</b>												
(a) Plant and Equipments	21,834,572	755,452	-	-	22,590,024	7,823,805	1,305,962	-	-	9,129,767	14,010,767	
(b) Medical Equipments	242,943,976	66,048,491	-	27,311,570	281,680,897	97,020,806	19,658,543	-	18,164,782	98,514,567	145,923,170	
(c) Furnitures and Fixtures	18,017,101	7,305,128	-	-	25,322,229	8,305,262	1,787,976	-	-	10,093,238	9,711,839	
(d) Computers	14,718,412	501,984	-	-	15,220,396	9,677,280	5,297,360	-	-	14,974,640	5,041,132	
(e) Office Equipments	-	2,005,156	-	-	2,005,156	-	64,034	-	-	64,034	-	
(f) Vehicles	1,089,157	-	1,089,157	-	-	174,092	213,919	388,011	-	-	915,065	
<b>Sub-Total</b>	<b>298,603,218</b>	<b>76,616,211</b>	<b>1,089,157</b>	<b>27,311,570</b>	<b>346,818,702</b>	<b>123,001,245</b>	<b>28,327,794</b>	<b>388,011</b>	<b>18,164,782</b>	<b>132,776,246</b>	<b>175,601,973</b>	
<b>B. Intangible Assets - Owned / Acquired</b>												
(a) Software	5,313,472	32,759,663	-	-	38,073,135	3,842,668	3,250,182	-	-	7,092,850	1,470,804	
<b>Sub-Total</b>	<b>5,313,472</b>	<b>32,759,663</b>	<b>-</b>	<b>-</b>	<b>38,073,135</b>	<b>3,842,668</b>	<b>3,250,182</b>	<b>-</b>	<b>-</b>	<b>7,092,850</b>	<b>1,470,804</b>	
<b>Grand Total</b>	<b>303,916,690</b>	<b>109,375,874</b>	<b>1,089,157</b>	<b>27,311,570</b>	<b>384,891,837</b>	<b>126,843,913</b>	<b>31,577,976</b>	<b>388,011</b>	<b>18,164,782</b>	<b>139,869,096</b>	<b>177,072,777</b>	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
*(All amounts are in Indian Rupees unless otherwise stated)*

Amount in Rs.

PREVIOUS YEAR	Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block		
		Balance as at 1 April 2014	Additions	Disposals	Balance as at 31 March 2015	Balance as at 1 April 2014	For the year (Refer Note Below)	Eliminated on Disposal of Assets	Balance as at 31 March 2015	Balance as at 31 March 2014
<b>A.</b>	<b>Tangible Assets - Owned / Acquired</b>									
	(a) Plant and Equipments	20,864,474	1,295,132	325,034	21,834,572	6,150,449	1,857,669	184,313	14,010,767	14,714,025
	(b) Medical Equipments	222,031,277	21,428,167	515,468	242,943,976	75,114,335	22,397,597	491,126	145,923,170	146,916,942
	(c) Furnitures and Fixtures	11,043,118	7,371,904	397,921	18,017,101	5,417,346	3,173,111	285,195	9,711,839	5,625,772
	(d) Computers	12,883,897	2,843,714	1,009,199	14,718,412	6,852,743	3,829,830	1,005,293	5,041,132	6,031,154
	(e) Vehicles	1,089,157	-	-	1,089,157	43,372	130,720	-	915,065	1,045,785
	<b>Sub-Total</b>	<b>267,911,923</b>	<b>32,938,917</b>	<b>2,247,622</b>	<b>298,603,218</b>	<b>93,578,245</b>	<b>31,388,927</b>	<b>1,965,927</b>	<b>175,601,973</b>	<b>174,333,678</b>
<b>B.</b>	<b>Intangible Assets - Owned / Acquired</b>									
	(a) Software	5,313,472	-	-	5,313,472	3,330,210	512,458	-	1,470,804	1,983,262
	<b>Sub-Total</b>	<b>5,313,472</b>	<b>-</b>	<b>-</b>	<b>5,313,472</b>	<b>3,330,210</b>	<b>512,458</b>	<b>-</b>	<b>1,470,804</b>	<b>1,983,262</b>
	<b>Grand Total</b>	<b>273,225,395</b>	<b>32,938,917</b>	<b>2,247,622</b>	<b>303,916,690</b>	<b>96,908,455</b>	<b>31,901,385</b>	<b>1,965,927</b>	<b>177,072,777</b>	<b>176,316,940</b>

**Note:**

Depreciation for the year ended 31 March 2015 includes:

- Transition adjustment recorded against Surplus in the Statement of Profit and Loss - Rs. 4,783,787
- Depreciation charged to the Statement of Profit and Loss for the year ended 31 March 2015 - Rs. 27,117,598

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***10. NON-CURRENT INVESTMENTS (Valued at Cost)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) <b>Trade, Unquoted</b>		
<b>Investment in Wholly Owned Subsidiary Company</b>		
50,000 equity shares of face value Rs. 10 in Malar Stars Medicare Limited	500,000	500,000
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>
<b>Note:</b>		
Aggregate Amount of Unquoted Investments	500,000	500,000

**11. LONG-TERM LOANS AND ADVANCES (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Capital Advances	221,273	1,183,360
(b) Security Deposits	6,621,910	2,956,750
(c) Advance Income Tax / TDS [Net of Provision for Tax of Rs. 33,300,000 (As at 31 March 2015 - Rs. Nil)]	7,335,448	-
<b>TOTAL</b>	<b>14,178,631</b>	<b>4,140,110</b>

**12. INVENTORIES (Valued at Lower of Cost and Net Realisable Value)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Medical Consumables and Drugs	26,114,509	10,021,258
<b>TOTAL</b>	<b>26,114,509</b>	<b>10,021,258</b>

**12.1** Hitherto, the Company was following First-in-First-out method for valuation of inventories. Effective 1 April 2015, the Company has changed its accounting policy for Inventory valuation to Weighted Average method to align the method of accounting with that of the Holding Company. Had the Company continued with the earlier policy of valuing inventory based on the First-in-first-out method as at 31 March 2016, the Profit before Tax for the year ended 31 March 2016, as estimated by the Management, would have been higher by Rs. 773,980.

**13. TRADE RECEIVABLES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) <b>Aggregate amount outstanding for a period exceeding six months (from due date of payment)</b>		
Unsecured, Considered Good	9,965,944	9,342,974
Unsecured, Considered Doubtful	5,478,608	2,886,966
	15,444,552	12,229,940
Less : Provision for Doubtful Receivables	(5,478,608)	(2,886,966)
	9,965,944	9,342,974
(b) <b>Other Trade Receivables</b>		
Unsecured, Considered Good	50,239,690	32,791,009
Unsecured, Considered Doubtful	7,303,395	11,139,645
	57,543,085	43,930,654
Less : Provision for Doubtful Receivables	(7,303,395)	(11,139,645)
	50,239,690	32,791,009
<b>TOTAL (a) + (b)</b>	<b>60,205,634</b>	<b>42,133,983</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**14. CASH AND BANK BALANCES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>(a) Cash and Cash Equivalents</b>		
(i) Cash on hand	1,032,070	1,660,415
(ii) Balances with banks		
– In Current Accounts	12,470,975	1,052,758
– In Deposits with Original Maturity of 3 Months or Less		
– Free of Lien	17,645,751	152,314,721
– Under Lien	–	2,500,000
	<b>31,148,796</b>	<b>157,527,894</b>
<b>(b) Other bank balances</b>		
(i) In Deposits with Original Maturity for More Than 3 Months but Less Than or Equal to 12 Months		
– Free of Lien	191,237,238	–
– Under Lien	27,500,000	25,000,000
(iii) On Unpaid Dividend Account (Refer Note below)	951,845	580,338
	<b>219,689,083</b>	<b>25,580,338</b>
<b>TOTAL (a)+(b)</b>	<b>250,837,879</b>	<b>183,108,232</b>

**Note:**

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

**15. SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Advances to Related Parties (Refer Note 28)	–	934,296
(b) Inter Corporate Deposit Placed with Subsidiary (Refer Note below)	617,933,576	617,933,576
(c) Advances to Vendors	5,488,289	–
(d) Prepaid Expenses	2,574,478	6,600,852
(e) Other Loans and Advances	1,309,269	2,036,825
<b>TOTAL</b>	<b>627,305,612</b>	<b>627,505,549</b>

**Note:**

Disclosure under Regulation (34)(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Malar Stars Medicare Limited		
(i) Balance outstanding at the year end	617,933,576	617,933,576
(ii) Interest Accrued and But Not Due	13,865,413	13,713,047
<b>Total</b>	<b>631,798,989</b>	<b>631,646,623</b>
(b) Maximum amount outstanding during the year	631,798,989	631,951,358

The above Inter Corporate Deposit placed with Subsidiary Company carries an interest rate of 10% per annum, with a tenor of 12 months.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***16. OTHER CURRENT ASSETS (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Unbilled Revenue from Undischarged Patients	22,925,085	21,010,833
(b) Served From India Scheme (SFIS) Income Accrued	7,278,750	5,352,813
(c) Interest Accrued But Not Due		
- Inter Corporate Deposit with Subsidiary	13,865,413	13,713,047
- Fixed Deposit with Banks	6,613,444	6,478,154
(d) Contractually Reimbursable Expenses (Refer Note 28)	2,116,800	1,944,300
(e) Fixed Assets Held for Sale	6,095,238	-
<b>TOTAL</b>	<b>58,894,730</b>	<b>48,499,147</b>

**17. REVENUE FROM OPERATIONS**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Sales of Services		
(i) In-Patient	1,076,027,299	957,781,531
(ii) Out-Patient	186,548,822	177,108,196
(iii) Others	-	1,161,446
<b>Sub Total (a)</b>	<b>1,262,576,121</b>	<b>1,136,051,173</b>
(b) Sales of Medical Consumables and Drugs		
(i) Medical Consumables and Drugs	30,382,741	40,340,711
<b>Sub Total (b)</b>	<b>30,382,741</b>	<b>40,340,711</b>
(c) Other Operating Revenue		
(i) Income from Served From India Scheme (SFIS)	2,374,161	1,144,053
(ii) Other Operating Income	802,084	1,720,891
<b>Sub Total (c)</b>	<b>3,176,245</b>	<b>2,864,944</b>
<b>Total (a+b+c)</b>	<b>1,296,135,107</b>	<b>1,179,256,828</b>

**18. PURCHASES OF MEDICAL CONSUMABLES AND DRUGS (Refer Note 12.1)**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Purchases of Medical Consumables and Drugs	285,307,577	282,864,035
<b>TOTAL</b>	<b>285,307,577</b>	<b>282,864,035</b>

**19. CHANGES IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS (Refer Note 12.1)**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Inventories at the beginning of the year	10,021,258	2,692,603
(b) Inventories at the end of the year	26,114,509	10,021,258
<b>TOTAL</b>	<b>(16,093,251)</b>	<b>(7,328,655)</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### 20. EMPLOYEE BENEFITS EXPENSE

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Salaries, Wages and Bonus (Refer Note 24)	148,911,332	125,443,615
(b) Gratuity Expense (Refer Note 26)	2,557,557	2,661,000
(c) Contribution to Provident Fund (Refer Note 25)	7,304,192	7,393,330
(d) Staff Welfare Expenses	16,818,417	19,243,978
<b>TOTAL</b>	<b>175,591,498</b>	<b>154,741,923</b>

### 21. OTHER EXPENSES

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Contractual Manpower	15,001,691	5,733,967
(b) Power, Fuel and Water	27,559,843	21,718,938
(c) Clinical Establishment Fee (Refer Note (i) below)	188,403,554	176,233,740
(d) Housekeeping Expenses	6,584,526	5,560,042
(e) Patient Food and Beverages	14,982,110	14,831,410
(f) Pathology Laboratory and Radiology Expenses	60,853,593	42,410,174
(g) Consultation Fees to Doctors	127,329,942	96,588,959
(h) Professional Charges to Doctors	222,484,328	198,848,703
(i) Repairs & Maintenance		
- Building	1,057,460	1,290,265
- Plant & Machinery	19,007,878	12,788,274
- Others	8,630,570	5,427,216
(j) Rent		
- Equipments	4,229,919	4,068,395
- Others	7,917,128	3,499,026
(k) Legal & Professional	6,702,214	4,499,497
(l) Subscription Fee	622,873	1,077,817
(m) Travel & Conveyance	13,500,103	13,846,723
(n) Rates & Taxes	213,188	156,495
(o) Printing & Stationery	8,362,006	5,328,413
(p) Communication Expenses	5,276,682	3,166,309
(q) Directors' Sitting Fees	1,335,135	753,180
(r) Insurance	4,884,923	4,130,525
(s) Marketing & Business Promotion	30,558,453	37,596,578
(t) Loss on Sale / Discarding of Fixed Assets (Net)	3,051,550	137,936
(u) Payment to Auditors		
- Statutory Audit	750,000	750,000
- Tax Audit	50,000	50,000
- Other Services	200,000	225,000
- Service Tax	144,625	140,069
- Reimbursement of Expenses	18,936	108,248

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(v) Provision for Doubtful Receivables	6,903,291	5,810,438
(w) Bad Receivables/advances written off	8,147,899	346,691
Less: Release from Provision for Doubtful Receivables	(8,147,899)	–
Bad Receivables/ advances written off (net)	–	346,691
(x) Expenditure on Corporate Social Responsibility (Refer Note 38)	2,739,439	118,328
(y) Miscellaneous Expenses	1,940,219	6,465,021
<b>TOTAL</b>	<b>791,296,179</b>	<b>673,706,377</b>

**Note:**

- (i) Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement.

**22. FINANCE COST**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Credit Card / Bank Charges	4,033,267	3,671,662
(b) Interest on Delayed Payment of Income Tax / TDS	330	1,416,030
<b>TOTAL</b>	<b>4,033,597</b>	<b>5,087,692</b>

**23. INTEREST INCOME**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Interest Income:		
(i) Interest on Bank Deposits	15,244,891	11,847,466
(ii) Interest from Inter Corporate Deposit	61,962,654	61,793,357
<b>TOTAL</b>	<b>77,207,545</b>	<b>73,640,823</b>

24. Exceptional item for the year ended March 31, 2016 amounting to Rs. 5,115,031 represents provision made by the Company for additional Bonus for financial year 2014-15 as well as for the relevant period for the financial year 2015-16, as per the Payment of Bonus (Amendment) Act, 2015.

**25. Employee Benefits**

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised Rs. 7,304,192 (Previous Year: Rs. 7,393,330) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

**26 Defined Benefit Plans**

The Company has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
*(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>Change in Fair Value of Defined Benefit Obligation during the Year</b>		
Present value of Defined Benefit Obligation at the Beginning of the Year	15,625,000	12,911,000
Current Service Cost	2,072,000	1,719,000
Interest Cost	1,188,000	1,159,000
Benefits Paid	(813,557)	(754,000)
Actuarial Losses / (Gain)	285,557	590,000
<b>Present value of Defined Benefit Obligation at End of the Year</b>	<b>18,357,000</b>	<b>15,625,000</b>
<b>Change in Fair Value of Assets during the Year</b>		
Plan Assets at Beginning of the Year	11,953,000	10,946,000
Expected Return on Plan Assets	1,106,000	1,022,000
Actual Company Contributions	(813,557)	200,000
Benefits Paid	813,557	-
Actuarial Gain / (Loss)	(118,000)	(215,000)
<b>Plan Assets at End of the Year</b>	<b>12,941,000</b>	<b>11,953,000</b>
<b>Liability Recognised in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation	18,357,000	15,625,000
Fair Value of Plan Assets	12,941,000	11,953,000
<b>Net (Liability) / Assets Recognised in the Balance Sheet</b>	<b>(5,416,000)</b>	<b>(3,672,000)</b>
<b>Of the above:</b>		
Current	(5,416,000)	(3,672,000)
Non-Current	-	-
	<b>(5,416,000)</b>	<b>(3,672,000)</b>
<b>Cost of Defined Benefit Plan for the Year</b>		
Current Service Cost	2,072,000	1,719,000
Interest Cost	1,188,000	1,159,000
Expected Return on Plan Assets	(1,106,000)	(1,022,000)
Net Actuarial Losses	403,557	805,000
<b>Net Cost Recognized in the Statement of Profit and Loss</b>	<b>2,557,557</b>	<b>2,661,000</b>
<b>Assumptions</b>		
Discount Rate (Refer Note (b))	7.75%	7.75%
Expected Return on Plan Assets	9.25%	9.25%
Mortality Table	Indian Assured Lives (2006 –08) (Modified) Ult	Indian Assured Lives (2006 –08) (Modified) Ult
<b>Attrition rate:</b>		
Age 20 to 30 years	18.00%	18.00%
Age 31 to 44 years	6.00%	6.00%
Age Above 44 years	2.00%	2.00%

**Notes:**

- a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)*

- b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- c) Experience Adjustments\*:

Particulars	Amount in Rs.			
	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
Projected Benefit Obligation	(18,357,000)	(15,625,000)	(12,911,000)	(10,330,000)
Fair Value of Plan Assets	12,941,000	11,953,000	10,946,000	8,017,000
Surplus/(Deficit)	(5,416,000)	(3,672,000)	(1,965,000)	(2,313,000)
Experience Adjustments on Plan Liabilities - Loss/(Gains)	285,557	(1,443,000)	(2,508,000)	388,000
Experience Adjustments on Plan Assets - Gains / (Losses)	(118,000)	(215,000)	(34,000)	11,000

\* The details of experience adjustments have been disclosed to the extent of information available.

- d) 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.
- e) Actual Return on Plan Assets for the year ended 31 March 2016 - Rs. 988,000 (Previous Year: Rs. 807,000)
- f) Estimated amount of contribution to the funds during the year ended 31 March, 2017 as estimated by the management is Rs. 5,416,000 (Previous Year: Rs. 3,672,000).

**26.1 Compensated Absences**

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>Assumptions:</b>		
Discount Rate	7.75%	7.75%
Future Salary Increase	7.50%	7.50%
Attrition:		
Age 20 to 30 years	18%	18%
Age 31 to 44 years	6%	6%
Age Above 44 years	2%	2%

**27. Segment Reporting**

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 and the amounts appearing in the financial statements relate to this single primary business segment. As such there are no separate business and geographic reportable segments as per AS-17 "Segment Reporting".

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**28. Related Party Transactions**

**28.1 Names of Related Parties and Nature of Relationship**

Description of Relationship	2015-16	2014-15
Ultimate Holding Company	Fortis Healthcare Limited	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited	Fortis Hospitals Limited
Subsidiary Company	Malar Stars Medicare Limited	Malar Stars Medicare Limited
Associate of the Holding Company	Healthfore Technologies Limited Fortis Health Management Limited	Healthfore Technologies Limited Fortis Health Management Limited
Fellow Subsidiary or Common Control	SRL Limited Lalitha Healthcare Private Limited Escorts Heart Institute and Research Centre Limited	SRL Limited Lalitha Healthcare Private Limited
Key Management Personnel	Mr. Raghunath P (Whole time Director) Mr. Akshaya Kumar Singh (Chief Financial Officer) Mr. Sumit Goel (Company Secretary)	Mr.V.Vijayarathna (Whole-time Director) (till July 26 2014) Mr.Raghunath P (Whole time Director) (with effect from July 26, 2014) Mr. Akshaya Kumar Singh (Chief Financial Officer) (with effect from July 26, 2014) Mr. Sumit Goel (Company Secretary)

**Note:**

Related party relationships are as identified by the Management.

**28.2 Transactions with the Related Parties**

Transaction	Related Party	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>INCOME</b>			
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	61,962,654	61,793,357
Sale of Medical Consumables & Drugs	Fortis Health Management Limited	756,324	619,247
<b>EXPENSES</b>			
Pathology Laboratory and Radiology Expenses	SRL Limited	57,223,438	40,016,728
Professional Charges to Doctors	Malar Stars Medicare Limited	3,588,000	3,657,000
Clinical Establishment Fee	Fortis Health Management Limited	188,403,554	176,233,740
Purchase of Medical Consumable and Drugs	Fortis Hospitals Limited	2,112,626	1,943,207
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited Fortis Hospitals Limited Lalitha Healthcare Private Limited Fortis Health Management Limited Malar Stars Medicare Limited	16,013,659 25,937 67,567 1,071,676 8,331,178	5,680,198 535,852 155,528 – 6,290,751
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited Fortis Hospitals Limited Fortis Health Management Limited	1,360,553 1,403,341 26,966,004	455,342 1,035,037 20,867,387
Managerial Remuneration	Mr. Raghunath P Mr. Akshaya Kumar Singh Mr.Vijayarathna	4,110,344 1,654,245 –	3,640,477 951,059 1,730,340

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)*

Transaction	Related Party	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>OTHERS</b>			
Purchase of Medical Equipments	Fortis Healthcare Limited	26,829,457	–
Purchase of Intangible Assets - Software	Fortis Healthcare Limited	25,256,438	–
<b>BALANCES AT THE END OF THE YEAR</b>			
Trade Payable	Fortis Healthcare Limited	42,670,754	–
	SRL Limited	4,194,302	3,789,162
	Fortis Health Management Limited	57,740,524	32,314,650
	Malar Stars Medicare Limited	832,571	–
Capital Work-in-Progress	Healthfore Technologies Ltd.	3,595,516	–
Advances Recoverable	Fortis Healthcare Limited	–	934,296
	Fortis Hospitals Limited	28,000	–
Inter Corporate Deposits Placed	Malar Stars Medicare Limited	617,933,576	617,933,576
Contractually Reimbursable Expenses	Fortis Healthcare Limited	2,116,800	1,944,300
Interest Accrued But not Due	Malar Stars Medicare Limited	13,865,413	13,713,047

**Note:**

The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2016 and 31 March 2015 there are no further amounts payable to / receivable from them, other than as disclosed above.

**29. Employee stock option plans**

The Company provides share-based payment schemes to eligible employees of the Company and its subsidiary. 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2016		March 31, 2015	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	230,000	26.20	230,000	26.20
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	(11,250)	–	–	–
Outstanding at the end of the year	218,750	26.20	230,000	26.20
Exercisable at the end of the year	218,750	26.20	230,000	26.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2016 is 0.75 years (31 March 2015: 1.75 years). The exercise price for options outstanding at the end of the year was Rs. 26.20 (31 March 2015: Rs. 26.20).

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 Rs. 13.45. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)	0.00%	0.00%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (Rs.)	Nil	Nil
Exercise price (Rs.)	26.2	26.2
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.

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:

Particulars	March 31, 2016 (Rs)	March 31, 2015 (Rs)
Profit after tax as reported	62,171,804	76,594,603
Add: ESOP cost using the intrinsic value method	Nil	Nil
Less: ESOP cost using the fair value method	Nil	Nil
Proforma Profit after Tax	62,171,804	76,594,603

### Earnings Per Share

#### Basic

- As reported	3.34	4.12
- Proforma	3.34	4.12

#### Diluted

- As reported	3.32	4.10
- Proforma	3.32	4.10

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)***30. Operating Leases**

The Company has operating lease agreements primarily for medical equipments and office space, the lease terms of which are for a period of 11 months to 3 years. For the year ended 31 March 2016, an amount of Rs. 12,147,047 (Previous Year Rs. 7,567,421) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at	As at
	31 March 2016	31 March 2015
	Amount in Rs.	Amount in Rs.
Less than One Year	3,800,000	840,000
One Year to Five Years	–	–
More than Five Years	–	–

**31. Earning Per Share**

Particulars	For the Year	For the Year
	Ended	Ended
	31 March 2016	31 March 2015
Profit after Tax - Rs.	62,171,804	76,594,603
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	18,636,009	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 2008 WANES for Calculating Diluted EPS	74,143	71,992
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs.	3.34	4.12
- Diluted - in Rs.	3.32	4.10
Face Value Per Share - in Rs.	10.00	10.00

**32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars*	2015-2016	2014-2015
	Amount in Rs.	Amount in Rs.
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	343,000	–
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

\*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
*(All amounts are in Indian Rupees unless otherwise stated)*
**33. Commitments and Contingencies**

Particulars	As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives). (Refer Note below)	115,078,820	82,269,842
Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for:		
(a) Tangible Assets	4,400,000	8,393,299
(b) Intangible Assets	14,382,064	–

**Note:**

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.

**34. CIF Value of Imports**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Capital Goods	8,827,084	2,267,360
Medical Consumables	793,951	26,544,588

**35. Earnings in Foreign Exchange (On Accrual Basis)**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Health care services rendered to international patients	74,469,653	57,315,090

**36. Expenditure incurred in Foreign Currency (On Accrual Basis)**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Marketing & Business Promotion	7,631,495	2,382,184
Travel & Conveyance	185,203	1,625,156
Subscription Fee	499,887	878,857

**37 The details of unhedged foreign currency exposures as at the Balance Sheet date are as under:**

Particulars	As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
Trade Payable - USD	21,655	–
- INR	1,445,016	–

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)*

**38.** During the year, the Company incurred an aggregate amount of Rs. 2,739,439 towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

(i) Gross amount required to be spent by the Company during the year: Rs. 2,735,724

(ii) Amount spent by the Company during the year:

<b>Particulars</b>	<b>Amount Paid (by Cheque)</b>	<b>Yet to be Paid</b>	<b>Total</b>
Donation to Fortis Foundation	2,739,439	–	2,739,439

**39. Order / Notice Received from CMDA**

The Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the current year, CMDA has issued an Order dated 18 March 2016 stating that the regularization application made by the Company has not been allowed. The Company has preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order, which is pending disposal.

On 3 May 2016 CMDA has also served a Locking & Sealing and De-occupation Notice to the Company stating that in view of CMDA's Order dated 18 March 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon the Company to restore the land to its original position within 30 days from the date of the Notice. The Company has initiated legal action by filing a writ petition before the High Court of Madras to impugn the said notice.

The Company, based on legal advice, believes that the above Order / Notices issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Company has fair chance of success in the aforesaid Appeal / writ petition.

**40. Previous Year Figures**

Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

**41. Approval of Standalone Financial Statements**

The Board of Directors of the Company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the standalone financial statements. In addition, the Board, has also confirmed the carrying value of the non-current assets in the standalone financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these standalone financial statements in its meeting held on 24 May 2016.

**For and on behalf of the Board of Directors**

**Daljit Singh**  
Chairman  
DIN- 00135414  
Chennai  
May 24, 2016

**Raghunath P**  
Whole Time Director  
DIN- 06929117  
Chennai  
May 24, 2016

**Akshaya Kumar Singh**  
Chief Financial Officer  
216651  
Chennai  
May 24, 2016

**Sumit Goel**  
Company Secretary  
F6661  
Chennai  
May 24, 2016

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# Independent Auditor's Report

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## 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 Company") and its subsidiary Company, Malar Stars Medicare Limited (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the 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 of the requirements of the Companies Act, 2013 (hereinafter referred to as "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 the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 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 controls, 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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. An audit also includes evaluating the appropriateness of the 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 aforesaid 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 31st March, 2016, and 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 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 purposes 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 consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company and the subsidiary company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the subsidiary company, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's and the subsidiary company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 the consolidated financial position of the Group.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - 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 company incorporated in India.

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

Chennai, 24 May, 2016  
PS/EKP&MS/2016

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of **FORTIS MALAR HOSPITALS LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company, Malar Stars Medicare Limited (the Holding Company and its subsidiary together referred to as “the Group”), which is incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India have in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chennai, 24 May, 2016  
PS/EKP&MS/2016

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

## Consolidated Balance Sheet as at March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	3	186,207,590	186,095,090
(b) Reserves and Surplus	4	779,361,245	726,310,105
		<b>965,568,835</b>	<b>912,405,195</b>
<b>2. Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (net)	5	3,307,207	2,264,966
(b) Long-Term Provisions	6	309,180	-
		<b>3,616,387</b>	<b>2,264,966</b>
<b>3. Current Liabilities</b>			
(a) Trade Payables	7		
(i) total outstanding dues of micro enterprises and small enterprises		343,000	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		206,844,291	127,930,356
(b) Other Current Liabilities	8	103,823,497	51,874,962
(c) Short-Term Provisions	9	18,209,697	14,805,524
		<b>329,220,485</b>	<b>194,610,842</b>
<b>TOTAL</b>		<b>1,298,405,707</b>	<b>1,109,281,003</b>
<b>B. Assets</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10A	214,042,456	175,601,973
(ii) Intangible Assets	10B	30,980,285	1,470,804
(iii) Capital Work-In-Progress		3,595,516	6,422,636
(b) Deferred Tax Assets (Net)	11	145,372	125,420
(c) Long Term Loans and Advances	12	27,262,789	15,569,485
		<b>276,026,418</b>	<b>199,190,318</b>
<b>2. Current Assets</b>			
(a) Inventories	13	26,114,509	10,021,258
(b) Trade Receivables	14	60,205,634	42,133,983
(c) Cash and Bank Balances	15	252,851,336	186,293,630
(d) Short-Term Loans and Advances	16	622,372,036	622,571,974
(e) Other Current Assets	17	60,835,774	49,069,840
		<b>1,022,379,289</b>	<b>910,090,685</b>
<b>TOTAL</b>		<b>1,298,405,707</b>	<b>1,109,281,003</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Daljit Singh**  
Chairman  
DIN- 00135414  
Chennai  
May 24, 2016

**Raghunath P**  
Whole Time Director  
DIN- 06929117  
Chennai  
May 24, 2016

**Sriraman Parthasarathy**  
Partner  
Membership No: 206834  
Chennai  
May 24, 2016

**Akshaya Kumar Singh**  
Chief Financial Officer  
216651  
Chennai  
May 24, 2016

**Sumit Goel**  
Company Secretary  
F6661  
Chennai  
May 24, 2016

## Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Note No.	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>I. Income</b>			
(a) Revenue From Operations	18	1,296,135,107	1,179,256,828
<b>Total (I)</b>		<b>1,296,135,107</b>	<b>1,179,256,828</b>
<b>II. Expenditure</b>			
(a) Purchase of Medical Consumables and Drugs	19	285,307,577	282,864,035
(b) Changes in Inventories of Medical Consumables and Drugs	20	(16,093,251)	(7,328,655)
(c) Employee Benefits Expense	21	178,716,023	157,956,456
(d) Other Expenses	22	787,963,327	670,329,767
<b>Total (II)</b>		<b>1,235,893,676</b>	<b>1,103,821,603</b>
<b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) - (II)</b>		<b>60,241,431</b>	<b>75,435,225</b>
(a) Finance Costs	23	4,033,597	5,087,692
(b) Depreciation and Amortisation Expense	10A & 10B	31,577,976	27,117,598
(c) Interest Income	24	(79,786,231)	(76,428,995)
<b>IV. Profit before Exceptional Items and Tax</b>		<b>104,416,089</b>	<b>119,658,930</b>
<b>V. Less: Exceptional Item</b>	25	5,115,031	-
<b>VI. Profit Before Tax</b>		<b>99,301,058</b>	<b>119,658,930</b>
<b>VII. Tax Expense:</b>			
(a) Current Tax - current period		34,181,140	44,590,129
(b) Current Tax - Adjustment of tax relating to earlier years		-	14,954
(c) Deferred Tax		1,022,289	(3,564,426)
Net Tax Expense		<b>35,203,429</b>	<b>41,040,657</b>
<b>VIII. Profit for the Year</b>		<b>64,097,629</b>	<b>78,618,273</b>
Earnings per Share	32		
- Basic [Nominal value of shares Rs. 10/- each]		<b>3.44</b>	<b>4.22</b>
- Diluted [Nominal value of shares Rs. 10/- each]		<b>3.43</b>	<b>4.21</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Daljit Singh**  
Chairman  
DIN- 00135414  
Chennai  
May 24, 2016

**Raghunath P**  
Whole Time Director  
DIN- 06929117  
Chennai  
May 24, 2016

**Sriraman Parthasarathy**  
Partner  
Membership No: 206834  
Chennai  
May 24, 2016

**Akshaya Kumar Singh**  
Chief Financial Officer  
216651  
Chennai  
May 24, 2016

**Sumit Goel**  
Company Secretary  
F6661  
Chennai  
May 24, 2016



## Consolidated Cash Flow Statement for the Year Ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	99,301,058	119,658,930
Adjustments for :		
Depreciation and Amortisation Expense	31,577,976	27,117,598
Loss on Sale/Discard of Fixed Assets	3,051,550	137,936
Bad Receivables / Advances Written off (net)	-	346,691
Provision for Doubtful Receivables	6,903,291	5,810,438
Interest Income	(79,786,231)	(73,640,823)
Interest Expenses	330	1,416,030
<b>Operating Profit before Changes in Working Capital / Other Changes</b>	<b>61,047,974</b>	<b>80,846,800</b>
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(16,093,251)	(7,328,655)
Trade Receivables	(24,974,942)	(8,896,402)
Short-Term Loans and Advances	199,937	(909,566)
Long-Term Loans and Advances	(3,665,160)	(982,510)
Other Current Assets	(4,012,689)	2,155,058
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	80,070,581	29,045,499
Other Current Liabilities	51,577,028	6,344,879
Provisions	3,674,421	131,000
<b>Cash Flow From Operations</b>	<b>147,823,899</b>	<b>100,406,103</b>
Direct Taxes Paid (Net)	(43,171,701)	(56,522,191)
<b>Net Cash Flow From Operations (A)</b>	<b>104,652,198</b>	<b>43,883,912</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(106,400,311)	(32,859,815)
Proceeds from Sale of Fixed Assets	701,146	143,759
Fixed Deposits placed with Bank not considered as Cash & Cash Equivalents (net)	(191,237,238)	12,500,000
Interest Received	78,128,224	73,640,823
<b>Net Cash Flow (Used in)/From Investing Activities (B)</b>	<b>(218,808,180)</b>	<b>53,424,767</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issuance of Equity Share Capital Including Premium	294,750	-
Dividend Paid (including tax thereon)	(11,189,807)	-
<b>Net Cash Flow From/(Used in) Financing Activities (C)</b>	<b>(10,895,057)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>(125,051,039)</b>	<b>97,308,679</b>
Cash and Cash Equivalents at the Beginning of the Year	158,213,292	60,904,613
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>33,162,253</b>	<b>158,213,292</b>
Notes:		
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash in Hand	1,032,070	4,845,813
Balances with Banks		
On Current Accounts	14,484,432	1,052,758
On Deposits with Original Maturity of Less Than Three Months	17,645,751	152,314,721
	<b>33,162,253</b>	<b>158,213,292</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Daljit Singh**  
Chairman  
DIN- 00135414  
Chennai  
May 24, 2016

**Raghunath P**  
Whole Time Director  
DIN- 06929117  
Chennai  
May 24, 2016

**Sriraman Parthasarathy**  
Partner  
Membership No: 206834  
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May 24, 2016

**Akshaya Kumar Singh**  
Chief Financial Officer  
216651  
Chennai  
May 24, 2016

**Sumit Goel**  
Company Secretary  
F6661  
Chennai  
May 24, 2016

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(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 Chennai in the year 1992. The Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Star'), which is engaged in providing medical and surgical consultancy services to Fortis Malar. Fortis Malar along with its subsidiary company, shall hereinafter, be collectively referred to as "the Group".

**2 SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except for change in the accounting policy for valuation of inventories as more fully described in Note 13.1.

**2.2 Principles of consolidation**

The consolidated financial statements relate to Fortis Malar Hospitals Limited (the 'Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2016.

The financial statements of the Company and its subsidiary company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated on consolidation.

Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the Entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power directly as at 31 March 2016
Malar Stars Medicare Limited	Wholly Owned Subsidiary Company	India	Fortis Malar Hospitals Limited	100%

**2.3 Use of Estimates**

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.4 Inventories**

Inventory of medical consumables and drugs are valued at cost or net realizable value whichever is lower. Cost is determined on Weighted Average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Cost includes freight, taxes, duties and other charges incurred for bringing the goods to the present location and condition and are net of VAT credit, where applicable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the past experience of the Company and such allowances are adjusted against the carrying inventory value.

Refer Note 13.1 with regard to change in the method of valuation of inventories.

### 2.5 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### 2.7 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Particulats	Useful Lives (in Years)
Plant and Equipment	15
Medical Equipment	13
Furniture and Fixtures	10
Computers	3
Office Equipment	5

Assets individually costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary.

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their estimated useful lives viz., 6 years or the license period, whichever is lower. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### 2.8 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.

#### Inpatient and Outpatient revenue

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

#### Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivering of items to the customers which is when the risk and rewards are passed on to the customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### Interest

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

## **2.9 Fixed Assets - Tangible and Intangible**

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Any part or components of fixed assets which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as "Capital Advances" under Long Term Loans & Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work in Progress".

## **2.10 Foreign currency transactions and translations**

### Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

### Measurement at the balance sheet date

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group are carried at historical cost.

### Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Consolidated Statement of Profit and Loss.

## **2.11 Investments**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

## **2.12 Employee Benefits**

Employee benefits include provident fund, gratuity and compensated absences.

### Defined contribution plan:

The Group's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

## **2.13 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, 2015 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.

## **2.14 Borrowing Costs**

Borrowing costs include interest and ancillary costs that the Group incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss at the time of availment of the Loan.

## **2.15 Segment reporting**

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### 2.16 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

### 2.17 Earnings per Share

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 2.18 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

### 2.19 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### 2.20 Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes to the Financial Statements.

### 2.21 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.22 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.

### 2.23 Operating Cycle

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

## 3 SHARE CAPITAL (Refer Notes (i) to (vi) below)

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>Authorised:</b>		
30,000,000 (March 31, 2015 : 30,000,000) Equity Shares of Rs. 10/- each	300,000,000	300,000,000
<b>Issued</b>		
18,636,009 (March 31, 2015 : 18,624,759) Equity Shares of Rs. 10/- each	186,360,090	186,247,590
<b>Subscribed and Paid Up</b>		
18,605,509 (March 31, 2015 : 18,594,259) Equity Shares of Rs. 10/- each fully paid up	186,055,090	185,942,590
30,500 (March 31, 2015 : 30,500) Equity Shares of Rs. 10 each (Rs. 5 paid up) Forfeited	152,500	152,500
<b>TOTAL</b>	<b>186,207,590</b>	<b>186,095,090</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

### Notes

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding (including forfeited shares) at the beginning of the year	18,624,759	186,095,090	18,624,759	186,095,090
Add: Issued during the Year (Refer Note (ii) below)	11,250	112,500	–	–
Less: Buy Back of Shares Effected during the Year	–	–	–	–
<b>Shares outstanding at the end of the year</b>	<b>18,636,009</b>	<b>186,207,590</b>	<b>18,624,759</b>	<b>186,095,090</b>

- (ii) Shares issued during the year

During the year ended 31 March 2016, 11,250 Equity Shares of Rs. 10 each at a premium of Rs. 16.20 each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). The total outstanding employee stock options as at 31 March 2016 is 218,750. (Refer Note (vi) below)

- (iii) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

Name of Shareholder	As at March 31, 2016	As at March 31, 2015
Fortis Hospitals Limited (Equity Shares of Rs. 10 each)	11,752,402	11,752,402

- (iv) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	No. of Shares held
Fortis Hospitals Limited	11,752,402	63.17%	11,752,402	63.20%

- (v) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.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, except in the case of interim dividend.

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.

- (vi) As at 31 March 2016 218,750 equity shares (As at 31 March, 2015 230,000 equity shares) of Rs. 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 30)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
*(All amounts are in Indian Rupees unless otherwise stated)*
**4 RESERVES AND SURPLUS**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>(a) Securities Premium Account</b>		
Opening Balance	93,333,320	93,333,320
Addition: Premium on issue of Equity Shares (Refer Note 3 (ii))	182,250	–
Closing Balance	<b>93,515,570</b>	<b>93,333,320</b>
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	632,976,785	568,673,935
Profit for the Year	64,097,629	78,618,273
Less: Appropriations		
(i) Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets (net of taxes of Rs.1,626,009)	–	(3,157,778)
(ii) Proposed Final Equity Dividend (amount per share Rs. 0.50 Per Share (March 31, 2015 : Rs 0.50 Per Share).	(9,302,755)	(9,298,493)
(iii) Tax on Dividend	(1,925,984)	(1,859,152)
Closing Balance	<b>685,845,675</b>	<b>632,976,785</b>
<b>TOTAL (a)+(b)</b>	<b>779,361,245</b>	<b>726,310,105</b>

**5 DEFERRED TAX LIABILITIES (NET)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) 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	16,871,398	12,154,985
(b) 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	13,564,191	9,890,019
<b>TOTAL (a)-(b)</b>	<b>3,307,207</b>	<b>2,264,966</b>

**6 LONG TERM PROVISIONS**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Provision for Gratuity (Also refer Note 27)	309,180	–
<b>TOTAL</b>	<b>309,180</b>	<b>–</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***7 TRADE PAYABLES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Trade Payables - Other than Acceptances		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note 33)	343,000	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	206,844,291	127,930,356
<b>TOTAL</b>	<b>207,187,291</b>	<b>127,930,356</b>

**8 OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Advances From Patients	83,652,600	31,247,853
(b) Sundry Deposits	411,500	1,714,870
(c) Gratuity (Refer Note 27)	5,416,000	3,970,851
(d) Statutory Payables	10,180,493	10,336,348
(e) Unclaimed Dividend (Refer Note below)	951,845	580,338
(f) Payables for Purchase of Fixed Assets	3,211,059	4,024,702
<b>TOTAL</b>	<b>103,823,497</b>	<b>51,874,962</b>

**Note:**

Amount to be credited to Investor Education and Protection Fund

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**9 SHORT-TERM PROVISIONS**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Provision for Employee Benefits		
(i) Provision for Compensated Absences	6,388,000	3,077,000
(ii) Provision for Gratuity (Refer Note 27)	54,241	-
(b) Other provisions		
(i) Provision for Income Tax [Net of Advance Tax / TDS - Rs. 172,737,042 (As at 31 March 2015 Rs. 172,737,042)]"	570,879	570,879
(ii) Proposed Equity Dividend	9,302,755	9,298,493
(iii) Provision for Tax on Proposed Equity Dividend	1,893,822	1,859,152
<b>TOTAL</b>	<b>18,209,697</b>	<b>14,805,524</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
*(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block		
	Balance as at 1 April 2015	Additions	Disposals	Reclassified as held for sale	Balance as at 31 March 2016	Balance as at 1 April 2015	For the year	Eliminated on Disposal of Assets	Eliminated on reclassification as held for sale	Balance as at 31 March 2016	Balance as at 31 March 2015
<b>A. Tangible Assets - Owned / Acquired</b>											
(a) Plant and Equipments	21,834,572	755,452	-	-	22,590,024	7,823,805	1,305,962	-	-	13,460,257	14,010,767
(b) Medical Equipments	242,943,976	66,048,491	-	27,311,570	281,680,897	97,020,806	19,658,543	-	18,164,782	183,166,330	145,923,170
(c) Furnitures and Fixtures	18,017,101	7,305,128	-	-	25,322,230	8,305,262	1,787,976	-	-	15,228,992	9,711,840
(d) Computers	14,718,412	501,984	-	-	15,220,396	9,677,280	5,297,360	-	-	245,755	5,041,131
(e) Office Equipments	-	2,005,156	-	-	2,005,156	-	64,034	-	-	1,941,122	-
(f) Vehicles	1,089,157	-	1,089,157	-	-	174,092	213,919	388,011	-	-	915,065
<b>Sub-Total</b>	<b>298,603,218</b>	<b>76,616,211</b>	<b>1,089,157</b>	<b>27,311,570</b>	<b>346,818,702</b>	<b>123,001,245</b>	<b>28,327,794</b>	<b>388,011</b>	<b>18,164,782</b>	<b>214,042,456</b>	<b>175,601,973</b>
<b>B. Intangible Assets - Owned / Acquired</b>											
(a) Software	5,313,472	32,759,663	-	-	38,073,135	3,842,668	3,250,182	-	-	30,980,285	1,470,804
<b>Sub-Total</b>	<b>5,313,472</b>	<b>32,759,663</b>	<b>-</b>	<b>-</b>	<b>38,073,135</b>	<b>3,842,668</b>	<b>3,250,182</b>	<b>-</b>	<b>-</b>	<b>7,092,850</b>	<b>1,470,804</b>
<b>Grand Total</b>	<b>303,916,690</b>	<b>109,375,874</b>	<b>1,089,157</b>	<b>27,311,570</b>	<b>384,891,837</b>	<b>126,843,913</b>	<b>31,577,976</b>	<b>388,011</b>	<b>18,164,782</b>	<b>245,022,741</b>	<b>177,072,777</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

PREVIOUS YEAR	Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block		
		Balance as at 1 April 2014	Additions	Disposals	Balance as at 31 March 2015	Balance as at 1 April 2014	For the year (Refer Note Below)	Eliminated on Disposal of Assets	Balance as at 31 March 2015	Balance as at 31 March 2014
	<b>A. Tangible Assets - Owned / Acquired</b>									
	(a) Plant and Equipment	20,864,474	1,295,132	325,034	21,834,572	6,150,449	1,857,669	184,313	7,823,805	14,714,025
	(b) Medical Equipments	222,031,277	21,428,167	515,468	242,943,976	75,114,335	22,397,597	491,126	97,020,806	146,916,942
	(c) Furnitures and Fixtures	11,043,118	7,371,904	397,921	18,017,101	5,417,346	3,173,111	285,195	8,305,262	5,625,772
	(d) Computers	12,883,897	2,843,714	1,009,199	14,718,412	6,852,743	3,829,830	1,005,293	9,677,280	6,031,154
	(e) Vehicles	1,089,157	-	-	1,089,157	43,372	130,720	-	174,092	1,045,785
	<b>Sub-Total</b>	<b>267,911,923</b>	<b>32,938,917</b>	<b>2,247,622</b>	<b>298,603,218</b>	<b>93,578,245</b>	<b>31,388,928</b>	<b>1,965,928</b>	<b>123,001,245</b>	<b>174,333,678</b>
	<b>B. Intangible Assets - Owned / Acquired</b>									
	(a) Software	5,313,472	-	-	5,313,472	3,330,210	512,458	-	3,842,668	1,983,262
	<b>Sub-Total</b>	<b>5,313,472</b>	<b>-</b>	<b>-</b>	<b>5,313,472</b>	<b>3,330,210</b>	<b>512,458</b>	<b>-</b>	<b>3,842,668</b>	<b>1,983,262</b>
	<b>Grand Total</b>	<b>273,225,395</b>	<b>32,938,917</b>	<b>2,247,622</b>	<b>303,916,690</b>	<b>96,908,455</b>	<b>31,901,386</b>	<b>1,965,928</b>	<b>126,843,913</b>	<b>176,316,940</b>

**Note**

Depreciation for the year ended 31 March 2015 includes:

- Transition adjustment recorded against Surplus in the Statement of Profit and Loss - Rs. 4,783,787

- Depreciation charged to the Statement of Profit and Loss for the year ended 31 March 2015 - Rs. 27,117,598

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
*(All amounts are in Indian Rupees unless otherwise stated)*
**11 DEFERRED TAX ASSETS (NET)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) 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	145,372	125,420
(b) Deferred tax liabilities	-	-
<b>TOTAL</b>	<b>145,372</b>	<b>125,420</b>

**12 LONG-TERM LOANS AND ADVANCES (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Capital Advances	221,273	1,183,360
(b) Security Deposits	6,621,910	2,956,750
(c) Advance Income Tax / TDS [Net of Provisions for Tax of Rs. 34,181,140 (As at 31 March 2015 - Rs. Nil)]	20,419,606	11,429,375
<b>TOTAL</b>	<b>27,262,789</b>	<b>15,569,485</b>

**13 INVENTORIES (Valued at Lower of Cost and Net Realisable Value)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Medical Consumables and Drugs	26,114,509	10,021,258
<b>TOTAL</b>	<b>26,114,509</b>	<b>10,021,258</b>

**13.1** Hitherto, the Group was following First-in-First-out method for valuation of inventories. Effective 1 April 2015, the Group has changed its accounting policy for Inventory valuation to Weighted Average method to align the method of accounting with that of the Holding Company. Had the Group continued with the earlier policy of valuing inventory based on the First-in-first-out method as at 31 March 2016, the Profit before Tax for the year ended 31 March 2016, as estimated by the Management, would have been higher by Rs. 773,980.

**14 TRADE RECEIVABLES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Aggregate amount outstanding for a period exceeding six months (from due date of payment)		
Unsecured, Considered Good	9,965,944	9,342,974
Unsecured, Considered Doubtful	5,478,608	2,886,966
	15,444,552	12,229,940
Less : Provision for Doubtful Receivables	(5,478,608)	(2,886,966)
	9,965,944	9,342,974
(b) Other Trade Receivables		
Unsecured, Considered Good	50,239,690	32,791,009
Unsecured, Considered Doubtful	7,303,395	11,139,645
	57,543,085	43,930,654
Less : Provision for Doubtful Receivables	(7,303,395)	(11,139,645)
	50,239,690	32,791,009
<b>TOTAL (a) + (b)</b>	<b>60,205,634</b>	<b>42,133,983</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***15 CASH AND BANK BALANCES**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Cash and Cash Equivalents		
(i) Cash on hand	1,032,070	4,845,813
(ii) Balances with banks		
- On Current Accounts	14,484,432	1,052,758
- In Deposits with Original Maturity of 3 Months or Less		
- Free of Lien	17,645,751	152,314,721
- Under Lien	-	2,500,000
	<b>33,162,253</b>	<b>160,713,292</b>
(b) Other Bank Balances		
(i) In Deposits with Original Maturity for More Than 3 Months but Less Than or Equal to 12 Months		
- Free of Lien	191,237,238	-
- Under Lien	27,500,000	25,000,000
(ii) On Unpaid Dividend Account (Refer Note below)	951,845	580,338
	<b>219,689,083</b>	<b>25,580,338</b>
<b>TOTAL (a)+(b)</b>	<b>252,851,336</b>	<b>186,293,630</b>

**Note:**

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

**16 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Advances to Related Parties (Refer Note 29)	-	934,296
(b) Inter Corporate Deposit Placed with Entity under Common Control (Refer Note below)	613,000,000	613,000,000
(c) Advances to Vendors	5,488,289	-
(d) Prepaid Expenses	2,574,478	6,600,852
(e) Other Loans and Advances	1,309,269	2,036,826
<b>TOTAL</b>	<b>622,372,036</b>	<b>622,571,974</b>

**Note:**

Loans and advances in the nature of loans given to entities under common control:

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Escorts Heart Institute and Research Centre Limited		
(i) Balance outstanding at the year end	613,000,000	613,000,000
(ii) Interest Accrued and But Not Due	15,806,457	14,283,740
<b>Total</b>	<b>628,806,457</b>	<b>627,283,740</b>
(b) Maximum amount outstanding during the year	631,586,805	631,951,358

The above Inter Corporate Deposit placed with an Entity under Common Control carries an interest rate of 10.5% per annum, with a tenor of 12 months.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**17 OTHER CURRENT ASSETS (Unsecured, Considered Good)**

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Unbilled Revenue from Undischarged Patients	22,925,085	21,010,833
(b) Served From India Scheme (SFIS) Income Accrued	7,278,750	5,352,813
(c) Interest Accrued But Not Due:		
- Inter Corporate Deposit with an Entity under Common Control	15,806,457	14,283,740
- Fixed Deposit with Banks	6,613,444	6,478,154
(d) Contractually Reimbursable Expenses (Refer Note 29)	2,116,800	1,944,300
(e) Fixed Assets Held for Sale	6,095,238	-
<b>TOTAL</b>	<b>60,835,774</b>	<b>49,069,840</b>

**18 REVENUE FROM OPERATIONS**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Sales of Services		
(i) In-Patient	1,076,027,299	957,781,531
(ii) Out-Patient	186,548,822	177,108,196
(iii) Others	-	1,161,446
<b>Sub Total (a)</b>	<b>1,262,576,121</b>	<b>1,136,051,173</b>
(b) Sales of Medical Consumables and Drugs		
(i) Medical Consumables and Drugs	30,382,741	40,340,711
<b>Sub Total (b)</b>	<b>30,382,741</b>	<b>40,340,711</b>
(c) Other Operating Revenue		
(i) Income from Served From India Scheme (SFIS)	2,374,161	1,144,053
(ii) Other Operating Income	802,084	1,720,891
<b>Sub Total (c)</b>	<b>3,176,245</b>	<b>2,864,944</b>
<b>Total (a)+(b)+(c)</b>	<b>1,296,135,107</b>	<b>1,179,256,828</b>

**19 PURCHASES OF MEDICAL CONSUMABLES AND DRUGS (Refer Note 13.1)**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Purchases of Medical Consumables and Drugs	285,307,577	282,864,035
<b>TOTAL</b>	<b>285,307,577</b>	<b>282,864,035</b>

**20 CHANGES IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS (Refer Note 13.1)**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Inventories at the beginning of the year	10,021,258	2,692,603
(b) Inventories at the end of the year	26,114,509	10,021,258
<b>TOTAL</b>	<b>(16,093,251)</b>	<b>(7,328,655)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***21 EMPLOYEE BENEFITS EXPENSE**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Salaries, Wages and Bonus (Refer Note 25)	151,971,287	128,562,297
(b) Gratuity Expense (Refer Note 27)	2,622,127	2,756,851
(c) Contribution to Provident Fund (Refer Note 26)	7,304,192	7,393,330
(d) Staff Welfare Expenses	16,818,417	19,243,978
<b>TOTAL</b>	<b>178,716,023</b>	<b>157,956,456</b>

**22 OTHER EXPENSES**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Contractual Manpower	15,001,691	5,733,967
(b) Power, Fuel and Water	27,559,843	21,718,938
(c) Clinical Establishment Fee (Refer Note (i) below)	188,403,554	176,233,740
(d) Housekeeping Expenses	6,584,526	5,560,042
(e) Patient Food and Beverages	14,982,110	14,831,410
(f) Pathology Laboratory and Radiology Expenses	60,853,593	42,410,174
(g) Consultation Fees to Doctors	127,329,942	96,588,959
(h) Professional Charges to Doctors	218,996,126	195,191,703
(i) Repairs & Maintenance		
- Building	1,057,460	1,290,265
- Plant & Machinery	19,007,878	12,788,274
- Others	8,630,570	5,427,216
(j) Rent		
- Equipments	4,229,919	4,068,395
- Others	7,917,128	3,499,026
(k) Legal & Professional	6,702,214	4,659,865
(l) Subscription Fee	622,873	1,077,817
(m) Travel & Conveyance	13,500,103	13,846,723
(n) Rates & Taxes	219,428	160,835
(o) Printing & Stationery	8,362,006	5,329,263
(p) Communication Expenses	5,276,682	3,166,309
(q) Directors' Sitting Fees	1,335,135	753,180
(r) Insurance	4,884,923	4,130,525
(s) Marketing & Business Promotion	30,558,453	37,596,578
(t) Loss on Sale / Discarding of Fixed Assets (Net)	3,051,550	137,936
(u) Payment to Auditors		
- Statutory Audit	850,000	825,000
- Tax Audit	50,000	75,000
- Other Services	200,000	225,000
- Service Tax	159,125	152,429



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
- Reimbursement of Expenses	19,346	110,720
(v) Provision for Doubtful Receivables	6,903,291	5,810,438
(w) Bad Receivables/advances Written off	8,147,899	346,691
Less: Release from Provision for Doubtful Receivables	(8,147,899)	-
Bad Receivables/ advances Written off (net)	-	346,691
(x) Expenditure on Corporate Social Responsibility (Refer Note 40)	2,739,439	118,328
(y) Miscellaneous Expenses	1,974,419	6,465,021
<b>TOTAL</b>	<b>787,963,327</b>	<b>670,329,767</b>

**Note:**

- (i) Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement.

**23 FINANCE COST**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Credit Card / Bank Charges	4,033,267	3,671,662
(b) Interest on Delayed Payment of Income Tax/TDS	330	1,416,030
<b>TOTAL</b>	<b>4,033,597</b>	<b>5,087,692</b>

**24 INTEREST INCOME**

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Interest Income		
(i) Interest on Bank Deposits	15,244,891	11,847,466
(ii) Interest from Inter Corporate Deposit	64,541,340	64,377,083
(ii) Interest from Income Tax Refunds	-	204,446
<b>TOTAL</b>	<b>79,786,231</b>	<b>76,428,995</b>

- 25** Exceptional item for the year ended March 31, 2016 amounting to Rs. 5,115,031 represents provision made by the Company for additional Bonus for financial year 2014-15 as well as for the relevant period for the financial year 2015-16, as per the Payment of Bonus (Amendment) Act, 2015.

**26 Employee Benefits**

The Group makes Provident Fund contributions to State administered fund for qualifying employees. The Group is required to contribute a specified percentage of the payroll costs to the Fund. The Group recognised Rs. 7,304,192 (Previous Year: Rs. 7,393,330) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Group is at rates specified in the rules of the scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***27 Defined Benefit Plans**

The Group has a gratuity scheme for its employees and the Gratuity liability / provision has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>Change in Fair Value of Defined Benefit Obligation during the Year</b>		
Present value of Defined Benefit Obligation at the Beginning of the Year	15,923,851	13,114,000
Current Service Cost	2,125,793	1,770,300
Interest Cost	1,211,908	1,177,788
Benefits Paid	(813,557)	(754,000)
Actuarial Losses / (Gain)	272,426	615,763
<b>Present value of Defined Benefit Obligation at End of the Year</b>	<b>18,720,421</b>	<b>15,923,851</b>
<b>Change in Fair Value of Assets during the Year</b>		
Plan Assets at Beginning of the Year	11,953,000	10,946,000
Expected Return on Plan Assets	1,106,000	1,022,000
Actual Group Contributions	813,557	200,000
Benefits Paid	(813,557)	-
Actuarial Gain / (Loss)	(118,000)	(215,000)
<b>Plan Assets at End of the Year</b>	<b>12,941,000</b>	<b>11,953,000</b>
<b>Liability Recognised in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation	18,720,421	15,923,851
Fair Value of Plan Assets	12,941,000	11,953,000
<b>Net (Liability) / Assets Recognised in the Balance Sheet</b>	<b>(5,779,421)</b>	<b>(3,970,851)</b>
<b>Of the above:</b>		
Current	(5,470,241)	(3,970,851)
Non-Current	(309,180)	-
	<b>(5,779,421)</b>	<b>(3,970,851)</b>
<b>Cost of Defined Benefit Plan for the Year</b>		
Current Service Cost	2,125,793	1,770,300
Interest Cost	1,211,908	1,177,788
Expected Return on Plan Assets	(1,106,000)	(1,022,000)
Net Actuarial Losses	390,426	830,763
<b>Net Cost Recognized in the Statement of Profit and Loss</b>	<b>2,622,127</b>	<b>2,756,851</b>
<b>Assumptions</b>		
Discount Rate (Refer Note (b))	7.75%	7.75%
Expected Return on Plan Assets	9.25%	9.25%
Mortality Table	Indian Assured Lives (2006 -08) (Modified) Ult	Indian Assured Lives (2006 -08) (Modified) Ult
<b>Attrition rate:</b>		
Age 20 to 30 years	18.00%	18.00%
Age 31 to 44 years	6.00%	6.00%
Age Above 44 years	2.00%	2.00%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Group.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- Experience Adjustments\*:

Particulars	For the Year	For the Year	For the Year	For the Year
	Ended 31 March 2016	Ended 31 March 2015	Ended 31 March 2014	Ended 31 March 2013
Projected Benefit Obligation	(18,720,421)	(15,923,851)	(12,911,000)	(10,330,000)
Fair Value of Plan Assets	12,941,000	11,953,000	10,946,000	8,017,000
Surplus/(Deficit)	(5,779,421)	(3,970,851)	(1,965,000)	(2,313,000)
Experience Adjustments on Plan Liabilities - Loss/(Gains)	272,426	615,763	(2,508,000)	388,000
Experience Adjustments on Plan Assets - Gains / (Losses)	(118,000)	(215,000)	(34,000)	11,000

\*The details of experience adjustments have been disclosed to the extent of information available.

- 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.
- Actual Return on Plan Assets for the year ended 31 March 2016 -Rs.988,000 (Previous Year: Rs. 807,000)
- Estimated amount of contribution to the funds during the year ended 31 March, 2017 as estimated by the management is Rs. 5,470,241 (Previous Year: Rs. 3,672,000).

### 27.1 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year	For the Year
	Ended 31 March 2016	Ended 31 March 2015
<b>Assumptions:</b>		
Discount Rate	7.75%	7.75%
Future Salary Increase	7.50%	7.50%
<b>Attrition:</b>		
Age 20 to 30 years	18%	18%
Age 31 to 44 years	6%	6%
Age Above 44 years	2%	2%

### 28 Segment Reporting

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 and the amounts appearing in the financial statements relate to this single primary business segment. As such there are no separate business and geographic reportable segments as per AS-17 "Segment Reporting".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees unless otherwise stated)

### 29 Related Party Transactions

#### 29.1 Names of Related Parties and Nature of Relationship

Description of Relationship	2015-16	2014-15
Ultimate Holding Company	Fortis Healthcare Limited	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited	Fortis Hospitals Limited
Associate of the Holding Company	Healthfore Technologies Limited Fortis Health Management Limited	Healthfore Technologies Limited Fortis Health Management Limited
Fellow Subsidiary or Common Control	SRL Limited Lalitha Healthcare Private Limited Escorts Heart Institute and Research Centre Limited	SRL Limited Lalitha Healthcare Private Limited
Key Management Personnel	Mr. Raghunath P (Whole time Director) Mr. Akshaya Kumar Singh (Chief Financial Officer) Mr. Sumit Goel (Company Secretary)	Mr. V.Vijayarathna (Whole-time Director) (till July 26 2014) Mr.Raghunath P (Whole time Director) (with effect from July 26, 2014) Mr. Akshaya Kumar Singh (Chief Financial Officer) (with effect from July 26, 2014) Mr. Sumit Goel (Company Secretary)

**Note:**

Related party relationships are as identified by the Management.

#### 29.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>INCOME</b>			
Interest on Inter Corporate Deposits	Escorts Heart Institute and Research Centre Limited	64,541,340	64,377,083
Sale of Medical Consumables & Drugs	Fortis Health Management Limited	756,324	619,247
<b>EXPENSES</b>			
Pathology Laboratory and Radiology Expenses	SRL Limited	57,223,438	40,016,728
Clinical Establishment Fee	Fortis Health Management Limited	188,403,554	176,233,740
Purchase of Medical Consumable and Drugs	Fortis Hospitals Limited	2,112,626	1,943,207
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited Fortis Hospitals Limited Lalitha Healthcare Private Limited Fortis Health Management Limited	16,013,659 25,937 67,567 1,071,676	5,680,198 535,852 155,528 -
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited Fortis Hospitals Limited Fortis Health Management Limited	1,360,553 1,403,341 26,966,004	455,342 1,035,037 20,867,387
Managerial Remuneration	Mr. Raghunath P Mr. Akshaya Kumar Singh Mr. Vijayarathna	4,110,344 1,654,245 -	3,640,477 951,059 1,730,340

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

Transaction	Related Party	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
<b>OTHERS</b>			
Purchase of Medical Equipments	Fortis Healthcare Limited	26,829,457	–
Purchase of Intangible Assets - Software	Fortis Healthcare Limited	25,256,438	–
Repayment of Inter Corporate Deposit Placed	Escorts Heart Institute and Research Centre Limited	–	1,500,000
<b>BALANCES AT THE END OF THE YEAR</b>			
Trade Payable	Fortis Healthcare Limited SRL Limited Fortis Health Management Limited	42,670,754 4,194,302 57,740,524	– 3,789,162 32,314,650
Capital Work-in-Progress	Healthfore Technologies Ltd.	3,595,516	–
Advances Recoverable	Fortis Healthcare Limited Fortis Hospitals Limited	– 28,000	934,296 –
Contractually Reimbursable Expenses	Fortis Healthcare Limited	2,116,800	1,944,300
Inter Corporate Deposits Placed	Escorts Heart Institute and Research Centre Limited	613,000,000	613,000,000
Interest Accrued But not Due	Escorts Heart Institute and Research Centre Limited	15,806,457	14,283,740

**Note:**

The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2016 and 31 March 2015 there are no further amounts payable to / receivable from them, other than as disclosed above.

**30 Employee stock option plans**

The Company provides share-based payment schemes to eligible employees of the Company and its subsidiary. 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees unless otherwise stated)*

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2016		March 31, 2015	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	230,000	26.20	230,000	26.20
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	(11,250)	–	–	–
Outstanding at the end of the year	218,750	26.20	230,000	26.20
Exercisable at the end of the year	218,750	26.20	230,000	26.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2016 is 0.75 years (31 March 2015: 1.75 years). The exercise price for options outstanding at the end of the year was Rs. 26.20 (31 March 2015: Rs. 26.20).

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

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)	0.00%	0.00%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (Rs.)	Nil	Nil
Exercise price (Rs.)	26.2	26.2
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.

The Group 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 of the Group as reported would have changed to the amounts indicated below:

Particulars	March 31, 2016 (Rs)	March 31, 2015 (Rs)
Profit after tax as reported	64,097,629	78,618,273
Add: ESOP cost using the intrinsic value method	Nil	Nil
Less: ESOP cost using the fair value method	Nil	Nil
<b>Proforma profit after tax</b>	<b>64,097,629</b>	<b>78,618,273</b>
<b>Earnings Per Share</b>		
<b>Basic</b>		
- As reported	3.44	4.22
- Proforma	3.44	4.22
<b>Diluted</b>		
- As reported	3.43	4.21
- Proforma	3.43	4.21

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)*

### 31 Operating Leases

The Company has operating lease agreements primarily for medical equipments and office space, the lease terms of which are for a period of 11 months to 3 years. For the year ended 31 March 2016, an amount of Rs. 12,147,047 (Previous Year Rs. 7,567,421) was paid towards lease rentals and other charges for the office space.

Particulars	As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
Less than One Year	3,800,000	840,000
One Year to Five Years	-	-
More than Five Years	-	-

### 32 Earning Per Share

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Profit after Tax - Rs.	64,097,629	78,618,273
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	18,636,009	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 2008 WANES for Calculating Diluted EPS	74,143	71,992
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs.	3.44	4.22
- Diluted - in Rs.	3.43	4.21
Face Value Per Share - in Rs.	10.00	10.00

### 33 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars*	2015-2016 Amount in Rs.	2014-2015 Amount in Rs.
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	343,000	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

\*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are in Indian Rupees unless otherwise stated)***34 Commitments and Contingencies**

Particulars	As at	As at
	31 March 2016	31 March 2015
	Amount in Rs.	Amount in Rs.
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients / their relatives). (Refer Note below)	115,078,820	82,269,842
Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for:		
(a) Tangible Assets	4,400,000	8,393,299
(b) Intangible Assets	14,382,064	–

**Note:**

The cases are pending with various Consumer Disputes redressal Commissions. The Group 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.

**35 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	31-Mar-16		31-Mar-15	
	As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.
<b>Parent</b>	99%	955,807,620	99%	904,569,805
<b>Subsidiaries</b>				
<i>Indian</i>	1%	9,761,214	1%	8,335,389
Malar Stars Medicare Limited				
<b>Minority interests in all subsidiaries</b>	Nil	Nil	Nil	Nil
<b>Associates (Investment as per the equity method)</b>	Nil	Nil	Nil	Nil
<b>Joint Ventures (as per proportionate consolidation/ investment as per the equity method)</b>	Nil	Nil	Nil	Nil
<b>TOTAL</b>	100%	965,568,834	100%	912,905,194

(ii) Statement of Share in profit or loss

Name of the entity in the	31-Mar-16		31-Mar-15	
	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>	97%	62,171,804	97%	76,594,603
<b>Subsidiaries</b>				
<i>Indian</i>	3%	1,925,825	3%	2,023,670
Malar Stars Medicare Limited				
<b>Minority interests in all subsidiaries</b>	Nil	Nil	Nil	Nil
<b>Associates (Investment as per the equity method)</b>	Nil	Nil	Nil	Nil
<b>Joint Ventures (as per proportionate consolidation/ investment as per the equity method)</b>	Nil	Nil	Nil	Nil
<b>TOTAL</b>	100%	64,097,629	100%	78,618,273



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

*(All amounts are in Indian Rupees unless otherwise stated)*

**36 CIF Value of Imports**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Capital Goods	8,827,084	2,267,360
Medical Consumables	793,951	26,544,588

**37 Earnings in Foreign Exchange (On Accrual Basis)**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Health care services rendered to international patients	74,469,653	57,315,090

**38 Expenditure incurred in Foreign Currency (On Accrual Basis)**

Particulars	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
Marketing & Business Promotion	7,631,495	2,382,184
Travel & Conveyance	185,203	1,625,156
Subscription Fee	499,887	878,857

**39** The details of unhedged foreign currency exposures as at the Balance Sheet date are as under:

Particulars	As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
Trade Payable - USD	21,655	-
- INR	1,445,016	-

**40** During the year, the Company incurred an aggregate amount of Rs. 2,739,439 towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

(i) Gross amount required to be spent by the Company during the year: Rs. 2,735,724

(ii) Amount spent by the Company during the year on:

Particulars	Amount Paid (by Cheque)	Yet to be Paid	Total
Donation to Fortis Foundation	2,739,439	-	2,739,439

**41 Order / Notice Received from CMDA**

The Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the current year, CMDA has issued an Order dated 18 March 2016 stating that the regularization application made by the Company has not been allowed. The Company has preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order, which is pending disposal.

On 3 May 2016 CMDA has also served a Locking & Sealing and De-occupation Notice to the Company stating that in view of CMDA's Order dated 18 March 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon the Company to restore the land to its original position within 30 days from the date of the Notice. The Company has initiated legal action by filing a writ petition before the High Court of Madras to impugn the said notice.

The Company, based on legal advice, believes that the above Order / Notices issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Company has fair chance of success in the aforesaid Appeal / writ petition.

#### **42 Previous Year Figures**

Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

#### **43 Approval of Consolidated Financial Statements**

The Board of Directors of the Company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the consolidated financial statements. In addition, the Board, has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these consolidated financial statements in its meeting held on 24 May 2016.

#### **For and on behalf of the Board of Directors**

##### **Daljit Singh**

Chairman  
DIN- 00135414  
Chennai  
May 24, 2016

##### **Raghunath P**

Whole Time Director  
DIN- 06929117  
Chennai  
May 24, 2016

##### **Akshaya Kumar Singh**

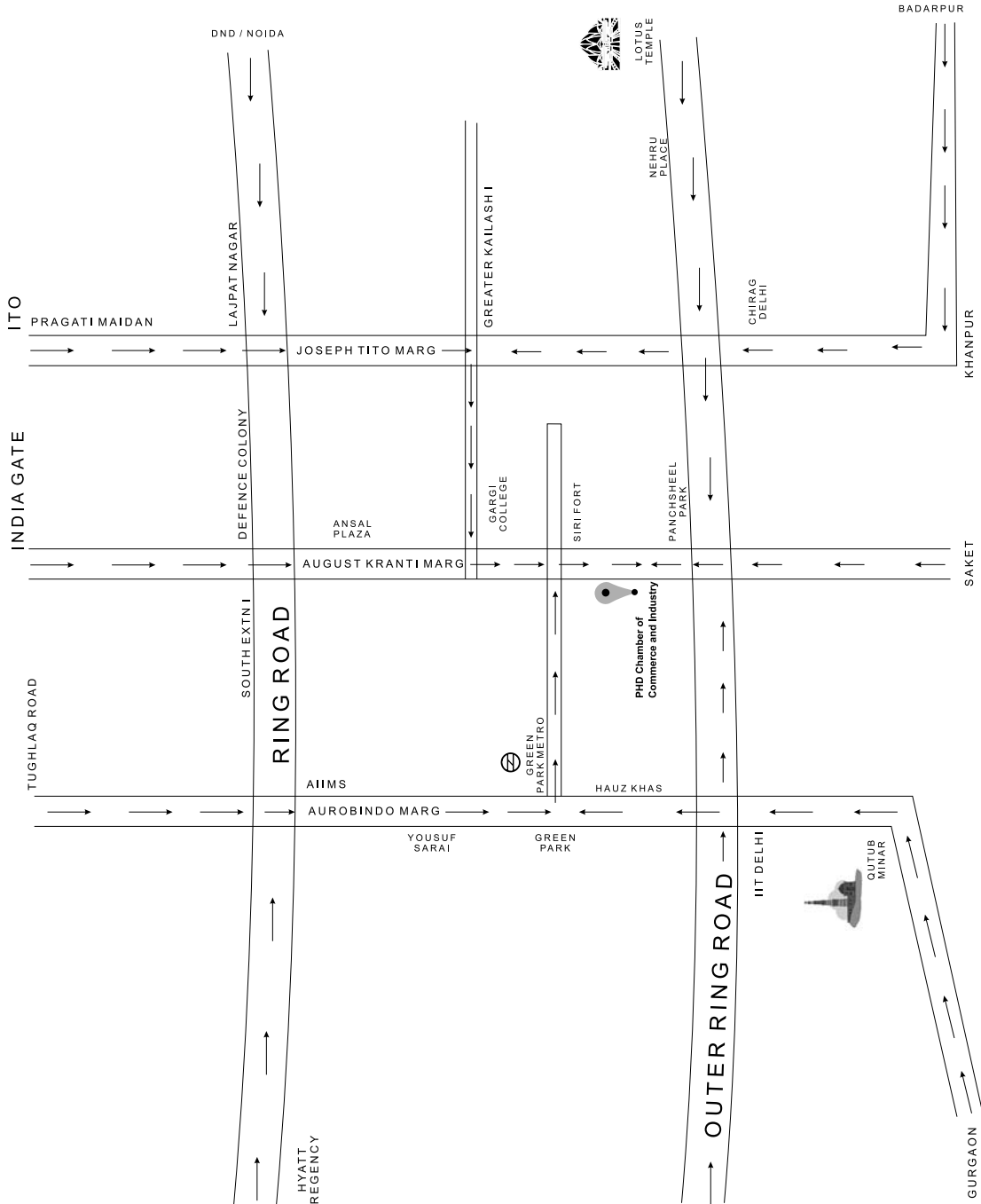
Chief Financial Officer  
216651  
Chennai  
May 24, 2016

##### **Sumit Goel**

Company Secretary  
F6661  
Chennai  
May 24, 2016

## Location Map of venue for Twenty Fourth Annual General Meeting

Day : Wednesday  
 Date : September 27, 2016  
 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](mailto:secretarial.malar@malarhospitals.in); Website: [www.fortismalar.com](http://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 **25<sup>th</sup> Annual General Meeting** of the Company, to be held on Tuesday, September 27, 2016, 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 Mr. Daljit Singh (DIN – 00135414), who retires by rotation		
3.	Declaration of Final Dividend for Financial Year ended March 31, 2016		
4.	Ratification of Appointment of Statutory Auditors		
5.	Regularization of Appointment of Mr. Meghraj Arvindrao Gpre (DIN – 07505123)		
6.	Ratification and Confirmation of Remuneration of Cost Auditor		

\* Applicable for investors holding shares in electronic form.

Signed this..... day of.....2016

Signature of shareholder

Affix Re.  
1/- Revenue  
Stamp

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

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Email: [secretarial.malar@malarhospitals.in](mailto:secretarial.malar@malarhospitals.in); Website: [www.fortismalar.com](http://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 **25<sup>th</sup> Annual General Meeting** of the Company held on Tuesday, September 27, 2016, 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.





**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](http://www.fortismalar.com) | [contactus.malar@fortishealthcare.com](mailto:contactus.malar@fortishealthcare.com)