Fortis Malar Hospitals
52, First Main Road, Gandhi Nagar, Adyar,
Chennai, Tamil Nadu – 600 020
Tel : +91 44 4289 2222
Fax : +91 44 4289 2293
Email : secretarial.malar@malarhospitals.in
Website: www.fortismalar.com

FMHL/SEC/SE/BM/SEP'18 **SEPTEMBER 29, 2018**

The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Security Code: 523696

Dear Sir,

Sub: Annual General Meeting – Voting Results and Annual Report

It is hereby informed that Fortis Malar Hospitals Limited ("the Company") held its 27th Annual General Meeting ("AGM") on September 28, 2018 at 10:30 A.M. at the National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab – 160062. With reference to the above, please find enclosed the following:

1. Voting Results of the AGM in the prescribed format along with Scrutinizer's report; and
2. Annual Report for the Financial Year 2017-18 as approved and adopted at the said AGM in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Yours faithfully
For **Fortis Malar Hospitals Limited**

SHASHANK PORWAL Digitally signed by SHASHANK PORWAL Date: 2018.09.29 18:00:16 +05'30'

Shashank Porwal
Company Secretary
M. No. 51957

FOR THE HEART FROM THE HEART

ANNUAL REPORT 2017-2018

INDIA'S LARGEST HEART TRANSPLANT CENTRE.

Fortis MALAR HOSPITAL

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Daljit Singh, Chairman
Mr. Akshay Kumar Tiwari
Mr. L T Nanwani
Mr. Meghraj A. Gore
Mr. Murari Pejavar
Dr. Nithya Ramamurthy
Mr. Rahul Ranjan
Mr. R K Shetty
Mr. Ramesh L Adige

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Shashank Porwal

CHIEF FINANCIAL OFFICER

Mr. Vijayasarathy Desikan

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
ASV, 'N' Ramana Tower,
52, Venkatanarayana Road
T. Nagar, Chennai- 600017

REGISTERED OFFICE

Fortis Hospital, Sector 62, Phase VIII,
Mohali, Punjab- 160062
Ph.: +91-172-5096001, Fax: +91-172-5096002
Email Id: secretarial.malar@malarhospitals.in
Website: www.fortismalar.com

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot no. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500032
Ph.: +91 40 6716 2222
Email Id: einward.ris@karvy.com
Website: www.karvycomputershare.com

Board of Directors

Mr. Daljit Singh

Mr. Meghraj Arvindrao Gore

Mr. Lakshman Teckchand Nanwani

Mr. Murari Pejavar

Dr. Nithya Ramamurthy

Mr. Akshay Kumar Tiwari

Mr. Rama Krishna Shetty

Mr. Ramesh Lakshman Adige

Mr. Rahul Ranjan

"The Heart Failure and Transplant Programme, in particular, has made the country proud by conducting around 250 transplants, making it one of the largest heart transplant programmes in South East Asia."

Daljit Singh
Chairman

Dear Shareholders,

It gives me great pleasure to present the results of your Company for the year ended March 31, 2018.

Over the years, Fortis Malar Hospital, Chennai, has carved a name for itself as a global institution of excellence in healthcare. This has been made possible entirely by the wholehearted dedication and commitment of some of the finest clinicians, nurses, paramedics, support staff and hospital administrators in the country. Together, these extraordinary people give their best every day so that we can live up to our promise of ensuring excellent clinical outcomes whilst delivering world-class compassionate care. I take this opportunity to thank these wonderful people for their contribution towards building this remarkable institution.

I am pleased to share that your hospital continued to deliver spectacular clinical outcomes across all specialities. The Heart Failure and Transplant Programme, in particular, has made the country proud by conducting around 250 transplants, making it one of the largest heart transplant programmes in South East Asia. Your hospital also completed a successful Heart Transplant on the oldest (80 years old) recipient in India. The survival rates of post-transplant patients are comparable with the best in the world. This is extremely creditable and reflective of the superlative medical expertise at the hospital. Clinicians across all other specialities, such as Neurology, Obstetrics & Gynaecology, Orthopaedics and Gastroenterology, to name a few, have also delivered outstanding results.

Your hospital continued to provide greater relief to patients by launching several new programmes and initiatives, such as All Women's Clinic with an exclusive, all women team of consultants to cater to the needs of women's health issues. Your hospital has completed around 500 kidney transplants, making Fortis Malar Hospital a formidable Urology centre.

During the year, Annual Revenue grew by 6% to ₹ 149.19 Crores from ₹ 140.56 Crores in the previous financial year. Profit before exceptional and extra-ordinary items was ₹ 5.59 Crores compared to ₹ 4.47 Crores in the previous financial year. Net profit after tax was ₹ 3.32 Crores compared to ₹ 3.11 Crores in the previous financial year. Price capping of Cardiac stents and Orthopaedic implants 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 ₹ 155 Lakhs in FY 2017 to ₹ 173 Lakhs in FY 2018. The average length of stay (ALOS) increased from 3.39 days in FY 2017 to 4.00 days in FY 2018.

These numbers reflect the fact that in spite of very challenging circumstances, your hospital has been able to put up a creditable performance. More importantly, our focus on patient care remains uncompromised.

Apart from delivering world-class healthcare, Fortis Malar is proud to have played a stellar role as a responsible corporate citizen. Your hospital has been participating in the Swachh Fortis initiative, aimed at ensuring clean and hygienic surroundings. Every month, our staff members join hands to clean up various localities in the neighbourhood. Offering Basic Life Support training to citizens is another way your hospital is contributing towards creating a healthy society. Numerous health camps and awareness campaigns were held through the year as part of our commitment towards "saving and enriching lives."

In conclusion, I would like to thank all our shareholders, doctors, nurses, paramedics, staff members and other stakeholders for their continued support through the year. I am sure that with your support, we will continue to serve our patients with renewed vigour and zeal in the years to come.

With Best Wishes and Warm Regards,

Daljit Singh
Chairman
Fortis Malar Hospitals Limited

Dear Members,

Your Directors have pleasure in presenting here the Twenty Seventh 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, 2018.

FINANCIAL RESULTS

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

(₹ In Lacs)

Particulars	**Consolidated**	
	Year ended March 31, 2018	**Year ended March 31, 2017**
Continuing Operations		
Operating Income	14,919.27	14,055.99
Other Income	844.18	796.95
Total Income	**15,763.45**	**14,852.94**
Total Expenditure	14,744.43	13,966.17
Operating Profit	**1,019.02**	**886.77**
Less: Finance Charges, Depreciation & Amortization	459.88	439.90
Profit / (Loss) before exceptional items and tax	**559.14**	**446.87**
Exceptional items	-	-
Profit / (Loss) before tax	**559.14**	**446.87**
Less: Tax Expenses	226.96	135.43
Net Profit for the year	**332.18**	**311.44**
Other Comprehensive Income (Net of Taxes)	12.69	(24.41)
Total Comprehensive Income for the year	344.87	287.03
Profits/ (Loss) attributable to minority interest	-	-
Share in profits of associate companies	-	-
Profit/ (Loss) for the year from continuing operations (A)	**344.87**	**287.03**
Discontinuing Operations		
Profit/ (Loss) before tax from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/ (Loss) after tax and before minority interest from discontinuing operations	-	-
Share in profits/ (loss) of associate companies	-	-
Profits/ (loss) attributable to minority interest	-	-
Profit for the year from discontinuing operations (B)	**-**	**-**
Profit for the year (A+B)	**344.87**	**287.03**

(₹ In Lacs)

Particulars	Standalone	
	Year ended March 31, 2018	**Year ended March 31, 2017**
Operating Income	14,919.27	14,055.99
Other Income	818.46	756.26
Total Income	**15,737.73**	**14,812.25**
Total Expenditure	14,746.86	13,968.52
Operating Profit	**990.87**	**843.73**
Less: Finance Charges and Depreciation	459.88	439.90
Profit/ (loss) before exceptional items and tax	**530.99**	**403.83**
Exceptional items	-	-
Profit/ (loss) before tax	**530.99**	**403.83**
Less: Tax Expenses	216.87	121.80
Net Profit for the year	**314.12**	**282.03**
Other Comprehensive Income (Net of Taxes)	12.30	(24.04)
Total Comprehensive Income for the year	326.42	257.99

STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

Fortis Malar Hospital (formerly known as 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 Hospitals, with 180 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 busiest in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

Fortis Malar has been doing exceptional clinical work and has achieved the unique distinction of completing around 250 Heart / Lung transplants, reinforcing its position as a world class super specialty tertiary care centre. Additionally, it has made a mark for itself by performing complex and high end surgeries particularly in Cardiology, Neurology, Mother and Child Care, among others. We are delighted with the great work being done by our team of doctors, nurses, paramedics and other staff members and are confident that we will continue to deliver world class clinical programs, with consistently superior results in the future, as well.

OPERATIONAL AND FINANCIAL PERFORMANCE

During the Financial Year 2017-18, your Company achieved a consolidated income from operations of ₹ 149.19 Cr against ₹ 140.56 Cr during the last Financial Year ended March 31, 2017, representing a growth of 6% over the previous year. Consolidated Operating EBITDA for the year stood at ₹ 1.75 Cr compared to ₹ 0.90 Cr in the previous year. Profit before exceptional item and tax stood at ₹ 5.59 Cr compared to ₹ 4.47 Cr in the corresponding period. Consolidated net profit for the year was ₹ 3.32 Cr compared to ₹ 3.11 Cr 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 ₹ 173 lacs from ₹ 155 lacs in the previous year. The average length of stay (ALOS) stood at 4.00 days in Financial Year 2018 compared to 3.39 days in Financial Year 2017. Occupancy of the hospital during the year was at 58% compared to 61% of the previous year. There has been no change in the nature of business of the Company during the year under review.

DIVIDEND AND TRANSFER TO RESERVES

The Board of Directors of your Company has not recommended any dividend for the FY 2017-18. Accordingly, there has been no transfer to General Reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 2017-18 AND THE DATE OF THE REPORT

The Board of Directors of your Company at its meeting on August 19, 2016 approved a composite scheme of arrangement and amalgamation between your Company, Fortis Healthcare Limited ("**FHL**"), SRL Limited ("**SRL**") and their respective shareholders and creditors ("**Scheme**") for **(i)** the transfer of the undertaking, business and operations of your Company including assets and liabilities pertaining to the hospital business, as identified in the Scheme ("**Transferred Undertaking**"), as a going concern, by way of slump sale, from your Company to FHL, in lieu of payment of a lumpsum consideration by FHL to your Company ("**Business Transfer**"); **(ii)** the transfer by way of a demerger of the undertakings, business, activities and operations of FHL, pertaining exclusively to the diagnostics business of FHL as identified in the Scheme ("**Demerged Undertaking**") to your Company, and consequent issue of equity shares by your Company to shareholders of FHL ("**Demerger**"); **(iii)** the amalgamation of all the undertakings and entire business of SRL with your Company and dissolution of SRL without winding up; the consequent issue of equity shares by your Company to the shareholders of SRL and the cancellation of equity shares of SRL held by your Company ("**Amalgamation**") and various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of FHL and the reorganization of the share capital of your Company pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("**Act**") (corresponding to Sections 391-394 of the Companies Act, 1956 read with Section 52 and Section 66 of the Act (corresponding to Sections 100 to 103 of the Companies Act, 1956), Section 2(1B) of the Income Tax Act, 1961, and any other applicable provisions of the Act or Companies Act, 1956.

The Scheme also received the approval of the Competition Commission of India on October 14, 2016. The BSE Limited conveyed its no adverse observations/no objections to the Scheme vide letter dated November 11, 2016. Subsequently, the Scheme had also been approved by the creditors and equity shareholders of your Company on April 26, 2017 and April 27, 2017 respectively. The Board of Directors of your Company on December 14, 2017 approved the extension of the long stop date of December 31, 2017 set out in Clause 61 of the Scheme to June 30, 2018.

The Board of Directors of your Company on June 13, 2018 approved withdrawal of the Scheme due to reasons beyond the Company's control, the process had already taken over 18 months. Due to the inordinate delay in the approval of the composite scheme of demerger and less than optimum performance of diagnostics business during the period of delay, it was not suitable for the Company's shareholders to continue with this scheme as the valuation ascribed earlier to diagnostics business not appropriate now. Also, the Company is a strong independent listed company and can continue to operate through a single hospital business model. Further, National Company Law Tribunal, Chandigarh, vide its order dated June 15, 2018 approved the scheme as withdrawn.

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 has only one subsidiary Company i.e. 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 Healthcare 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 Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available at http://www.fortismalar.com/wp-content/uploads/2017/11/Policy-on-Material-Subsidiary-Company.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2017-18, the Company has no "material non-listed subsidiary" in terms SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

The consolidated financial statements of the Company and its subsidiary, prepared in accordance with applicable Indian 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 NO. AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

[Amount in ₹]

S. No	Particulars	Year ended March 31, 2018
1	Name of the subsidiary	MALAR STARS MEDICARE LIMITED
2	The date since when subsidiary was acquired	N.A.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
5	Share Capital	500,000
6	Reserves & Surplus	14,510,647
7	Total Assets	619,708,496
8	Total Liabilities	604,697,849
9	Investments	Nil
10	Turnover	3,657,000
11	Profit before Taxation	2,814,705
12	Provision for Taxation	1,008,834
13	Profit after Taxation	1,805,871
14	Proposed Dividend	None
15	Extent of Shareholding (in percentage)	100%

Notes:

1. Name of subsidiaries which are yet to commence operation – None
2. Name of subsidiaries which have been liquidated or sold during the year – None

Part B: Associates and Joint Ventures

As on March 31, 2018, the Company does not have any associate Company and/or Joint Venture.

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

Sd/-
Daljit Singh
Chairman
DIN 00135414

Sd/-
Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Sd/-
Vijayasarathy Desikan
Chief Financial Officer
Membership No. 220109

Sd/-
Shashank Porwal
Company Secretary
Membership No. ACS 51957

LOANS/ADVANCES/INVESTMENTS/GUARANTEES

Particulars of Loans/Advances/Investments/Guarantees given & outstanding during the Financial Year 2017-18 are mentioned in notes to financial statements. Further, the loans have been given for meeting the working capital requirement and/or 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 AUDITOR

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.

Though the Ministry of Corporate Affairs has vide Companies Amendment Act, 2017, (effective May 7, 2018) removed the requirement of placing the matter relating to ratification of appointment of statutory auditors by members at every annual general meeting, your Company as a matter of good governance, and based on the recommendations of the Audit and Risk Management Committee, 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 AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with the relevant rules made thereunder or any amendments thereof, the Company is required to maintain cost records and accordingly such accounts and records are made and maintained by the Company in respect of its hospital activity and the same is required to be audited.Your Board 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 2017-18 at a remuneration of upto ₹ 75,000 (Rupees Seventy Five 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 in 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 M/s Mukesh Agarwal & Co., Practicing Company Secretary to undertake the Secretarial Audit of the Company. It is hereby confirmed that the Company has complied to the extent feasible with the provisions of SS-1 i.e. Secretarial Standard on meetings of Board of Directors and SS-2 i.e. Secretarial Standard on General Meetings. The Report of the Secretarial Audit Report is annexed herewith as "**Annexure I**".

The Secretarial Auditor in its report to the Board of Directors of the Company made the following comments:

1. The Company has created charges on fixed deposits and other deposits but didn't file CHG-1 in this regard. However, the process to file the same has been initiated by the Company.
2. The Company has appointed Mr. Meghraj Arvindrao Gore as Whole-time Director at Annual general meeting held on September 27, 2017 on a remuneration of Rs. 2 Crores by way of passing Ordinary resolution. However, Company needs to pass special resolution in this regard.
3. The Company has not filed MGT-14 for the Board Resolution dated January 23, 2018 related to appointment of Key Managerial Personnel. However, Company filed the same as on July 13, 2018.

Management Comments:

Please note that observation 1 and 3 are self-explanatory. However, for the observation no. 2, please note that the Company is in the process of passing the special resolution at the Annual General Meeting to be held on September 28, 2018 and ratifying the same.

4. INTERNAL AUDITOR

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 2017-18. Accordingly, KPMG was engaged to perform Internal Audit for the Company.

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

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During FY 17-18, there was no significant material order passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

STOCK OPTIONS AND CAPITAL STRUCTURE

The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the ESOP 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.

The Company has not made any provision of money for purchase of, or subscription for, its own shares or of its holding 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, 2018 under the "Malar Employees Stock Option Plan 2008" are set out in the "**Annexure-II**" to this Board' 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.

The details pertaining the shares in suspense account are specified in the report of Corporate Governance forming part of the Board Report.

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.

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 and Risk Management Committee with suggestions for improvements on a quarterly basis. The Audit and Risk Management Committee takes note of the same and guides the management in the implementation of suggestions.

CORPORATE SOCIAL RESPONSIBILITY –JOURNEY THROUGH THE YEAR (2017-18)

As a responsible corporate citizen and a member of the Indian healthcare ecosystem, we at Fortis Malar strongly believe that we can meaningfully alleviate the problem of inequitable access to quality healthcare. By creating and supporting social sector programmes linked to health and well-being, we seek to leverage our skills, experience, capabilities, technologies and facilities to address a critical social need for the vulnerable sections of society. We have continuously enabled programmes and initiatives, based on rigorous needs assessment, leading to not just improvement in healthcare service delivery but also creating social awareness and change. We believe this is the best way to have the greatest impact, because our interventions are capable of transforming lives, building aware communities and protecting the environment.

The CSR initiatives for Fortis Malar Hospitals Limited are led through Fortis Charitable Foundation, its designated CSR vehicle. The work of the Foundation is supported and executed by two entities: The Fortis Charitable Foundation (FCF) - a Trust set up in 2005 and The Fortis Foundation (FF) - a Section 8 Company set up in 2013.

These entities work in a collaborative and inclusive manner not only to align and synergise the social enterprise work of the group companies but also to expand their circle of partnerships with Government, Non-Government Organisations (NGOs), other corporates and individuals.

Working through a dedicated team of employees and volunteers, their work focuses on three programmes that work towards:

- The health and well-being of the Mother and Child (AANCHAL)
- The provision of timely medical support in the event of a disaster and enabling Charitable Medical Infrastructure (SEWA)

- Creating and supporting open platforms for Healthcare Information (SAVERA)

Fortis Malar Hospitals Limited has chosen to support Savera program focusing on Awareness Publication Communication and continues to support SEWA's disaster Initiative. In the coming years, it will include other special purpose vehicles [including Fortis CSR Foundation] for sustainability and scalability of the project to carry out CSR activities.

ABOUT SAVERA PROGRAM

SAVERA focuses on developing, collating and providing access to healthcare information. It leverages different channels of communication – children's books, audio-visuals, posters, and social media to create awareness on nutrition, health and hygiene.

SAVERA seeks to provide a platform to initiate and share research to create awareness on critical health issues and work towards driving opinion & public policy around viable options.

SAVERA has created a credible knowledge repository of disease related information under an open platform for sharing.

SAVERA focuses on:

- Anti-Tobacco Campaign
- First Aid & Basic Life Support Training
- E-communication portal for Health Information - www.gyankaari.com
- Pilot projects

Fortis Malar in FY 17-18 supported the following under the Savera Program

FIRST AID/BLS TRAINING

The First Aid /Basic Life Support Training program- Training to over 110 police personnel in Basic Trauma Life Support (BTLS) enabling them as a first responder to save lives in case of emergency situations. The key elements of the program are- Cardiopulmonary Resuscitation (CPR), Immobilisation and controlling bleeding.

HEALTH INFORMATION PUBLICATIONS

Over the past year, the awareness has been created on health, hygiene and nutrition by distributing over 3,51,500 illustrative books and pamphlets on preventive and remedial health information. The information has been distributed across 25 Non-Government Organisations and 31 hospitals pan India.

PILOT PROJECTS

Two pilot projects were undertaken

1. Impact study on Counselling of pregnant & lactating women; and
2. Smoking Cessation Clinic to reduce the incidence of preventable diseases

ABOUT DISASTER INITIATIVE OF SEWA PROGRAM

India has been historically vulnerable to disasters with floods, cyclones, earthquakes and landslides being a recurrent phenomenon. In the event of a disaster, thousands of lives are affected, and livelihoods worth millions are destroyed. The urgent need in such situations is access to medical care.

SEWA is a Disaster Relief Initiative that aims to provide emergency medical relief services in an organised and time sensitive manner to people affected by disasters. SEWA's core commitment is to support the government's efforts in providing medical relief during a calamity.

Fortis Malar in FY 17-18 structured its volunteer base to provide medical relief services in times of disaster situations.

The details of particulars pursuant to Section 134(3)(o) of the Companies, Act, 2013 read with rule 9 of the Companies (CSR) Rules, 2014 is given in **'Annexure - V'**, forming part of this report.

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, Non-Executive Non-Independent Director of the Board of Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposes his re-appointment to the shareholders of the Company.

The Board of Directors on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Rahul Ranjan and Mr. Akshay Kumar Tiwari as an Additional Director (Non- Executive, Non-Independent) w.e.f. May 15, 2018.

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

During the period under review, following are the changes in Key Managerial Personnel:

a) The Board of Directors of the Company in its meeting held on May 23, 2017 appointed Mr. Vijayasarathy Desikan as Chief Financial Officer with immediate effect.

b) The Board of Directors of the Company in its meeting held on May 23, 2017 appointed Ms. Trapti Kushwaha as Company Secretary and Compliance Officer of the Company with immediate effect. However, she resigned from the Company w.e.f September 7, 2017.

c) The Board of Directors of the Company in its meeting held on January 23, 2018 appointed Mr. Shashank Porwal as Company Secretary and Compliance Officer of the Company with immediate effect.

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 Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

There are no inter-se relationship between the Board Members.

During the year 2017-18, 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 also 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; and
4. Commission received by Managing Director and/or Whole Time Director, if any.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 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 Committees viz. Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The following process of evaluation was followed:

S. No.	Process	Remarks	Criteria for Evaluation (including Independent Directors)
1.	Individual Self- Assessment	Self-evaluation forms were shared and completed by the Directors and submitted to the process co-ordinators.	This includes Members Selection and Induction Process, Knowledge, skills, Diligence, participation, Leadership skills and Personnel attributes.
2.	One to One discussion	Process Coordinator, as recommended by Nomination and Remuneration Committee / Board of Directors, was authorized to interact with each Board member to assess performance, invite direct feedback and seek inputs to identify opportunities for improvement.	This includes Board focus (Strategic inputs), Board Meeting Management, Board Effectiveness Management Engagement and addressing of follow up requests.
3.	Evaluation by the Board, Nomination and Remuneration Committee and Independent Directors	A compilation of the individual self-assessments and one to one discussions were placed at the meetings of the Nomination and Remuneration Committee (NRC), the Independent Director's (ID's) and the Board of Directors (BoD) held on May 15, 2018 for them to review collectively and include as additional feedback to the formal process completed in the meetings.	This includes demonstration of integrity, commitment, attendance at the meetings, contribution and participation, professionalism, contribution while developing Annual Operating Plans, demonstration of roles and responsibilities, review of high risk issues & grievance redressal mechanism, succession planning, working of Board Committees etc.

S. No.	Process	Remarks	Criteria for Evaluation (including Independent Directors)
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation 2017-18 was collated, presented and tabled at a meeting of the Board of Directors held on July 31, 2018.	NA

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 2017-18**

(Amount in ₹)

Name of the Director*	Remuneration of Director	Median Remuneration of employees	Ratio
Mr. Meghraj Arvindrao Gore	10,883,112	270,000	1:40

* None of the other Directors was paid any remuneration, except sitting fees and the fees paid for services rendered in the professional capacity.

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. Meghraj Arvindrao Gore	Whole Time Director	5%
Mr. Vijayasarathy Desikan	Chief Financial Officer	10 %

c) The percentage increase in the median remuneration of employees in the financial year 2017-18 is 8% (9.1% in the last year).

d) The number of permanent employees on the rolls of Company is 630 as on March 31, 2018.

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 any exceptional circumstances for increase in the managerial remuneration**

Particulars		For the Financial Year 2017-18
(A)	Average percentile increase already made in the salaries of employees other than the managerial personnel	8%
(B)	Percentile increases in the managerial remuneration	8%
Comparison of (A) and (B)		0%
Justification		To retain skilled employees and to compete with 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:**

(Amount in ₹)

Name of the Director*	Salary, Allowances & Perquisites	Performance Incentives	Retiral Benefits	Service Contract (As Whole Time Director)	
				Tenure	Notice Period
Mr. Meghraj Arvindrao Gore (Whole Time Director)	9,023,686	2,156,626	411,912	3 years w.e.f. October 01, 2016	3 Months

* None of the other Directors was paid any remuneration, except sitting fees and the fees paid for services rendered in the professional capacity.

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

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/shareholdingpatterns 2015-2016/Policy-on-Compensation-Benefits.pdf.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office and/or Corporate Office of the Company during business hours between 10.00 am to 12.00 noon on working days (Except Saturday) of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

RELATED PARTY TRANSACTIONS

There are a 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) Regulations 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 such 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 the 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: www.fortismalar.com/wp-content/uploads/2018/06/Related-Party-Transactions-Framework-Document.pdf.

None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company, except to the extent of sitting fees and the fees paid for services rendered in the professional capacity 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 were no complaints relating to sexual harassment received during the year under review. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 Obligations 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 Obligations and Disclosure Requirements) Regulations, 2015 is annexed with the Corporate Governance Report.

CODE OF CONDUCT

Declaration by Mr. Meghraj Arvindrao Gore, Whole-time Director, confirming compliance with the '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, 2018, the applicable accounting standards has been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgements 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, 2018 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 co-operation, 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.

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

Sd/-
Daljit Singh
Chairman

Date: July 31, 2018
Place: Chennai

ANNEXURE - I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,
The Members,
Fortis Malar Hospitals Limited
Fortis Hospital Sector-62 Phase-VIII,
Mohali-160062

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, 2018 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, 2018 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 BSE 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, Secretarial Standards etc. mentioned above Subjected to the following observation:

1. *The Company has created charges on fixed deposits and other deposits but didn't file CHG-1 in this regard.* However the process to file the same has been initiated by the Company.

2. *The Company has appointed Mr. Meghraj Arvindrao Gore as Whole-time Director at Annual general meeting held on 27th September 2017 on a remuneration of Rs. 2 Crores by way of passing Ordinary resolution. However Company needs to pass special resolution in this regards.*

3. The Company has not filed MGT-14 for the Board Resolution dated *January 23, 2018* related to appointment of *Key managerial Personnel*. *However Company filed* the same *as on July 13, 2018.*

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 requisite 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:

(i) Appointed Mr. Vijayasarathy Desikan as Chief Financial Officer of the Company;

(ii) Appointed Mr. Meghraj Arvindrao Gore as Whole Time Director of the Company;

(iii) Appointed Mr. Shashank Porwal as Compliance Officer of the Company;

Place: Delhi
Date: 30.07.2018

for Mukesh Agarwal & Company

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

Note: This report is to be read with our letter of even date which is annexed as “Annexure-A” and forms an integral part of this report.

Annexure-A

To,
The Members,
Fortis Malar Hospitals Limited
Fortis Hospital Sector-62 Phase-VIII,
Mohali-160062

The Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Delhi
Date: 30.07.2018

for Mukesh Agarwal & Company

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

ANNEXURE II

Employee Stock Option Schemes (ESOSs)

Disclosure Pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

1. **GENERAL DISCLOSURES**

   a. Relevant disclosure under 'Guidance note on Accounting for employee share based payments' issued by Institute of Chartered Accountants of India or any other relevant accounting standards as prescribed from time to time - For details please refer to notes to Standalone Financial Statements mentioned in the Annual Report 2017-18;

   b. Diluted Earnings Per Share in accordance with "AS-20-Earning Per Share" for the year ended March 31, 2018 stood at ₹ 1.67

2. **SCHEME SPECIFIC DISCLOSURES**

   i. **General Disclosures**

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

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Disclosures</th></tr>
<tr><td>9 (a)</td><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options</td><td>The effect on the profit and earning per share had the fair value method been adopted, is presented below:
(Amount is ₹)
<table>
<tr><td>Profit After Tax As Reported</td><td colspan="2">326.42 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">326.42 Lacs</td></tr>
<tr><td>Earnings Per Share</td><td>Basic</td><td>Diluted</td></tr>
<tr><td>As reported</td><td>1.68</td><td>1.67</td></tr>
<tr><td>As adjusted</td><td>1.68</td><td>1.67</td></tr>
</table></td></tr>
<tr><td>9(b)</td><td>Impact on the profits of the Company and on the earnings per share (“EPS”) arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)</td><td>Nil</td></tr>
<tr><td>10</td><td>a) Weighted average exercise price,
b) Weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock</td><td>₹ 26.20
Nil</td></tr>
</table>

ii. **Options Movement during the FY 2017 – 18**

S. No.	Particulars	Disclosures
1	Number of options outstanding at the beginning of the period	160,000
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	20,000
6	Number of shares arising as a result of exercise of options	20,000
7	Money realized by exercise of options (INR), if scheme is implemented directly by the company	5,24,000
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	140,000
10	Number of options exercisable at the end of the year	140,000

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

S. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
1	Key Managerial Personnel and Senior Managerial Personnel	NIL			
2	Employee who received grant in any one year equal to or more than 5% of Options granted during the Year				
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				

iv. **Accounting Method and Assumptions**

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

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

Sd/-
Daljit Singh
Chairman

Date: July 31, 2018
Place : Chennai

ANNEXURE III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2018

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	L85110PB1989PLC045948
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	Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab – 160062 **Tel. No.:** +91 172 5096001 **Fax No.** +91 172 5096002 **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 no. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Ph.: +91 40 6716 2222 Email Id: 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 comprehensive healthcare for the society in the various branches of medicine such as General Surgery, General Medicine, Pediatrics, Neurology, Cardiology, ENT, Ophthalmology, Radiology, Pathology, Gastro-entrology, Urology, Thoracic Surgery, Plastic surgery, Ortliapaedics and other allied specialties and to provide facilities for post graduate medical education/medical research.	861	100%

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

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

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Fortis Healthcare Limited* Fortis Hospital, Sector-62, Phase-VIII, Mohali, Punjab – 160062	L85110PB1996PLC045933	Ultimate Holding Company	–	2(46)
2	Fortis Hospitals Limited Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110025	U93000DL2009PLC222166	Holding Company	62.90	2(46)

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3	Malar Stars Medicare Limited No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai, Tamil Nadu – 600020	U93000TN2009PLC072209	Subsidiary Company	100.00	2(87)

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

* Fortis Healthcare Limited is Holding Company of Fortis Hospitals Limited.

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, 2017				No. of Shares held as on March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	100	0	100	0.00	100	0	100	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	11753102	0	11753102	62.97	11753102	0	11753102	62.90	(0.07)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	**11753202**	**0**	**11753202**	**62.97**	**11753202**	**0**	**11753202**	**62.90**	**(0.07)**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**11753202**	**0**	**11753202**	**62.97**	**11753202**	**0**	**11753202**	**62.90**	**(0.07)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	50000	36000	86000	0.46	0	36000	36000	0.19	(0.27)
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)- NBFC	1000	0	1000	0.01	1340	0	1340	0.01	0.00
Sub-total (B)(1):-	**51000**	**36000**	**87000**	**0.47**	**1340**	**36000**	**37340**	**0.20**	**(0.27)**
2. Non-Institutions									
a) Bodies Corp.	315446	24701	340147	1.82	321312	24701	346013	1.85	0.03
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1983254	1170035	3153289	16.89	1931564	1144304	3075868	16.46	(0.43)

Category of Shareholders	No. of Shares held as on April 1, 2017				No. of Shares held as on March 31, 2018				% 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	1741410	107600	1849010	9.91	1856801	107600	1964401	10.51	0.61
c) Others	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Collaborators	0	0	0	0.00	0	0	0	0.00	0.00
Non- Resident Indians	283561	159600	443161	2.37	231798	159600	391398	2.09	(0.28)
Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	14124	0	14124	0.08	49263	0	49263	0.26	0.18
Trusts	0	0	0	0.00	2000	0	2000	0.01	0.01
Directors	859377	0	859377	4.60	859377	0	859377	4.60	0.00
Directors' relatives	0	152740	152740	0.82	0	152740	152740	0.82	0.00
Other- NRI Non Repatriation	12209	0	12209	0.07	52657	0	52657	0.28	0.21
Sub-total (B)(2):-	**5209381**	**1614676**	**6824057**	**36.56**	**5304772**	**1588945**	**6893717**	**36.90**	**0.34**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**5260381**	**1650676**	**6911057**	**37.03**	**5306112**	**1624945**	**6931057**	**37.10**	**0.07**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**17013583**	**1650676**	**18664259**	**100.00**	**17059314**	**1624945**	**18684259**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding as on April 1, 2017			Shareholding as on March 31, 2018			% change in share holding 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	62.97	0.00	11752402	62.90	0.00	(0.07)*
2.	Fortis Healthcare Holdings Pvt Ltd	100	0.00	0.00	100	0.00	0.00	0.00
3.	Oscar Investments Ltd	100	0.00	0.00	100	0.00	0.00	0.00
4.	Shivi Holdings (P) Ltd	100	0.00	0.00	100	0.00	0.00	0.00
5.	RHC Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
6.	Today's Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
7.	Malav Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
8.	RHC Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
9.	Malvinder Mohan Singh - PS Trust	100	0.00	0.00	100	0.00	0.00	0.00

* Percentage decrease due to allotment of ESOPs to the eligible employee(s).

(iii) Change in Promoters' Shareholding – Nil

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

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
S. No	Type	Name of The Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1.	Opening Balance	Subramanian K	1630688	8.74	01/04/2017	–	–	1630688	8.74
	Closing Balance		1630688	8.74	31/03/2018	–	–	1630688	8.74
2.	Opening Balance	Ruckmani Natarajan	546960	2.93	01/04/2017	–	–	546960	2.93
	Closing Balance		546960	2.93	31/03/2018	–	–	546960	2.93
3.	Opening Balance	A M Gopalan	231028	1.24	01/04/2017	–	–	231028	1.24
	Closing Balance		231028	1.24	31/03/2018	–	–	231028	1.24
4.	Opening Balance	Basudeo Agrawal	180310	0.97	01/04/2017	0	–	180310	0.97
	Sale				21/04/2017	-7232	Transfer	173078	0.93
	Sale				28/04/2017	-7000	Transfer	166078	0.89
	Sale				05/05/2017	-1500	Transfer	164578	0.88
	Purchase				09/06/2017	4000	Transfer	168578	0.90
	Sale				23/06/2017	-3000	Transfer	165578	0.89
	Purchase				14/07/2017	4108	Transfer	169686	0.91
	Purchase				08/09/2017	8574	Transfer	178260	0.95
	Sale				02/03/2018	-7000	Transfer	171260	0.92
	Closing Balance				31/03/2018	–	–	171260	0.92
5.	Opening Balance	Kumunta Munisamy	170000	0.91	01/04/2017	–	–	170000	0.91
	Closing Balance		170000	0.91	31/03/2018	–	–	170000	0.91
6.	Opening Balance	T Senthil Kumaran	133000	0.71	01/04/2017	–	–	133000	0.71
	Sale				10/11/2017	-1500	Transfer	131500	0.70
	Sale				23/02/2018	-2000	Transfer	129500	0.69
	Closing Balance				31/03/2018	–	–	129500	0.69
7.	Opening Balance	Rakesh Bhasin	7349	0.04	01/04/2017	–	–	7349	0.04
	Purchase				14/04/2017	925	Transfer	8274	0.04
	Purchase				21/04/2017	38782	Transfer	47056	0.25
	Purchase				28/04/2017	1200	Transfer	48256	0.26
	Purchase				05/05/2017	3000	Transfer	51256	0.27
	Purchase				21/07/2017	3000	Transfer	54256	0.29
	Purchase				01/09/2017	700	Transfer	54956	0.29
	Purchase				13/10/2017	3149	Transfer	58105	0.31
	Purchase				03/11/2017	3212	Transfer	61317	0.33
	Purchase				10/11/2017	3432	Transfer	64749	0.35
	Purchase				17/11/2017	100	Transfer	64849	0.35
	Purchase				29/12/2017	9149	Transfer	73998	0.40
	Purchase				05/01/2018	3700	Transfer	77698	0.42
	Purchase				16/02/2018	15810	Transfer	93508	0.50
	Purchase				23/02/2018	12732	Transfer	106240	0.57
	Purchase				02/03/2018	12841	Transfer	119081	0.64
	Closing Balance				31/03/2018	–	–	119081	0.64

8.	Opening Balance	Microsec Capital Limited	0	0.00	01/04/2017	–	–	0	0.00
	Purchase				26/05/2017	7817	Transfer	7817	0.04
	Sale				02/06/2017	-875	Transfer	6942	0.04
	Sale				09/06/2017	-6942	Transfer	0	0.00
	Purchase				16/06/2017	3345	Transfer	3345	0.02
	Purchase				30/06/2017	4108	Transfer	7453	0.04
	Sale				14/07/2017	-5453	Transfer	2000	0.01
	Purchase				21/07/2017	17574	Transfer	19574	0.10
	Sale				28/07/2017	-9000	Transfer	10574	0.06
	Sale				18/08/2017	-2000	Transfer	8574	0.05
	Sale				08/09/2017	-8574	Transfer	0	0.00
	Purchase				13/10/2017	2000	Transfer	2000	0.01
	Purchase				27/10/2017	2000	Transfer	4000	0.02
	Purchase				03/11/2017	372	Transfer	4372	0.02
	Sale				10/11/2017	-1816	Transfer	2556	0.01
	Sale				17/11/2017	-556	Transfer	2000	0.01
	Sale				05/01/2018	-2000	Transfer	0	0.00
	Purchase				12/01/2018	5100	Transfer	5100	0.03
	Purchase				19/01/2018	5000	Transfer	10100	0.05
	Sale				26/01/2018	-375	Transfer	9725	0.05
	Sale				02/02/2018	-100	Transfer	9625	0.05
	Purchase				16/02/2018	10100	Transfer	19725	0.11
	Sale				23/02/2018	-19725	Transfer	0	0.00
	Purchase				02/03/2018	33940	Transfer	33940	0.18
	Purchase				09/03/2018	21400	Transfer	55340	0.30
	Purchase				16/03/2018	9352	Transfer	64692	0.35
	Purchase				23/03/2018	19630	Transfer	84322	0.45
	Sale				31/03/2018	-1500	Transfer	82822	0.44
	Closing Balance				31/03/2018	–	–	82822	0.44
9.	Opening Balance	Anuradha Agrawal	75000	0.40	01/04/2017	–	–	75000	0.40
	Sale				14/04/2017	-2000	Transfer	73000	0.39
	Sale				21/04/2017	-14528	Transfer	58472	0.31
	Sale				28/04/2017	-4000	Transfer	54472	0.29
	Sale				05/05/2017	-3000	Transfer	51472	0.28
	Sale				12/05/2017	-2000	Transfer	49472	0.27
	Purchase				09/06/2017	2942	Transfer	52414	0.28
	Purchase				14/07/2017	3345	Transfer	55759	0.30
	Purchase				18/08/2017	2000	Transfer	57759	0.31
	Purchase				17/11/2017	556	Transfer	58315	0.31
	Sale				05/01/2018	-4000	Transfer	54315	0.29
	Closing Balance				31/03/2018	–	–	54315	0.29
10.	Opening Balance	T Shanmugapriya	60300	0.32	01/04/2017	–	–	60300	0.32
	Closing Balance		60300	0.32	31/03/2018	–	–	60300	0.32

(v) Shareholding of Directors and Key Managerial Personnel:

SI. 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 Non-Independent Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
2.	Mr. Meghraj Arvindrao Gore (Whole Time Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
3.	Mr. Lakshman Teckchand Nanwani (Non-Executive Independent Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
4.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
5.	Dr. Nithya Ramamurthy (Non-Executive Non-Independent Director)	859377	4.60	April 1, 2017	0	Nil Movement during the year	859377	4.60
				March 31, 2018				
6.	Mr. Rama Krishna Shetty (Non-Executive Independent Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
7.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
8.	Mr. Rakesh Laddha Non-Executive Non-Independent Director (resigned w.e.f. May 14, 2018)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
9.	Mr. Vijayasarathy Desikan, Chief Financial Officer (appointed as w.e.f. May 23, 2017)	Nil	–	April 1, 2017	–	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–
10.	Mr. Sumit Goel, Company Secretary (resigned w.e.f. May 1, 2017)	Nil	–	April 1, 2017	0	NA	Nil	–
		Nil	–	March 31, 2018	–	NA	Nil	–
11.	Ms. Trapti Kushwaha, Company Secretary (appointed w.e.f. May 23, 2017 and resigned w.e.f September 7, 2017)	Nil	–	April 1, 2017	–	NA	Nil	–
		Nil	–	March 31, 2018	–	NA	Nil	–
12.	Mr. Shashank Porwal, Company Secretary (appointed as w.e.f. January 23, 2018)	Nil	–	April 1, 2017	–	NA	Nil	–
		Nil	–	March 31, 2018	0	NA	Nil	–

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of ~~MD /~~ WTD ~~/ Manager~~
		Mr. Meghraj Arvindrao Gore (1-Apr-2017 to 31-Mar-2018)
		(Amount in ₹)
1	**Gross salary**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,07,43,806
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,97,200
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL
2	***Stock Option**	NIL
3	**Sweat Equity**	NIL
4	**Commission** - **as % of profit** - **others, specify**	NIL
5	**Others (Leave encashment and other benefits as per the Company's Policy)**	1,39,306
6	**Total**	**1,11,80,312**
7	**Ceiling as per the Act**	The aggregate remuneration shall be in accordance with Section 197 and Schedule V of Companies Act, 2013.

*No stock option has been granted.

B. **Remuneration to other Directors –**

Sl. No.	Name of Directors	*Particulars of Remuneration - Sitting Fees (in ₹)
1	**Independent Directors**	
	Mr. Lakshman Teckchand Nanwani	3,50,000
	Mr. Pejavar Murari	1,75,000
	Mr. Rama Krishna Shetty	3,00,000
	Mr. Ramesh L. Adige	4,00,000
2.	**Other Non-Executive Directors**	
	Mr. Daljit Singh	Nil
	Dr. Nithya Ramamurthy	2,50,000
	Mr. Rakesh Laddha	Nil
	Overall Ceiling as per the Act	Sitting fees is payable 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 2017-18.

C. **REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD** **(Amount in ₹)**

Sl No.	Particulars of Remuneration	Key Managerial Personnel
		Vijayasarathy Desikan, Chief Financial Officer
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,61,929
	(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 (Leave encashment and other benefits as per the Company's Policy)	NIL
	Total	20,61,929

* No stock option has been granted.

VII. Neither any penalty / punishment was levied against the Company nor there was any case of Compounding of Offences made against the Company during the Financial Year 2017-18.

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

Sd/-
Daljit Singh
Chairman

Date : July 31, 2018
Place : Chennai

ANNEXURE – IV

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

Information as per Section 134(3)(m) read with Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018 is as given below:

A. Conservation of Energy

a) Energy conservation measures taken:

84% 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: - NIL

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: -

   We have purchased IABP Machine CS 300 model to be utilized in the Cath Lab and CTOT.

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

   The IABP machine helps provide additional information for better diagnosis of the patient.

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: ₹ 997.42 Lacs

   (ii) Expenditure: CIF Value of Imports ₹ NIL

   (iii) Others ₹ 349.74 lacs

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

Sd/-
Daljit Singh
Chairman

Date : July 31, 2018
Place : Chennai

Annexure V to the Directors' Report

Corporate Social Responsibility

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 an 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.
   - Ensuring 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 /2017/10/CSR-Policy.pdf

2. **Composition of the CSR Committee**

   The Board has approved the constitution of a standalone CSR Committee with a delegated mandate. The current composition and mandate of the committee are available and updated on the Company's website at http://www.fortismalar.com/wp-content/uploads /2017/10/CSR-Committee-Mandate.pdf

   The composition of the CSR committee as on March 31, 2018 was as follows:

   i. Daljit Singh, Chairman

   ii. Mr. L T Nanwani, Member

   iii. Dr. Nithya Ramamurthy, Member

3. **Average Net profits of the Company/s for last three financial years:** **(Amount in ₹ lacs)**

Year	**Avg Net Profit**	**Prescribed CSR expenditure @ 2%**
2017-18	954.58 lacs	19.09 lacs

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

PROGRAM	NEED BASED FOCUS AREA	OBJECTIVE
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 To set up an E-learning portal on health formation accessible to all sections of society. To set up a First Aid Training Academy To identify other areas of intervention

5. **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 2017-18)

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

FY 2017-18 - Section 135 Spend **(Amount is ₹ 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.	**Sewa**	i	Pan India	-	-	25.94	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation
2.	**Savera**	i and ii		51.87	25.87	28.50	
	TOTAL			**51.87**	**25.87**	**54.44**	

The delta between amounts reflected in column 5 & 6 reflects amounts committed against actual spend. Activities during the FY 2017-18 focused on Needs Assessment, Program Design and Development, 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 2018-19. 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 of Companies Act, 2013 - ***Not applicable***

6. **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.**

In FY 2017-18, the Company contributed its earlier commitments for FY (2014-15) as required under Section 135 of Companies Act, 2013. It will progressively fulfill its commitments for 2017-18 in the coming years.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board of Directors
Fortis Malar Hospitals Limited

Sd/-
Meghraj Arvindrao Gore
Whole Time Director

Sd/-
Daljit Singh
Chairman of Board and Chairman of CSR Committee

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, 2018, which are not at arm's length basis, except for entering into Memorandum of Understanding for offering discounts to the employees of the Group Companies on certain healthcare services.

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, 2018, which are at 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 Holding Company	Availing of services	Continuing Agreement	Existing hospital service agreement is a continuous agreement; ₹ 2,50,69,302/- per quarter fixed + 7.5% on Operating Income	September 5, 2014	-
Malar Stars Medicare Ltd	Wholly owned subsidiary	Inter Corporate Loan given	Continuing arrangement	Loan Limit of ₹ 65,00,00,000 as per MoU . Loan closing balance as on 31st March 2018 . ₹ 60,10,00,000 Interest @ 10% PA	September 5, 2014	-
Escorts Heart Institute & Research Centre Limited	Fellow subsidiary	Inter Corporate Loan given	Continuing arrangement	Loan Limit of ₹ 35,00,00,000 as per MoU. Loan Closing Balance as on 31st March 2018, ₹ 21,25,00,000 Interest @ 11.50% PA	January 30, 2017	-

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

Sd/-
Daljit Singh
Chairman

Date: July 31, 2018
Place: Chennai

ANNEXURE VII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Healthcare Sector – An overview

The healthcare industry in India is one of the country's largest sectors in terms of both employment and revenue generation, and it is expected to grow at a rapid pace in the foreseeable future. Apart from drivers such as strong economic performance, rising population, and the increased prevalence of chronic diseases, significant growth within India's healthcare industry over the recent years is also believed to be facilitated by a rapid privatization of healthcare services, particularly in secondary and tertiary healthcare services in rural and urban areas.

Meanwhile, India's competitiveness in the global healthcare market also indicates in its huge availability of well-trained medical professionals and cost competitive in pharmaceutics, medical devices and medical tourism sectors.

India's healthcare expenditure as a per cent of GDP has been relatively low. For example, in 2015 it was at 3.8% when compared to the global average of 8.6%. This indicates that the healthcare industry has tremendous growth potential in India. Additionally, as per the WHO report-2013, the gap for healthcare infrastructure, remains substantial. India has 0.9 beds per 1000 people, significantly lower than various developing and developed countries and the global average of 3 beds/1000 people. This indicates that there is a great opportunity for companies to establish and expand hospital facilities in India.

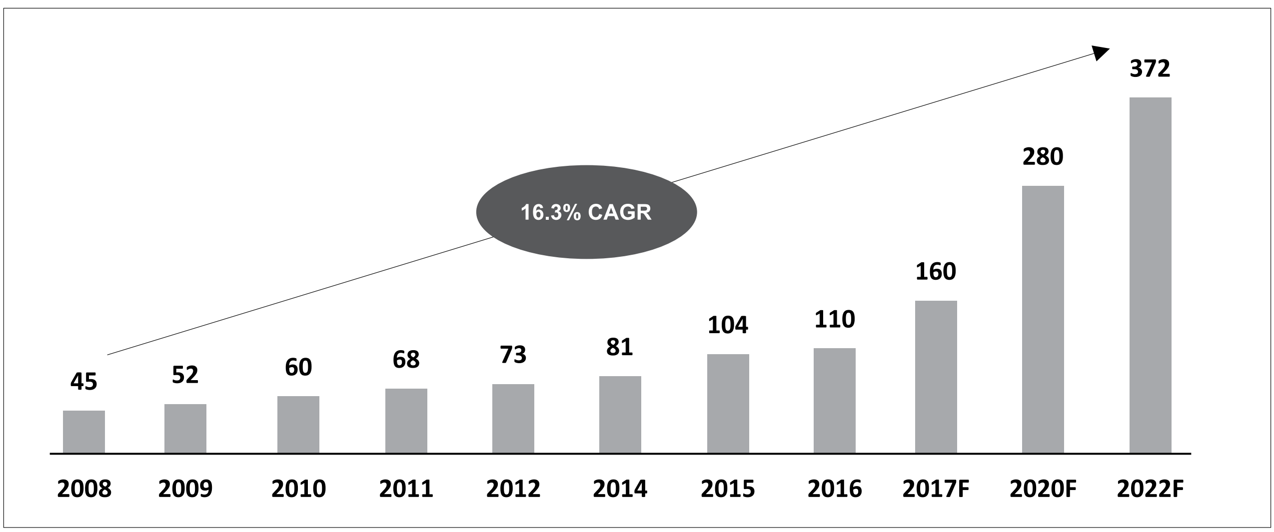
Major players in the healthcare industry in India continue to pave the way for the industry. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry, which comprises around 80% of the total market. In India, private healthcare accounts for almost 74% of the country's total healthcare expenditure.

Due to its strong market potential, investment in India's healthcare infrastructure is set to rise, benefiting hospitals, healthcare R&D, and healthcare education in the country. According to data released by the Indian Department of Industrial Policy and Promotion (DIPP), the healthcare industry in India attracted Foreign Direct Investment (FDI) worth US$ 4.34 billion between April 2000 and March 2017.

Market Size

The Indian healthcare industry is worth around $160 billion in 2017 and it is expected to reach over $280 billion by 2020 and US$ 372 billion by 2022. The hospital industry in India stood at ₹ 4 trillion (US$ 61.79 billion) in 2017 and is expected to increase at a Compound Annual Growth Rate (CAGR) of 16-17 per cent to reach ₹ 8.6 trillion (US$ 132.84 billion) by 2023. Rising income levels, the aging population, growing health awareness, and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in future.

Chart: Healthcare Sector Growth Trend (US$ Bn) CAGR -16.3%



Source: Frost and Sullivan, LSI Financial Services, Deloitte, Aranca Research

Government Initiatives

Some of the major initiatives taken by the Government of India to promote Indian healthcare industry are as follows:

- The Intensified Mission Indradhanush (IMI) has been launched by the Government of India with the aim of improving coverage of immunisation in the country and aims to reach every child under two years of age and all the pregnant women who have not been part of the routine immunisation programme.
- The Union Cabinet approved setting up of National Nutrition Mission (NNM) with a three year budget of ₹ 9,046 crore (US$ 1.40 billion) to monitor, supervise, fix targets and guide the nutrition related interventions across the Ministries.
- The Government of India aims to increase the total health expenditure to 2.5% of Gross Domestic Product (GDP) by 2025 from the current 1.15%.
- The Union Minister of Health and Family Welfare, Government of India, launched initiatives such as LaQshya, for Labour Room Quality Improvement, a mobile application for safe delivery, and operational guidelines for obstetric high dependency units (HDUs) and intensive care units (ICUs).
- In March 2018, the Union Cabinet of India approved the continuation of National Health Mission with a budget of ₹ 85,217 crore (US$ 13.16 billion) from 1st April 2017 to 31st March 2020.
- In May 2018, the Government of India approved ₹ 1,103 crore (US$ 170.14 million) for setting up All India Institute of Medical Sciences (AIIMS) in Deoghar, Jharkhand.
- During the General Budget 2018-19, the Government of India announced two major initiatives in health sector, as part of Ayushman Bharat programme aimed at making path breaking interventions to address health holistically, in primary, secondary and tertiary care systems, covering both prevention and health promotion. The initiatives are as follows:
    - Health and Wellness Centre: The National Health Policy, 2017 has envisioned Health and Wellness Centres as the foundation of India's health system. Under this 1.5 lakh centres will bring health care system closer to the homes of people. These centres will provide comprehensive health care, including for non-communicable diseases and maternal and child health services. These centres will also provide free essential drugs and diagnostic services.
    - National Health Protection Scheme: The second flagship programme under Ayushman Bharat is National Health Protection Scheme, which will cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family per year for secondary and tertiary care hospitalization.

Key Growth Drivers

India's rising population with favorable demographics

India is the second most populated country in the world with nearly a fifth of the world's population. According to the World Population Prospects, the population of India stood at 1.32 billion in 2017.

During 1975–2010 the population doubled to 1.2 billion. India is projected to be the world's most populous country by 2024, surpassing the population of China. It is expected to become the first political entity in history to be home to more than 1.5 billion people by 2030, and its population is set to reach 1.7 billion by 2050.

Looking at the demographic profile of India, while 50% of its population is estimated to be below 25 years of age, 65% is below the age of 35 years. However, the proportion of geriatric population (60 years and above) is increasing at a much faster rate than the rest of the population. This geriatric population is expected to supplement demand for the healthcare and related services significantly.

Furthermore, it is expected that consumption patterns will shift, with the ageing population and improved income levels, from other necessities to needs such as preventive healthcare and high-end healthcare services.

Lifestyle related diseases and growing awareness to increase hospitalization

In the recent times, there is an increasing incidence of diseases such as hypertension, diabetes, cardio vascular diseases, behavioural problems, high cholesterol, obesity affecting even the younger people. The changed living habits due to increasing job requirement, sedentary lifestyle and competitive living are the main culprits coming in the way of golden rules of good living. People who fall victims to this phenomenon get trapped with certain diseases at a younger age. These are called lifestyle disorders because of the reason that the diseases associated with this are limited to people who adopt unhealthy and inappropriate lifestyles.

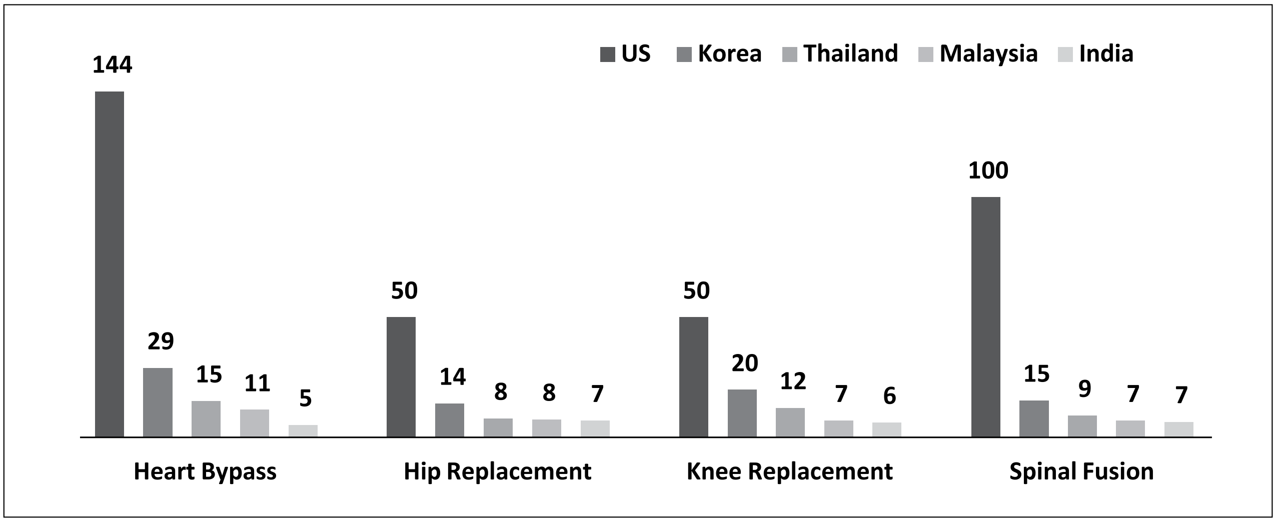
While the communicable diseases like malaria, cholera, polio can be managed with the help of proper treatment, lifestyle diseases can be prevented if healthy active lifestyle is followed. Globally, 14.2 million people between the ages of 30-69 years, die prematurely each year from diseases like heart attack, diabetes, and high blood pressure. Some of these diseases have emerged as more fatal than hereditary diseases or infectious ones.

Increased incidence of lifestyle related disease has contributed to rising healthcare spending by individuals. Moreover, growing health awareness, precautionary treatments and improved diagnostics are expected to result in higher hospitalizations.

Medical Tourism to witness significant traction

Medical tourism is a growing sector in India, estimated to be worth USD 3.9 billion in 2016. It is projected to grow to USD 8 billion by 2020. The medical tourism market witnessed a growth of 27% CAGR through 2013-16. Presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism. Superior quality healthcare, coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism which has enhanced the prospects of the Indian healthcare market. In addition, treatment for major surgeries in India costs 10-20% of that in many developed and developing countries. India also attracts medical tourists from developing nations due to lack of advanced medical facilities in many of these countries.

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



Source: Ministry of Health, RNCOS, KPMG, Deloitte, Medical Tourism Association, LSI Financial Services, TechSci Research

Significant Opportunities in Under-Represented and Under-Served Healthcare Delivery Services

India has enormous scope to enhance healthcare delivery services considering that healthcare spending as a percentage of GDP in India is a mere 4.2% as compared to the global average of over 10%. In terms of healthcare infrastructure, India has just 1 bed per 1000 people compared to world average of ~3 beds. To achieve the target of 3 beds per 1,000 people by 2025 India would need additional 3 million beds.

Furthermore, if we compare the number of physicians and nurses, India has 0.7 doctors and 1.5 nurses per 1000 people in contrast to the global average of 2.5 doctors and nurses per 1000 people. To meet the growing demand of healthcare services, India would need an additional 1.54 million doctors and 2.4 million nurses. It is also estimated that an investment of USD 86 Billion is required to achieve these targets.

Health Insurance poised to grow - positive for healthcare delivery providers

The gross domestic product (GDP) growth of any country is directly linked to the health of its population. However, healthcare is one of the key challenges for India, given the lower levels of awareness and government spending on healthcare.

During 2017, less than 27% of the Indian population was covered through health insurance. The increasing healthcare cost and burden of new diseases along with low government funding is, in a way, raising demand for health insurance coverage. Many of the corporates have started offering health insurance coverage to their employees and their family members, driving market penetration of insurance players. It is expected that with increasing demand for affordable and quality healthcare, penetration of health insurance is poised to grow exponentially in the coming years.

With Gross Direct Premiums at ₹ 4,360 crore (US$ 676 million), the health segment has a 31% share in the gross direct premiums earned in the country as on April 2018.

Outlook

As the healthcare infrastructure and expenditure in India continues to rise, the healthcare industry is expected to be more diversified and full of opportunities. India is also becoming one of the world's leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities.

Overall, the healthcare industry in India is now undergoing some huge positive changes across all major segments of the industry, including hospitals, pharmaceutical, diagnostics, medical equipment, medical insurance, and telemedicine. The government is also aiming to develop India as a global healthcare hub by issuing new policy reduce industry tax, creating new drug testing laboratories and improving National Health Insurance Mission to provide health benefits to more people. The growth of healthcare industry in India is expected continue performing at remarkable rate.

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.

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.

OPERATIONAL AND FINANCIAL PERFORMANCE

Your company achieved a consolidated income from operation of ₹ 149.19 Crores during the current year as against ₹ 140.56 Crores in the last financial year ended 31st March 2017, representing a growth of 6%. The Profit before exceptional and extra-ordinary items and tax for the period stood at ₹ 5.59 Crores as against ₹ 4.47 Crores during the corresponding previous year. Net profit after tax stood at ₹ 3.32 Crores in the current financial year compared to ₹ 3.11 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 ₹ 173 lacs from ₹ 155 lacs in the previous year. The average length of stay (ALOS) stood at 4.00 days in Financial Year 2018 compared to 3.39 days in Financial Year 2017. Occupancy of the hospital during the year was at 58%, compared to 61% in the previous year.

KEY HIGHLIGHTS

- The cardiac Transplant team at Fortis Malar has performed around 250 heart-transplants, 12 long-term left ventricular assist devices and 45 Veno arterial ECMOs for critical heart failure. The center is also credited with India's first successful implantation of Heartmate II LVAD and HVAD mechanical artificial heart pumps and the first to successfully use ECMO to resuscitate patients from cardiac arrest and subsequently implant a long term Left ventricular assist device or perform a heart transplant. The center has also performed numerous inter-state heart retrievals for transplantation and has one of the largest series of Pediatric heart transplants in the country including a young infant of 1 year weighing 6 Kg. The outcomes of transplants are excellent with a one-year survival of over 90 % in these critically ill patients.
- In a first-of-its kind transplant surgery, a team of senior doctors from Fortis Malar Hospital conducted a successful bilateral lung transplant on twenty-one-year-old Ukrainian patient, who was critically ill due to pulmonary hypertension in lungs. The challenging surgery of transplanting a pair of new lungs was performed by the team led by Dr. K R Balakrishnan, Director, Cardiac Sciences and Dr. Suresh Rao K G, HOD Critical Care & Cardiac Anesthesia. The patient was diagnosed with pulmonary hypertension and high lung blood pressure; due to the pulmonary hypertension the heart's right ventricle started to function below the optimal level. The doctors at Fortis Malar Hospital performed the transplant surgery to help the patient recover.

- **Doctors of Fortis Malar treat Children in a Surgical Mission to Palestine; a first by an Indian Hospital:** In a first by an Indian hospital, a team of doctors from Fortis Malar Hospital in Chennai travelled to Palestine on a surgical mission to treat children affected by various cardiac related ailments at Palestine Medical Complex in Ramallah recently. A total of 50 children with complicated cardiac problems were screened. The team of doctors went at the invitation of Palestine's Ministry of Health and were led by Dr K R Balakrishnan, Director, Cardiac Sciences, Fortis Malar Hospital, Chennai.
- **Fortis Malar performs First-of-its-Kind transplant of Adult Hearts in Infant Cavity to save lives of two children:** 8 year old Master Roman from Russia and 12 year old Ms Sri Supriya from Tamil Nadu were saved after a clinical breakthrough to place adult hearts into infant cavities. This is the first case of adult to child heart transplant recorded in India as Fortis Malar joins rank among top hospitals in the world to successfully perform this clinical feat.

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 630 as on 31st March, 2018

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.

FORWARD LOOKING STATEMENT

Except for the historical information contained herein, statements in this discussion which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

References

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

IBEF, Healthcare Update, June 2018

Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference

Market Research, reports, web articles, press & media reports and others

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 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 Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **[SEBI (LODR), 2015]**, 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, 2018, the Board comprises of 8 (Eight) Directors, of whom, 1 (One) is an Executive Director and 7 (seven) are Non-Executive Directors (which includes one Woman Director). 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, 2018 are as follows:

S. N.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Non-Independent Director	5	0	0
2	Mr. Lakshman Teckchand Nanwani DIN – 00076536	Non-Executive Independent Director	5	0	0
3	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	0	0	0
4	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	6	3	2

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

2 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 Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 have been considered.

S. N.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]
5	Mr. Rama Krishna Shetty DIN – 01521858	Non-Executive Independent Director	5	3	1
6	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	2	1	0
7	Mr. Rakesh Laddha[3] DIN - 06987522	Non-Executive Non-Independent Director	3	0	0
8	Mr. Meghraj Arvindrao Gore DIN- 07505123	Whole Time Director	1	0	0

In accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, 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 listed entities 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 fulfil all the conditions for being Independent to the Company, as stipulated under Regulation 16 (1)(b) of the SEBI (LODR) 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 (LODR) 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. Further, in compliance with Regulation 25(2) of the SEBI (LODR) 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/2018/07/familarisation-program-2017-18.pdf.

C) 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 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. Rahul Ranjan and Mr. Akshay Kumar Tiwari as an Additional Director (liable to retire by rotation) with effect from May 15, 2018.

Further, Mr. Rakesh Laddha resigned with effect from May 14, 2018. 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) Daljit Singh, aged about 65 years, is the Chairman of Fortis Malar Hospitals Limited. He has over 44 years of rich management experience in the Corporate sector. Mr Singh has been a pivotal member of the top management

3 Resigned w.e.f. May 14, 2018

team of Fortis Healthcare Limited that conceptualized, formulated and implemented Fortis' growth strategy to position it as India's leading Healthcare delivery organization in a short span.

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 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 the 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 was 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 certified Life and Executive Coach, he works with Top Management to enhance personal performance and fulfillment. He also leads and facilitates workshops on Strategy, Business Planning & Leadership. He has mentored and coached several leaders across sectors. He has supported, guided and worked with high performers and leaders in ICI, Mercedes Benz, Sapient, Ricoh, WNS, Carrier Midea, SI group, Schneider, PwC, M&M, CIPLA, Fractal Analytics etc.

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

Original date of appointment: December 24, 2014

Shareholding in the Company as on March 31, 2018: Nil

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

During the financial year 2017-18, Mr. Singh attended all Five Board meetings.

Directorships held in other Companies as on date (excluding foreign companies):

S. N.	Name of the Companies	Nature of Interest or concern
1.	Religare Health Insurance Company Limited	Additional Director
2.	Fortis Hospotel Limited	Director
3.	Globehealer India Private Limited	Director
4.	Fortis La Femme Limited	Director

Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee): - Nil

Mr. Singh is a Non Executive Director liable to retire by rotation. No sitting fees was paid to him during the financial year 2017-18.

(b) Mr. Rahul Ranjan, aged about 38 years, is a Commerce Graduate from Delhi University and an associate member of Institute of Company Secretaries of India. He brings to organization an experience of over 14 years in Amalgamation, Mergers, Acquisitions, IPO and ESOPs. He has been associated with organization such as Religare Group and Consortium Securities Limited.

He has vast experience in strategic corporate matters, including corporate restructuring, capital issuance, corporate legislation, foreign exchange matters and other Regulatory & Statutory compliances, corporate governance along with dealing and corresponding with Regulatory and other Governmental Authorities in connection with the Company's business.

Shareholding in the Company as on date: Nil

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

Directorships/Position of KMP held in other Companies as on date (excluding foreign companies):

S. N.	Name of the Companies	Nature of Interest or concern
1.	Stellant Capital Advisory Services Private Limited	Director
2.	Fortis Healthcare Limited	Company Secretary
3.	Fortis Foundation	Director
4.	Fortis Health Management (East) Limited	Additional Director

Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee): - Nil

Mr. Ranjan is a Non-Executive Director liable to retire by rotation.

(c) Mr. Akshay, aged about 48 years, is a Commerce Graduate from St. Xaviers College, Kolkata and a qualified Cost Accountant from ICWAI and Company Secretary from ICSI. He brings to organization an experience of over 21 years in Financial Accounting, Management Accounting, Costing, Pricing, Audit, Working Capital Management and ERP Implementation. He has been associated with organizations like Bharat Electronics Limited, Religare Technova Limited, and BLK Hospital.

Shareholding in the Company as on date: Nil

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

Directorships held in other Companies as on date (excluding foreign companies):

S. N.	Name of the Companies	Nature of Interest or concern
1.	Stellant Capital Advisory Services Private Limited	Additional Director
2.	Fortis Emergency Services Limited	Additional Director

Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee): - Nil

Mr. Akshay is a Non-Executive Director liable to retire by rotation.

Board Functioning & Procedure

The Board plays a pivotal role in ensuring good governance. In accordance with Regulation 17(2) of the SEBI (LODR) 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. Whenever necessary additional meetings were held. The agenda for each Board meeting is drafted in consultation with the Chairman and Whole-time Director and circulated in advance to the Board Members to facilitate meaningful discussion at the meeting.

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, 2018, Five Board Meetings were held on:

i) May 23, 2017

ii) July 25, 2017

iii) September 26, 2017

iv) November 06, 2017

v) January 23, 2018

The last Annual General Meeting of the Company was held on September 26, 2017. The attendance of each Director at the Board Meetings held during the year ended March 31, 2018 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	5	Yes
Mr. Lakshman Teckchand Nanwani	5	Yes
Mr. Murari Pejavar	3	No
Dr. Nithya Ramamurthy	4	No
Mr. Rama Krishna Shetty	5	Yes
Mr. Ramesh Lakshman Adige	5	Yes
Mr Meghraj Arvindrao Gore#	4	Yes
Mr. Rakesh Laddha	1	Yes

Availability of information to the members of Board:

As required under Schedule II- Part A of SEBI (LODR) 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.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Mr. Meghraj Arvindrao Gore attended two Board Meeting through audio visual means which were held on May 23, 2017 and November 06, 2017 but he was not counted for the purpose of quorum for this meeting as recording facility was not available.

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 (LODR) Regulation, 2015, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2017-18. 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 (LODR) 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 of the requirement of the Companies Act, 2013 as well as SEBI (LODR), Regulation, 2015, the Board decides the terms of reference of these Committees and the assignment of the members of various Committees. The recommendation, if any, of these Committees are submitted to the Board for approval.

A) AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of the Committee

As on March 31, 2018, 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 Non-Independent 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

The 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 by 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:

i) 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.

ii) Changes, if any, in accounting policies and practices and reasons for the same.

iii) Major accounting entries involving estimates based on the exercise of judgment by management.

iv) Significant adjustments made in the financial statements arising out of audit findings.

v) Compliance with listing and other legal requirements relating to financial statements.

vi) Disclosure of any related party transactions.

vii) 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 fresh 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 at http://www.fortismalar.com/wp-content/uploads/2017/10/Audit-Risk-Management-Committee-Mandate.pdf.

Meetings and Attendance during the year

During the financial year ended March 31, 2018, five Audit and Risk Management Committee meetings were held on:

i) May 23, 2017

ii) July 25, 2017

iii) November 06, 2017

iv) January 23, 2018

v) March 23, 2018

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

B) NOMINATION AND REMUNERATION COMMITTEE

Composition of the Committee

As on March 31, 2018, 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 Non-Independent 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.
- Whether to extend or continue the term of appointment of Independent Directors on the basis of the report of performance evaluation.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Nomination and Remuneration Committee. However, the detailed and exhaustive mandate / terms of reference of the said Committee are also available on the website of the Company at http://www.fortismalar.com/wp-content/uploads/2017/10/Nomination-Remuneration-Committee-Mandate.pdf.

Meetings and Attendance

During the financial year ended March 31, 2018, two meetings of the Nomination and Remuneration Committee were held on:

i) May 23, 2017

ii) July 25, 2017

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	2
3	Mr. Lakshman Teckchand Nanwani, Chairman	2
4	Mr. Daljit Singh	2

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/2017/02/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 during the financial year ended March 31, 2018 are as under:

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. Meghraj Arvindrao Gore (Whole Time Director)	9023686	2156626	411912	3 years w.e.f. October 01, 2016	3 Months

Notes:

1) No Retiral Benefits were paid to Mr. Meghraj towards "Employer's PF Contribution and Gratuity" respectively.

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

3) As on March 31, 2018, Mr. Meghraj does not hold any equity shares in the Company.

4) No Stock options of the Company have been granted to Mr. Meghraj. Further, he was 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 and the fees for services rendered in the professional capacity, 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, 2018 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, 2018
Mr. Daljit Singh	–	–
Mr. Lakshman Teckchand Nanwani	3,50,000	–
Mr. Murari Pejavar	1,75,000	–
Dr. Nithya Ramamurthy	2,50,000	8,59,377
Mr. Rama Krishna Shetty	3,00,000	–
Mr. Ramesh Lakshman Adige	4,00,000	–
Mr. Rakesh Laddha	–	–

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.

C) STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition of the Committee

As on March 31, 2018, 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 Non-Independent Director
3.	Mr. Meghraj A. Gore	Member	Executive Director (Whole-time Director)
4.	Dr. Nithya Ramamurthy	Member	Non-Executive Non-Independent 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 Securities;
- 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.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Stakeholders Relationship Committee. However, the detailed and exhaustive mandate / terms of reference of the said Committee are also available on the website of the Company at http://www.fortismalar.com/wp-content/uploads/2017/10/Stakeholder-Relationship-Committee-Mandate.pdf.

Name and Designation of Compliance Officer (as on date)

Mr. Shashank Porwal

Company Secretary

Meeting and Attendance

The Stakeholders Relationship Committee meets as and when required and during the year under review, four meetings were held on

i) May 23, 2017

ii) July 25, 2017

iii) November 06, 2017

iv) January 23, 2018

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	Mr. Meghraj Arvindrao Gore*	3
4	Dr. Nithya Ramamurthy	4

* Mr. Meghraj Arvindrao Gore attended two meetings through audio visual means held on May 23, 2017 and November 06, 2017 but he was not counted for the purpose of quorum for these meetings as recording facility was not available.

Status of Shareholders' Complaints during Financial Year 2017-18

Number of complaints pending from last year	:	0
Number of shareholders' complaints received during the year	:	131
Number of complaints not resolved to the satisfaction of shareholders	:	0
Number of pending complaints	:	0

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition of the Committee

The Committee as on March 31, 2018 comprised of the following members, namely: -

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

The Company Secretary acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

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 at http://www.fortismalar.com/wp-content/uploads/2017/10/CSR-Committee-Mandate.pdf.

Meetings and Attendance during the year

The Corporate Social Responsibility Committee meets as and when required and during the year under review, two meetings were held on

i) May 23, 2017

ii) July 25, 2017

The attendance of the members of the Corporate Soical Responsibility Committee at the said meetings was as follows:-

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Daljit Singh, Chairman	2
2	Mr. Lakshman Teckchand Nanwani	2
3	Dr. Nithya Ramamurthy	2

INDEPENDENT DIRECTORS MEETING

No meeting of Independent Directors was held during the period under review.

The salient roles and responsibilities associated with the Independent Directors Meeting include, but are not limited to, the following:

a) review the performance of non-independent directors and the board of directors as a whole;

b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;

c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

4. SUBSIDIARY COMPANY

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

The Company has also formulated a policy for determining 'material' subsidiaries and such policy has also been disclosed on the company's website i.e. www.fortismalar.com and the web link of the same is http://www.fortismalar.com/wp-content/uploads/2017/11/Policy-on-Material-Subsidiary-Company.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2017-18, the Company has no "material non-listed subsidiary" in terms of the provisions of SEBI (LODR) Regulation, 2015.

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 (LODR) Regulation, 2015 was placed before the Board along with financial statements for the year ended March 31, 2018. The Board reviewed and took the same on record. The said certificate forms part of the Annual Report.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Address	Special resolution passed
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	–
2015-16	September 27, 2016	10:00 A.M.	PHD Chamber of Commerce and Industry, 4/2, Institutional Area, August Kranti Marg, New Delhi- 110016	–
2016-17	September 26, 2017	10:30 A.M.	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062	-

Details of resolution passed by way of Postal Ballot.

No resolution was passed by way of postal ballot. Further, none of the resolutions, 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 (LODR) 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 submits his consolidated report to the Company. The results are also displayed on the website of the Company i.e. www.fortismalar.com.

7. DISCLOSURES

Related party transactions

The details of transactions with related parties, as prescribed in the SEBI (LODR) 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/2018/06/Related-Party-Transactions-Framework-Document.pdf.

During the period under review, no material transaction(s) was entered with related parties of the Company.

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

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 with 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/2017/11/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 behaviour, actual or suspected fraud or violation of the Company's code of conduct.

Through this Policy, the Company seeks to provide a procedure for all the employees and directors of the Company to report concerns about unethical and improper practice taking place in the Company and provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit and Risk Management Committee, in exceptional cases. It protects employees, officers and directors who in good faith raise a concern about irregularities within the Company. It is hereby confirmed that no personnel has been denied access to the Audit and Risk Management Committee.

The Company has adopted a Whistle Blower Policy in line with the requirements laid down under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The same is available at the website of the Company at http://www.fortismalar.com/wp-content/uploads/2017/11/Whistle-Blower-Policy.pdf.

8. MEANS OF COMMUNICATION

i) Results: The financial results are generally published in Business Standard (English - all India editions) and Rozana Spokesman (Punjabi – Regional Editions).

ii) Website: The financial results hosted on the Company's website viz. www.fortismalar.com.

iii) 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.

iv) 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.

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

9. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day & Date : Friday, September 28, 2018

Time : 10:30 A.M. (IST)

Venue: National Institute of Pharmaceutical Education and Research Mohali, Sector-67, SAS Nagar, Mohali, Punjab -160062

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

Financial Calendar 2018-2019 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2018	July 31, 2018
2.	Financial Reporting for the quarter ending September 30, 2018	November 14, 2018
3.	Financial Reporting for the quarter ending December 31, 2018	February 14, 2019
4.	Financial Reporting for the quarter ending March 31, 2019	May 30, 2019
5.	Annual General Meeting for the year ending March 31, 2019	On or before September 30, 2019

c) 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 2017-18.

d) Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

e) Market Price Data

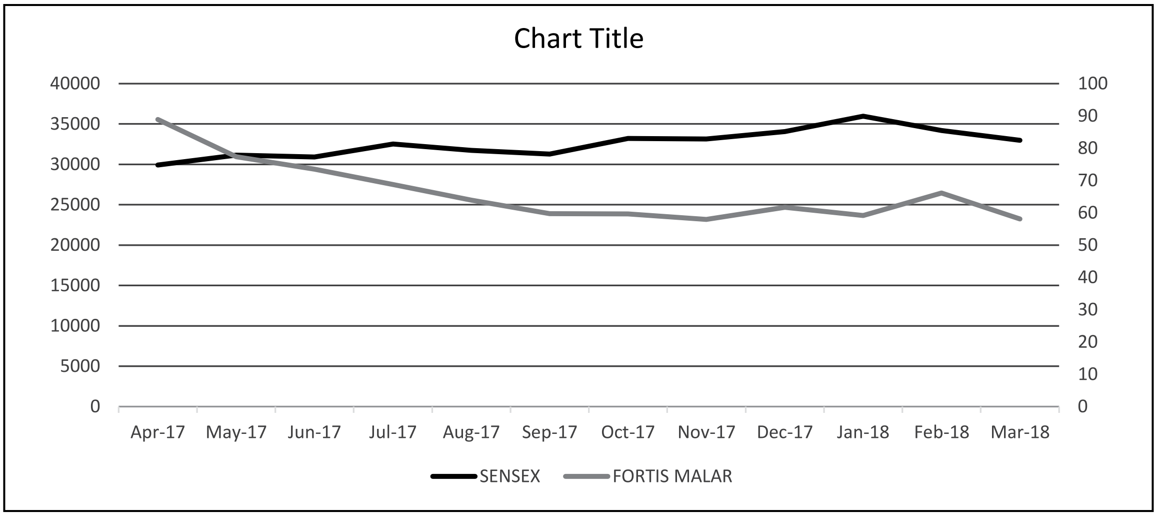
The Equity shares of the Company are listed on BSE Limited.

Monthly High and Low Quotations of Shares traded on BSE

Month	Share Price (₹) at BSE	
	High	Low
Apr-17	91.95	68.85
May-17	89.9	73.5
Jun-17	87	71
Jul-17	75.45	65
Aug-17	72	60
Sep-17	67	58.1
Oct-17	62.25	55.5
Nov-17	67.5	56.55
Dec-17	62.5	55.5
Jan-18	71.9	58.4
Feb-18	72	54.65
Mar-18	71.45	54.6

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

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



g) 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.

h) 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

i) **Share Transfer System**

Share transfers are processed and share certificates duly endorsed are delivered within a period of fifteen 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 has obtained a half yearly certificate of compliance from the Compliance Officer and the authorized representative of Registrar and share transfer Agent pertaining to compliance with share transfer formalities as required under SEBI (LODR) Regulations, 2015.

j) **Distribution of Shareholding as on March 31, 2018**

Distribution Schedule As On 31/03/2018 (Total)					
S. No.	**Category**	**No. of holders**	**% of holders**	**Amount**	**% to Equity**
1	1-5000	14237	92.99	14822770.00	7.93
2	5001- 10000	528	3.45	4591620.00	2.46
3	10001- 20000	241	1.57	3814110.00	2.04
4	20001- 30000	104	0.68	2644760.00	1.42
5	30001- 40000	34	0.22	1228730.00	0.66
6	40001- 50000	57	0.37	2750560.00	1.47
7	50001- 100000	53	0.35	4147660.00	2.22
8	100001& Above	57	0.37	152842380.00	81.80
	Total:	**15311**	**100.00**	**186842590.00**	**100.00**

k) **Shareholding Pattern of Equity Shares as on March 31, 2018**

Shareholding Pattern As On 31/03/2018 (Total)				
		With Grouping		
S. No.	**Description**	**No. of Holders**	**Total Shares**	**% Equity**
1	MUTUAL FUNDS	3	36000	0.19
2	TRUSTS	1	2000	0.01
3	RESIDENT INDIVIDUALS	14760	4875665	26.10
4	PROMOTERS	1	100	0.00
5	EMPLOYEES	3	51200	0.27
6	NON RESIDENT INDIANS	92	391398	2.09
7	PROMOTERS BODIES CORPORATE	8	11753102	62.90
8	CLEARING MEMBERS	43	49263	0.26
9	DIRECTORS	1	859377	4.60
10	NON RESIDENT INDIAN NON REPATRIABLE	33	52657	0.28
11	BODIES CORPORATES	142	346013	1.85
12	NBFC	1	1340	0.01
13	DIRECTOR'S RELATIVES	1	152740	0.82
14	HUF	222	113404	0.61
	Total:	**15311**	**18684259**	**100.00**

l) 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, 2018, 17059314 Equity shares representing 91.30% 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 2017-18 is given below:

Particulars		BSE
Average Shares Traded	Share (Nos.)	18,784
Average Annual Turnover	Value (In Crores)	0.1310

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

m) The Company has not issued any GDRs / ADRs / warrants or any convertible instruments

n) Hospital Location

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

o) Lock-in of Equity shares

As on March 31, 2018 none of the shares of the Company are under Lock-in.

p) Address for Correspondence

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

Karvy Computershare Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 67162222
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com

For Investor Assistance

Secretarial Department
Fortis Malar Hospitals Limited,
Fortis Hospital, Sector 62, Phase VIII, Mohali 160062
Tel: + 91-172-5096001
Fax:+ 91-172-5096002
E-Mail:- secretarial.malar@malarhospitals.in

q) 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.

r) 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.

s) 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 2017-18, 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 agrees 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, 2018 has been filed with the Stock Exchange within one month of end of the respective quarter.

t) Demat 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 SEBI (LODR) Regulation, 2015 is as follows:

- Aggregate Number of the Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year (1st April, 2017): 25 Shareholders and 19,700 shares.
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year: Nil
- Number of shareholders to whom shares were transferred from suspense account during the year: Nil
- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2018: 25 Shareholders and 19,700 shares.

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

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

v) DISCRETIONARY REQUIREMENT AS SPECIFIED IN PART E SCHEDULE II

A. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit and Risk Management Committee.

B. Modified opinion(s) in audit report

For the Financial Year ended March 31, 2018, your Company published financial statements with unmodified audit opinion.

w) GO GREEN INITIATIVE

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

x) MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance i.e. Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations except elsewhere mentioned in this report.

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, 2018.

Sd/-
Date: July 14, 2018 **Meghraj Arvindrao Gore**
Place: Chennai **Whole-time Director**

COMPLIANCE CERTIFICATE

[For Financial Year ended on March 31, 2018]

[Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015]

To
The Members
Audit & Risk Management Committee / Board of Directors
Fortis Malar Hospitals Limited
Dear Sir(s) / Madam(s),

We, Mr. Meghraj Arvindrao Gore, Whole Time Director, and Mr. Vijayasarathy Desikan, Chief Financial Officer, of the Company, certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee that:

   (1) There have been no significant changes in internal control over financial reporting during the year under review;

   (2) There has been no significant changes in accounting policies during the year except to the extent already disclosed in the notes to the financial statement(s); and

   (3) There are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Fortis Malar Hospitals Limited**

Sd/-
Meghraj Arvindrao Gore
Whole Time Director
DIN: 07505123

Sd/-
Vijayasarathy Desikan
Chief Financial Officer

Place: Chennai
Date: May 15, 2018

<u>Corporate Governance Certificate</u>

To
The Members
Fortis Malar Hospitals Limited

We have examined the compliance of conditions of Corporate Governance by Fortis Malar Hospitals Limited ("the Company"), for the financial year ended March 31, 2018 as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions 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 conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the 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

Sd/-
Sanjay Grover
Managing Partner
CP No.: 3850

July 30, 2018
New Delhi

STANDALONE FINANCIALS

Independent Auditor's Report

To The Members of Fortis Malar Hospitals Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Fortis Malar Hospitals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; Refer note 38 of the stand-alone 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 were no amounts, which were 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 and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Fortis Malar Hospitals Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 whether 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, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting 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 and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

(b) The plant and equipment 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 plant and equipments at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Discrepancies noticed on physical verification during the year have been properly dealt with in the book of account.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies 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 as applicable 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 applicable stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no deposits outstanding anytime 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, 2016, 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, Goods and Services 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, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2018 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 March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)	Amount Unpaid (₹)
Income Tax Act, 1961	Income Tax	Hon'ble Madras High Court	FY 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 is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material 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 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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 directors of its holding and subsidiary company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018

Standalone Balance Sheet as on March 31, 2018

(Amount in ₹)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	5(a)	220,994,920	219,795,428
(b) Intangible Assets Under Development	5(b)	7,247,360	6,120,861
(c) Other Intangible Assets	5(c)	16,884,459	26,119,067
(d) Financial Assets			
(i) Investment in Subsidiary	6	500,000	500,000
(ii) Other Financial Assets	7	4,980,564	5,882,937
(e) Deferred Tax Assets (Net)	8	14,198,775	10,140,120
(f) Income Tax Assets	9	85,941,414	66,395,362
(g) Other Non-current Assets	10	2,396,965	3,302,309
Total Non-current Assets		**353,144,457**	**338,256,084**
Current Assets			
(a) Inventories	11	20,223,852	23,122,044
(b) Financial Assets			
(i) Trade Receivables	12	60,035,785	55,768,805
(ii) Cash and Cash Equivalents	13(a)	145,078,070	69,933,858
(iii) Bank Balances other than (ii) above	13(b)	1,713,726	4,073,269
(iv) Loans	14	813,500,000	700,433,576
(v) Other Financial Assets	15	68,323,339	87,181,300
(c) Other Current Assets	16	11,327,876	12,297,425
Total Current Assets		**1,120,202,648**	**952,810,277**
Total Assets		**1,473,347,105**	**1,291,066,361**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	186,995,090	186,795,090
(b) Other Equity	18	828,962,181	795,996,637
Total Equity		**1,015,957,271**	**982,791,727**
Liabilities			
Non-current Liabilities			
Provisions	19	13,331,000	6,185,000
Total Non-current Liabilities		**13,331,000**	**6,185,000**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	20	249,710,706	140,568,346
(ii) Other Financial Liabilities	21	74,829,207	14,421,606
(b) Provisions	22	10,852,000	16,362,000
(c) Current Tax Liabilities (Net)	9	570,879	570,879
(d) Other Current Liabilities	23	108,096,042	130,166,803
Total Current Liabilities		**444,058,834**	**302,089,634**
Total Liabilities		**457,389,834**	**308,274,634**
Total Equity and Liabilities		**1,473,347,105**	**1,291,066,361**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Standalone Statement of Profit and Loss for the year ended March 31, 2018

(Amount in ₹)

	Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from Operations	24	1,491,927,119	1,405,598,766
II	Other Income	25	81,845,640	75,626,300
III	**Total Income (I+II)**		**1,573,772,759**	**1,481,225,066**
IV	**Expenses**			
	Purchases of Medical Consumables and Drugs		327,729,421	294,159,021
	Changes in of inventories of Medical Consumables and Drugs	26	2,898,192	2,992,465
	Employee Benefits Expense	27	215,439,664	197,851,648
	Finance Costs	28	3,846,563	4,580,835
	Depreciation and Amortisation Expense	29	42,141,070	39,409,027
	Other Expenses	30	928,619,230	901,849,299
	Total Expenses		**1,520,674,140**	**1,440,842,295**
V	**Profit Before Tax**		**53,098,619**	**40,382,771**
VI	Tax Expense	31		
	-- Current Tax		26,219,730	24,440,047
	-- Deferred Tax		(4,532,708)	(12,259,704)
			21,687,022	12,180,343
VII	**Profit for the period (V-VI)**		**31,411,597**	**28,202,428**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to the statement of profit and loss:	32		
	(a) Remeasurements of the defined benefit plans		1,704,000	(3,592,000)
	(b) Income tax relating to items that will not be reclassified to profit or loss		(474,053)	1,187,623
	Total other comprehensive income / (loss)		**1,229,947**	**(2,404,377)**
IX	**Total Comprehensive Income for the period (VII+VIII)**		**32,641,544**	**25,798,051**
	Earnings per equity share (for continuing operations):	42		
	(1)Basic (in ₹)		1.68	1.51
	(2)Diluted (in ₹)		1.67	1.50

See accompanying notes forming part of the standalone financial statements

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Standalone Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from Operating Activities		
Profit Before Tax for the year	53,098,619	40,382,771
Adjustments for:		
Interest income recognised in Profit or Loss	(81,045,640)	(71,532,452)
Loss on disposal of Property, Plant and Equipment	-	153,375
Depreciation and amortisation	42,141,070	39,409,027
Allowance for Credit Losses	7,168,334	8,843,443
Liabilities no longer required written back	(800,000)	(265,653)
Provision for doubtful Advances	-	240,240
Interest on delayed payment of Income Tax	270	44,503
	20,562,653	17,275,254
Movements in Working Capital:		
(Increase)/decrease in Other Non current Financial Assets	902,373	310,733
(Increase)/decrease in Other Current assets	969,549	(229,150)
(Increase)/decrease in Other Non Current assets	905,344	581,734
(Increase)/decrease in Non Current Provisions	8,375,947	6,185,000
(Increase)/decrease in Trade and Other receivables	(11,435,314)	(4,492,093)
(Increase)/decrease in Inventories	2,898,192	2,992,465
(Increase)/decrease in Other Current financial assets	(24,723,537)	(12,963,966)
Increase/ (Decrease) in Trade Payables	109,942,360	(70,309,120)
Increase/ (Decrease) in Provisions	(5,510,000)	966,000
Increase/ (Decrease) in Financial Liabilities	60,407,601	1,560,011
Increase/ (Decrease) in Other Current Liabilities	(22,070,761)	37,884,727
Cash Generated from Operations	141,224,407	(20,238,405)
Income Taxes paid (Net)	(45,292,000)	(83,122,709)
Net Cash (used in) / Generated by Operating Activities	**95,932,407**	**(103,361,114)**
Cash Flows from Investing Activities		
Payments to acquire Fixed Assets	(35,232,453)	(35,643,147)
Proceeds on sale of Fixed Assets	-	8,435
Proceeds on sale of Assets held for sale	-	6,095,238
Interest Received	124,627,538	47,620,032
Inter Corporate Deposits placed with Related Parties	(200,000,000)	(125,000,000)
Inter Corporate Deposits repaid by Related Parties	86,933,577	42,500,000
Fixed Deposits not considered as Cash and Cash equivalents	2,359,543	216,237,238
Net cash (used in)/generated by investing activities	**(21,311,795)**	**151,817,796**
Cash flows from financing activities		
Proceeds from issue of Equity Instruments of the Company	524,000	1,539,250
Dividends paid on Equity Shares	-	(9,314,630)
Dividend Distribution Tax Paid on Equity Shares	-	(1,896,240)
Net Cash Used in Financing Activities	**524,000**	**(9,671,620)**
Net increase in Cash and Cash Equivalents	**75,144,612**	**38,785,062**
Cash and Cash Equivalents at the Beginning of the Year	69,933,858	31,148,796
Cash and Cash Equivalents at the end of the Year	**145,078,470**	**69,933,858**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
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For and on behalf of the Board of Directors of
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(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Standalone Statement of Change in Equity for the year ended March 31, 2018

A. Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	186,795,090	186,207,590
Changes in equity share capital during the year		
- Issue of Share Capital during the year (Employee Stock Option Plan)	200,000	587,500
Closing Balance	**186,995,090**	**186,795,090**

B. Other Equity

(Amount in ₹)

Particulars	Securities Preimium	Retained Earnings	Total
Balance at April 1, 2016	93,515,570	686,942,136	780,457,706
Profit for the financial year 2016-17	-	28,202,428	28,202,428
Premium on issue of Equity Shares	951,750	-	951,750
Final equity dividend distributed [amount per share ₹ 0.50]	-	(9,314,630)	(9,314,630)
Dividend distribution tax on dividend	-	(1,896,240)	(1,896,240)
Other comprehensive income for the year, net of income tax	-	(2,404,377)	(2,404,377)
Balance as at March 31, 2017	**94,467,320**	**701,529,317**	**795,996,637**
Profit for the financial year 2017-18	-	31,411,597	31,411,597
Premium on issue of Equity Shares	324,000	-	324,000
Other comprehensive income for the year, net of income tax	-	1,229,947	1,229,947
Balance as at March 31, 2018	**94,791,320**	**734,170,861**	**828,962,181**

See accompanying notes forming part of the standalone financial statements

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

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(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

1) Nature of operations

Fortis Malar Hospitals Limited (the 'Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and the Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company. The Company has its state of the art Hospital facility in Chennai. Also Refer Note 51.

2) Statement of Compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.1 Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts' and amendments to Ind AS 21, Foreign currency transactions and advance consideration.

a) Amendment to Ind AS 21:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b) Notification of Ind AS 115:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant.

3) Significant Accounting Policies

3.1 Basis of preparation and presentation

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

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

3.2 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when all the significant risks and rewards of ownership of the goods are passed to the customers.

Inpatient and Outpatient Revenue

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

The Company collects sales taxes, value added taxes (VAT) and Goods & Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Export benefits

Income from 'Service Export from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received to the extent it is certain that economic benefits will flow to the Company.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

3.5 Leasing

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases and are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

3.6 Foreign currencies

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

At the end of each reporting period

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

ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognised in the profit or loss on a systematic basis over there periods in which the Company recognises as expense the related costs for which the grant was intended to compensate.

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

3.9 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.

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

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

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

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

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

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

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

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

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

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

iii) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and considered as defined contribution plan. The Company’s contribution to provident fund 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.

3.10 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share option outstanding account.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted by the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the company reassess unrecognized deferred tax assets and, the company recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

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

iii) Current and deferred tax for the year

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

iv) MAT Credit

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period

3.12 Property, plant and equipment(PPE)

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

Components of Costs

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

Subsequent expenditure related to an item of PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

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

The carrying amount of a PPE is de-recognised upon disposal of PPE or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Depreciation on Property, Plant and Equipment (PPE) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

PPE	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and Fittings	10 years
Office Equipment	5 years
Vehicles	8 years

Depreciation commences when the assets are ready for their intended use.

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

The useful life of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

3.13 Intangible Assets

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

Software

Cost of software and licenses, which are acquired, are capitalised and amortized on a straight line basis over a period of 3 to 6 years or the license period, whichever is lower.

The amortisation period and method are reviewed at the end of each reporting period if the expected useful life of the asset changes from previous estimates, the effect of such change in estimates are accounted for prospectively.

`An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

3.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

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

3.15 Inventories

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

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

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.

3.16 Provision

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

3.18 Segment Reporting

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Company's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.19 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

3.20 Contingent liabilities

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

3.21 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization 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.

3.22 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.23 Financial Instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments (other than investments in subsidiary) to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of company after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

3.24 Impairment of financial assets

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is

available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

3.25 Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.26 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.27 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

4.1 Critical Accounting Judgements

The Following are the critical judgments that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognised in the Standalone financial statements

a. Note 50 disclosed in the notes to financial statements describes certain matters relating to order/notice received from Chennai Metropolitan Development Authority (CMDA). The Company, based on legal advice, believes that the above Order /Notice 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 its Appeal/Writ petition.

b. Status of Composite scheme of Amalgamation and Arrangement:

   Note 51 disclosed in the notes to financial statements describes the status of composite scheme of amalgamation and arrangement that include management assessment of Composite Scheme of Amalgamation which is subject to various judiciary, regulatory and other required approvals. Pending such approvals the directors of the company has assessed that the slump sale of hospital business has not been classified as held for sale and discontinued operations as on March 31, 2018 duly considering the requirement of Ind AS 105 regarding highly probable occurrence of transaction.

c. Accounting for service agreement:

The Company has entered into Hospital and Medical Services Agreement ("HMSA") with Fortis Health Management Limited (FHML) (Group Company of RHT Health Trust Group of companies ('RHT')) wherein the FHML is required to provide, maintain and operate the Clinical Establishments (including infrastructure, fixtures and fittings etc.) in accordance with the agreement.

The clinical establishments owned by FHML are specifically customized and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

i. Doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;

ii. Diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and

iii. Beds for in-patient treatment.

The Company has analysed the substance of the HMSA and has determined that fulfilment of service arrangement is based on the use of specified assets and conveys the Company's right to use the Fortis Health Management Limited's Clinical Establishment.

The term of the individual HMSA is 15 years and the Group pays a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the Companies' net operating income in accordance with the HMSA.

The Company has analysed increase in base fee payments and has determined that such increase is to compensate Fortis Health Management Limited's for the expected cost inflation, being in line with general cost inflation; accordingly, the base fee has been recognized as an expense without factoring the inflationary increase of 3% year on year on a straight-lined over the lease term.

4.2 Key Sources of Estimation

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation and uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

a. Useful lives of Property, plant and equipment (Refer Note 3.12)

b. Assets and obligations relating to employee benefits (Refer Note 3.9)

c. Valuation and measurement of income taxes and deferred taxes (Refer Note 3.11)

d. Expected Credit Loss:

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period.

5(a) Property, Plant and Equipment -Owned/Acquired

(Amount in ₹)

Particulars	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments	Vehicles	Total
Gross Block							
As at April 1, 2016	14,766,219	202,824,873	17,016,968	5,543,115	2,005,156	-	242,156,331
Additions	1,487,674	25,586,102	1,611,292	2,110,109	730,077	8,211,660	39,736,914
Additions on acquisition of subsidiary	-	-	-	-	-	-	-
Disposals	(105,000)	(170,514)	-	-	-	-	(275,514)
Disposals on sale of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other adjustments	-	(709,020)	-	-	-	-	(709,020)
Exchange translation adjustments	-	-	-	-	-	-	-
As at March 31,2017	**16,148,893**	**227,531,441**	**18,628,260**	**7,653,224**	**2,735,233**	**8,211,660**	**280,908,711**
Additions	2,191,081	25,043,517	2,244,823	1,638,271	2,988,262	-	34,105,954
Disposals	-	-	-	-	-	-	-
Other adjustments#	-	-	-	2,732,202	-	-	2,732,202
As at March 31,2018	**18,339,974**	**252,574,958**	**20,873,083**	**12,023,697**	**5,723,495**	**8,211,660**	**317,746,867**
Accumulated Depreciation							
As at April 1, 2016	1,305,962	19,658,543	1,787,976	5,297,360	64,034	-	28,113,875
Charge for the year	1,315,587	26,122,827	2,022,715	2,225,661	537,663	888,659	33,113,112
Disposals	**(28,585)**	**(85,119)**	**-**	**-**	**-**	**-**	**(113,704)**
As at March 31,2017	2,592,964	45,696,251	3,810,691	7,523,021	601,697	888,659	61,113,283
Charge for the year	1,550,722	28,252,925	2,166,469	1,870,456	772,029	1,026,063	35,638,664
As at March 31,2018	4,143,686	73,949,176	5,977,160	9,393,477	1,373,726	1,914,722	96,751,947
Net Block(As at March 31,2017)	**13,555,929**	**181,835,190**	**14,817,569**	**130,203**	**2,133,536**	**7,323,001**	**219,795,428**
Net Block(As at March 31,2018)	**14,196,288**	**178,625,782**	**14,895,923**	**2,630,220**	**4,349,769**	**6,296,938**	**220,994,920**

Represents reclassification of assets. Also refer Note 5(c).

5(b) Intangible Assets Under Development

Intangible Assets Under Development includes cost of development of software paid to M/s.Healthfore Technologies ₹ 72,15,569 (Previous year ₹ 60,15,570). Also Refer Note 33.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5(c). Other intangible assets

(Amount in ₹)

Particulars	**Software**
Gross Block	
As at April 1, 2016	**34,230,467**
Additions	1,434,697
Other adjustments	-
As at March 31,2017	**35,665,164**
Additions	-
Other adjustments#	(2,732,202)
As at March 31,2018	**32,932,962**
Amortization and impairment	
As at April 1, 2016	**3,250,182**
Charge for the year	6,295,915
As at March 31,2017	**9,546,097**
Charge for the year	6,502,406
As at March 31,2018	**16,048,503**
Net block	
As at March 31,2017	**26,119,067**
As at March 31,2018	**16,884,459**

Represents reclassification of assets. Also refer Note 5(a).

6. Investments in Subsidiary

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Non Current		
Unquoted Investments (fully paid)		
Investments in Equity Instruments	500,000	500,000
Malar Stars Medicare Limited		
[50,000 Equity Shares of ₹ 10 each]		
Total Aggregate Unquoted Investments	**500,000**	**500,000**
Total Non Current Investments	**500,000**	**500,000**
6.1 Category-wise Investments		
Financial Assets Held at Cost		
Equity Instruments Held at Cost	500,000	500,000

7. Other Financial Assets

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Non current		
Unsecured, considered good		
Security Deposits	3,290,590	3,450,787
Advance to Related Parties (Refer Note 33)	1,689,974	2,432,150
Total	**4,980,564**	**5,882,937**

8. Deferred Tax (Net)

[Also Refer Note 41(iv)]

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Deferred Tax Assets		
Tax effect of items constituting deferred tax assets:		
- Employee Benefits	11,087,376	11,077,079
- Allowance for Credit Losses/Others	11,760,665	9,682,040
	22,848,041	**20,759,119**
Deferred Tax Liabilities		
Tax effect of items constituting deferred tax liabilities:		
- Property Plant & Equipment	8,649,266	10,618,999
	8,649,266	**10,618,999**
Total	**14,198,775**	**10,140,120**

9. Tax Assets and Liabilities

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Income Tax Assets		
Non-Current		
Advance Income Tax (net of provision for taxation)	85,941,414	66,395,362
	85,941,414	**66,395,362**
Current Tax Liabilities		
Income Tax Payable (net of advance tax)	570,879	570,879
	570,879	**570,879**

10. Other Non-current Assets

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Unsecured		
Capital Advances	167,677	542,251
Prepaid Expenses	2,469,528	3,000,298
Sub-Total (B)	**2,637,205**	**3,542,549**
Provision for Doubtful Advances	(240,240)	(240,240)
Total	**2,396,965**	**3,302,309**
Note:		
- Considered Good	2,396,965	3,302,309
- Considered Doubtful	240,240	240,240
	2,637,205	**3,542,549**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11. Inventories

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Medical Consumables and Drugs	20,223,852	23,122,044
Total	**20,223,852**	**23,122,044**

12. Trade Receivables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
(a)Unsecured, considered good	60,035,785	55,768,805
(b) Doubtful	28,793,780	21,625,446
	88,829,565	77,394,251
Less: Allowance for Credit Losses	(28,793,780)	(21,625,446)
	60,035,785	**55,768,805**

The average credit period is 30 days. No overdue interest is charged. Of the trade receivables balance as at March 31, 2018, ₹5,01,52,236 is due from 3 third party service providers, 2 Government customers and 1 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

(Amount in ₹)

	As at March 31, 2018	As at March 31, 2017
Ageing of receivables		
Within the credit period	42,036,063	19,576,032
1-30 days past due	20,126,363	10,731,362
31-60 days past due	16,077,555	8,458,984
61-90 days past due	3,992,319	4,048,167
More than 90 days past due	6,597,265	34,579,706
	88,829,565	77,394,251

13(a) Cash and Cash Equivalents

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	976,652	683,727
Balances with Banks		
- Current Accounts	114,101,418	6,750,131
- Deposits with original maturity of less than three months	30,000,000	62,500,000
Total	**145,078,070**	**69,933,858**

13(b) Other Bank Balances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Unpaid Dividend Accounts	1,588,726	1,573,269
Deposits with original maturity of more than 3 months but less than 12 months - Free of Lien	125,000	2,500,000
Total	**1,713,726**	**4,073,269**

14. Loans

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Intercorporate deposits to related parties (Refer Note 45)	813,500,000	700,433,576
Total	**813,500,000**	**700,433,576**

15. Other Financial Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Security deposits	260,537	2,500,000
Interest accrued but not due on loans and deposits		
(i) Inter Corporate Deposits	-	43,670,447
(ii) Fixed Deposit with banks	29,058	299,075
Advances to Related Parties (Refer Note No. 33)	26,268,271	2,966,872
Loans & Advances to Employees	1,390,470	1,686,477
Contractually Reimbursable Expenses	1,621,565	2,768,421
Unbilled Revenue from Undischarged Patients	38,753,438	33,290,008
Total	**68,323,339**	**87,181,300**

16. Other Current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, Considered Good		
Advance to Vendors	3,178,054	470,222
Prepaid Expenses	5,071,313	5,001,927
Served from India Scheme (SFIS) Licenses & Accrued Income	3,078,509	6,825,276
Total	**11,327,876**	**12,297,425**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17. Share capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Shares		
30,000,000 Equity shares of ₹10/- each	300,000,000	300,000,000
Total authorised share capital	**300,000,000**	**300,000,000**
Issued		
18,714,759 (March 31, 2017: 18,694,759) Equity shares of ₹10/- each	187,147,590	186,947,590
	187,147,590	**186,947,590**
Subscribed and Paid Up		
18,684,259 (March 31, 2017: 18,664,259) Equity Shares of ₹ 10/- each fully paid up	186,842,590	186,642,590
30,500 (March 31, 2017: 30,500) Equity Shares of ₹ 10 each (₹ 5 paid up) Forfeited	152,500	152,500
Total	**186,995,090**	**186,795,090**

Notes :

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,694,759	186,795,090	18,636,009	186,207,590
Issued during the year: Employee Stock Option Plan (ESOP)	20,000	200,000	58,750	587,500
Outstanding at the end of the year	**18,714,759**	**186,995,090**	**18,694,759**	**186,795,090**

During the year ended 31 March 2018, 20,000 Equity Shares of ₹ 10 each at a premium of ₹ 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 2018 is 140,000. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

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

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	In ₹	Number	In ₹
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹ 10 each)	11,752,402	117,524,020	11,752,402	117,524,020

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

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.90%	11,752,402	62.97%

(e) As at 31 March 2018, 140,000 equity shares (As at 31 March 2017 160,000 equity shares) of ₹ 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 37).

(f) Refer Note 51 for equity shares that are issuable upon the Composite scheme of Arrangement and Amalgamation becoming effective.

18. Other Equity

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Reserve and Surplus		
(A) Securities Premium Account		
Opening balance	94,467,320	93,515,570
Add : Premium on shares issued during the year	324,000	951,750
Closing balance	**94,791,320**	**94,467,320**
(B) Surplus in the statement of profit and loss		
Opening balance	701,529,317	686,942,136
Add: (a) Profit for the year	31,411,597	28,202,428
(b) Remeasurement gain / (Loss) of defined employee benefit plans (net of taxes)	1,229,947	(2,404,377)
	734,170,861	**712,740,187**
Less: Appropriations :		
(a) Final equity dividend distributed		
[amount per share ₹ Nil (Previous year ₹ 0.50)]	-	(9,314,630)
(b) Dividend distribution tax on dividend	-	(1,896,240)
Net Surplus in the Statement of Profit and Loss	**734,170,861**	**701,529,317**
Total (A+B)	**828,962,181**	**795,996,637**

19. Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Provision for Gratuity	13,331,000	6,185,000
Total	**13,331,000**	**6,185,000**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

20. Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
- Dues of Micro and small enterprise (Refer Note 44)	-	3,355,751
- Dues to other vendors (other than acceptances)	249,710,706	137,212,595
Total	**249,710,706**	**140,568,346**

21. Other Financial Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Currrent		
Security Deposits	598,000	478,000
Unpaid Equity Dividend	1,588,726	1,573,269
Capital Creditors	8,890,176	10,876,826
Payable to Related Parties (Refer Note No. 33)	63,752,305	1,493,511
Total	**74,829,207**	**14,421,606**

22. Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Provision for Gratuity	-	6,185,000
Provision for Compensated Absences	10,852,000	10,177,000
Total	**10,852,000**	**16,362,000**

23. Other Current Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from Patients/Amounts Unclaimed by Patients	95,938,703	123,042,513
Statutory Payables (PF, ESI, TCS, TDS, Service Tax, VAT, GST etc.)	12,157,339	7,124,290
Total	**108,096,042**	**130,166,803**

24. Revenue from Operations

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of Services (Refer Note below)		
In-Patient	1,302,592,847	1,185,175,321
Out-Patient	183,788,110	185,451,499
Sub Total (a)	**1,486,380,957**	1,370,626,820

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(b) Sales of Medical Consumables and Drugs		
Medical Consumables and Drugs (Also Refer Note 43)	16,661	29,757,268
Sub Total (b)	**16,661**	**29,757,268**
(c) Other Operating Revenue		
Income from Served From India Scheme (SFIS)	3,037,957	2,337,276
Other Operating Income	2,491,544	2,877,402
Sub Total (c)	**5,529,501**	**5,214,678**
Total (a)+(b)+(c)	**1,491,927,119**	**1,405,598,766**

Note:

Discounts and deductions amounting to ₹ 63,45,264 (Year Ended March 31, 2017- ₹1,30,16,710) are netted against Sale of In-Patient and Out-Patient Services.

25. Other Income

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest Income on		
- Bank Deposits	1,250,665	7,181,963
- Inter Corporate Deposits	79,436,409	63,928,734
- Interest on Income Tax Refund	-	421,755
- Interest on Financial Assets carried at Amortised Cost	358,566	494,187
Sub Total (a)	**81,045,640**	**72,026,639**
(b) Other Non-Operating Income		
- Income from Film Shooting	-	3,090,000
- Liabilities no longer required written back	800,000	265,653
- Bad Receivables written off in earlier years recovered	-	244,008
Sub Total (b)	**800,000**	**3,599,661**
Total (a)+(b)	**81,845,640**	**75,626,300**

26. Increase / (decrease) in inventories of medical consumables and drugs

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	23,122,044	26,114,509
Inventory at the end of the year (Also Refer Note 43)	20,223,852	23,122,044
Total	**2,898,192**	**2,992,465**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

27. Employee Benefits Expense

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Salaries, Wages and Bonus	186,150,526	171,602,838
Contribution to Provident and Other Funds (Refer Note 38)	13,835,380	11,208,699
Staff Welfare Expenses	15,453,758	15,040,111
Total	**215,439,664**	**197,851,648**

28. Finance Costs

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Credit Card / Bank charges	3,846,293	4,536,332
Interest on delayed payment of Income Tax	270	44,503
Total	**3,846,563**	**4,580,835**

29. Depreciation and Amortisation Expense

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Depreciation of Tangible Assets	35,638,664	33,113,112
Amortisation of Intangible Assets	6,502,406	6,295,915
Total	**42,141,070**	**39,409,027**

30. Other Expenses

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Contractual Manpower	10,628,886	16,460,224
Power, Fuel and Water	28,243,731	27,393,944
Housekeeping Expenses including Consumables	6,004,593	6,038,879
Patient Food and Beverages	12,230,045	12,443,512
Pathology Laboratory Expenses	63,543,427	60,115,686
Consultation Fees to Doctors	126,898,497	134,814,790
Professional Charges to Doctors	298,886,387	288,820,609
Clinical Establishment Fee (Refer Note 30.2 below)	212,013,065	200,316,786
Repairs and Maintenance		
- Building	1,531,175	108,447
- Plant and Machinery	18,726,308	23,081,662
- Others	7,014,321	5,356,757
Rent		
- Equipments	4,336,918	5,139,562
- Hospital Buildings, Offices and Labs	3,939,600	3,515,725
- Others	7,834,935	6,501,799

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Legal and Professional Fee	9,438,617	12,183,364
Subscription Fee	1,125,650	1,387,475
Travel and Conveyance	12,703,710	9,088,221
Rates and Taxes	200,600	248,750
Printing and Stationery	5,159,906	6,578,936
Communication Expenses	3,879,726	8,482,924
Directors' Sitting Fees	1,612,500	1,579,875
Insurance	6,332,571	5,136,741
Marketing and Business Promotion	75,259,475	48,351,705
Loss on Sale of Assets	-	153,375
Auditors' Remuneration (Refer Note 30.1 below)	1,368,100	1,160,062
Allowance for Credit Losses	7,168,334	8,843,443
Provision for Doubtful Advances	-	240,240
Corporate Social Responsibility Expenses (Refer Note 49)	1,876,333	4,924,462
Miscellaneous Expenses	661,820	3,381,344
Total	**928,619,230**	**901,849,299**

30.1 Payments to Auditors

For Statutory Audit	750,000	750,000
For Tax Audit	50,000	50,000
For Other Services	260,000	200,000
For GST	190,800	156,899
For reimbursement of expenses	117,300	3,163
	1,368,100	**1,160,062**

30.2 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. Also refer Note 33

31. Income tax recognised in profit or loss

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax (including prior years)		
In respect of the current year	24,603,959	21,743,342
In respect of prior year	1,615,771	2,696,705
	26,219,730	**24,440,047**
Deferred Tax		
In respect of the current year	(6,734,578)	(12,156,822)
Adjustments to deferred tax attributable to changes in tax rates and laws	2,201,870	(102,882)
Total	**(4,532,708)**	**(12,259,704)**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

32. Other Comprehensive Income

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 38(II)(a)]	1,704,000	(3,592,000)
	1,704,000	**(3,592,000)**

33. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
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	Healthfore Technologies Limited
	Fortis Health Management Limited	Fortis Health Management Limited
Fellow Subsidiary or Entities Under Common Control	SRL Limited	SRL Limited
		Lalitha Healthcare Private Limited
	Escorts Heart Institute and Research Centre Limited	Escorts Heart Institute and Research Centre Limited
	RWL Healthworld Limited	RWL Healthworld Limited
Key Management Personnel	Mr. Meghraj Gore, Whole time Director	Mr. Raghunath P, Whole time Director (Until September 30, 2016)
		Mr. Meghraj Gore, Whole time Director (Effective from October 1, 2016)
	Mr. Vijayasarathy, Chief Financial Officer (Effective from May 23, 2017)	Mr. Akshaya Kumar Singh , Chief Financial Officer (Until February 27, 2017)
	Mrs. Trapti (Company Secretary) (From May 23, 2017 until Sep 07, 2017)	Mr. Sumit Goel (Company Secretary) (Until May 1, 2017)
	Mr. Shashank Porwal (Company Secretary) (Effective from January 23, 2018)	

The schedule of Related Party Transactions is as follows:

(Amount in ₹)

Transaction	**Related Party**	**Financial Year 2017-2018**	**Financial Year 2016-2017**
INCOME			
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	61,793,357	61,793,357
	Escorts Heart and Research Institute Limited	17,643,052	2,135,377
Sale of Medical Consumables & Drugs	RWL Healthworld Limited	-	1,531,342
Sale of Medical Consumables & Drugs	Fortis Healthcare Limited	7,284,000	-

(Amount in ₹)

Transaction	Related Party	Financial Year 2017-2018	Financial Year 2016-2017
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	61,944,504	58,887,178
Professional Charges to Doctors	Malar Stars Medicare Limited	3,657,000	3,657,000
	SRL Limited	530,640	482,400
Contractual Manpower	SRL Limited	1,043,736	482,588
Clinical Establishment Fee	Fortis Health Management Limited	212,013,065	200,316,786
Communication Expenses/ R & M IT	Healthfore Technologies Limited	223,407	258,218
Reimbursement of Expenses	Fortis Healthcare Limited	-	1,072,672
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited	2,417,657	6,396,321
	Fortis Hospitals Limited	194,079	-
	Malar Stars Medicare Limited	6,614,859	7,940,759
	SRL Limited	16,042	-
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited	529,059	226,915
	Fortis Hospitals Limited	164,835	561,800
	Fortis Health Management Limited	26,891,976	26,600,940
	RWL Healthworld Limited	227,057	-
Managerial Remuneration	Mr. Raghunath. P	-	2,265,876
	Mr. Meghraj Arvindrao Gore	10,883,112	4,223,970
	Mr. Akshaya Kumar Singh	-	1,562,421
	Mr.Vijayasarathy.D	2,061,929	-
OTHERS			
Collections done by Related party on behalf of the Company	Fortis Healthcare Limited	3,770,618	-
	Fortis Hospitals Limited	11,976,085	-
Sale of SFIS (Scrips)	Fortis Hospitals Limited	2,889,512	-
Collections done on behalf of related party (Upto Feb 13,2018)	RWL Healthworld Limited	2,690,965	-
Inter Corporate Deposits given	Escorts Heart and Research Institute Limited	200,000,000	125,000,000
Inter Corporate Deposits repaid	Escorts Heart and Research Institute Limited	70,000,000	42,500,000
Inter Corporate Deposits repaid	Malar Stars Medicare Limited	16,933,576	-
Advance for Purchase of Intangible Assets – Software	Healthfore Technologies Limited	1,199,999	2,420,054

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Transaction	Related Party	As at March 31, 2018	As at March 31, 2017
BALANCES AT THE END OF THE YEAR			
Trade Payable	SRL Limited	34,610,889	8,532,486
	Fortis Health Management Limited	59,761,083	4,352,825
	Malar Stars Medicare Limited	822,825	-
	Healthfore Technologies Ltd.	33,582	261,644
Other Financial Liabilities	Fortis Healthcare Limited	-	1,489,511
	Fortis Health Management Limited	-	565,201
Prepaid Expense	Fortis Health Management Limited	840,656	936,784
Intangible Assets Under Development	Healthfore Technologies Ltd.	7,215,569	6,015,570
Contractually Reimbursable Expenses	Fortis Healthcare Limited	1,621,565	2,768,421
Other Financial Assets - Current	Malar Stars Medicare Limited	-	2,966,872
	Fortis Healthcare Limited	9,689,008	-
	Fortis Hospitals Limited	16,579,263	-
	Fortis Health Management Limited	500,000	-
Other Financial Assets - Non-Current	Fortis Health Management Limited	1,689,974	2,432,150
Inter Corporate Deposits Placed	Malar Stars Medicare Limited	601,000,000	617,933,576
	Escorts Heart and Research Institute Limited	212,500,000	82,500,000
Interest Accrued But not Due	Malar Stars Medicare Limited	-	41,748,608
	Escorts Heart and Research Institute Limited	-	1,921,839

Notes:

1. 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 2018 and 31 March 2017 there are no further amounts payable to / receivable from them, other than as disclosed above.
2. Also Refer Note 43 for transactions entered with RWL Healthworld Limited and Note 51 for proposed scheme of Composite scheme of Arrangement and Amalgamation with SRL Limited.

34. Leases

Assets taken on Operating Lease:

The Group has operating lease agreements primarily for medical equipments and office/nursing accommodation etc., the lease terms of which are for a period ranging between 11 months to 15 years. During the year ended March 31, 2018, an amount of ₹16,111,453 (March 31, 2017 - ₹15,117,086) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹212,013,065 (March 31, 2017 - ₹200,316,786) towards Clinical Establishment Fee (including variable fee).

The total future minimum lease payments under the non-cancellable operating leases are as under:

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Minimum lease payments :		
Not later than one year	111,205,524	108,017,207
Later than one year but not later than five years	481,384,549	466,619,505
Later than five years	563,152,149	650,242,531

35. Commitments

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to Tangible and Intangible Assets	8,509,563	14,664,877
Bank guarantee to Fortis Health Management Limited	31,500,000	31,500,000
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	100,000	–

36. Contingent liabilities (not provided for) in respect of

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Claims against the Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer Note below)	117,966,872	117,416,872

Note:

The above claims are pending with various Consumer Disputes Redressal Commissions and the Company has been advised by the legal counsel that there may not be any likely liability in respect of these matters and accordingly no provision has been recognized in these financial statements.

37. Employee Stock Option Plan

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

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: The details of activity under the Plan have been summarized below:

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 was effective from 21 August 2009.

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	160,000	26.20	218,750	26.20
Granted during the year	-		-	
Forfeited during the year	-		-	
Exercised during the year	(20,000)	26.20	(58,750)	26.20
Expired during the year	-		-	
Outstanding at the end of the year	140,000	26.20	160,000	26.20
Exercisable at the end of the year	140,000	26.20	160,000	26.20

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.

Particulars	March 31, 2018	March 31, 2017
Grant Date share price (in Rupees)	26.20	26.20
Exercise Price (in Rupees)	26.20	26.20
Expected Volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends	₹ 0.00	₹ 0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

*Expected volatility has been determined considering the daily volatility of the stock prices on Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

38 Employee benefits

(I) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating ₹ 91,92,358 (Previous Year: ₹ 84,59,699) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans

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

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	3,038,000	2,385,000
Net interest expense	849,000	364,000
Components of defined benefit costs recognised in profit or loss	**3,887,000**	**2,749,000**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	(44,000)	(65,000)
Actuarial gains and loss arising from changes in financial assumptions	(722,000)	1,307,000
Actuarial gains and loss arising from experience adjustments	(938,000)	2,350,000
Components of defined benefit costs recognised in other comprehensive income	**(1,704,000)**	**3,592,000**
Total	**2,183,000**	**6,341,000**

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	28,782,000	26,379,000
2. Fair value of plan assets as at 31 March	15,451,000	14,009,000
3. (Surplus) / Deficit	13,331,000	12,370,000
4. Current portion of the above	-	6,185,000
5. Non current portion of the above	13,331,000	6,185,000

(c) Movement in the present value of the defined benefit obligation are as follows :

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	26,379,000	18,357,000
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	3,038,000	2,385,000
- Interest Expense (Income)	1,878,000	1,367,000

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	(722,000)	1,307,000
iii. Experience Adjustments	(938,000)	2,350,000
Benefit payments	(376,000)	(1,445,000)
Acquisitions Credit/(Cost)	85,000	2,058,000
Benefits from plan Assets	(562,000)	-
Present value of defined benefit obligation at the end of the year	**28,782,000**	**26,379,000**

(d) Movement in fair value of plan assets are as follows :

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	14,009,000	12,941,000
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	1,029,000	1,003,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial gains and loss arising form changes in financial assumptions	-	-
- Return on plan assets (excluding amount included in net interest expense)	44,000	65,000
Contributions by employer	931,000	-
Benefit payments	(562,000)	-
Fair value of plan assets at the end of the year	**15,451,000**	**14,009,000**

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Life Insurance Corporation of India	15,451,000	14,009,000

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Discount rate	7.50%	7.25%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.25%
Withdrawal Rate		
Ages From 20 - 30	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%
Expected average remaining working life *	10 years	10 years
Mortality	IALM 2006-08(Ult)	IALM 2006-08(Ult)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

(i) If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by ₹ 1,365,000 (increase by ₹ 1,471,000) (As at March 31, 2017 ; decrease by ₹ 1,412,000 (increase by ₹ 1,307,000).

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by ₹ 3,029,000 (decrease by ₹ 2,657,000) (As at March 31, 2017 ; increase by ₹ 2,904,000 (decrease by ₹ 2,537,000).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by ₹ 291,000 (increase by ₹ 307,000) (As at March 31, 2017 ; decrease by ₹ 470,000 (increase by ₹ 502,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) Experience Adjustments: **(Amount in ₹)**

Experience Adjustments	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	**For the year ended March 31, 2015**	**For the year ended March 31, 2014**
Defined Benefit Obligation	28,782,000	26,379,000	18,357,000	15,625,000	12,911,000
Fair value of plan assets	15,451,000	14,009,000	12,941,000	11,953,000	10,946,000
Surplus/(Deficit)	(13,331,000)	(12,370,000)	(5,416,000)	(3,672,000)	(1,965,000)
Experience adjustment on plan liabilities [(Gain)/Loss]	(938,000)	2,350,000	285,557	(1,443,000)	(2,508,000)
Assumptions adjustment on plan assets [Gain/(Loss)]	44,000	65,000	(118,000)	(215,000)	(34,000)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

39. Financial Instruments

(I) Capital Management

The Company manages its capital to ensure that it is able to continue as going concern while maximising the return to the stakeholders through the optimisation of the equity balance.

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at Cost		
Investment in Subsidiary	500,000	500,000
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security Deposits	3,290,590	3,450,787
- Advance to Related Parties	1,689,974	2,432,150
- Trade receivables	60,035,785	55,768,805
- Cash and Bank balances	146,791,796	74,007,127
- Loans	813,500,000	700,433,576
- Other financial assets	68,323,339	87,181,300

(b) Financial Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at fair value through profit or loss (FVTPL)		-
Measured at amortised cost		
- Trade Payables	249,710,706	140,568,346
- Other Financial Liabilities	74,829,207	14,421,606

(III) Financial Risk Management Framework

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk.These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the chief operating decision maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Company.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Liquidity Risk Management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Particulars	**Weighted average interest rate**	**With in 1 Year**	**1 to 2 Years**	More than 2 Years	Total
	%	**(₹)**	**(₹)**	**(₹)**	(₹)
As at March 31, 2018					
- Trade Payables	NA	249,710,706	-	-	249,710,706
- Other Financial Liabilities	NA	74,829,207	-	-	74,829,207
Total		324,539,913	-	-	324,539,913
As at March 31, 2017					
- Trade Payables	NA	140,568,346	-	-	140,568,346
- Other Financial Liabilities	NA	14,421,606	-	-	14,421,606
Total		154,989,952	-	-	154,989,952

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

(Amount in ₹)

Particulars	**Weighted average interest rate**	**With in 1 Year**	**1 to 2 Years**	**More than 2 Years**	Total
	%	**(₹)**	**(₹)**	**(₹)**	(₹)
As at March 31, 2018					
Non-interest bearing	NA	244,890,383	500,000	4,980,564	250,370,947
Fixed interest rate instruments	8.78%	843,760,537			843,760,537
Total		1,088,650,920	500,000	4,980,564	1,094,131,484
As at March 31, 2017					
Non-interest bearing	NA	151,957,232	500,000	5,882,937	158,340,169
Fixed interest rate instruments	8.78%	765,433,576	-	-	765,433,576
Total		917,390,808	500,000	5,882,937	923,773,745

40. Fair Value Measurement

This note provides information about how the Company determines fair value of various financial assets and liabilities

(i) There are no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring):

(Amount in ₹)

Particulars	**As at March 31, 2018**		**As at March 31, 2017**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets at amortised cost:				
- Other financial assets (Non Current)	4,980,564	4,980,564	5,882,937	5,882,937
- Cash and Bank balances	146,791,796	146,791,796	74,007,127	74,007,127
- Trade receivables	60,035,785	60,035,785	55,768,805	55,768,805
- Loans	813,500,000	813,500,000	700,433,576	700,433,576
- Other financial assets	68,323,339	68,323,339	87,181,300	87,181,300
Total	1,093,631,484	1,093,631,484	923,273,745	923,273,745

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities held at amortised cost:				
- Trade Payables	249,710,706	249,710,706	140,568,346	140,568,346
- Other financial liabilities	74,829,207	74,829,207	14,421,606	14,421,606
Total	**324,539,913**	**324,539,913**	**154,989,952**	**154,989,952**

(iii) **Fair value hierarchy as at March 31,2018**

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)	-	-	4,980,564	4,980,564
- Cash and Bank balances	146,791,796	-	-	146,791,796
- Trade receivables	-	-	60,035,785	60,035,785
- Loans	-	-	813,500,000	813,500,000
- Other financial assets	-	-	68,323,339	68,323,339
Total	**146,791,796**	**-**	**946,839,688**	**1,093,631,484**
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	249,710,706	249,710,706
- Other financial liabilities	-	-	74,829,207	74,829,207
Total	**-**	**-**	**324,539,913**	**324,539,913**

(iv) **Fair value hierarchy as at March 31, 2017**

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)	-	-	5,882,937	5,882,937
- Cash and Bank balances	74,007,127	-	-	74,007,127
- Trade receivables	-	-	55,768,805	55,768,805
- Loans	-	-	700,433,576	700,433,576
- Other financial assets	-	-	87,181,300	87,181,300
Total	**74,007,127**	**-**	**849,266,618**	**923,273,745**
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	140,568,346	140,568,346
- Other financial liabilities	-	-	14,421,606	14,421,606
Total	-	**-**	**154,989,952**	**154,989,952**

41. Current Tax and Deferred Tax

(i) Income Tax Expense

(Amount in ₹)

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Current Tax:		
Current Income Tax Charge	24,603,959	21,743,342
Prior year Income Tax Charge	1,615,771	2,696,705
Total	**26,219,730**	**24,440,047**
Deferred Tax		
Difference between book balance and tax balance of fixed assets	(1,969,733)	(6,252,399)
In respect of current year origination and reversal of temporary differences	(2,078,625)	(3,550,805)
Provision for compensated absences, gratuity and other employee benefits	(484,350)	(2,456,500)
Total	**(4,532,708)**	**(12,259,704)**
Total Tax Expense recognised in Statement of Profit and Loss	21,687,022	12,180,342

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in ₹)

Particulars	**As at March 31, 2018**		**As at March 31, 2017**	
	Amount	**Tax Amount**	**Amount**	**Tax Amount**
Profit Before tax from Operations	53,098,619		40,382,771	
Income Tax using the Company's domestic Tax rate at 33.063% (for YE March 31, 2017 : 33.063%)#		17,555,996		13,351,755
Tax Effect of :				
Effect of expenses that are not deductible in determining taxable profit	1,886,603	313,385	4,924,462	1,628,175
Adjustments recognised in the current year in relation to the current tax of prior years.		1,615,771		(2,696,705)
Effect of change in tax rate		2,201,870		(102,882)
Income Tax recognised In P&L from Operations	**54,985,222**	**21,687,022**	**45,307,233**	**12,180,343**

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Indian Law.

(iii) Income Tax on Other Comprehensive Income

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Deferred Tax		
Remeasurements of defined benefit plans	(474,053)	1,187,623
Total	**(474,053)**	**1,187,623**

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance Sheet

(Amount in ₹)

Particulars	**For the Year ended March 31, 2018**			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	11,077,079	484,350	(474,053)	11,087,376
Allowance for Credit Losses/Others	9,682,040	2,078,625	-	11,760,665
Total	**20,759,119**	**2,562,975**	**(474,053)**	**22,848,041**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	10,618,999	(1,969,733)	-	8,649,266
Total	10,618,999	(1,969,733)	-	8,649,266
Net Tax Asset (Liabilities)	**10,140,120**	**4,532,708**	**(474,053)**	**14,198,775**

(Amount in ₹)

Particulars	**For the Year ended 31 March 2017**			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	7,432,956	2,456,500	1,187,623	11,077,079
Allowance for Credit Losses/Others	6,131,235	3,550,805	-	9,682,040
Total	**13,564,191**	**6,007,305**	**1,187,623**	**20,759,119**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	16,871,398	(6,252,399)	-	10,618,999
Total	**16,871,398**	**(6,252,399)**	**-**	**10,618,999**
Net Tax Asset (Liabilities)	**(3,307,207)**	**12,259,704**	**1,187,623**	**10,140,120**

42. Earnings per share

(Amountin ₹)

Particulars	**For the Year Ended 31 March 2018**	**For the Year Ended 31 March 2017**
Profit after Tax - ₹	31,411,597	28,202,428
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	18,712,732	18,669,307
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	79,050	82,700
WANES for Calculating Diluted EPS	18,791,782	18,752,007
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	1.68	1.51
- Diluted - in ₹	1.67	1.50
Face Value Per Share - in ₹	10.00	10.00

43. During the previous year, the Company had transferred its outpatient pharmacy inventories to RWL Healthworld Limited (a group entity under common control) based on carrying value of inventories as on date of transfer (i.e. January 3, 2017).

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers.

(Amount in ₹)

Particulars*	**As at March 31, 2018**	**As at March 31, 2017**
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,407399	3,355,751
(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 and relied upon by the auditors.

45. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:

(Amount in ₹)

Name of the Party (Refer Note below)	**Closing balance**			
	March 31, 2018 (current)	**March 31, 2018 (non-current)**	**March 31, 2017 (current)**	**March 31, 2017 (non-current)**
Malar Stars Medicare Limited	601,000,000	-	617,933,576	-
Escorts Heart Institute and Research Centre Limited	212,500,000	-	82,500,000	-
Total	**813,500,000**	**-**	**700,433,576**	**-**

Name of the Party	**Rate of Interest**	**Due date for Interest**	**Secured/ unsecured**	**March 31, 2018**	**March 31, 2017**
Malar Stars Medicare Limited	10%	On Maturity	Unsecured	601,000,000	617,933,576
Escorts Heart Institute and Research Centre Limited	11.50%	On Maturity	Unsecured	212,500,000	82,500,000

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Relation	Maximum amount outstanding during the year	
		March 31, 2018	March 31, 2017
Malar Stars Medicare Limited	Subsidiary	617,933,576	617,933,576
Escorts Heart Institute and Research Centre Limited	Fellow Subsidiary	212,500,000	82,500,000
Total		**830,433,576**	**700,433,576**

Note:

The above Inter-Corporate Deposits were given for meeting the working capital requirements.

46. Earnings in Foreign Exchange (on accrual basis)

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Health care services rendered to international patients	99,742,140	78,775,441
Total	**99,742,140**	**78,775,441**

47. Expenditure in foreign currency (on accrual basis)

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Facilitation fees	31,028,214	18,976,308
Subscription Fee	1,948,612	647,293
Travel and conveyance	1,996,782	1,687,380
Total	34,973,608	21,310,981

48. Value of imports calculated on CIF basis

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Capital Goods	0	4,400,000

49. Corporate social responsibility

During the year, the Company incurred an aggregate amount of ₹ 18,76,333/- (Previous year : 49,24,462) 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:

Gross amount required to be spent by the Company during the year: ₹ 19,09,163/-

Amount spent by the Company during the year on:

(Amount in ₹)

Particulars	Paid in cash/ cheque	Amount Paid	Yet to be paid	Total
Fortis Foundation	RTGS	1,876,333	32,830	1,909,163
Total		**1,876,333**	**32,830**	**1,909,163**

50. 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 previous year ended March 31, 2016, CMDA has issued an

Order stating that the regularization application made by the Company has not been allowed. The Company had preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order.

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 appealed to the High Court of Judicature at Madras and obtained a stay order on 02 June 2016 directing CMDA not to proceed further, till the matter is disposed. As directed by the Hon'ble High Court, CMDA Officials inspected the hospital premises and directed the Company to provide ramp facility for easy evacuation of patients. The Company has ramped up its fire detection and safety measures, constructed horizontal walkways and also obtained a Certificate from an independent agency on the adequacy of measures taken for fire prevention and safety.

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 it's operations as the Company has fair chance of success in the aforesaid Appeal / writ petition.

51. Status of Composite Scheme of Arrangement and Amalgamation

The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal for the sale of its hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a Composite scheme of Arrangement and Amalgamation (the Scheme) between the Company, FHL and SRL Limited ("SRL"). Further, pursuant to the said Scheme, the diagnostic business of FHL (including investments held in SRL) shall get demerged into the Company in lieu of equity shares to be issued by the Company to the shareholders of FHL. The demerger shall be followed by SRL being merged with the Company as an integral part of the same Scheme and shares of the Company to be issued to the eligible shareholders of SRL. The Board of Directors of the Company, on December 14, 2017 by way of Resolution Passed by Circulation, approved the extension of the Long Stop Date to June 30, 2018 as per the Clause 61 of the Scheme. The Court heard the matter thrice since January 2018 and the next hearing is listed on May 25, 2018. The Scheme is subject to various judicial / regulatory and other required approvals. Pending such approvals, no effect of the proposed Scheme has been given in the Standalone Financial Statements.

52. Segment Reporting

The Company has a single operating segment, namely, health care services and the information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Further the company does not have any separate geographic segment other than India. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

53. Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 15, 2018.

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

Daljit Singh Chairman DIN 00135414	**Meghraj Arvindrao Gore** Whole Time Director DIN 07505123
Shashank Porwal Company Secretary (Mem No. ACS 51957)	**Vijayasarathy D** Chief Financial Officer (Mem No. 220109)

Place : Chennai
Date : May 15, 2018

CONSOLIDATED FINANCIALS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTIS MALAR HOSPITALS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Fortis Malar Hospitals Limited (hereinafter referred to as "the Parent") and its subsidiary Company, Malar Stars Medicare Limited (the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements")

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit on separate financial statements and the other financial information of subsidiary, 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the returns.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on 31st March 2018 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 separate Report in "Annexure A", which is based on the auditors' reports of the Parent and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

    i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 36 to the consolidated financial statements.

    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 Parent and its subsidiary company.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, 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, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 internal financial controls over financial reporting of the Holding Company, its subsidiary company, 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 whether 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.

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, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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 and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai

May 15, 2018

Consolidated Balance Sheet as on March 31, 2018

(Amount in ₹)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	5(a)	220,994,920	219,795,428
(b) Intangible Assets Under Development	5(b)	7,247,360	6,120,861
(c) Other Intangible Assets	6	16,884,459	26,119,067
(d) Financial Assets			
(i) Other Financial Assets	7	4,980,564	5,882,937
(e) Deferred Tax Assets (Net)	8	14,341,875	10,294,561
(f) Income Tax Assets	9	91,626,407	66,395,362
(g) Other Non-current Assets	10	2,396,965	3,302,309
Total Non-current Assets		**358,472,550**	**337,910,525**
Current Assets			
(a) Inventories	11	20,223,852	23,122,044
(b) Financial Assets			
(i) Trade Receivables	12	60,035,785	55,768,805
(ii) Cash and Cash Equivalents	13(a)	145,135,648	72,335,064
(iii) Bank Balances other than (ii) above	13(b)	1,713,726	4,073,269
(iv) Loans	14	825,500,000	695,500,000
(v) Other Financial Assets	15	68,323,339	105,865,343
(c) Other Current Assets	16	11,327,876	12,297,425
Total Current Assets		**1,132,260,226**	**968,961,950**
Total Assets		**1,490,732,776**	**1,306,872,475**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	186,995,090	186,795,090
(b) Other Equity	18	843,473,330	808,662,440
Total Equity		**1,030,468,420**	**995,457,530**
Liabilities			
Non-current Liabilities			
Provisions	19	13,813,773	6,583,462
Total Non-current Liabilities		**13,813,773**	**6,583,462**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	20	251,324,497	141,486,945
(ii) Other Financial Liabilities	21	74,006,382	14,421,606
(b) Provisions	22	10,919,611	16,463,347
(c) Current Tax Liabilities (Net)	9	570,879	786,440
(d) Other Current Liabilities	23	109,629,214	131,673,145
Total Current Liabilities		**446,450,583**	**304,831,483**
Total Liabilities		**460,264,356**	**311,414,945**
Total Equity and Liabilities		**1,490,732,776**	**1,306,872,475**

See accompanying notes forming part of the consolidated financial statements

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(Amount in ₹)

	Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from Operations	24	1,491,927,119	1,405,598,766
II	Other Income	25	84,417,780	79,695,148
III	**Total Income (I+II)**		**1,576,344,899**	**1,485,293,914**
IV	**Expenses**			
	Purchases of Medical Consumables and Drugs		327,729,421	294,159,021
	Changes in of Medical Consumables and Drugs	26	2,898,192	2,992,465
	Employee Benefits Expense	27	218,661,706	201,054,554
	Finance Costs	28	3,846,678	4,580,835
	Depreciation and Amortisation Expense	29	42,141,070	39,409,027
	Other Expenses	30	925,154,007	898,411,638
	Total Expenses		**1,520,431,074**	**1,440,607,540**
V	**Profit Before Tax**		**55,913,825**	**44,686,374**
VI	Tax Expense	31		
	-- Current Tax		27,230,916	25,795,849
	-- Deferred Tax		(4,535,060)	(12,252,618)
			22,695,856	13,543,231
VII	**Profit for the period (V-VI)**		**33,217,969**	**31,143,143**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to the statement of profit and loss:	32		
	(a) Remeasurements of the defined benefit plans		1,756,667	(3,644,282)
	(b) Income tax relating to items that will not be reclassified to profit or loss		(487,746)	1,203,778
	Total other comprehensive income / (loss)		**1,268,921**	**(2,440,504)**
IX	**Total Comprehensive Income for the period (VII+VIII)**		**34,486,890**	**28,702,639**
	Earnings per equity share:	42		
	(1)Basic (in ₹)		1.78	1.67
	(2)Diluted (in ₹)		1.77	1.66

See accompanying notes forming part of the consolidated financial statements

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
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Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from Operating Activities		
Profit Before Tax for the year	55,913,825	44,686,374
Adjustments for:		
Interest income recognised in Profit or Loss	(83,617,780)	(75,601,300)
Loss on disposal of Property, Plant and Equipment	-	153,375
Depreciation and amortisation	42,141,070	39,409,027
Allowance for Credit Losses	7,168,334	8,843,443
Liabilities no longer required written back	(800,000)	(265,653)
Provision for doubtful Advances	-	240,240
Interest on delayed payment of Income Tax	270	44,503
	20,805,719	17,510,009
Movements in Working Capital:		
(Increase)/decrease in Other Non current Financial Assets	902,373	310,733
(Increase)/decrease in Other Current assets	969,549	(229,150)
(Increase)/decrease in Other Non Current assets	905,344	581,734
(Increase)/decrease in Non Current Provisions	8,499,232	6,274,282
(Increase)/decrease in Trade and Other receivables	(11,435,314)	(4,492,093)
(Increase)/decrease in Inventories	2,898,192	2,992,465
(Increase)/decrease in Other Current financial assets	(27,690,309)	(9,997,094)
Increase/ (Decrease) in Trade Payables	110,637,552	(69,465,738)
Increase/ (Decrease) in Provisions	(5,543,736)	960,824
Increase/ (Decrease) in Financial Liabilities	59,584,776	1,560,011
Increase/ (Decrease) in Other Current Liabilities	(22,043,931)	37,840,467
Cash Generated from Operations	138,489,447	(16,153,550)
Income Taxes paid (Net)	(52,190,046)	(69,681,584)
Net Cash (used in) / Generated by Operating Activities	**86,299,401**	**(85,835,134)**
Cash Flows from Investing Activities		
Payments to acquire Fixed Assets	(35,232,453)	(35,643,147)
Proceeds on sale of Fixed Assets	-	8,435
Proceeds on sale of Assets held for sale	-	6,095,238
Interest Received	148,850,093	30,481,801
Inter Corporate Deposits placed with Related Parties	(200,000,000)	(125,000,000)
Inter Corporate Deposits repaid by Related Parties	70,000,000	42,500,000
Fixed Deposits not considered as Cash and Cash equivalents	2,359,543	216,237,238
Net cash (used in)/generated by investing activities	**(14,022,817)**	**134,679,565**
Cash flows from financing activities		
Proceeds from issue of Equity Instruments of the Company	524,000	1,539,250
Dividends paid on Equity Shares	-	(9,314,630)
Dividend Distribution Tax Paid on Equity Shares	-	(1,896,240)
Net Cash Used in Financing Activities	**524,000**	**(9,671,620)**
Net increase in Cash and Cash Equivalents	**72,800,584**	**39,172,811**
Cash and Cash Equivalents at the Beginning of the Year	72,335,064	33,162,253
Cash and Cash Equivalents at the end of the Year	**145,135,648**	**72,335,064**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

Consolidated Statement of Change in Equity for the year ended March 31, 2018

A. Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	186,795,090	186,207,590
Changes in equity share capital during the year		
- Issue of Share Capital during the year (Employee Stock Option Plan)	200,000	587,500
Closing Balance	**186,995,090**	**186,795,090**

B. Other Equity

(Amount in ₹)

Particulars	Securities Premium	Retained Earnings	Total
Balance as at April 1, 2016	**93,515,570**	**696,703,351**	**790,218,921**
Profit for the financial year 2016-17	-	31,143,143	31,143,143
Premium on issue of Equity Shares	951,750	-	951,750
Final equity dividend distributed [amount per share Rupees 0.50]	-	(9,314,630)	(9,314,630)
Dividend distribution tax on dividend	-	(1,896,240)	(1,896,240)
Other comprehensive income for the year, net of income tax	-	(2,440,504)	(2,440,504)
Balance as at March 31, 2017	**94,467,320**	**714,195,120**	**808,662,440**
Profit for the financial year 2017-18	-	33,217,969	33,217,969
Premium on issue of Equity Shares	324,000	-	324,000
Other comprehensive income for the year, net of income tax	-	1,268,921	1,268,921
Balance as at March 31, 2018	**94,791,320**	**748,682,010**	**843,473,330**

See accompanying notes forming part of the consolidated financial statements

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

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : May 15, 2018

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

1) Nature of operations

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 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. The Company has its state of the art Hospital facility in Chennai. Also Refer Note 48.

The Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Stars'), which is engaged in providing medical and surgical and consultancy services to Fortis Malar. Fortis Malar along with its subsidiary company, shall hereinafter, be collectively referred to as "the Group".

2) Statement of Compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.1 Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts' and amendments to Ind AS 21, Foreign currency transactions and advance consideration.

a) Amendment to Ind AS 21:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b) Notification of Ind AS 115:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant.

3) Significant Accounting Policies

3.1 Basis of preparation and presentation

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

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

3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full 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 March 31, 2018
Malar Stars Medicare Limited	Wholly Owned Subsidiary Company	India	Fortis Malar Hospitals Limited	100 %

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Group assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when all the significant risks and rewards of ownership of the goods are passed to the customers.

Inpatient and Outpatient Revenue

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

The Group collects sales taxes, value added taxes (VAT) and Goods & Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Export benefits

Income from 'Service Export from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received to the extent it is certain that economic benefits will flow to the Group.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3.6 Leasing

Where the Group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases and are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

3.7 Foreign currencies

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

At the end of each reporting period

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

ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognised in the profit or loss on a systematic basis over there periods in which the Group recognises as expense the related costs for which the grant was intended to compensate.

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

3.10 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.

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

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item “Employee benefits expense”. Curtailment gains and losses are accounted for as past service costs.

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

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

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

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

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

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

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

iii) Contributions to provident fund

The Group makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and considered as defined contribution plan. The Group's contribution to provident fund 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.

3.11 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share option outstanding account.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted by the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Group reassess unrecognized deferred tax assets and, the Group recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

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

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

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

iii) Current and deferred tax for the year

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

iv) MAT Credit

Minimum Alternative Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income Tax during the specified period

3.13 Property, plant and equipment (PPE)

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

Components of Costs

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

Subsequent expenditure related to an item of PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

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

The carrying amount of a PPE is de-recognised upon disposal of PPE or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Depreciation on Property, Plant and Equipment (PPE) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

PPE	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and Fittings	10 years
Office Equipment	5 years
Vehicles	8 years

Depreciation commences when the assets are ready for their intended use.

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

The useful life of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

3.14 Intangible Assets

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

Software

Cost of software and licenses, which are acquired, are capitalised and amortized on a straight line basis over a period of 3 to 6 years or the license period, whichever is lower.

The amortisation period and method are reviewed at the end of each reporting period if the expected useful life of the asset changes from previous estimates, the effect of such change in estimates are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

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

3.16 Inventories

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

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

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 Group and such allowances are adjusted against the carrying inventory value.

3.17 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

3.19 Segment Reporting

Operating segments reflect the Group's management structure and the way the financial information is regularly reviewed by the Group's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Group by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

3.21 Contingent liabilities

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

3.22 Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization 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.

3.23 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.24 Financial Instruments

Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has made an irrevocable election for its investments which are classified as equity instruments (other than investments in subsidiary) to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Group after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

3.25 Impairment of financial assets

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

3.26 Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.27 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3.28 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

4.1 Critical Accounting Judgements

The Following are the critical judgments that the directors have made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the Standalone financial statements

a. Note 47 disclosed in the notes to financial statements describes certain matters relating to order/notice received from Chennai Metropolitan Development Authority (CMDA). The Group, based on legal advice, believes that the above Order /Notice issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Group has fair chance of success in its Appeal/Writ petition.

b. Status of Composite scheme of Amalgamation and Arrangement:

   Note 48 disclosed in the notes to financial statements describes the status of composite scheme of amalgamation and arrangement that include management assessment of Composite Scheme of Amalgamation which is subject to various judiciary, regulatory and other required approvals. Pending such approvals the directors of the company has assessed that the slump sale of hospital business has not been classified as held for sale and discontinued operations as on March 31, 2018 duly considering the requirement of Ind AS 105 regarding highly probable occurrence of transaction.

c. Accounting for service agreement:

   The Group has entered into Hospital and Medical Services Agreement ("HMSA") with Fortis Health Management Limited (FHML) (Group Company of RHT Health Trust Group of companies ('RHT')) wherein the FHML is required to provide, maintain and operate the Clinical Establishments (including infrastructure, fixtures and fittings etc.) in accordance with the agreement.

   The clinical establishments owned by FHML are specifically customized and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

   i. Doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;

   ii. Diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and

   iii. Beds for in-patient treatment.

The Group has analysed the substance of the HMSA and has determined that fulfilment of service arrangement is based on the use of specified assets and conveys the Company's right to use the Fortis Health Management Limited's Clinical Establishment.

The term of the individual HMSA is 15 years and the Group pays a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the Companies' net operating income in accordance with the HMSA.

The Group has analysed increase in base fee payments and has determined that such increase is to compensate Fortis Health Management Limited's for the expected cost inflation, being in line with general cost inflation; accordingly, the base fee has been recognized as an expense without factoring the inflationary increase of 3% year on year on a straight-lined over the lease term.

4.2 Key Sources of Estimation

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation and uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

a. Useful lives of Property, plant and equipment (Refer Note 3.13)

b. Assets and obligations relating to employee benefits (Refer Note 3.10)

c. Valuation and measurement of income taxes and deferred taxes (Refer Note 3.12)

d. Expected Credit Loss:

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Group's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5(a) Property, Plant and Equipment

(Amount in ₹)

Particulars	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments	Vehicles	Total
Gross Block							
As at April 1, 2016	**14,766,219**	**202,824,873**	**17,016,968**	**5,543,115**	**2,005,156**	**-**	
Additions	1,487,674	25,586,102	1,611,292	2,110,109	730,077	8,211,660	39,736,914
Disposals	(105,000)	(170,514)	-	-	-	-	(275,514)
Other adjustments	-	(709,020)	-	-	-	-	(709,020)
As at March 31,2017	**16,148,893**	**227,531,441**	**18,628,260**	**7,653,224**	**2,735,233**	**8,211,660**	**280,908,711**
Additions	2,191,081	25,043,517	2,244,823	1,638,271	2,988,262	-	34,105,954
Disposals							
Other adjustments#				2,732,202			2,732,202
As at March 31,2018	**18,339,974**	**252,574,958**	**20,873,083**	**12,023,697**	**5,723,495**	**8,211,660**	**317,746,867**
Accumulated Depreciation							
As at April 1, 2016	**1,305,962**	**19,658,543**	**1,787,976**	**5,297,360**	**64,034**	**-**	**28,113,875**
Charge for the year	1,315,587	26,122,827	2,022,715	2,225,661	537,663	888,659	33,113,112
Disposals	(28,585)	(85,119)	-	-	-	-	(113,704)
As at March 31,2017	**2,592,964**	**45,696,251**	**3,810,691**	**7,523,021**	**601,697**	**888,659**	**61,113,283**
Charge for the year	1,550,722	28,252,925	2,166,469	1,870,456	772,029	1,026,063	35,638,664
Disposals	-	-	-	-	-	-	-
As at March 31,2018	**4,143,686**	**73,949,176**	**5,977,160**	**9,393,477**	**1,373,726**	**1,914,722**	**96,751,947**
Net Block(As at March 31,2017)	13,555,929	181,835,190	14,817,569	130,203	2,133,536	7,323,001	219,795,428
Net Block(As at March 31,2018)	14,196,288	178,625,782	14,895,923	2,630,220	4,349,769	6,296,938	220,994,920

Represents reclassification of assets. Also refer Note 6.

5(b) Intangible Assets Under Development

Intangible Assets Under Development includes cost of development of software paid to M/s.Healthfore Technologies ₹ 72,15,569 (Previous year ₹ 60,15,570). Also Refer Note 33.

6. Other intangible assets

Amount in ₹

Particulars	Software
Gross Block	
As at April 1, 2016	**34,230,467**
Additions	1,434,697
Other adjustments	-
As at March 31,2017	**35,665,164**
Additions	-
Other adjustments#	(2,732,202)
As at March 31,2018	**32,932,962**
Amortization and impairment	
As at April 1, 2016	**3,250,182**
Charge for the year	6,295,915
As at March 31,2017	**9,546,097**
Charge for the year	6,502,406
As at March 31,2018	**16,048,503**
Net block	
As at March 31,2017	**26,119,067**
As at March 31,2018	**16,884,459**

Represents reclassification of assets. Also refer Note 5(a).

7. Other Financial Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Unsecured, considered good		
Security Deposits	3,290,590	3,450,787
Advance to Related Parties (Refer Note 33)	1,689,974	2,432,150
Total	**4,980,564**	**5,882,937**

8. Deferred Tax (Net)

[Also Refer Note 41(iv)]

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets		
With respect to Holding Company		
Tax effect of items constituting deferred tax assets:		
- Employee Benefits	11,087,376	11,077,079
- Allowance for Credit Losses/Others	11,760,665	9,682,040

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
With respect to Subsidiary		
- Employee Benefits	143,100	154,441
	22,991,141	**20,913,560**
Deferred Tax Liabilities		
With respect to Holding Company		
Tax effect of items constituting deferred tax liabilities:		
- Property Plant & Equipment	8,649,266	10,618,999
	8,649,266	**10,618,999**
Total	**14,341,875**	**10,294,561**

9. Tax Assets and Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax Assets		
Non-Current		
With respect to Holding Company		
Advance Income Tax (net of provision for taxation)	85,941,414	66,395,362
With respect to Subsidiary		
Advance Income Tax (net of provision for taxation)	5,684,993	-
	91,626,407	**66,395,362**
Current Tax Liabilities		
With respect to Holding Company		
Income Tax Payable (net of advance tax)	570,879	570,879
With respect to Subsidiary		
Income Tax Payable (net of advance tax)	-	215,561
	570,879	**786,440**

10. Other Non-current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
Capital Advances	167,677	542,251
Prepaid Expenses	2,469,528	3,000,298
Sub-Total	**2,637,205**	**3,542,549**
Provision for Doubtful Advances	(240,240)	(240,240)
Total	**2,396,965**	**3,302,309**
Note:		
- Considered Good	2,396,965	3,302,309
- Considered Doubtful	240,240	240,240
	2,637,205	**3,542,549**

11. Inventories

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Medical Consumables and Drugs	20,223,852	23,122,044
Total	**20,223,852**	**23,122,044**

12. Trade Receivables

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Current		
(a)Unsecured, considered good	60,035,785	55,768,805
(b) Doubtful	28,793,780	21,625,446
	88,829,565	77,394,251
Less: Allowance for Credit Losses	(28,793,780)	(21,625,446)
	60,035,785	**55,768,805**

The average credit period is 30 days. No overdue interest is charged. Of the trade receivables balance as at March 31, 2018, ₹5 ,01,52,236 is due from 3 third party service providers, 2 Government customers and 1 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

(Amount in ₹)

	As at March 31, 2018	**As at March 31, 2017**
Ageing of receivables		
Within the credit period	42,036,063	19,576,032
1-30 days past due	20,126,363	10,731,362
31-60 days past due	16,077,555	8,458,984
61-90 days past due	3,992,319	4,048,167
More than 90 days past due	6,597,265	34,579,706
	88,829,565	77,394,251

13(a) Cash and Cash Equivalents

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Cash on hand	976,652	683,727
Balances with Banks		
- Current Accounts	114,158,996	9,151,337
- Deposits with original maturity of less than three months	30,000,000	62,500,000
Total	**145,135,648**	**72,335,064**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

13(b) Other Bank Balances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Unpaid Dividend Accounts	1,588,726	1,573,269
Deposits with original maturity of more than 3 months but less than 12 months - Free of Lien	125,000	2,500,000
Total	**1,713,726**	**4,073,269**

14. Loans

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Intercorporate deposits to related parties (Refer Note 45)	825,500,000	695,500,000
Total	**825,500,000**	**695,500,000**

15. Other Financial Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Security deposits	260,537	2,500,000
Interest accrued but not due on loans and deposits		
(i) Inter Corporate Deposits	-	65,321,362
(ii) Fixed Deposit with banks	29,058	299,075
Advances to Related Parties (Refer Note No. 33)	26,268,271	-
Loans & Advances to Employees	1,390,470	1,686,477
Contractually Reimbursable Expenses	1,621,565	2,768,421
Unbilled Revenue from Undischarged Patients	38,753,438	33,290,008
Total	**68,323,339**	**105,865,343**

16. Other Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, Considered Good		
Advance to Vendors	3,178,054	470,222
Prepaid Expenses	5,071,313	5,001,927
Served from India Scheme (SFIS) Licenses & Accrued Income	3,078,509	6,825,276
Total	**11,327,876**	**12,297,425**

17. Share capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Shares		
30,000,000 Equity shares of ₹10/- each	300,000,000	300,000,000
Total authorised share capital	**300,000,000**	**300,000,000**
Issued		
18,714,759 (March 31, 2017: 18,694,759) Equity shares of ₹10/- each	187,147,590	186,947,590
	187,147,590	**186,947,590**
Subscribed and Paid Up		
18,684,259 (March 31, 2017: 18,664,259) Equity Shares of ₹ 10/- each fully paid up	186,842,590	186,642,590
30,500 (March 31, 2017: 30,500) Equity Shares of ₹ 10 each (₹ 5 paid up) Forfeited	152,500	152,500
Total	**186,995,090**	**186,795,090**

Notes :

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,694,759	186,795,090	18,636,009	186,207,590
Issued during the year: Employee Stock Option Plan (ESOP)	20,000	200,000	58,750	587,500
Outstanding at the end of the year	**18,714,759**	**186,995,090**	**18,694,759**	**186,795,090**

During the year ended 31 March 2018, 20,000 Equity Shares of ₹ 10 each at a premium of ₹ 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 2018 is 140,000. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

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

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹10 each)	11,752,402	117,524,020	11,752,402	117,524,020

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.90%	11,752,402	62.97%

(e) As at 31 March 2018, 140,000 equity shares (As at 31 March 2017 160,000 equity shares) of ₹ 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 37)

(f) Refer Note 48 for equity shares that are issuable upon the Composite scheme of Arrangement and Amalgamation becoming effective.

18. Other Equity

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Reserve and Surplus		
(A) Securities Premium Account		
Opening balance	94,467,320	93,515,570
Add : Premium on shares issued during the year	324,000	951,750
Closing balance	**94,791,320**	**94,467,320**
(B) Surplus in the statement of profit and loss		
Opening balance	714,195,120	696,703,351
Add: (a) Profit for the year	33,217,969	31,143,143
(b) Remeasurement gain / (loss) of defined employee benefit plans (net of taxes)	1,268,921	(2,440,504)
	748,682,010	725,405,990
Less: Appropriations :		
(a) Final equity dividend distributed		
[amount per share Rupees Nil (Previous year Rupees 0.50)]	-	(9,314,630)
(b) Dividend distribution tax on dividend	-	(1,896,240)
Net Surplus in the Statement of Profit and Loss	**748,682,010**	**714,195,120**
Total (A+B)	**843,473,330**	**808,662,440**

19. Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Provision for Gratuity	13,813,773	6,583,462
Total	**13,813,773**	**6,583,462**

20. Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
- Dues of Micro and small enterprise (Refer Note 44)	-	3,355,751
- Dues to other vendors other than acceptances	251,324,497	138,131,194
	251,324,497	**141,486,945**

21. Other Financial Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Security Deposits	598,000	478,000
Unpaid Equity Dividend	1,588,726	1,573,269
Capital Creditors	8,890,176	10,876,826
Payable to Related Parties (Refer Note No. 33)	62,929,480	1,493,511
Total	**74,006,382**	**14,421,606**

22. Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Provision for Gratuity	67,611	6,286,347
Provision for Compensated Absences	10,852,000	10,177,000
Total	**10,919,611**	**16,463,347**

23. Other Current Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from Patients/Amounts Unclaimed by Patients	95,938,703	123,042,513
Statutory Payables (PF, ESI, TCS, TDS, Service Tax, VAT, GST etc.)	13,690,511	8,630,632
Total	**109,629,214**	**131,673,145**

24. Revenue from Operations

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of Services (Refer Note below)		
In-Patient	1,302,592,847	1,185,175,321
Out-Patient	183,788,110	185,451,499
Sub Total (a)	**1,486,380,957**	**1,370,626,820**
(b) Sales of Medical Consumables and Drugs		
Medical Consumables and Drugs (Also Refer Note 43)	16,661	29,757,268
Sub Total (b)	**16,661**	**29,757,268**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(c) Other Operating Revenue		
Income from Served From India Scheme (SFIS)	3,037,957	2,337,276
Other Operating Income	2,491,544	2,877,402
Sub Total (c)	**5,529,501**	**5,214,678**
Total (a)+(b)+(c)	**1,491,927,119**	**1,405,598,766**

Note:

Discounts and deductions amounting to ₹ 63,45,264 (Year Ended March 31, 2017- ₹1,30,16,710) are netted against Sale of In-Patient and Out-Patient Services.

25. Other Income

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest Income on		
- Bank Deposits	1,250,665	7,181,963
- Inter Corporate Deposits	82,008,049	66,500,374
- Interest on Income Tax Refund	-	1,918,963
- Interest on Financial Assets carried at Amortised Cost	359,066	494,187
Sub Total (a)	**83,617,780**	**76,095,487**
(b) Other Non-Operating Income		
- Income from Film Shooting	-	3,090,000
- Liabilities no longer required written back	800,000	265,653
- Bad Receivables written off in earlier years recovered	-	244,008
Sub Total (b)	**800,000**	**3,599,661**
Total (a)+(b)	**84,417,780**	**79,695,148**

26. Increase / decrease in inventories of medical consumables and drugs

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	23,122,044	26,114,509
Inventory at the end of the year (Also Refer Note 43)	20,223,852	23,122,044
Total	**2,898,192**	**2,992,465**

27. Employee Benefits Expense

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Bonus	189,269,326	174,721,638
Contribution to Provident and Other Funds (Refer Note 38)	13,938,622	11,292,805
Staff Welfare Expenses	15,453,758	15,040,111
Total	**218,661,706**	**201,054,554**

28. Finance Costs

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Credit Card / Bank charges	3,846,408	4,536,332
Interest on delayed payment of Income Tax	270	44,503
Total	**3,846,678**	**4,580,835**

29. Depreciation and Amortisation Expense

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Depreciation of Tangible Assets	35,638,664	33,113,112
Amortisation of Intangible Assets	6,502,406	6,295,915
Total	**42,141,070**	**39,409,027**

30. Other Expenses

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Contractual Manpower	10,628,886	16,460,224
Power, Fuel and Water	28,243,731	27,393,944
Housekeeping Expenses including Consumables	6,004,593	6,038,879
Patient Food and Beverages	12,230,045	12,443,512
Pathology Laboratory Expenses	63,543,427	60,115,686
Consultation Fees to Doctors	125,069,997	131,157,790
Professional Charges to Doctors	297,057,887	288,820,609
Clinical Establishment Fee (Refer Note 30.2 below)	212,013,065	200,316,786
Repairs and Maintenance		
- Building	1,531,175	108,447
- Plant and Machinery	18,726,308	23,081,662
- Others	7,014,321	5,356,757
Rent		
- Equipments	4,336,918	5,139,562
- Hospital Buildings, Offices and Labs	3,939,600	3,515,725
- Others	7,834,935	6,501,799
Legal and Professional Fee	9,479,617	12,284,345
Subscription Fee	1,125,650	1,387,475
Travel and Conveyance	12,703,710	9,088,221
Rates and Taxes	230,909	248,750

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Printing and Stationery	5,159,906	6,578,936
Communication Expenses	3,879,726	8,482,924
Directors' Sitting Fees	1,612,500	1,579,875
Insurance	6,332,571	5,136,741
Marketing and Business Promotion	75,259,475	48,351,705
Loss on Sale of Assets	-	153,375
Auditors' Remuneration (Refer Note 30.1 below)	1,488,568	1,277,619
Allowance for Credit Losses	7,168,334	8,843,443
Provision for Doubtful Advances	-	240,240
Corporate Social Responsibility Expenses (Refer Note 49)	1,876,333	4,924,462
Miscellaneous Expenses	661,820	3,382,145
Total	**925,154,007**	**898,411,638**
30.1 Payments to Auditors		
For Statutory Audit	850,000	850,000
For Tax Audit	50,000	50,000
For Other Services	260,000	200,000
For GST	208,800	171,899
For reimbursement of expenses	119,768	5,720
Total	**1,488,568**	**1,277,619**

30.2 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. Also refer Note 33.

31. Income tax recognised in profit or loss

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax (including prior years)		
In respect of the current year	25,505,605	23,099,144
In respect of prior year	1,725,311	2,696,705
	27,230,916	**25,795,849**
Deferred Tax		
In respect of the current year	(7,210,983)	(12,252,618)
Adjustments to deferred tax attributable to changes in tax rates and laws	2,675,923	-
Total	**(4,535,060)**	**(12,252,618)**

32. Other Comprehensive Income

(Amount in ₹)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 38(II)(a)]	1,756,667	(3,644,282)
Total	**1,756,667**	**(3,644,282)**

33. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
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	Healthfore Technologies Limited
	Fortis Health Management Limited	Fortis Health Management Limited
Fellow Subsidiary or Entities Under Common Control	SRL Limited	SRL Limited
	Lalitha Healthcare Private Limited	Lalitha Healthcare Private Limited
	Escorts Heart Institute and Research Centre Limited	Escorts Heart Institute and Research Centre Limited
	RWL Healthworld Limited	RWL Healthworld Limited
Key Management Personnel	Mr. Meghraj Gore, Whole time Director	Mr. Raghunath P, Whole time Director (Until September 30, 2016)
		Mr. Meghraj Gore, Whole time Director (From October 1, 2016)
	Mr. Vijayasarathy , Chief Financial Officer (Effective From May 23, 2017)	Mr. Akshaya Kumar Singh , Chief Financial Officer (Until February 27, 2017)
	Mrs. Trapti (Company Secretary) (From May 23, 2017 until Sep 07, 2017)	Mr. Sumit Goel (Company Secretary) (Until May 1, 2017)
	Mr.Shashank Porwal (Company Secretary) (Effective from January 23, 2018)	

The schedule of Related Party Transactions is as follows:

(Amount in ₹)

Transaction	**Related Party**	**Financial year 2017-2018**	**Financial year 2016-2017**
INCOME			
Interest on Inter Corporate Deposits	Escorts Heart and Research Institute Limited	17,643,052	2,135,377
Sale of Medical Consumables & Drugs	RWL Healthworld Limited	-	1,531,342
Sale of Medical Consumables & Drugs	Fortis Healthcare Limited	7,284,000	
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	61,944,504	58,887,178
	SRL Limited	530,640	482,400
Contractual Manpower	SRL Limited	1,043,736	482,588
Clinical Establishment Fee	Fortis Health Management Limited	212,013,065	200,316,786
Communication Expenses/ R & M IT	Healthfore Technologies Limited	223,407	258,218

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Transaction	Related Party	Financial year 2017-2018	Financial year 2016-2017
Reimbursement of Expenses	Fortis Healthcare Limited	-	1,072,672
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited	2,417,657	6,396,321
	Fortis Hospitals Limited	194,079	-
	SRL Limited	16,042	
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited	529,059	226,915
	Fortis Hospitals Limited	164,835	561,800
	Fortis Health Management Limited	26,891,976	26,600,940
	RWL Healthworld Limited	227,057	
Managerial Remuneration	Mr. Raghunath. P	-	2,265,876
	Mr. Meghraj Arvindrao Gore	10,883,112	4,223,970
	Mr. Akshaya Kumar Singh	-	1,562,421
	Mr.Vijayasarathy.D	2,061,929	-
OTHERS			
Collections done by Related party on behalf of the Company	Fortis Healthcare Limited	3,770,618	-
	Fortis Hospitals Limited	11,976,085	-
Sale of SFIS (Scrips)	Fortis Hospitals Limited	2,889,512	-
Collections done on behalf of related party (Upto Feb 13,2018)	RWL Healthworld Limited	2,690,965	-
Inter Corporate Deposits given	Escorts Heart and Research Institute Limited	200,000,000	125,000,000
Inter Corporate Deposits repaid	Escorts Heart and Research Institute Limited	70,000,000	42,500,000
Advance for Purchase of Intangible Assets – Software	Healthfore Technologies Limited	1,199,999	2,420,054

(Amount in ₹)

Transaction	Related Party	As at March 31, 2018	As at March 31, 2017
BALANCES AT THE END OF THE YEAR			
Trade Payable	SRL Limited	34,610,889	8,532,486
	Fortis Health Management Limited	59,761,083	4,352,825
	Healthfore Technologies Ltd.	33,582	261,644
Other Financial Liabilities	Fortis Healthcare Limited	-	1,489,511
	Fortis Health Management Limited	-	565,201
Prepaid Expense	Fortis Health Management Limited	840,656	936,784
Intangible Assets Under Development	Healthfore Technologies Ltd.	7,215,569	6,015,570
Contractually Reimbursable Expenses	Fortis Healthcare Limited	1,621,565	2,768,421
Other Financial Assets - Current	Fortis Healthcare Limited	9,689,008	-
	Fortis Hospitals Limited	16,579,263	-
	Fortis Health Management Limited	500,000	-
Other Financial Assets - Non-Current	Fortis Health Management Limited	1,689,974	2,432,150
Inter Corporate Deposit Placed	Escorts Heart and Research Institute Limited	212,500,000	82,500,000
Interest Accrued But not due	Escorts Heart and Research Institute Limited	-	1,921,839

Notes:

1. 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 2018 and 31 March 2017 there are no further amounts payable to / receivable from them, other than as disclosed above.
2. Also Refer Note 43 for transactions entered with RWL Healthworld Limited and Note 48 for proposed scheme of Composite scheme of Arrangement and Amalgamation with SRL Limited.

34. Leases

Assets taken on Operating Lease:

The Group has operating lease agreements primarily for medical equipments and office/nursing accommodation etc., the lease terms of which are for a period ranging between 11 months to 15 years. During the year ended March 31, 2018, an amount of ₹16,111,453 (March 31, 2017 - ₹15,117,086) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹212,013,065 (March 31, 2017 - ₹200,316,786) towards Clinical Establishment Fee (including variable fee).

The total future minimum lease payments under the non-cancellable operating leases are as under:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments :		
Not later than one year	111,205,524	108,017,207
Later than one year but not later than five years	481,384,549	466,619,505
Later than five years	563,152,149	650,242,531

35. Commitments

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account, net of advances w.r.t. Tangible and Intangible Assets	8,509,563	14,664,877
Bank guarantee to Fortis Health Management Limited	31,500,000	31,500,000
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	100,000	-

36. Contingent liabilities (not provided for) in respect of

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the Group not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer Note below)	117,966,872	117,416,872

Note:

The above claims are pending with various Consumer Disputes Redressal Commissions and the Group has been advised by the legal counsel that there may not be any likely liability in respect of these matters and accordingly no provision has been recognized in these financial statements.

37. Employee Stock Option Plan

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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: The details of activity under the Plan have been summarized below:

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 was effective from 21 August 2009.

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	160,000	26.20	218,750	26.20
Granted during the year	-		-	
Forfeited during the year	-		-	
Exercised during the year	(20,000)	26.20	(58,750)	26.20
Expired during the year	-		-	
Outstanding at the end of the year	140,000	26.20	160,000	26.20
Exercisable at the end of the year	140,000	26.20	160,000	26.20

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.

Particulars	March 31, 2018	March 31, 2017
Grant Date share price	26.2	26.2
Exercise Price (in Rupees)	26.2	26.2
Expected Volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends	₹ 0.00	₹ 0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

*Expected volatility has been determined considering the daily volatility of the stock prices on Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

38. Employee benefits

(I) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating ₹ 91,92,358 (Previous Year: ₹ 84,59,699) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans

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

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	3,105,006	2,440,941
Net interest expense	885,236	392,165
Components of defined benefit costs recognised in profit or loss	**3,990,242**	**2,833,106**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	(44,000)	(65,000)
Actuarial gains and loss arising form changes in financial assumptions	(731,885)	1,378,436
Actuarial gains and loss arising form experience adjustments	(980,782)	2,330,846
Components of defined benefit costs recognised in other comprehensive income	(1,756,667)	3,644,282
Total	**2,233,575**	**6,477,388**

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	29,332,384	26,878,809
2. Fair value of plan assets as at 31 March	15,451,000	14,009,000
3. (Surplus) / Deficit	13,881,384	12,869,809
4. Current portion of the above	67,611	6,286,347
5. Non current portion of the above	13,813,773	6,583,462

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(c) Movement in the present value of the defined benefit obligation are as follows :

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	26,878,809	18,720,421
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	3,105,006	2,440,941
- Interest Expense (Income)	1,914,236	1,395,165
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	(731,885)	1,378,436
iii. Experience Adjustments	(980,782)	2,330,846
Benefit payments	(376,000)	(1,445,000)
Acquisitions Credit/(Cost)	85,000	2,058,000
Benefits from plan Assets	(562,000)	-
Present value of defined benefit obligation at the end of the year	29,332,384	26,878,809

(d) Movement in fair value of plan assets are as follows :

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	14,009,000	12,941,000
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	1,029,000	1,003,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial gains and loss arising form changes in financial assumptions	-	-
- Return on plan assets (excluding amount included in net interest expense)	44,000	65,000
Contributions by employer	931,000	-
Benefit payments	(562,000)	-
Fair value of plan assets at the end of the year	15,451,000	14,009,000

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Life Insurance Corporation of India	15,451,000	14,009,000

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

(Amount in ₹)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Discount rate	7.50%	7.25%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.25%
Withdrawal Rate		
Ages From 20 - 30	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%
Withdrawal Rate (Subsidiary)	4.00%	4.00%
Expected average remaining working life *	10 years	10 years
Mortality	IALM 2006-08(Ult)	IALM 2006-08(Ult)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

(i) If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by ₹ 1,365,000 (increase by ₹ 1,471,000) (As at March 31, 2017 ; decrease by ₹ 1,412,000 (increase by ₹ 1,307,000).

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by ₹ 3,029,000 (decrease by ₹ 2,657,000) (As at March 31, 2017; increase by ₹ 2,904,000 (decrease by ₹ 2,537,000).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by ₹ 291,000 (increase by ₹ 307,000) (As at March 31, 2017 ; decrease by ₹ 470,000 (increase by ₹ 502,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) Experience Adjustments: **(Amount in ₹)**

Experience Adjustments	**For the year ended March 31,2018**	**For the year ended March 31,2017**	**For the year ended March 31,2016**	**For the year ended March 31,2015**	**For the year ended March 31,2014**
Defined Benefit Obligation	29,332,384	26,878,809	18,357,000	15,625,000	12,911,000
Fair value of plan assets	15,451,000	14,009,000	12,941,000	11,953,000	10,946,000
Surplus/(Deficit)	(13,881,384)	(12,869,809)	(5,416,000)	(3,672,000)	(1,965,000)
Experience adjustment on plan liabilities [(Gain)/Loss]	(980,782)	2,330,846	285,557	(1,443,000)	(2,508,000)
Assumptions adjustment on plan assets [Gain/(Loss)]	44,000	84,154	(118,000)	(215,000)	(34,000)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

39. Financial Instruments

(I) Capital Management

The Group manages its capital to ensure that it is able to continue as going concern while maximising the return to the stakeholders through the optimisation of the equity balance.

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security Deposits	3,290,590	3,450,787
- Advance to Related Parties	1,689,974	2,432,150
- Trade receivables	60,035,785	55,768,805
- Cash and Bank balances	146,849,374	76,408,333
- Loans	825,500,000	695,500,000
- Other financial assets	68,323,339	105,865,343

(b) Financial Liabilities

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Trade Payables	251,324,497	141,486,945
- Other Financial Liabilities	74,006,382	14,421,606

(III) Financial Risk Management Framework

The Group manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the chief operating decision maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Company.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Liquidity Risk Management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Particulars	Weighted average interest rate	With in 1 Year	1 to 2 Years	More than 2 Years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2018					
- Trade Payables	NA	251,324,497	-	-	251,324,497
- Other Financial Liabilities	NA	74,006,382	-	-	74,006,382
Total		**325,330,879**	**-**	**-**	**325,330,879**
As at March 31, 2017					
- Trade Payables	NA	141,486,945	-	-	141,486,945
- Other Financial Liabilities	NA	14,421,606	-	-	14,421,606
Total		**155,908,551**	**-**	**-**	**155,908,551**

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

Particulars	Weighted average interest rate	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	%	(₹)	(₹)	(₹)	(₹)
As at March 31, 2018					
Non-interest bearing	NA	244,947,961	-	4,980,564	249,928,525
Fixed interest rate instruments	8.78	855,760,537			855,760,537
Total		1,100,708,498	-	4,980,564	1,105,689,062
As at March 31, 2017					
Non-interest bearing	NA	173,042,481	500,000	5,882,937	179,425,418
Fixed interest rate instruments	8.78	760,500,000	-	-	760,500,000
Total		933,542,481	500,000	5,882,937	939,925,418

40. Fair Value Measurement

This note provides information about how the Company determines fair value of various financial assets and liabilities

(i) There are no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring):

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost:				
- Other financial assets (Non Current)	4,980,564	4,980,564	5,882,937	5,882,937
- Cash and Bank balances	146,849,374	146,849,374	76,408,333	76,408,333
- Trade receivables	60,035,785	60,035,785	55,768,805	55,768,805
- Loans	825,500,000	825,500,000	695,500,000	695,500,000
- Other financial assets	68,323,339	68,323,339	105,865,343	105,865,343
Total	**1,105,689,062**	**1,105,689,062**	**939,425,418**	**939,425,418**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities held at amortised cost:				
- Trade Payables	251,324,497	251,324,497	141,486,945	141,486,945
- Other financial liabilities	74,006,382	74,006,382	14,421,606	14,421,606
Total	**325,330,879**	**325,330,879**	**155,908,551**	**155,908,551**

(iii) Fair value hierarchy as at March 31,2018

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)			4,980,564	4,980,564
- Cash and Bank balances	146,849,374	-	-	146,849,374
- Trade receivables	-	-	60,035,785	60,035,785
- Loans	-	-	825,500,000	825,500,000
- Other financial assets	-	-	68,323,339	68,323,339
Total	**146,849,374**	**-**	**958,839,688**	**1,105,689,062**
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	251,324,497	251,324,497
- Other financial liabilities	-	-	74,006,382	74,006,382
Total	**-**	**-**	**325,330,879**	**325,330,879**

(iv) Fair value hierarchy as at March 31, 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)			5,882,937	5,882,937
- Cash and Bank balances	76,408,333	-	-	76,408,333
- Trade receivables	-	-	55,768,805	55,768,805
- Loans			695,500,000	695,500,000
- Other financial assets	-	-	105,865,343	105,865,343
Total	**76,408,333**	**-**	**863,017,085**	**939,425,418**
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	141,486,945	141,486,945
- Other financial liabilities	-	-	14,421,606	14,421,606
Total	**-**	**-**	**155,908,551**	**155,908,551**

41. Current Tax and Deferred Tax

(i) Income Tax Expense

(Amount in ₹)

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Current Tax:		
Current Income Tax Charge	25,505,605	23,099,144
Prior year Income Tax Charge	1,725,311	2,696,705
Total	**27,230,916**	**25,795,849**
Deferred Tax		
Difference between book balance and tax balance of fixed assets	(1,969,733)	(6,252,399)
In respect of current year origination and reversal of temporary differences	(2,078,625)	(3,550,805)
Provision for compensated absences, gratuity and other employee benefits	(486,702)	(2,449,414)
Total	**(4,535,060)**	**(12,252,618)**
Total Tax Expense recognised in Statement of Profit and Loss	**22,695,856**	**13,543,231**

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in ₹)

Particulars	**As at March 31, 2018**		**As at March 31, 2017**	
	Amount	**Tax Amount**	**Amount**	**Tax Amount**
Profit Before tax from Operations	55,913,825		44,686,374	
Income Tax using the Company's domestic Tax rate at 33.063% (for YE March 31, 2017 : 33.063%)#		18,425,740		14,681,569
Tax Effect of :				
Effect of expenses that are not deductible in determining taxable profit	1,886,603	313,385	4,924,462	1,628,175
Adjustments recognised in the current year in relation to the current tax of prior years.		1,725,311		(2,696,705)
Prior Period Adjustment of deffered tax Assets				33,075
Effect of change in tax rate		2,231,420		(102,882)
Income Tax recognised In P&L from Operations	**57,800,428**	**22,695,856**	**49,610,836**	**13,543,232**

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

(iii) Income Tax on Other Comprehensive Income

(Amount in ₹)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Deferred Tax		
Remeasurements of defined benefit plans	(487,746)	1,203,778
Total	**(487,746)**	**1,203,778**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance Sheet

	For the Year ended March 31, 2018			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	11,231,520	486,702	(487,746)	11,230,476
Allowance for Credit Losses/Others	9,682,040	2,078,625		11,760,665
Total	**20,913,560**	**2,565,327**	**(487,746)**	**22,991,141**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	10,618,999	(1,969,733)		8,649,266
Total	10,618,999	(1,969,733)	-	8,649,266
Net Tax Asset (Liabilities)	**10,294,561**	**4,535,060**	**(487,746)**	**14,341,875**

	For the Year ended 31 March 2017			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	7,578,328	2,449,414	1,203,778	11,231,520
Allowance for Credit Losses/Others	6,131,235	3,550,805		9,682,040
Total	**13,709,563**	**6,000,219**	**1,203,778**	**20,913,560**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	16,871,398	(6,252,399)		10,618,999
Total	**16,871,398**	**(6,252,399)**	**-**	**10,618,999**
Net Tax Asset (Liabilities)	**(3,161,835)**	**12,252,618**	**1,203,778**	**10,294,561**

42. Earnings per share

Particulars	**For the Year Ended 31 March 2018**	**For the Year Ended 31 March 2017**
Profit after Tax - ₹	33,217,969	31,143,143
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	18,712,732	18,712,950
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	79,050	82,700
WANES for Calculating Diluted EPS	18,791,782	18,795,650
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	1.78	1.66
- Diluted - in ₹	1.77	1.66
Face Value Per Share - in ₹	10	10

43. During the previous year, the Company had transferred its outpatient pharmacy inventories to RWL Healthworld Limited (a group entity under common control) based on carrying value of inventories as on date of transfer (i.e. January 3, 2017).

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers.

Particulars*		As at March 31, 2018	As at March 31, 2017
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,407,399	3,355,751
(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 and relied upon by the auditors.

45. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:

(Amount in ₹)

	Closing balance			
	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
Name of the Party (Refer Note below)	**(current)**	**(non-current)**	**(current)**	**(non-current)**
Escorts Heart Institute and Research Centre Limited	825,500,000	-	695,500,000	-
Total	**825,500,000**	**-**	**695,500,000**	**-**

Name of the Party	Rate of Interest	Due date for Interest	Secured/ unsecured	March 31, 2018	March 31, 2017
Escorts Heart Institute and Research Centre Limited	10.50%	On Maturity	Unsecured	613,000,000	613,000,000
Escorts Heart Institute and Research Centre Limited	11.50%	On Maturity	Unsecured	212,500,000	82,500,000

Particulars	Relation	Maximum amount outstanding during the year	
		March 31, 2018	March 31, 2017
Escorts Heart Institute and Research Centre Limited	Fellow Subsidiary	825,500,000	699,500,000
Total		**825,500,000**	**699,500,000**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note:

The above Inter-Corporate Deposits were given for meeting the working capital requirements.

46. Corporate social responsibility

During the year, the Company incurred an aggregate amount of ₹ 18,76,333/- (Previous year : 49,24,462) 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:

Gross amount required to be spent by the Company during the year: ₹ 19,09,163/-

Amount spent by the Company during the year on:

(Amount in ₹)

Particulars	Paid in cash/ cheque	Expenses incurred	To be incurred	Total
Fortis Foundation	RTGS	1,876,333	32,830	1,909,163
Total		**1,876,333**	**32,830**	**1,909,163**

47. 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 previous year ended March 31, 2016, CMDA has issued an Order stating that the regularization application made by the Company has not been allowed. The Company had preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order.

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 appealed to the High Court of Judicature at Madras and obtained a stay order on 02 June 2016 directing CMDA not to proceed further, till the matter is disposed. As directed by the Hon'ble High Court, CMDA Officials inspected the hospital premises and directed the Company to provide ramp facility for easy evacuation of patients. The Company has ramped up its fire detection and safety measures, constructed horizontal walkways and also obtained a Certificate from an independent agency on the adequacy of measures taken for fire prevention and safety.

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 it's operations as the Company has fair chance of success in the aforesaid Appeal / writ petition.

48. Status of Composite Scheme of Arrangement and Amalgamation

The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal for the sale of its hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a Composite scheme of Arrangement and Amalgamation (the Scheme) between the Company, FHL and SRL Limited ("SRL"). Further, pursuant to the said Scheme, the diagnostic business of FHL (including investments held in SRL) shall get demerged into the Company in lieu of equity shares to be issued by the Company to the shareholders of FHL. The demerger shall be followed by SRL being merged with the Company as an integral part of the same Scheme and shares of the Company to be issued to the eligible shareholders of SRL. The Board of Directors of the Company, on December 14, 2017 by way of Resolution Passed by Circulation, approved the extension of the Long Stop Date to June 30, 2018 as per the Clause 61 of the Scheme. The Court heard the matter thrice since January 2018 and the next hearing is listed on May 25, 2018. The Scheme is subject to various judicial / regulatory and other required approvals. Pending such approvals, no effect of the proposed Scheme has been given in the Consolidated Financial Statements.

49. Segment Reporting

The Company has a single operating segment, namely, health care services and the information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Further the company does not have any separate geographic segment other than India. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

50. Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 15, 2018.

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

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Shashank Porwal
Company Secretary
(Mem No. ACS 51957)

Vijayasarathy D
Chief Financial Officer
(Mem No. 220109)

Place : Chennai
Date : May 15, 2018

NOTES

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Fortis
MALAR
HOSPITAL

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