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

August 30, 2019

FMHL/SEC/Aug'19

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 523696

Sub: Notice of 28th Annual General Meeting along with Annual Report

Dear Sirs,

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached notice for convening 28th Annual General Meeting along with Annual Report of Fortis Malar Hospitals Limited, scheduled to be held on Thursday, September 26, 2019 at 10:30 A.M. at National Institute of Pharmaceutical Education and Research, Sector 67, SAS Nagar, Mohali, Punjab-160062.

This is for your information and records please.

Thanking you.
Yours faithfully
For **Fortis Malar Hospitals Limited**

SHASHANK PORWAL
Digitally signed by SHASHANK PORWAL
Date: 2019.08.30 15:27:08 +05'30'

Shashank Porwal
Company Secretary
M. No. ACS-51957

FORTIS MALAR HOSPITALS LIMITED

CIN: L85110PB1989PLC045948
Regd. Office: 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

NOTICE

NOTICE

Notice is hereby given that the **Twenty Eighth Annual General Meeting** of **Fortis Malar Hospitals Limited** will be held on Thursday, September 26, 2019 at 10:30 A.M. at **National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062**, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Standalone Financial Statements of the Company together with the Report of Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Report of Auditors thereon for the Financial Year ended on March 31, 2019.
2. To appoint a Director in place of Dr. Nithya Ramamurthy (DIN: 00255343), who retires by rotation and being eligible, seeks re-appointment.
3. **Appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditor and fixation of their remuneration**

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

   "**RESOLVED THAT** pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s), amendments(s) or re-enactment thereof for the time being in force), and such other approvals, consents, permissions of appropriate authorities as may be required, approval of Members be and is hereby accorded for appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), who has given their consent letter along with certificate under Section 141 of the Companies Act, 2013 and certificate issued by the Peer Review Board of ICAI, as Statutory Auditors of the Company and who shall hold office of the Statutory Auditors from the conclusion of Twenty Eighth (28th) Annual General Meeting until the conclusion of thirty third (33rd) Annual General Meeting to be held in the year 2024 and shall conduct the Statutory Audit for the financial years commencing from April 1, 2019 to March 31, 2024 at such remuneration plus out of pocket expenses and applicable taxes and other terms and conditions as may be mutually agreed with the Statutory Auditors.

   RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to delegate all or any of the powers to negotiate, finalize, sign and execute all necessary agreements, documents, deeds, papers, and any modifications and supplements, as may be required in this regard and to do all acts, matters and deeds as may be necessary or incidental to give effect to the foregoing resolutions**"**

SPECIAL BUSINESS

4. **Appointment of Mr. Coimbatore Kalyanraman Nageswaran as Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s), amendments(s) or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, Mr. Coimbatore Kalyanraman Nageswaran (DIN: 08236347), who was appointed as an Additional Director of the Company be and is hereby appointed as a Director of the Company.

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

5. **Appointment of Mr. Coimbatore Kalyanraman Nageswaran as Whole Time Director of the Company**

   To consider and if thought fit, to pass the following resolution as **Special Resolution:**

   "RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors and provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s), amendments(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company, approval of members be and is hereby accorded for the appointment of Mr. Coimbatore Kalyanraman Nageswaran (DIN-0008236347) as Whole-time Director of the Company for a period of three years with effect from October 2, 2018, on the terms and conditions as set below:

   a) **Total Remuneration:** Remuneration payable by way of salary, perquisites and other allowances shall be up to Rs. 90 Lacs in the manner laid down in Section 197 and any other applicable provisions of the Act, in any financial year, with the authority granted to the Board of Directors (which term shall be deemed to include any Committee thereof which may have been constituted or may hereinafter be constituted by the Board of Directors of the Company, or any director/officer authorized by the Board of Directors/ Committee for this purpose), and/or Nomination and Remuneration Committee, to amend/ modify/ enhance any components of the total remuneration, within the limits stipulated in this resolution, from time to time.

The perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, they shall be evaluated at actual cost.

Notwithstanding anything to the contrary contained herein above or in the terms and conditions of his appointment, Mr. Nageswaran will be paid, current remuneration (including fixed salary, incentives, increments & other allowances thereto and retirement benefits) and as may be further decided by Nomination and Remuneration Committee, as minimum remuneration subject to necessary approvals and compliances as per the applicable provisions of the Companies Act, 2013.

b) **Other terms:**

i. Subject to the superintendence, control and direction of the Board, Mr. Nageswaran shall perform such duties and functions as would be commensurate with his position as Whole-time Director of the Company and as may be delegated to him by the Board from time to time.

ii. The Whole-time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.

iii. The Whole-time Director will be entitled to reimbursement of entertainment and all other expenses actually and properly incurred by him in the course of legitimate business of the Company.

iv. The office as Whole-time Director may be terminated by either party by giving three months' notice in writing, of such termination unless otherwise a shorter period is decided mutually between the Director and the Board of Directors.

v. If, at any time, Mr. Nageswaran ceases to be the Director of the Company for any reasons whatsoever, his office as Whole-time Director shall forthwith be terminated.

vi. He shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors, Chief Financial Officer or Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and to sign, execute and file and/or modify all such forms, papers and documents as may be considered necessary or expedient including appointing attorney(s) or authorized representatives to give effect to this Resolution**."**

6. **Approval of re-appointment of Mr. Ramesh L. Adige as Non-Executive and Independent Director for second term:**

To consider and if thought fit, to pass the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members be and is hereby accorded for re-appointment of Mr. Ramesh Lakshman Adige (DIN 00101276) and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation and such term shall be effective till March 31, 2024.

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

7. **Approval of re-appointment of Mr. Murari Pejavar as Non-Executive and Independent Director for second term:**

To consider and if thought fit, to pass the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of Members be and is hereby accorded for re-appointment of Mr. Murari Pejavar (DIN 00020437) and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation and such term shall be effective till March 31, 2024.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) and any other Regulations Listing regulations or SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018") (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members be and is hereby accorded for the continuation of Mr. Murari Pejavar, who has already attained the age of 75 (seventy five) years, as an Independent Non-Executive Director of the Company on the same terms and conditions.

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

8. **Ratification and Confirmation of remuneration of Cost Auditor**

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Companies (Cost Records and Audit Rules, 2014), remuneration of up to Rs. 75,000 plus out of pocket expenses and taxes, being paid to M/s. Jitender, Navneet & Co., Cost Auditors appointed by the Board of Directors, to conduct the audit of the cost records of the Company, for the Financial Year ended March 31, 2019, be and is hereby ratified and confirmed.

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

9. **To approve enhancing of limit of the Related Party Transactions under the Companies Act, 2013 & Listing Regulation**

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

"RESOLVED THAT in partial modification to the resolution passed by shareholders through postal ballot, result whereof announced on October 21, 2014, pursuant to the provisions of Regulation 23 and any other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to provisions of the Companies Act, 2013 read with the applicable rules made there under (including any amendments or statutory modification(s) or re-enactment thereof for the time being in force) and Policy on Materiality of Related Party Transaction(s), the consent of the shareholders of the Company be and is hereby accorded, to enhance the limits of following Related Party Transaction:

Sn.	Particulars	Details
1	**The name of the related party and nature of relationship**	Fortis Health Management Limited (Fellow Subsidiaries)
2	**The nature, duration of the contract and particulars of the contract or arrangement;**	Rendering / availing of services(s); Existing Hospital and Medical Service Agreement (HMSA) is a continuing agreement with HMSA fee of Rs. 2.67 crore (approx.) per quarter fixed (3% increase in beginning of each financial year) + 7.5% on revenue subject to maximum of Rs. 30 Crore (earlier was 25 Crore) per annum.
3	**Name of the director or key managerial personnel who is related, if any;**	NA

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof the Company be and are hereby severally authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company."

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

Shashank Porwal
Company Secretary
ACS 51957

Date: August 2, 2019
Place: Chennai

NOTES:

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

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

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

2. Pursuant to provisions of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 and secretarial standards, the particulars of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed to the Notice.

3. The cut-off date for the purpose of remote e-voting and for physical voting is September 19, 2019. The E-voting facility will be available from September 23, 2019 (from IST 0900 Hours) to September 25, 2019 (till IST 1700 Hours) after which the e-voting facility will not be available.

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

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

6. Members are requested to notify any change of address: to their depository participants in respect of shares held in dematerialized form, and

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

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

8. Corporate members are requested to send a duly certified copy of the Board Resolution /Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting and to the scrutinizer at e-mail id: rastogiassociates7@gmail.com.

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

10. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized.

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

12. Non-Resident Indian Members are requested to inform Registrar and Transfer Agent (**Karvy Fintech Private Limited**), immediately of: Change in their residential status on return to India for permanent settlement and Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

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

14. The notice of Annual General Meeting will be sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from Karvy as on August 16, 2019. A person who is not a member as on the cut-off date i.e. September 19, 2019, should treat this Notice for information purposes only.

15. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by Companies. Also, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose.

16. Members are requested to support this Green Initiative by registering/updating their e-mail address for receiving electronic communications. The notice for Annual General Meeting along with the annual report of the Company will be made available on the Company's website-www.fortismalar.com.

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

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

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

20. All Statutory Registers, documents referred to in the Notice and Explanatory Statement will be available for inspection at the Company's registered office and / or corporate office and also at AGM during normal business hours between 10.00 A.M. to 12.00 Noon on all working days (except Saturday) upto the date of Annual General Meeting.

21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the voting by shareholders in respect of the resolutions contained in the Annual General Meeting Notice is also being taken through e-voting facility provided through **Karvy Fintech Private Limited (Karvy)**.

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

23. The result on resolutions shall be declared on or before closing business hours i.e. 06:00 p.m. on Friday, September 27, 2019 at the registered office of the Company and the same along with the scrutinizer's report

shall also be available on the website of the Company. The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favor of the resolutions.

24. Pursuant to Sections 205A and 205C of the Companies Act, 1956 and/ or Section 123 of the Companies Act, 2013 and other applicable provisions, if any, all unclaimed/ unpaid application money etc. remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Any person may claim the shares or apply for refund, as the case may be, to the Authority by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the Authority.

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

26. The Board of Directors has appointed Mr. Ramit Rastogi, Company Secretary in whole-time practice (C.P. No. 18465) as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.

27. Route map of the venue of the meeting along with the landmark forms part of this notice.

EXPLANATORY STATEMENT

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

Item No. 02

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

Dr. Nithya Ramamurthy, a Non-Executive (Non-Independent) Director, aged 67 years, is a well-known Obstetrician & Gynecologist who brings with her over 40 years of experience in the field of Obstetrics and Gynecology. Apart from performing over 10,000 Laparoscopic surgeries, she has conducted a number of CME programs for the young medical students & practitioners and also held Vaginal Pelvic Surgery Workshop jointly with Royal College of Obstetricians & Gynecologists.

Further, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Dr. Nithya as a Non-Executive Director of the Company. She has given her consent to continue to act as director of the Company.

Original date of appointment: May 1, 2006

Dr. Nithya is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019, 8,59,377 Equity Shares of Rs. 10 each of the Company are held by her.

Dr. Nithya does not hold any directorship in any other company.

During the financial year 2018-19, Dr. Nithya attended two Board Meetings.

Memberships/ Chairmanships of committees of other companies as on date (only Audit Committee and Stakeholders Relationship Committee): - None

Details of sittings fees and remuneration paid for rendering professional services have already been disclosed in notes to accounts.

None of the Directors or Key Managerial Personnel (KMP) or their relatives except Dr. Ramamurthy, herself, are concerned or interested, financially or otherwise, in the Resolution at Item No. 2 of the accompanying Notice, except to the extent of their respective shareholding, if any.

The Board commends the Ordinary Resolution set out in the accompanying Notice for approval by the Members.

Item No. 3

Due to casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) was appointed, to conduct the statutory audit for the period ended March 31, 2019, by the Board of Directors and the same was duly approved by shareholders of the Company.

It is further informed that M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) has vide its consent letter confirmed their willingness to be appointed as Statutory Auditors of the Company and have also provided a certificate under Section 141 of the Companies Act, 2013 and holds a valid certificate issued by Peer Review Board of the Institute of Chartered Accountants of India.

It is hereby proposed, considering the size and requirement of the Company, to approve the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) for a period of five years to conduct the statutory audit for the financial years commencing from April 1, 2019 to March 31, 2024 who shall hold the office of statutory auditor from the conclusion of Twenty Eighth (28^{th}) Annual General Meeting until the conclusion of Thirty Third (33^{rd}) Annual General Meeting to be held in the year 2024.

Proposed fees, which is subject to change as may be mutually agreed between the Company and the Statutory Auditors, of Rs. 9.45 lacs plus tax & out of pocket expenses are to be payable for FY 2019-20 to M/s B S R & Co. LLP and there is no material change in the fee payable to them as compare to earlier Statutory Auditor.

Considering qualifications, experience and credentials which *inter alia* includes large client base spanning Indian businesses, multi-nationals and listed companies (S&P BSE 30, S&P BSE 100 and S&P BSE 200 indices) in India across sectors; unparalleled IFRS, US GAAP and SEC experience; being one of the largest audit firms in the country having presence across the country & affiliates around the globe and has a pool of trained & qualified resources in various domains, suitable for the audit assignment as required for a Company of our size, the Board of Directors recommends the Ordinary Resolution set out in the accompanying Notice for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested, financially or otherwise, in the Resolution at Item No. 3 of the accompanying Notice, except to the extent of their respective shareholding, if any.

Item No. 4 & 5

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, has approved appointment of Mr. Coimbatore Kalyanraman Nageswaran (DIN-0008236347) as Additional Director and then as Whole-time Director of the Company w.e.f. October 02, 2018 for a period of three years, subject to approval of shareholders and other requisite approvals required under Sections 196, 197 and any other applicable provisions, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act and Articles of Association of the Company. Further, he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. It is hereby confirmed that, as on date, he is not related to any other director of the Company.

This may be treated as written memorandum setting out the terms of re-appointment of Mr. Nageswaran under section 190 of the Companies Act, 2013.

Requisite details pursuant to Schedule V of the Companies Act, 2013 is given below:

I. General Information

(i) **Nature of Industry**: Business of providing healthcare services and running multi-specialty hospital.

(ii) **Date or expected date of commencement of commercial production**: The Company was incorporated on April 13, 1989.

(iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**: Not Applicable

(iv) **Financial performance (on standalone basis) based on given indicators as per Audited Financial Results**:

Particulars	Rs. In Cr
	2018-19
Net Revenue	144.59
Gross Contribution	111.2
Gross Contribution (%)	76.91
Operating EBITDA	(2.43)
Operating EBITDA (%)	(1.68%)
PAT	1.74

(v) **Foreign investments or collaborations, if any**: NOT APPLICABLE.

II Information about the appointee:

(i) Background details

Mr. Nageswaran, aged about 49 years, graduated in Bachelor of Technology (B.Tech.) from IIT, Madras in 1991 and he has Post Graduate Diploma in Management from Indian Institute of Management Bangalore (IIM, Bangalore) in 1995. He has over 23 years of experience in various organization like VP and Chief Business Development Officer - TPG Wholesale Pvt Ltd., VP Operations, Managing Vishal Mega Mart stores, Business Head - Smart Retail Pvt. Ltd., VP, Zonal Business Manager, South Zone, Reliance Value Format.

He is not related to any other Director of the Company.

During the financial year 2018-19, He attended two Board Meetings.

(ii) Past remuneration drawn:

Sn.	Company Name	Financial Year	Remuneration
1.	Fortis Malar Hospitals Limited	2018-19	Rs. 59.92 Lacs*
2.	Fortis Malar Hospitals Limited	2017-18	Rs. 58 Lacs
3.	Fortis Hospitals Limited	2016-17	Rs. 58 Lacs
4.	TPG Wholesale Pvt Ltd.	2015-16	Rs. 56 Lacs

* Designated as WTD w.e.f October 2, 2018.

(iii) Recognition and Awards/Achievements: Nil

(iv) Job profile and suitability:

OPERATIONS

- Devising and implementing strategies for achievement financial targets (PAT, EBITDA, Revenues, etc).
- Participating with the Zonal Director, Medical Staff and Senior Management in the development and implementation of strategic plans.
- Establishing and attaining challenging/achievable patient care, safety and education and customer service goals while maintaining financial viability.
- Being in constant touch with doctors and having a ready pipeline to hire key doctors.
- Being able to position the hospital in the catchment and connect accordingly to the community.
- Needs to keep an eagles eye on competition activity.
- Being able to conceptualize and launch new medical program which add value to the unit in terms of business and positioning.
- Ensuring institutionalization and adherence of standardized policies, systems & procedures at the facility.
- Liaising with the legal, political and social, IR environment to ensure successful operations of all facilities within the Hospital.
- Establishing and maintaining communication with the Clinical Directors and the other Medical staff to ensure accomplishment of mutually beneficial unit goals.
- Acting as an escalation point for all Operational Issues related to the facility and taking suitable action by interfacing with the concerned stakeholders to obtain timely resolutions.
- Operationalizing Initiatives like FOS, PSM, Sparkle etc at the unit.
- Ensuring employee engagement in the facility and culture building through regular HTMLs and other engagement.

CULTURE AND CAPABILITY BUILDING

- Ensuring adherence to the code of conduct and stated values of the company.

  Establishing and maintaining a culture of open communication, accountability and timely decision making.

- Developing a pipeline of best-in-class human capital by supporting hiring, retaining key personnel and investing in training and development of key personnel and succession planning.

  Promoting a high-performance culture by institutionalizing innovative rewards and recognition programs.

COMPLIANCE / PROCESS ENHANCEMENT

- Establishing best-in-class process to ensure adherence to quality systems and comply with quality standards (e.g. JCI, NABH).
- Ensuring defined patient care standards/commitments are met.
- Facilitating strict compliance to statutory & accounting norms and regulatory norms of process/operational adherence.
- Adhering to code of conduct and upholding ethical practices.
- Being a driving force and leading the Corporate Social Responsibility Initiatives at the Unit and creating Brand Image.

(v) Remuneration proposed: As provided in the resolution.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Though direct comparable data could not be obtained, however, as a normal industry trend, the proposed remuneration of Mr. Nageswaran, who is a professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

(vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Except proposed remuneration as stated above, Mr. Nageswaran does not have any other pecuniary relationship with the Company and its managerial personnel. Further, Mr. Nageswaran does not hold any share in the Company.

(viii) Companies (other than Fortis Malar Hospitals Limited, Foreign Companies and Section 8 Companies) in which Mr. Nageswaran holds Directorships: Malar Stars Medicare Limited (Additional Director)

(ix) Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies): None

III. Other information:

(i) Reasons for loss or inadequate profits: Low Occupancy, Highly competitive market.

(ii) Steps taken or proposed to be taken for improvement: Recruit reputed clinicians to improve business

(iii) Expected increase in productivity and profits in measurable terms: 15-20%

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable – No ESOPs have been granted.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the rules made thereunder for the appointment of Mr. Nageswaran as the Whole-time Director, for a period of three years commencing from October 02, 2018.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested, financially or otherwise, in the Resolution at Item Nos. 4 and 5 of the accompanying Notice, except to the extent of their respective shareholding, if any.

The Board recommends the resolution set forth in Item No. 4 & 5 for approval of the members.

Item 6 & 7

In compliance with the provisions of section 149 read with Schedule IV of the Act and relevant provisions of SEBI LODR, it is hereby proposed to re-appoint, respective appointment of Mr. Ramesh Lakshman Adige and Mr. Murari Pejavar as Non-Executive Independent Director which shall be effective till March 31, 2024.

Mr. Ramesh Lakshman Adige and Mr. Murari Pejavar, have given respective declarations that they meet the criteria on Independence as provided under the Companies Act 2013 and SEBI LODR.

Further, as per the provisions of schedule IV of the Companies Act 2013, the re-appointment of independent directors shall be on the basis of report of performance evaluation, following are the summary of details of Board Evaluation Reports: -

Sn.	Financial Year	Mr. Ramesh Lakshman Adige	Mr. Murari Pejavar
1.	2014-15	Actively participating towards contribution of company's goals in all respects.	Extensive experience and expertise has significant contribution towards company's goals.
2	2015-16	• Front lead in resolving the challenges. • Supportive (in terns of effort and time to the Management) • Matured feedback	• Appreciate diversified experience and knowledge.
3	2016-17	• Independent voice and perspective • Active participation in the discussions • Innovative and experienced ideas. • Proficient to continue as an Independent Director.	• Diversified experience and knowledge. • Proficient to continue as an Independent Director.
4	2017-18	Board was strongly satisfied with overall performance.	Board was satisfied with overall performance.
5	2018-19	Board satisfied across all the parameters and completely supported the views given by the Independent Directors.	Board satisfied across all the parameters and completely supported the views given by the Independent Directors.

Following the brief profiles of the proposed appointments: -

Mr. Ramesh Lakshman Adige

Mr. Ramesh Lakshman Adige, aged 69 years, a Non-Executive Independent Director, is a B.E. from BITS Pilani and has a Post Graduate degree from the Faculty of Management Studies, Delhi. He has 44 years of international exposure with proven track record in the areas of healthcare, pharmaceuticals, automobiles, financial services, marketing, branding, consumer durables, Global Corporate Communications, EHS, Administration, Corporate Social Responsibility, Sustainability Reporting, Intellectual Property Policy, Public Affairs, Public Policy & Higher Education. He is / was on the Board of Directors of Syndicate Bank, Premier Limited; Member of the Governing Council of T.A. Pai Management Institute, Manipal; Co-opted member of Biodiversity Foundation of NCT of Delhi; Member of Expert Committee of National Formulary of India and Chairman of PHD Rural Development Foundation.

Original date of appointment: February 19, 2008

Mr. Adige is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019, he does not hold any share.

During the financial year 2018-19, Mr. Adige attended all six Board Meetings (Meeting dated August 8, 2018 was attended through audio call and not counted for the purpose of the quorum.)

Directorship in other Companies along with Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee):

Company	Director	Committee
Premier Limited	Independent Director	Stakeholders Relationship Committee, Member
Star Union Dai-ichi Life Insurance Company Limited	Independent Director	Audit & Ethics Committee, Member

Mr. Adige is a Non Executive Director not liable to retire by rotation. Except sitting fees, no remuneration was paid to him during the financial year 2018-19.

None of the Directors or Key Managerial Personnel (KMP) or their relatives except Mr. Adige, herself, are concerned or interested, financially or otherwise, in the Resolution at Item No. 6 of the accompanying Notice, except to the extent of their respective shareholding, if any.

The Board commends the Special Resolution set out in the accompanying Notice for approval by the Members.

Mr. Murari Pejavar

Mr. Murari Pejavar, aged 84 years a Non-Executive, Independent Director, is M.A. (Economics), from Madras University and had passed State Civil Services in 1955 and Indian Administrative Services in 1957 and retired as Secretary to the President of India in August, 1992. He specializes in the areas of General Industrial Administration, formulation of industrial policies, administration of public and co-operative sector industrial undertakings including sick units, health and family planning sector management, energy sector, financial administration and food processing. He was / is also adviser to President, Federation of Indian Chambers of Commerce and Industry (FICCI); Advisory Board – Great Lakes Institutes of Management (Affiliated to Kellogg School – USA), Advisory Board – Loyola Institute of Business Administration and Member of Joint Electricity Regulatory Commission (State Advisory Committee), Chennai Port Trust Advisory Committee and also Former Chairman of Centre State Relations Committee appointed by GOI. This may deem to be considered as appropriate justification for his appointment under SEBI LODR.

Original date of appointment: March 3, 2009

Mr. Murari is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019, he does not hold any share.

During the financial year 2018-19, Mr. Murari attended four Board Meetings.

Directorship in other Companies along with Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee):

Company	Director	Committee
S M V Consultants Private Limited	Director	-
ABAN Offshore Limited	Independent Director	Audit Committee, Member

Mr. Murari is a Non Executive Director not liable to retire by rotation. Except sitting fees, no remuneration was paid to him during the financial year 2018-19.

None of the Directors or Key Managerial Personnel (KMP) or their relatives except Mr. Murari, herself, are concerned or interested, financially or otherwise, in the Resolution at Item No. 7 of the accompanying Notice, except to the extent of their respective shareholding, if any.

The Board recommends the Special Resolution set out in the accompanying Notice for approval by the Members.

Item No. 8

The Board, on the recommendation of the Audit & Risk Management Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company, for the financial year ended on March 31, 2019 as per the following details:

Name of the Cost Audit Firm	Amount (In Rs.)
M/s. Jitender, Navneet & Co, Cost Accountants	75,000 (plus out of pocket expenses and taxes)

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice except to the extent of their respective shareholding, (if any).

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

Item No. 9

The Board at its meeting held on September 5, 2014 approved a related party transaction with Fortis Health Management Limited and subsequently the same was also approved by shareholders of the Company through postal ballot, result whereof announced on October 21, 2014.

Further, pursuant to provisions of the Companies Act, 2013 read with relevant rules made thereunder and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and considering limits as approved earlier may exceed in this fiscal, or upcoming fiscal(s) it is proposed to enhance the monetary limits of such transaction as under :

Sn.	Particulars	Details
1	**The name of the related party and nature of relationship**	Fortis Health Management Limited (Fellow Subsidiaries)
2	**The nature, duration of the contract and particulars of the contract or arrangement;**	Rendering / availing of services(s); Existing Hospital and Medical Service Agreement (HMSA) is a continuing agreement with HMSA fee of Rs. 2.67 crore (approx.) per quarter fixed (3% increase in beginning of each financial year) + 7.5% on revenue subject to maximum of Rs. 30 Crore (earlier was 25 Crore) per annum.
3	**Name of the director or key managerial personnel who is related, if any;**	NA

The Board, on the recommendation of the Audit & Risk Management Committee, recommends above-mentioned transaction for approval.

The members are further informed that Fortis Health Management Limited is not a member of the Company.

A copy of the agreement as specified in the Resolution at Item No. 9 of the Notice is available for inspection by members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financial or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any.

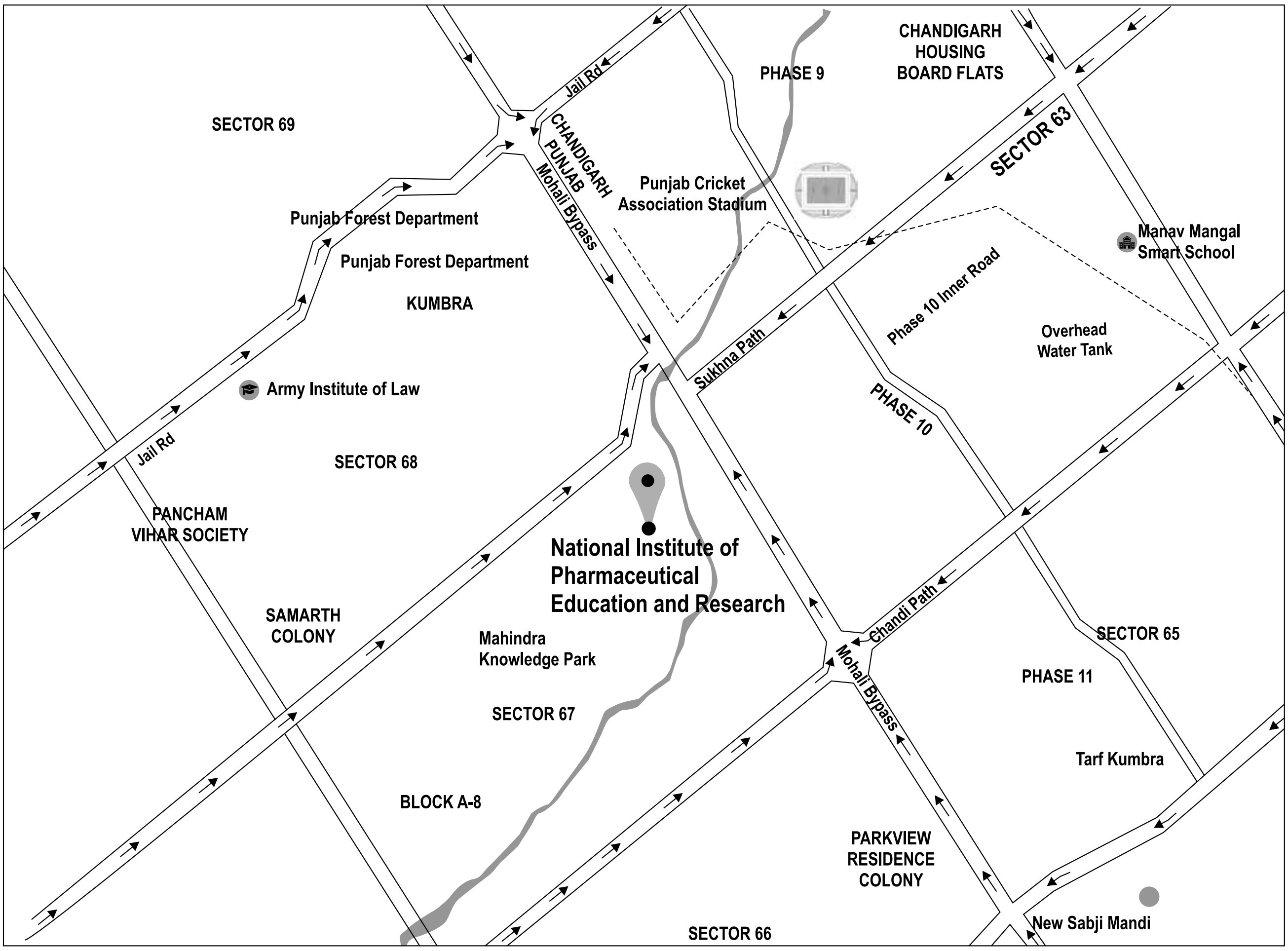
By Order of the Board
For **Fortis Malar Hospitals Limited**

Shashank Porwal
Company Secretary
ACS 51957

Date: August 2, 2019
Place: Chennai

Location Map of venue for Twenty Eighth Annual General Meeting

Day	:	Thursday
Date	:	September 26, 2019
Time	:	10:30 A.M.
Venue	:	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab – 160062



FORTIS MALAR HOSPITALS LIMITED

CIN: L85110PB1989PLC045948
Registered Office: Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062
Ph.: +91-172-5096001, **Fax:** +91-172-5096002
Email: secretarial.malar@malarhospitals.in **Website:** www.fortismalar.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :...

Registered address : ....

E-mail ID : .... Folio No. / *DP ID-*Client ID ....

I/We, being the member(s) of ________________________________ shares of the above named Company, hereby appoint:

1) ___________ (name) of ____________________ (address) having e-mail id ____________________ or failing him/her.

2) ___________ (name) of ____________________ (address) having e-mail id ____________________ or failing him/her.

3) ___________ (name) of ____________________ (address) having e-mail id ____________________

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting on Thursday, September 26, 2019 at 10:30 A.M. at **National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062** and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions		For	Against
1.	To consider and adopt the Audited Standalone Financial Statements of the Company together with the Report of Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Report of Auditors thereon for the Financial Year ended on March 31, 2019.		
2.	To appoint a Director in place of Dr. Nithya Ramamurthy (DIN: 00255343), who retires by rotation and being eligible, seeks re-appointment.		
3.	Appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditor and fixation of their remuneration		
4.	Appointment of Mr. Coimbatore Kalyanraman Nageswaran as Director of the Company		
5.	Appointment of Mr. Coimbatore Kalyanraman Nageswaran as Whole Time Director of the Company		
6.	Approval of re-appointment of Mr. Ramesh L. Adige as Non-Executive and Independent Director for second term:		
7.	Approval of re-appointment of Mr. Murari Pejavar as Non-Executive and Independent Director for second term:		
8.	Ratification and Confirmation of remuneration of Cost Auditor		
9.	To approve enhancing of limit of the Related Party Transactions under the Companies Act, 2013 & SEBI LODR		

* Applicable for investors holding shares in electronic form.

Signed this.................... day of.................2019

Signature of shareholder

Affix ₹ 1/- Revenue Stamp

Signature of first proxy holder   Signature of second proxy holder   Signature of third proxy holder

** This is only optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

FORTIS MALAR HOSPITALS LIMITED

CIN: L85110PB1989PLC045948
Registered Office: Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062
Ph.: +91-172-5096001, **Fax:** +91-172-5096002
Email: secretarial.malar@malarhospitals.in **Website:** www.fortismalar.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional slip at the venue of the meeting.

DP ID*	
Client ID*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER / PROXY ____

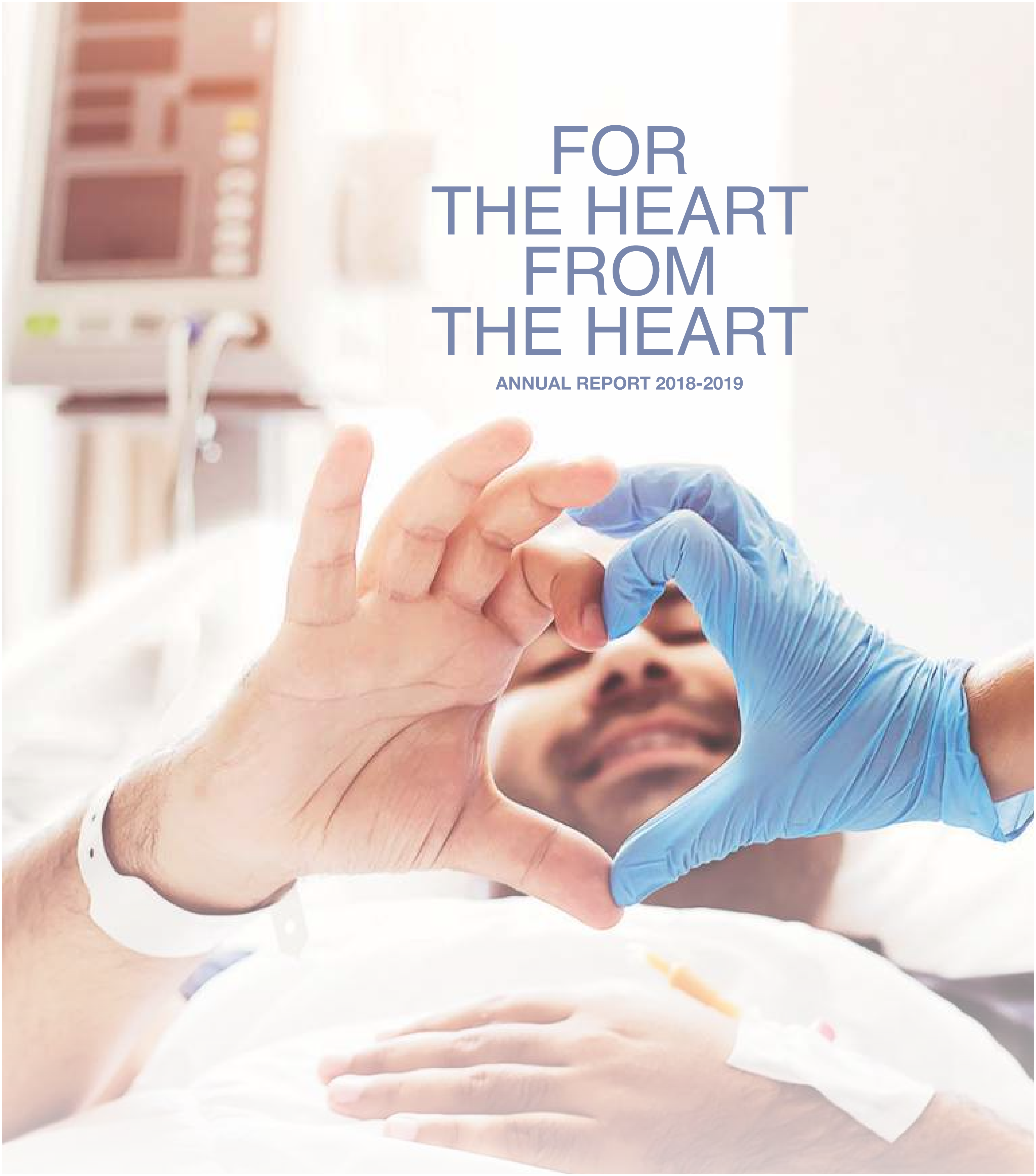
I/We hereby record my/our presence at the **28th Annual General Meeting** of the Company held on Thursday, September 26, 2019 at 10:30 A.M. at **National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062.**

* Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy

FOR THE HEART FROM THE HEART

ANNUAL REPORT 2018-2019



INDIA'S LARGEST HEART TRANSPLANT CENTRE.

Fortis MALAR HOSPITAL

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Daljit Singh, Chairman
Mr. C K Nageswaran
Mr. Murari Pejavar
Dr. Nithya Ramamurthy
Mr. Ramesh L Adige

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Shashank Porwal

CHIEF FINANCIAL OFFICER
Mr. Saravanan V.

STATUTORY AUDITORS
B S R & Co. LLP
KRM Tower, 1st & 2nd Floor,
No 1, Harrington Road, Chetpet,
Chennai 600 031, India

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 Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

BOARD OF DIRECTORS


Mr. Daljit Singh


Mr. C.K. Nageswaran


Mr. Murari Pejavar


Dr. Nithya Ramamurthy


Mr. Ramesh Lakshman Adige

CHAIRMAN'S MESSAGE

"The Heart Failure and Transplant Programme, has made the country proud by conducting over 300 heart transplants since its inception, 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, 2019.

Fortis Malar Hospital, Chennai, is today recognised as a world-class institution in the healthcare space, thanks to the painstaking efforts of a wonderful team comprising of dedicated doctors, nurses, paramedics, support staff and hospital administrators. Every day, these highly committed people give their best, ensuring excellent clinical outcomes and delivering compassionate patient care. At the very outset, I thank all staff members of Fortis Malar for their contribution towards building this remarkable institution.

During the year under consideration, your hospital continued with its fine tradition of delivering spectacular clinical outcomes across all specialities. The Heart Failure and Transplant Programme, in particular, has made the country proud by conducting around 58 heart transplants, making it one of the largest heart transplant programmes in South East Asia. In addition, 4 heart and lung transplants as well as 12 lung transplants were conducted at your hospital. Your hospital has also completed around 33 kidney transplants. With survival rates of post-transplant patients being comparable with the best in the world, Fortis Malar has emerged as a destination of choice for organ transplants across multiple specialities. This is extremely creditable and reflective of the high-end multi-speciality expertise available at the hospital. Other specialities at your hospital, such as Neurology, Obstetrics & Gynaecology, Orthopaedics and Gastroenterology, to name a few, also delivered very encouraging results.

During the year, your Company achieved Annual Revenue of ₹ 144.59 Crores as against ₹ 149.19 Crores in the previous financial year. Profit before exceptional and extra-ordinary items was ₹ 2.79 Crores compared to ₹ 5.59 Crores in the previous financial year. Net profit after tax was ₹ 2.06 Crores compared to ₹ 3.32 Crores in the previous financial year. Price capping of cardiac stents and orthopedic implants has continued to impact the profitability of the Company during the financial year. The average revenue per occupied bed (ARPOB) came to ₹ 168 Lakhs in FY 2019 as against ₹ 174 Lakhs in FY 2018. The average length of stay (ALOS) reached 4.25 days in FY 2019 compared to 4.00 days in FY 2018.

As is evident, your hospital was able to put up a creditable performance in spite of very challenging circumstances. Nevertheless, our unflinching commitment towards all our patients and the society at large remains as strong as ever.

Fortis Malar proudly contributed to improve the plight of fellow citizens through a large number of corporate social responsibility activities. 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 neighborhood. 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 the society.

Before I conclude, I would like to thank all our shareholders and other stakeholders for their continued support through the year. I am sure that with your guidance, 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

BOARD REPORT

Dear Members,

Your Directors have pleasure in presenting here the Twenty Eighth 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, 2019.

FINANCIAL RESULTS

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

(₹ In Lacs)

Particulars	Consolidated	
	Year ended March 31, 2019	**Year ended March 31, 2018**
Continuing Operations		
Operating Income	14,459.39	14,919.27
Other Income	1,011.08	844.18
Total Income	**15,470.47**	**15,763.45**
Total Expenditure	14,702.19	14,744.43
Operating Profit	**768.28**	**1019.02**
Less: Finance Charges, Depreciation & Amortization	489.21	459.88
Profit / (Loss) before exceptional items and tax	**279.07**	**559.14**
Exceptional items	-	-
Profit / (Loss) before tax	**279.07**	**559.14**
Less: Tax Expenses	73.52	226.96
Net Profit for the year	**205.55**	**332.18**
Other Comprehensive Income (Net of Taxes)	12.32	12.69
Total Comprehensive Income for the year	217.87	344.87
Profits/ (Loss) attributable to minority interest	-	-
Share in profits of associate companies	-	-
Profit/ (Loss) for the year from continuing operations (A)	**217.87**	**344.87**
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)	**217.87**	**344.87**

(₹ In Lacs)

Particulars	Standalone	
	Year ended March 31, 2019	**Year ended March 31, 2018**
Operating Income	14,459.39	14,919.27
Other Income	968.44	818.46
Total Income	**15,427.83**	**15,737.73**
Total Expenditure	14,702.63	14,746.86
Operating Profit	**725.20**	**990.87**
Less: Finance Charges and Depreciation	489.21	459.88
Profit/ (loss) before exceptional items and tax	**235.99**	**530.99**
Exceptional items	-	-
Profit/ (loss) before tax	**235.99**	**530.99**
Less: Tax Expenses	62.32	216.87
Net Profit for the year	**173.67**	**314.12**
Other Comprehensive Income (Net of Taxes)	11.12	12.30
Total Comprehensive Income for the year	184.79	326.42

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, has established itself as one of the largest corporate hospitals in Chennai, providing quality super specialty and multi-specialty healthcare services. With a total bed-strength of 151, including 53 ICU beds, the hospital 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 created a name for itself as a premier cardiac transplant center; having just achieved the unique distinction of completing around 293 (from inception till March 31st) Heart / Lung/Heart &Lung transplants; and 15 LVADs (Left Ventricular Assist devices) in the last 2 years. The hospital has also performed around 400 pediatric cardiac procedures during the last year. The hospital is also proud to have completed more than 100 cases of TJRs (Total Knee/Hip Replacement) – several of them single sitting bilateral TKRs - during the last one year.

SIGNIFICANT MATTERS DURING THE YEAR UNDER REVIEW

OPEN OFFER

The board of directors of Fortis Healthcare Limited ("FHL") on July 13, 2018 ("Board Resolution"), authorized the issuance and allotment of 235,294,117 (Two hundred and thirty five million, two hundred and ninety four thousand, one hundred and seventeen only) equity shares, representing 31.1% (Thirty one point one percent) of the FHL Share Capital, to Northern TK Venture Pte. Ltd. ("Acquirer") by way of a preferential allotment ("Preferential Allotment"). The details of the Preferential Allotment are set out in the share subscription agreement dated 13 July 2018 entered into between the Acquirer and FHL ("SSA"). As a consequence of the Board Resolution and the SSA, the Acquirer together with IHH Healthcare Berhad ("PAC 1") and Parkway Pantai Limited ("PAC 2"), (collectively referred to as the "PACs") have made a mandatory open offer, by filing the public announcement dated July 13, 2018, to the equity shareholders of FHL to acquire up to 197,025,660 (One hundred and ninety seven million, twenty five thousand, six hundred and sixty only) equity shares representing 26.0% (Twenty six percent) of the FHL Share Capital in compliance with Regulations 3(1) and 4 of Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 ("SEBI SAST") ("FHL Open Offer"). Consequently the Acquirer is the largest shareholder and promoter of FHL as on date.. FHL holds 100.0% (Hundred percent) of the total equity share capital of Fortis Hospitals Limited, which in turn holds 62.71% of the paid Share Capital of your Company as on March 31, 2019. Accordingly, in compliance with Regulations 3(1), 4 and 5(1) of SEBI SAST, the Acquirer and the PACs are making the Open Offer for acquisition of up to 4,894,308 (Four million, eight hundred and ninety four thousand, three hundred and eight only) fully paid up equity shares of face value of INR10 (Rupees ten only) each , representing 26.0% (Twenty six percent) of the voting share capital of the Company, from the Public Shareholders of the Company.

WITHDRAWAL OF THE SCHEME OF AMALGAMATION AND DEMERGER AMONGST SRL LIMITED AND FORTIS MALAR HOSPITALS LIMITED

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.

The Company had obtained necessary approvals/no objection from Competition Commission of India, BSE Limited, creditors and equity shareholders of your Company. Also, 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.

Considering 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. Accordingly, it was agreed to abort the Scheme. Further, National Company Law Tribunal, Chandigarh, vide its order dated June 15, 2018 approved the scheme as withdrawn. As on date, the Scheme has thus been terminated by the Company, SRL and FHL.

OPERATIONAL AND FINANCIAL PERFORMANCE

During the Financial Year 2018-19, your Company achieved a consolidated income from operations of ₹ 144.59 Cr as against ₹ 149.19 Cr during the last Financial Year ended March 31, 2018. Consolidated Operating EBITDA for the year stood at ₹ (2.43) Cr compared to ₹ 1.75 Cr in the previous year. Profit before exceptional item and tax stood at ₹ 2.79 Cr compared to ₹ 5.59 Cr in the corresponding period. Consolidated net profit for the year was ₹ 2.06 Cr compared to ₹ 3.32 Cr in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) for the current year comes to ₹ 168 lacs as against ₹ 174 lacs in the previous year. The average length of stay (ALOS) end by 4.25 days in Financial Year 2019 compared to 4.00 days in Financial Year 2018. Occupancy of the hospital during the year was same as that of previous year at 58%. 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 2018-19. 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 2018-19 AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2018-19 and the date of the report.

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

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

DETAILS OF SUBSIDIARY

During the year under review, the Company has only one subsidiary Company i.e. Malar Stars Medicare Limited. The main object 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/2019/04/Policy-On-Material-Subsidiary-Company.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2018-19, 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 along with contribution of the subsidiary to the overall performance of your Company which also 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, 2019
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	5,00,000
6	Reserves & Surplus	17,818,477
7	Total Assets	65,33,45,470
8	Total Liabilities	63,50,26,993
9	Investments	Nil
10	Turnover	33,21,000
11	Profit before Taxation	43,07,740
12	Provision for Taxation	11,20,013
13	Profit after Taxation	31,87,727
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, 2019, 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

Daljit Singh
Chairman
DIN 00135414

C K Nageswaran
Whole Time Director
DIN 08236347

Saravanan V.
Chief Financial Officer
Membership No. 216567

Shashank Porwal
Company Secretary &
Compliance Officer
Membership No. ACS 51957

LOANS/ADVANCES/INVESTMENTS/GUARANTEES

Particulars of Loans/Advances/Investments/Guarantees given & outstanding during the Financial Year 2018-19 are mentioned in notes to financial statements.

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 (Registration No. 117366W/W-100018) resigned as Statutory Auditors of the Company vide letter dated December 28, 2018 with immediate effect. The said resignation resulted in a casual vacancy in the office of Statutory Auditors of the Company and as per the provisions of Section 139(8) of the Companies Act 2013, any casual vacancy in the office of a Statutory Auditor shall be filled by the Board of Directors within thirty days from the date of resignation which shall also be approved by the Company at a General Meeting convened within three months of the recommendation of the Board.

The Board of Directors, upon recommendation of Audit and Risk Management Committee, recommended for approval of shareholders of the Company, the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018) and who shall hold office of the Statutory Auditors until the conclusion of ensuing Annual General Meeting and shall conduct the Statutory Audit for the period ended March 31, 2019. The said matter was duly approved by the shareholders, result thereof was declared on February 6, 2019.

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.

The Board, considering the size and requirement of the Company, approved the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) for a period of five years to conduct the statutory audit for the financial years commencing from April 1, 2019 to March 31, 2024. The said appointment is subject to approval of shareholders and they shall hold the office of statutory auditor from the ensuing Twenty Eighth (28th) Annual General Meeting until the conclusion of thirty third (33rd) Annual General Meeting to be held in year 2024. Accordingly, a resolution seeking Member's approval for the appointment of M/s B S R & Co. LLP, Statutory Auditors is included in Notice convening the Annual General Meeting.

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, upon 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 2018-19 at a remuneration of upto ₹ 75,000 (Rupees Seventy Five Thousand) plus taxes, out-of-pocket, travelling expenses, etc. 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 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:

The Board of the Company does not comprise with the minimum number of Independent Directors as per the requirements of Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Management Comments:

The company is in process of identifying and appointing suitable candidate as Independent Director of the Company.

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 2018-19. Accordingly, PWC 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 2018-19, 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, 2019 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 Committee with management action plan for improvements on a quarterly basis. The audit committee takes note of the same and guides the management in the implementation of key actions. The internal auditors also review the implementation and confirm to the audit committee on appropriateness of implementation.

CORPORATE SOCIAL RESPONSIBILITY –JOURNEY THROUGH THE YEAR (2018-19)

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 and building aware communities.

The CSR initiatives for Fortis Malar Hospitals Limited are led through Fortis CSR Foundation, a special Purpose vehicle to carry out CSR activities on behalf of the Company. Fortis CSR Foundation ("FCSRF") is wholly owned subsidiary of Fortis Healthcare Ltd. (ultimate Indian parent of your Company) and Company limited by shares not for profit registered under section 8 of the Companies Act, 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 with a dedicated team of employees and Volunteers, FCSRF focuses on four programs namely: AANCHAL, CHHAYA, SAVERA, SEWA. These programs work towards:

- Work towards supporting treatment of under-privileged children suffering from congenital heart defect under its Umeed-Dhadkan initiative (AANCHAL)
- Support access to medical care through charitable dispensaries (CHHAYA)
- Design models on health information dissemination to reach to vulnerable sections of the community and provide awareness on preventive and remedial healthcare through different channels of communication (SAVERA)
- Provide timely medical relief in the event of disasters (SEWA)

Fortis Malar Hospitals Limited has chosen to support SAVERA program which focuses on Preventive health and Health Education under sec. 135 of companies Act 2013. Fortis Malar Hospitals Limited also supports the disaster relief initiative SEWA through its volunteer base and contributing donations in the event of disasters.

ABOUT SAVERA PROGRAM

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy population live longer and are more productive. The key to a healthy life is awareness/knowledge of how to stay healthy.

In line with India's Sustainable Development Goal of Good health and well-being, Savera program seeks to provide a platform to create awareness on health issues and leverage on different channels of communication. The objective is to design models on health information dissemination to reach the vulnerable sections of the community.

SAVERA which focuses on "Health Education and Preventive Healthcare" has identified two target intervention areas on preventive health and health education:

- First Aid and Basic Life Support (BLS) Training

  Emergency needs are critical. Timely action of providing first-aid is crucial in preventing or minimising further suffering. Knowledge on addressing emergency need is important for community. The objective is to raise the level of basic knowledge on First Aid Response & increase number of people who can help

- Awareness on health and hygiene to young children

  The objective is to raise the awareness on health & hygiene among children by developing illustrative knowledge material and equip the capacity building of stakeholders working with underprivileged children

Fortis Malar Hospitals Ltd. in FY 18-19 supported the following under the Savera Program

FIRST AID and BASIC LIFE SUPPORT TRAINING

Under this initiative, training on First Aid and Basic Life support provided to beneficiaries enabling them as a first responder to handle mishaps that can be tackled with simple yet effective first-aid and also to save lives in case of emergency situations. Some of the key topics covered under the 2.5 hours training program are choking, nose bleeding, fainting, Insect bites, Bruise, cuts & wounds, Cardiopulmonary Resuscitation (CPR). The beneficiaries are provided First-Aid Guide, First Aid Kit along with certification.

Beneficiaries: Training on First Aid and Basic Life Support training provided to 1531 beneficiaries. Target groups identified in Tamil Nadu are:

(a) "School Safety First": Making schools safer with First Aid and BLS training program to 1153 Govt. Higher secondary School Students and teachers. Youth being future of the society, awareness was provided with the theme: "Learn First Aid, Be A Hero"

(b) Anganwadi: In Integrated Child Development Centre's, training on First Aid and BLS provided to 138 Anganwadi workers and helpers who are key personnel handling the children community

(c) Non-Government organizations: First Aid and BLS to 181 Social workers and volunteers of NGO who address the community at large

(d) Road Safety: Since drivers spend so much time on the road the incidence of injuries and accidents, they come across are high. First Aid and BLS training provided to 59 truck drivers as their early intervention can save lives or decrease the impact of injuries, leading to quicker recovery or lesser injuries for the victims

The training has enabled the beneficiaries to be equipped with the knowledge to address emergency medical needs

HEALTH EDUCATION AND AWARENESS ON HEALTH & HYGIENE TO CHILDREN

This program works in collaboration with NGO partners, corporates, District child centres working with the underprivileged children. The method adopted to raise awareness on the nutritional needs and hygiene aspects of young children, is by developing illustrative books which involves art therapy and storytelling session, specifically for the not so privileged community as storytelling and creative art work encourages active participation thereby increasing their willingness to apply the learning in their daily life.

Beneficiaries: Awareness spread to over 9500 children (Street children, children in shelter homes, children in adopted village schools and communities) in Tamil Nadu through distribution of Illustrative art and storytelling books on health and hygiene to 8 NGO partners and 3 corporates (including its Foundation working with the community children). NGO partners catered to the awareness needs of 6540 children and Corporates & Foundations reached to over 2989 children

ABOUT SEWA PROGRAM - DISASTER RELIEF INITIATIVE

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.

When Kerala was ravaged by Century's worst flood, 21-member SEWA volunteer team drawn from various Fortis Hospitals across India (including doctors, nurses, paramedics and counsellor) reached to 2774 beneficiaries via medical relief operations in Wayanad and Alappuzha, Kerala.

Key drivers of Kerala- Disaster Relief Initiative are:

- Volunteerism
- Payroll giving and donation program
- Partnerships with NGOs and Health Department, Kerala
- Powerful communication engine that helps build a culture of giving

Fortis Malar Hospitals Ltd. representing South Zone, raised donation from 972 employees. The employees of South Zone (including doctors, nurses, paramedics and counsellor) contributed to 1545 volunteer hours during medical relief operations in Wayanad and Alappuzha, Kerala.

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, Dr. Nithya Ramamurthy, 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 herself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposes her re-appointment to the shareholders of the Company.

Brief resume of director seeking re-appointment/regularisation 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 changes took place in Directors and Key Managerial Personnel:

a) Mr. Rahul Ranjan, and Mr. Akshay K Tiwari appointed with effect from May 15, 2018.

b) Mr. Rakesh Laddha, Mr. L T Nanwani, Mr. R K Shetty, Mr. Rahul Ranjan, and Mr. Akshay K Tiwari resigned with effect from May 14, 2018, August 1, 2018, August 7, 2018, August 9, 2018, and August 9, 2018 respectively.

c) Mr. Meghraj A. Gore resigned as Whole Time Director of the Company w.e.f October 1, 2018.

d) The Board of Directors of the Company in its meeting held on September 28, 2019 appointed Mr. C K Nageswaran as Whole Time Director w.e.f October 2, 2018 and resolution seeking Member's approval for his appointment is included in Notice convening the Annual General Meeting.

e) Mr. Vijayasarathy D. resigned as Chief Financial Officer of the Company w.e.f January 15, 2019. The Board of Directors appointed Mr. Saravanan V. as Chief Financial Officer of the Company with effect from February 6, 2019.

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 LODR.

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

During the year 2018-19, six 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 and 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, and Independent Directors	A compilation of the individual self-assessments and one to one discussions were placed at the meetings of the Independent Director's (ID's) and the Board of Directors (BoD) held on February 6, 2019 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.
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation 2018-19 was collated, presented and tabled at a meeting of the Board of Directors held on May 6, 2019	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 2018-19**

(Amount in ₹)

Name of the Director*	Remuneration of Director	Median Remuneration of employees	Ratio
Mr. Meghraj Arvindrao Gore (upto October 1, 2018)	43,31,040	281,000	1:16
Mr. C K Nageswaran# (w.e.f.October 2, 2018)	24,47,896	281000	1:9

Amount is considered as advanced and subject to shareholder approval.

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	3%
Mr. C K Nageswaran	Whole Time Director	NA
Mr. Vijayasarathy Desikan	Chief Financial Officer	6 %
Mr. Saravanan V	Chief Financial Officer	NA

c) The percentage increase in the median remuneration of employees in the financial year 2018-19 is 4% (8% in the last year)

d) The number of permanent employees on the rolls of Company is 625 as on March 31, 2019.

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 2018-19
(A)	Average percentile increases already made in the salaries of employees other than the managerial personnel	6%
(B)	Percentile increases in the managerial remuneration	6%
Comparison of (A) and (B)		0%
Justification		NA
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)	43,47,240	27,32,064	2,90,113	3 years w.e.f. October 01, 2016	3 Months
Mr. C K Nageswaran#	24,47,896	-	1,54,378	3 years w.e.f. October 02, 2018	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.

Amount is considered as advanced and subject to shareholder approval.

g) Remuneration has been paid to Directors and KMPs as per Board Governance Document / 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 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 and as disclosed in this Annual Report.

RISK MANAGEMENT POLICY

The Company has a Risk Management Policy through which key risks are monitored. 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. We have received one complaint relating to sexual harassment during the year and the issue has been resolved with appropriate action taken and hence no complaint is pending as on March 31, 2019. 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. The same may also be read in terms of Companies (Accounts) Rules, 2014.

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. Mukesh Agarwal & Co., 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. C K Nageswaran, 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, 2019, 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, 2019 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**

Date: May 6, 2019
Place: Chennai

Daljit Singh
Chairman

ANNEXURE I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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, **Mukesh Agarwal & Co.,** 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 referred to as the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our 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, 2019 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, 2019 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, 2015;

   (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 (whereat the shares of the Company 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.

We further report that

During the period under review, 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 above-mentioned provisions except that the Board of the Company does not comprise with the minimum number of Independent Directors as per the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

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. Saravanan V. as Chief Financial Officer of the Company;

(ii) Passed special resolution for Modification in Term & Condition of Mr. Meghraj A. Gore (WTD);

(iii) Appointed Mr. C K Nageswaran w.e.f October 2, 2018 as Whole Time Director (Key Managerial Personnel)

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.

for **Mukesh Agarwal & Company**

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

Place: Delhi
***Date*: 04.05.2019**

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. 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.

for **Mukesh Agarwal & Company**

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

Place: Delhi
***Date*: 04.05.2019**

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 2018-19;

b. Diluted Earnings Per Share in accordance with "AS-20-Earning Per Share" for the year ended March 31, 2019 stood at ₹ 0.92

2. SCHEME SPECIFIC DISCLOSURES

i. General Disclosures

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Disclosures</th></tr>
<tr><td>1</td><td>Date of Shareholder's Approval</td><td>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.</td></tr>
<tr><td>2</td><td>Total Number of options approved under ESOP Scheme 2008</td><td>929712</td></tr>
<tr><td>3</td><td>Vesting requirements</td><td>• 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.</td></tr>
<tr><td>4</td><td>Exercise Price ~~or Pricing Formula~~</td><td>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.</td></tr>
<tr><td>5</td><td>Maximum term of Options Granted</td><td>Options granted shall vest within a period of four years from the date of grant.</td></tr>
<tr><td>6</td><td>Sources of Share (Primary, Secondary or Combination)</td><td>Primary</td></tr>
<tr><td>7</td><td>Variation in terms of Options</td><td>There has been no variation in the terms of Options.</td></tr>
<tr><td>8</td><td>Method used for Accounting of ESOS (Intrinsic or Fair Value)</td><td>Intrinsic</td></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">173.67 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">173.67 Lacs</td></tr>
<tr><td>Earnings Per Share</td><td>Basic</td><td>Diluted</td></tr>
<tr><td>As reported</td><td>0.93</td><td>0.92</td></tr>
<tr><td>As adjusted</td><td>0.93</td><td>0.92</td></tr>
</table></td></tr>
</table>

S. No.	Particulars	Disclosures
9(b)	Impact on the profits of the Company and on the earnings per share ("EPS") arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Nil
10	a) Weighted average exercise price, b) Weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock	₹ 26.20 Nil

ii. Options Movement during the FY 2018 – 19

S. No.	Particulars	Disclosures
1	Number of options outstanding at the beginning of the period	140,000
2	Number of options granted during the year	NIL
3	Number of options forfeited / lapsed during the year	3,750
4	Number of options vested during the year	NIL
5	Number of options exercised during the year	57,500
6	Number of shares arising as a result of exercise of options	57,500
7	Money realized by exercise of options (INR), if scheme is implemented directly by the company	15,06,500
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	78,750
10	Number of options exercisable at the end of the year	78,750

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**

Date: May 6, 2019
Place : Chennai

Daljit Singh
Chairman

ANNEXURE III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2019

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 Fintech Private Limited Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Seilingampally Mandal, Hyderabad-500032 Phone No. - +91 40 6716 2222; Fax No. - +91 40 23420814 E-mail: einward.ris@karvy.com; Website: www.karvyfintech.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, Ortlia-paedics 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	IHH Healthcare Berhad* Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia	-	Holding Company	-	2(46)
2	Integrated Healthcare Holdings Limited* Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia	-	Holding Company	-	2(46)

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3	Parkway Pantai Limited* 111 Somerset Road, #15-01 Triple One Somerset, Singapore 238164	-	Holding Company	-	2(46)
4	Northern TK Venture Pte. Ltd.* 111 Somerset Road, #15-01 Triple One Somerset, Singapore 238164	-	Holding Company	-	2(46)
5	Fortis Healthcare Limited* Fortis Hospital, Sector-62, Phase-VIII, Mohali, Punjab – 160062	L85110PB1996PLC045933	Holding Company	–	2(46)
6	Fortis Hospitals Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110025	U93000DL2009PLC222166	Holding Company	62.71	2(46)
7	Malar Stars Medicare Limited No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai, Tamil Nadu – 600020	U93000TN2009PLC072209	Subsidiary Company	100.00	2(87)

* No direct shareholding in the Company.

There is no associate company of Fortis Malar Hospitals Limited.

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

(i) Category-wise Share Holding

S. No.	Category Of Shareholder	No. of shares held at the beginning of the year 31/03/2018				No. of shares held at the end of the year 31/03/2019				% Change During The Year
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	100	0	100	0.00	100	0	100	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	11753102	0	11753102	62.90	11752802	0	11752802	62.71	-0.19
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**11753202**	**0**	**11753202**	**62.90**	**11752902**	**0**	**11752902**	**62.71**	**-0.19**
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	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 A=A(1)+A(2)	**11753202**	**0**	**11753202**	**62.90**	**11752902**	**0**	**11752902**	**62.71**	**-0.19**

(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	36000	36000	0.19	0	36000	36000	0.19	0.00
(b)	Financial Institutions /Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**0**	**36000**	**36000**	**0.19**	**0**	**36000**	**36000**	**0.19**	**0.00**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	321312	24701	346013	1.85	568930	24701	593631	3.17	1.32
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	1931564	1144304	3075868	16.46	1877689	1066307	2943996	15.71	-0.75
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1856801	107600	1964401	10.51	1894592	107600	2002192	10.68	0.17
(c)	Others									
	Clearing Members	49263	0	49263	0.26	4021	0	4021	0.02	-0.24
	Directors	859377	0	859377	4.60	859377	0	859377	4.59	-0.01
	Directors And Their Relatives	0	152740	152740	0.82	0	152740	152740	0.81	0.00
	NBFC	1340	0	1340	0.01	1300	0	1300	0.01	0.00
	Non Resident Indians	231798	159600	391398	2.09	209176	126900	336076	1.79	-0.30
	NRI Non-Repatriation	52657	0	52657	0.28	57424	0	57424	0.31	0.02
	Trusts	2000	0	2000	0.01	2100	0	2100	0.01	0.00
	Foreign Collaborators	0	0	0	0.00	0	0	0	0.00	0.00
	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
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	**5306112**	**1588945**	**6895057**	**36.90**	**5474609**	**1478248**	**6952857**	**37.10**	**0.20**
	Total B=B(1)+B(2):	**5306112**	**1624945**	**6931057**	**37.10**	**5474609**	**1514248**	**6988857**	**37.29**	**0.19**
	Total (A+B) :	**17059314**	**1624945**	**18684259**	**100.00**	**17227511**	**1514248**	**18741759**	**100.00**	**0.00**
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	**17059314**	**1624945**	**18684259**	**100.00**	**17227511**	**1514248**	**18741759**	**100.00**	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding as on April 1, 2018			Shareholding as on March 31, 2019			% 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	62.90	62.90	11752402	62.71	0.00	(0.19)*
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	0	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	0	0.00	0.00	0.00
8.	RHC Holdings Private Limited	100	0.00	0.00	0	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:

		Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Type	Name of the share holder	No of shares	% of total shares of the company	Date	Increase/ Decrease In shareholding	Reason	No of Shares	% of total shares of the company
Opening Balance	Rhc Holding Private Limited	100	0.00	01/04/2018			100	0.00
Sale				27/07/2018	-100	Transfer	0	0.00
Closing Balance				31/03/2019			0	0.00
Opening Balance	Malav Holdings Private Limited	100	0.00	01/04/2018			100	0.00
Sale				27/07/2018	-100	Transfer	0	0.00
Closing Balance				31/03/2019			0	0.00
Opening Balance	Oscar Investments Ltd	100	0.00	01/04/2018			100	0.00
Sale				27/07/2018	-100	Transfer	0	0.00
Closing Balance				31/03/2019			0	0.00

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

		Shareholding at the begginning of the Year					Cumulative Shareholding during the Year	
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**
Opening Balance	**Ruckmani Natarajan**	**546960**	**2.93**	**01/04/2018**			**546960**	**2.93**
Closing Balance				**31/03/2019**			546960	2.92
Opening Balance	**Rajasthan Global Securities Private Limited**	**0**	**0.00**	**01/04/2018**			**0**	**0.00**
Purchase				20/07/2018	3534	Transfer	3534	0.02
Purchase				27/07/2018	23820	Transfer	27354	0.15
Purchase				03/08/2018	6021	Transfer	33375	0.18
Purchase				10/08/2018	110	Transfer	33485	0.18
Purchase				12/10/2018	117980	Transfer	151465	0.81
Purchase				19/10/2018	960	Transfer	152425	0.81
Purchase				26/10/2018	7925	Transfer	160350	0.86
Purchase				02/11/2018	16862	Transfer	177212	0.95
Purchase				09/11/2018	1111	Transfer	178323	0.95
Purchase				16/11/2018	36359	Transfer	214682	1.15
Purchase				23/11/2018	3995	Transfer	218677	1.17
Purchase				30/11/2018	9834	Transfer	228511	1.22
Purchase				07/12/2018	3357	Transfer	231868	1.24
Purchase				14/12/2018	18170	Transfer	250038	1.33
Purchase				21/12/2018	2454	Transfer	252492	1.35
Purchase				28/12/2018	20873	Transfer	273365	1.46
Purchase				31/12/2018	51	Transfer	273416	1.46
Purchase				04/01/2019	41864	Transfer	315280	1.68
Purchase				11/01/2019	2542	Transfer	317822	1.70
Purchase				15/02/2019	7103	Transfer	324925	1.73
Purchase				22/02/2019	87	Transfer	325012	1.73
Purchase				01/03/2019	20	Transfer	325032	1.73
Purchase				15/03/2019	19806	Transfer	344838	1.84
Purchase				22/03/2019	1535	Transfer	346373	1.85
Purchase				29/03/2019	14217	Transfer	360590	1.92
Closing Balance				**31/03/2019**			360590	1.92
Opening Balance	**A M Gopalan**	**231028**	**1.24**	**01/04/2018**			**231028**	**1.24**
Closing Balance				**31/03/2019**			231028	1.23
Opening Balance	**Sunita Kantilal Vardhan**	**0**	**0.00**	**01/04/2018**			**0**	**0.00**
Purchase				27/07/2018	6175	Transfer	6175	0.03
Purchase				03/08/2018	10952	Transfer	17127	0.09
Purchase				10/08/2018	21894	Transfer	39021	0.21
Purchase				17/08/2018	22057	Transfer	61078	0.33
Purchase				24/08/2018	29221	Transfer	90299	0.48

		Shareholding at the begginning of the Year					Cumulative Shareholding during the Year	
Type	**Name of the Share Holder**	**No of Shares**	**% of total shares of the company**	**Date**	**Increase / Decrease in share holding**	**Reason**	**No of Shares**	**% of total shares of the company**
Purchase				31/08/2018	70587	Transfer	160886	0.86
Purchase				21/09/2018	724	Transfer	161610	0.86
Purchase				28/09/2018	39707	Transfer	201317	1.07
Purchase				12/10/2018	1092	Transfer	202409	1.08
Purchase				26/10/2018	765	Transfer	203174	1.08
Purchase				04/01/2019	550	Transfer	203724	1.09
Purchase				25/01/2019	418	Transfer	204142	1.09
Closing Balance				**31/03/2019**			204142	1.09
Opening Balance	**Basudeo Agrawal**	**171260**	**0.92**	**01/04/2018**			**171260**	**0.92**
Sale				31/08/2018	-55000	Transfer	116260	0.62
Sale				05/10/2018	-100000	Transfer	16260	0.09
Sale				12/10/2018	-16000	Transfer	260	0.00
Closing Balance				**31/03/2019**			260	0.00
Opening Balance	**Kumunta Munisamy**	**170000**	**0.91**	**01/04/2018**			**170000**	**0.91**
Closing Balance				**31/03/2019**			170000	0.91
Opening Balance	**T Senthil Kumaran**	**129500**	**0.69**	**01/04/2018**			**129500**	**0.69**
Sale				07/09/2018	-4534	Transfer	124966	0.67
Sale				21/09/2018	-225	Transfer	124741	0.67
Closing Balance				**31/03/2019**			124741	0.67
Opening Balance	**Rakesh Bhasin**	**119081**	**0.64**	**01/04/2018**			**119081**	**0.64**
Sale				06/04/2018	-119081	Transfer	0	0.00
Closing Balance				**31/03/2019**			0	0.00
Opening Balance	**Microsec Capital Limited**	**82822**	**0.44**	**01/04/2018**			**82822**	**0.44**
Purchase				06/04/2018	5000	Transfer	87822	0.47
Sale				13/04/2018	-20047	Transfer	67775	0.36
Purchase				20/04/2018	20097	Transfer	87872	0.47
Purchase				27/04/2018	10000	Transfer	97872	0.52
Purchase				11/05/2018	200	Transfer	98072	0.52
Sale				18/05/2018	-10100	Transfer	87972	0.47
Purchase				25/05/2018	9910	Transfer	97882	0.52
Purchase				29/06/2018	10	Transfer	97892	0.52
Sale				27/07/2018	-20	Transfer	97872	0.52
Sale				03/08/2018	-100	Transfer	97772	0.52
Sale				24/08/2018	-25000	Transfer	72772	0.39
Sale				31/08/2018	-20592	Transfer	52180	0.28
Sale				28/09/2018	-47477	Transfer	4703	0.03
Sale				05/10/2018	-4193	Transfer	510	0.00
Sale				09/11/2018	-10	Transfer	500	0.00
Closing Balance				**31/03/2019**			500	0.00
Opening Balance	**Shreyans V Mehta (Huf)**	**0**	**0.00**	**01/04/2018**			**0**	**0.00**

		Shareholding at the begginning of the Year					Cumulative Shareholding during the Year	
Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase / Decrease in share holding	Reason	No of Shares	% of total shares of the company
Purchase				06/04/2018	84053	Transfer	84053	0.45
Sale				13/04/2018	-380	Transfer	83673	0.45
Sale				20/04/2018	-45760	Transfer	37913	0.20
Sale				27/04/2018	-9496	Transfer	28417	0.15
Sale				04/05/2018	-5643	Transfer	22774	0.12
Sale				18/05/2018	-16551	Transfer	6223	0.03
Purchase				06/07/2018	865	Transfer	7088	0.04
Purchase				24/08/2018	1420	Transfer	8508	0.05
Purchase				31/08/2018	59640	Transfer	68148	0.36
Purchase				07/09/2018	200	Transfer	68348	0.37
Closing Balance				**31/03/2019**			68348	0.36

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mr. Daljit Singh, Chairman (Non-Executive Non-Independent Director)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	March 31, 2019	0	NA	Nil	–
2.	Mr. Meghraj Arvindrao Gore (Whole Time Director) (Resigned w.e.f October 1, 2018)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	October 1, 2018	0	NA	Nil	–
3.	Mr. Lakshman Teckchand Nanwani (Non-Executive Independent Director) (Resigned w.e.f August 1, 2018)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	August 1, 2018	0	NA	Nil	–
4.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	March 31, 2019	0	NA	Nil	–
5.	Dr. Nithya Ramamurthy (Non-Executive Non-Independent Director)	859377	4.60	April 1, 2018	0	NA	859377	4.60
				March 31, 2019				
6.	Mr. Rama Krishna Shetty (Non-Executive Independent Director) (Resigned w.e.f August 7, 2018)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	August 7, 2018	0	NA	Nil	–
7.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	March 31, 2019	0	NA	Nil	–
8.	Mr. Rakesh Laddha Non-Executive Non-Independent Director (resigned w.e.f. May 14, 2018)	Nil	–	April 1, 2018	0	NA	Nil	–
		Nil	–	May 14, 2018	0	NA	Nil	–

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
9.	Mr. Rahul Ranjan Non-Executive Non-Independent Director (Appointed on May 15, 2018 and resigned w.e.f August 9, 2018)	Nil	–	May 15, 2018	0	NA	Nil	–
		Nil	–	August 9, 2018	–	NA	Nil	–
10.	Mr. Akshay K Tiwari Non-Executive Non-Independent Director (Appointed on May 15, 2018 and resigned w.e.f August 9, 2018)	Nil	–	May 15, 2018	0	NA	Nil	–
		Nil	–	August 9, 2018	–	NA	Nil	–
11.	Mr. Vijayasarathy Desikan, Chief Financial Officer (Resigned w.e.f January 15, 2019)	Nil	–	April 1, 2018	–	NA	Nil	–
		Nil	–	January 15, 2019	0	NA	Nil	–
12.	Mr. Shashank Porwal, Company Secretary & Compliance Officer	Nil	–	April 1, 2018	–	NA	Nil	–
		Nil	–	March 31, 2019	–	NA	Nil	–
13	Mr. Saravanan V., Chief Financial Officer (Appointed w.e.f February 6, 2019)	Nil	–	February 6, 2019	–	NA	Nil	–
		Nil	–	March 31, 2019	–	NA	Nil	–
14	Mr. C K Nageswaran (Whole Time Director – Appointed w.e.f October 2, 2018)	Nil	–	October 2, 2018	–	NA	Nil	–
		Nil	–	March 31, 2019	–	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~~	Name of ~~MD /~~ WTD ~~/ Manager~~
			Mr. Meghraj Arvindrao Gore (1-Apr-2018 to 01-Oct-2018)	Mr. C K Nageswaran# (02-Oct-2018 to 31-Mar-2019)
			(Amount in ₹)	(Amount in ₹)
1	Gross salary			
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,31,040	24,47,896
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	16,200	NIL
	(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	*Stock Option		NIL	NIL
3	Sweat Equity		NIL	NIL
4	Commission		NIL	NIL
	-	as % of profit		
	-	others, specify		
5	Others (Leave encashment and other benefits as per the Company's Policy)		-	NIL
6	Total		43,47,270	24,47,896
7	Ceiling as per the Act		The aggregate remuneration shall be in accordance with Section 197 and Schedule V of Companies Act, 2013.	The aggregate remuneration shall be in accordance with Section 197 and Schedule V of Companies Act, 2013.

*No stock option has been granted.
Amount is considered as advanced and subject to shareholder approval.

B. Remuneration to other Directors –

Sl. No.	Name of Directors	*Particulars of Remuneration - Sitting Fees (in ₹)
1	Independent Directors	
	Mr. Lakshman Teckchand Nanwani	2,50,000
	Mr. Pejavar Murari	3,25,000
	Mr. Rama Krishna Shetty	2,00,000
	Mr. Ramesh L. Adige	5,50,000
2.	Other Non-Executive Directors	
	Mr. Daljit Singh	Nil
	Dr. Nithya Ramamurthy	1,50,000
	Mr. Rahul Ranjan	Nil
	Mr. Akshay Kumar Tiwari	Nil
	Mr. Rakesh Laddha	Nil
	Overall Ceiling as per the Act	Sitting fees is payable as per the provisions specified under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

*No commission was paid to any of the Directors for the Financial Year 2018-19.

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	Saravanan V, Chief Financial Officer
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,77,748	3,80,634
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0
2	*Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- as % of profit	NIL	NIL
	Others specify	NIL	NIL
5	Others (Leave encashment and other benefits as per the Company's Policy)	NIL	NIL
	Total	16,77,748	3,80,634

* 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, in terms of Companies Act, 2013, during the Financial Year 2018-19.**

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

Date : May 6, 2019
Place : Chennai

Daljit Singh
Chairman

ANNEXURE – IV

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

Information as per Section 134(3)(m) read with Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019 is as given below:

A. Conservation of Energy

a) Energy conservation measures taken:

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 the transport ventilator, the latest version of Arthroscopic Equipment of Smith and Nephew LENS and TURIS version 2 and a flexible fiberoptic bronchoscope.

   b) Patient Data Monitoring System: There is a real time cloud based tracking and data collection system which has now been employed in the Transplant ICU since the December 2018

   c) All these have added great value towards delivering anatomically precise, minimal access treatment thereby reducing ALOS, morbidity and overall patient outcomes

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: ₹ 1086.27 Lacs

   (ii) Expenditure: CIF Value of Imports ₹ NIL

   (iii) Others ₹ 454.25 lacs

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

Date : May 6, 2019
Place : Chennai

Daljit Singh
Chairman

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 Directors have 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 and knowledge.

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, preventive healthcare awareness through different channels of communication, remain well within the range of the policy objectives.

In fulfilment of these objectives the Company has designated a special Purpose Vehicle i.e. Fortis CSR Foundation to carry out its CSR activities. Fortis CSR Foundation ("FCSRF") is wholly owned subsidiary of Fortis Healthcare Ltd. (the holding company) and Company limited by shares not for profit registered under section 8 of the Companies Act, 2013.

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 an 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.

Overview of project/ programs undertaken / proposed to be undertaken

PROGRAM	NEED BASED FOCUS AREA	OBJECTIVE
SAVERA	Health Education and Preventive Healthcare Target Interventions are: (a) First Aid and Basic Life Support (BLS) Training (b) Awareness on health and hygiene to young children	Savera program which focuses on Health Education and preventive healthcare seeks to provide a platform to create awareness on health issues and leverage on different channels of communication. The objective is to design models on health information dissemination to reach the vulnerable sections of the community.

The policy as approved by the Board is available on the Company's web site at http://www.fortismalar.com/wp-content/uploads/2018/10/CSR-Policy-.pdf.

2. **Composition of the CSR Committee**

The Board has approved the constitution of a 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/2019/01/Corporate-Social-Responsibility-Mandate.pdf

The composition of the CSR committee as on March 31, 2019 was as follows:

i. Daljit Singh, Chairman

ii. Dr. Nithya Ramamurthy, Member

iii. Ramesh L. Adige, 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%
2018-19	746. 69 Lacs	14.93 Lacs

4. **Details of CSR spend during the Financial Year:**

a) **Total Amount to be Spent for the financial year:** 15.37 lacs (includes amount of previous years)

b) **Amount Unspent, if any:** Nil

c) **Manner in which the amount spent during the financial year under review is detailed below:**
Chart I: CSR spend measured under Section 135 of the Act (FY 2018-19)

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

FY 2018-19 - 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 CSR Foundation
2.	**Savera**	i and ii		14.93	15.37	86.02	
	TOTAL			**14.93**	**15.37**	**111.96**	

The Company has contributed the prescribed amount as per section 135 of the Companies Act towards CSR activities.

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 2018-19, the Company contributed its earlier commitments for FY (2014-15) as required under Section 135 of Companies Act, 2013.

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

C K Nageswaran
Whole Time Director

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, 2019, which are not at arm's length basis, except for entering into Memorandum of Understanding for offering discounts to the employees / Directors 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, 2019, 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 / Committee, if any	Amount paid in advance
Fortis Health Management Ltd	Associate of Holding Company (till Jan 14, 2019) Fellow Subsidiary (w.e.f jan 15, 2019)	Availing of services	Continuing Agreement	Existing hospital service agreement is a continuous agreement; ₹ 2,58,21,380/- per quarter fixed + 7.5% on Operating Income	April 16, 2018	-
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 2019 . ₹ 60,10,00,000 Interest @ 10% PA	April 16, 2018	-
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 2019, ₹ 15,77,54,027 Interest @ 11.50% PA	April 16, 2018	-

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

Date: May 6, 2019
Place: Chennai

Daljit Singh
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SECTION I

(A) INDIAN HEALTHCARE SECTOR – AN OVERVIEW

The Indian Healthcare industry is one of the largest sectors of the country both in terms of revenue and employment. The sector continues to witness a healthy growth momentum as a result of the country's robust economic performance, rising population and income levels, and the increased prevalence of chronic diseases all ensuring significant growth in the industry over the recent years. Coupled with this, the growth is further facilitated by rapid privatisation of healthcare services, particularly in secondary and tertiary healthcare services in rural and urban areas.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries reflected in the fact that the cost of surgery in India is about one-tenth of that in the US or Western Europe. This cost competitiveness and high-quality talent pool are gradually strengthening India's position as a reputed healthcare delivery destination further strengthening the growth prospects the healthcare industry in India has to offer.

The country's healthcare expenditure as a per cent of GDP has been relatively quite low. For example, in 2015 it was at 3.8% compared to the global average of 8.6%. Additionally, as per the WHO report-2013, the gap for healthcare infrastructure, remains substantial. India has 1.0 bed 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 significant opportunity to establish and expand hospital facilities in India.

The Indian government has also taken concrete steps on providing better facilities and services in the healthcare sector by implementing the 'Ayushman Bharat National Health protection Mission' in August 2018 and also launching other schemes like 'Mission Indradhanush' with an aim to improve the coverage of immunization in the country.

Given the strong market potential, investment in India's healthcare infrastructure is expected to rise, benefiting hospitals, healthcare R&D, and healthcare education in the country. According to a data released by the Indian Department of Industrial Policy and Promotion (DIPP), the healthcare industry in India attracted Foreign Direct Investment (FDI) worth over USD 6 billion between April 2000 and December 2018.

From an industry perspective, 2018 witnessed significant developments in the Indian healthcare sector. With a vast array of opportunities available and supportive FDI policies, global healthcare majors from other nations have also started investing in Indian healthcare. A number of established multispecialty hospitals and healthcare groups were taken over by large and reputed international healthcare organizations with the industry also witnessing substantial control interest and investment from globally reputed private equity organizations. On the other side, the sector witnessed price capping on certain consumables viz Cardiac Stents and Ortho implants by National Pharmaceutical Pricing Authority which has impacted the profitability of the private sector. The challenge for the industry and for the Government would be to ally together to balance the increasing demand in terms of providing quality and affordable healthcare delivery to the population along with ensuring that private healthcare organizations also flourish to further invest and grow in order to provide increased accessibility to healthcare and keep pace with medical advancements, technology and treatments to offer successful clinical outcomes and world class patient care.

(i) MARKET SIZE

Indian healthcare sector is expected to record a three-fold rise, at a CAGR of 22 per cent during 2016-2022 to reach USD 372 billion in 2022 from USD 110 billion in 2016. Rising income levels, aging population, growing health awareness, and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in future.

India ranks 145th among 195 countries in terms of quality and accessibility of healthcare. There is immense scope for enhancing healthcare services penetration in India, thus presenting ample opportunity for development of the healthcare industry. Healthcare spending as a percentage of Gross Domestic Product (GDP) is rising with the government's expenditure on the health sector having grown to 1.4% in FY18E from 1.2% in FY14. The Government of India has committed to undertake considerable investments with a plan to increase public health spending to 2.5% of the country's GDP by 2025.

(ii) GOVERNMENT INITIATIVES

To promote the Indian healthcare industry the Government of India has taken some major initiatives as follows:

- On September 23, 2018, the Government launched The Pradhan Mantri Jan Arogya Yojana (PMJAY), to provide health insurance worth Rs 500,000 (USD 7,124) to over 100 million families every year.
- Under the Union Budget 2018-19, the allocation to the Ministry of Health and Family Welfare, Government of India was increased by 11.5% to Rs 52,800 crore (approximately, USD 8 billion) on a year-on-year basis
- With a view to develop India as a global healthcare hub, the Government of India launched a centrally sponsored programme, i.e. Ayushman Bharat. The Ayushman Bharat programme comprises of two major health initiatives: (a) transformation of nearly 150,000 Sub-Centres and Primary Health Centres as Health & Wellness Centres by 2022 to provide comprehensive and quality primary care; and (b) coverage of up to INR 0.5 million per family per year for secondary and tertiary hospitalization to over 100 million poor and vulnerable families (approximately 500 million beneficiaries);
- The Government of India has also launched Mission Indradhanush with the aim of improving coverage of immunisation in the country. It aims to achieve at least 90 per cent immunisation coverage by December 2018 which will cover unvaccinated and partially vaccinated children in rural and urban areas of India.

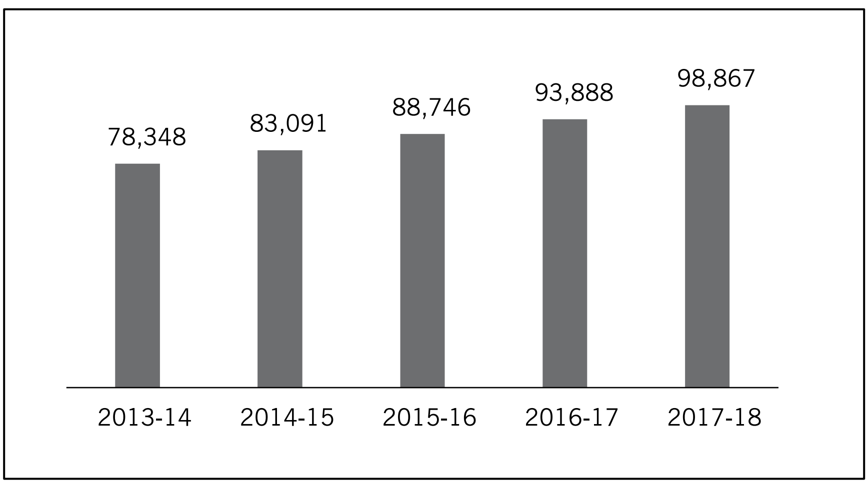
(iii) KEY GROWTH DRIVERS

India's demand for healthcare services is expected to remain strong backed by various factors that have provided adequate opportunities to the industry for potential to further grow and expand. Some of the key factors that are expected to continue to drive demand for healthcare services are stated below:

Increase in per capita income

The per capita income of India is on the rise paving the way for more demand of healthcare services which in turn will help facilitate and support the need of quality medical care that comes at a relatively higher price. The y-o-y growth in India's per capita income remained in the range of 5%-7% during the last five years as depicted in Chart below. However, an increase in per capita income does not necessarily imply that the growth and increase in healthcare expenditure will be influenced by population from a weaker economic background and is likely to be primarily led by households that have a spending capacity.

Trend in India's per capita gross domestic product (GDP) at constant market prices (in ₹)



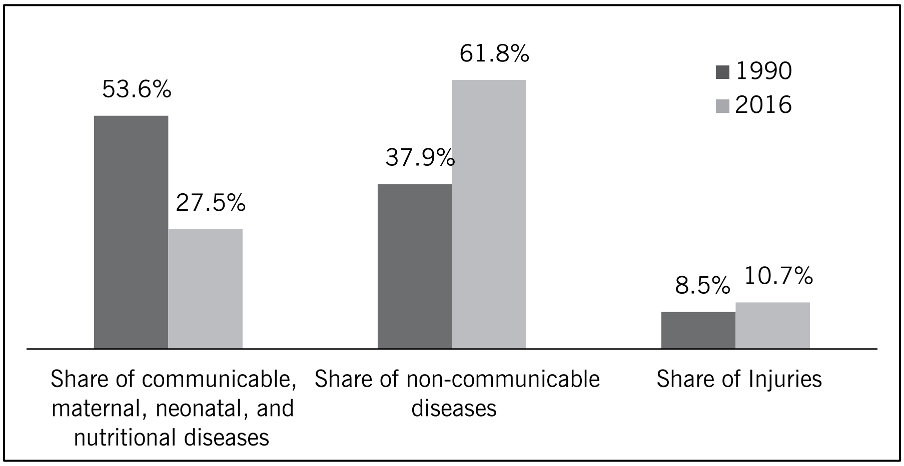
Source: CMIE, Base year 2011-12

Significant transition in disease profile of the population

Over the years, there has been a substantial change in the disease profile of Indians. As depicted in the table below, the share of communicable, maternal, neonatal, and nutritional diseases for death decreased to 27.5% in 2016 from 53.6% in 1990 and that of non-communicable diseases increased to 61.8% in 2016 from 37.9% in 1990. This represents the transition or shift in the disease profile of population which provides ample scope of opportunity as non-communicable diseases tend to be of long duration which, in turn, increases the need for healthcare services.

The rising incidence of non-communicable diseases such as hypertension, diabetes, cardio vascular diseases, behavioural problems, high cholesterol and obesity is due to an increasing job requirement, sedentary lifestyle and competitive living contributing to rising healthcare spending by individuals. Additionally, growing health awareness, precautionary treatments and improved diagnostics are likely to result in higher hospitalisations as well.

Contribution of major disease group to total deaths in India



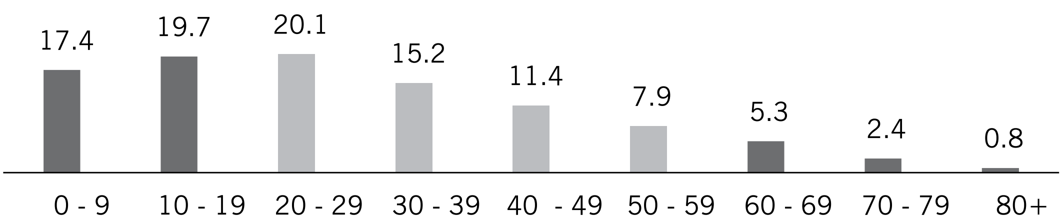
Source: Health of the Nation's States 2017: India Council of Medical Research

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 approximately 1.33 billion in 2017 and is projected to be the world's most populous country by 2024, surpassing the population of China. It is expected to become the first nation 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.

Analyzing the country's demographics, the share of India's working age group (20-59 years) is 54.6%, which is more than half of the total population in the country. The productive demographic group would want to resort to modern and efficient healthcare services for treatments instead of relying on under-equipped facilities which, in turn, would augment the need of healthcare services. Moreover, increasing income from this age group will also serve as a major source of demand for high end healthcare facilities.

Percentage distribution of estimated population by age-group, 2016



Source: National Health Profile 2018

India's Under-Represented and Under-Served Healthcare Delivery Services provides significant Opportunity

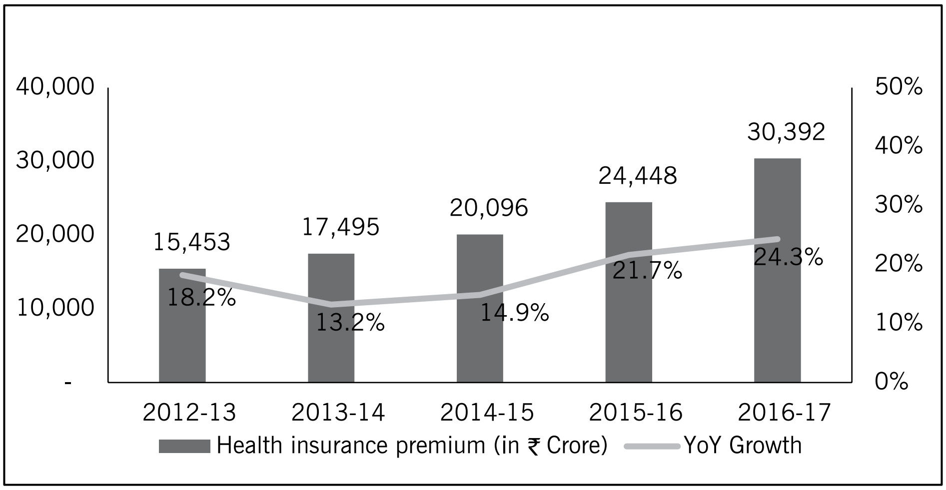
India has massive scope to enhance healthcare delivery services considering that healthcare spending as a percentage of GDP in India is a mere 4.2% as compared to the global average of over 8.5%. In terms of healthcare infrastructure, India has just 1.0 bed per 1000 people compared to world average of ~3 beds. To achieve the target of 3 beds per 1,000 people by 2025 India would need additional 3 million beds.

Furthermore, comparing the number of physicians and nurses, India has 0.7 doctors and 1.5 nurses per 1000 people compared to the global average of 2.5 doctors and 2.5 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 over USD 86 billion is required to achieve these targets.

Increase in health insurance market

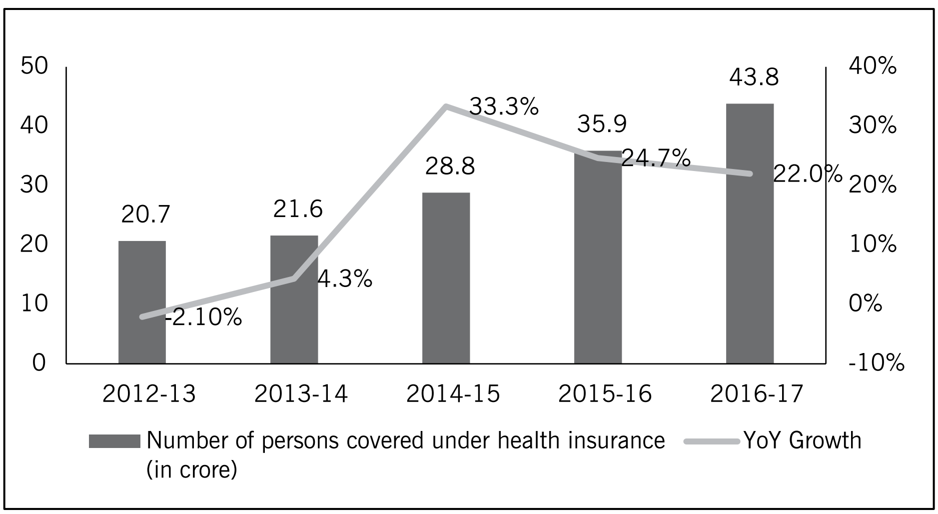
Health insurance supports the demand for healthcare services in case the insured has to undergo treatment due to illness, sickness or disease. This to an extent, covers the health expenses of an individual which eventually reduces his/her burden of healthcare costs. Therefore, an expected increase in health insurance market will drive the demand for healthcare services.

Trend in health insurance premium



Source: IRDAI

Trend in number of people covered under health insurance



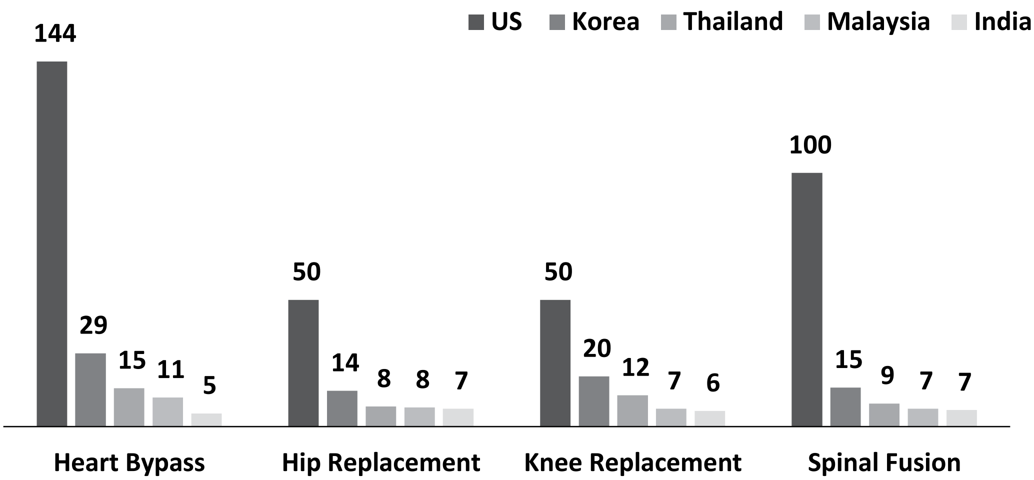
Source: IRDAI

Medical Tourism to witness significant traction

Medical tourism is one of the fastest growing segments of healthcare sector in India. Indian medical tourism market is growing at the rate of 22-25 per cent and is expected to reach USD 6.0 billion by 2018 from USD 3.0 billion in 2017. The number of Foreign Tourist Arrivals (FTAs) in India on medical visa grew 15.9 per cent year-on-year to an estimated 495,056 in 2017 from 427,014 in 2016.

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 further enhancing the prospects of the Indian healthcare market. India currently largely attracts medical tourism patients from developing and emerging economies but is gradually beginning to witness medical tourism patients from developed countries as well. This, with adequate support from the Government, could further potentially be an important factor that could contribute meaningfully for additional growth in the medical tourism industry in the country.

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

(B) OUTLOOK

An increase in demand for quality healthcare services backed by an expected rise in per capita income and health insurance market coupled with a favourable demographic situation would augur well for the growth of healthcare services in India. Moreover, a shift in disease profile of the country is likely to increase the requirement of treatments for non-communicable diseases which would also support the demand for healthcare services.

Further, the Indian healthcare sector is expected to witness increasing investment in healthcare infrastructure by both private and public sectors.

The Sector is witnessing some significant yet encouraging changes across all major segments of the industry, including hospitals, pharmaceutical, diagnostics, medical equipment, medical insurance, and telemedicine. In addition, the government has been very active with its approach towards the development of healthcare sector. According to a report of NITI Aayog, the Indian government will increase public expenditure on healthcare from 1.2% to 2.5% GDP in the next four years and to 5% in the following 5 years.

Over the last 18 months, the healthcare sector has witnessed consolidation. One of factors for consolidation is tightening of regulatory environment creating a relatively more competitive market for healthcare players. The year witnessed a) Rs 4000 Cr investment by IHH Healthcare Berhad in Fortis Healthcare through preferential allotment thus taking 31.1% stake in Fortis with a pending open offer for another 26% stake; b) KKR-backed hospital management firm Radiant Life Care acquired majority stake in Max Healthcare through a merger and c) in April 2019, TPG and Temasek-backed Manipal Hospitals submitted a binding offer of Rs 5,800 crore to acquire Medanta. The industry experts expect the industry will witness increasing partnerships between the public and private sector to ensure that the near-universal healthcare rolled out in the country becomes a ground reality. The sector may see further consolidation for the next couple of years given the rising competition and the higher investment requirements which may create pressure on sustainability of small players in the industry.

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, acquired a majority stake in Malar Hospital Limited. Thus, paving the way for superlative healthcare services.

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

HUMAN RESOURCE

Talent acquisition and retention is key to the success of any organization and during the year, your company continued to source and retain competent employees. All employees undergo an induction which enables them to understand and "live the values" of the company. Fortis Malar has a robust performance management system which helps in identifying talent, gives them appropriate opportunities and rewards performance. The company has a focused training and development program that plays a key role in ensuring that staff continue to perform at the high standards expected of them and that they are well prepared to take on greater challenges

The number of employees stood at 625 as on 31st March 2019

OPERATIONAL AND FINANCIAL PERFORMANCE

Your company achieved a consolidated income from operation of ₹ 144.59 Crores during the current year against ₹ 149.19 Crores in the last financial year ended 31st March 2018. The Profit before exceptional and extra-ordinary items and tax for the period stood at ₹ 2.79 Crores as against ₹ 5.59 Crores during the corresponding period. Profit after tax stood at ₹ 2.06 Crores in the current financial year compared to ₹ 3.32 Crores in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) decreased from ₹ 174 lacs to ₹ 168 Lacs during the current year compared to previous year. The average length of stay (ALOS) stood at 4.25 days in Financial Year 2019 compared to 4.00 days in Financial Year 2018. Occupancy of the hospital during the year was at 58% as equal to 58% in the previous year.

KEY FINANCIAL RATIOS

Ratio	2018-19	2017-18	Change%
Debtors Turnover (x)	5.04	5.68	-11%
Inventory Turnover (x)	18.20	15.26	19%
Interest Coverage Ratio (x)	Na	Na	
Current Ratio (x)	2.56	2.54	1%
Debt Equity Ratio (x)	Na	Na	
Operating Profit Margin (%)	-2%	1%	-243%
Net Profit Margin (%)	1%	2%	-36%
Return on Networth (%)	2%	3%	-39%

Return on Networth has changed from 3% to 2% and Net Profit Margin has reduced from 2% to 1% compared with previous year 31st March 2018. Revenue has declined mainly on account of increased supply of hospital beds grew in Chennai city. In the last one year, new multi-speciality hospitals have opened their doors to patients and a few specialist clinicians moved out from your hospital. Consequently, the total number of inpatients treated by your hospital declined by 10% as compared to the previous year. Average price realisation and margins declined in the Cardiac transplant business – bringing down the overall average price realisation by 4%, and overall margins by 0.9%.

Return on Networth has changed from 3% to 2% due to reduction in the Net Profit Margin.

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 management action plan for improvements on a quarterly basis. The audit committee takes note of the same and guides the management in the implementation of key actions. 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
Excellence in Diagnostic Care, KPMG & CII
IBEF, Healthcare Update, March 2019
Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference
Market Research, reports, web articles, press & media reports and others

REPORT ON CORPORATE GOVERNANCE

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

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder value while safeguarding the interest of all 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 mandatory requirements stipulated under 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]**, as applicable, with regard to corporate governance, except as mentioned in Annual Report.

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, 2019, the Board comprises of 5 (Five) Directors, of whom, 1 (One) is an Executive Director and 4 (four) are Non-Executive Directors (which includes one Woman Director). Amongst the Non-Executive Directors, 2 (two) 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 does not conform to the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on March 31, 2019. Other details relating to the Directors as on March 31, 2019 are as follows:

S. No.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]	Names of the listed entities where the person is a director and the category of directorship
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Non-Independent Director	5	0	0	-
2	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	0	0	0	-
3	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	6	3	2	1. Aban Offshore Limited (Independent Director) 2. Xpro India Limited (Independent Director, Resigned W.e.f March 31, 2019) 3. Bajaj Holdings & Investment Limited (Independent Director, Resigned W.e.f March 31, 2019) 4. Bajaj Auto Limited (Independent Director, Resigned W.e.f March 31, 2019)

S. No.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]	Names of the listed entities where the person is a director and the category of directorship
4	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	2	2	0	1. Premier Limited (Independent Director) 2. Star Union Dai-Ichi Life Insurance Company Limited (Independent Director)
5	Mr. C K Nageswaran DIN – 08236347	Whole Time Director	1	0	0	-

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

[2] Represents Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all Public Limited Companies (excluding Fortis Malar Hospitals Limited, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

In terms of SEBI LODR, below are the details of the resignations tendered by independent directors during the period under the review and the reasons thereof:

1.	Mr. L T Nanwani	He resigned w.e.f August 1, 2018 and following is the relevant extract of his resignation letter: "Due to personal reasons, I would like to tender my resignation as Independent Director from Board of the Company."
2.	Mr. R K Shetty	He resigned w.e.f August 7, 2018 and following is the relevant extract of his resignation letter: "Due to personal reasons, I hereby tender my resignation as Independent Director from Board of Fortis Malar Hospitals Limited."

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 Chairperson of more than five committees across all the listed entities in which he/she is Director. 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. Also, none of our Directors are related to each other.

Further, as per the amended SEBI LODR, the details of a matrix setting out the skills / expertise / competence of the board of directors specifying the list of core skills / expertise / competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board should be identified, Following specifications should be considered for appointing directors. These are desirable requirements and shall be considered on "best fit combination" basis across the board members instead of each individual:-

1. Educational Qualifications in respective functional domain.
2. Understanding of the corporate governance and stakeholder management frameworks.
3. Strong Financial Acumen and understanding of financial controls
4. Able to provide prudent insights on issues of strategy, performance, risk management & standards of conduct.
5. Experience / Exposure / association with healthcare industry.
6. Understanding of a multi-faceted business operation.
7. Is well networked in the industry / Functional domain

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 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. 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/2019/05/familarisation-program-2018-19.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.

During the period under review, following changes took place in Directors and Key Managerial Personnel:

a) Mr. Rahul Ranjan, and Mr. Akshay K Tiwari appointed with effect from May 15, 2018.

b) Mr. Rakesh Laddha, Mr. L T Nanwani, Mr. R K Shetty, Mr. Rahul Ranjan, and Mr. Akshay K Tiwari resigned with effect from May 14, 2018, August 1, 2018, August 7, 2018, August 9, 2018, and August 9, 2018 respectively.

c) Mr. Meghraj A. Gore resigned as Whole Time Director of the Company w.e.f October 1, 2018.

d) The Board of Directors of the Company in its meeting held on September 28, 2019 appointed Mr. C K Nageswaran as Whole Time Director w.e.f October 2, 2018 and resolution seeking Member's approval for his appointment is included in Notice convening the Annual General Meeting.

e) Mr. Vijayasarathy D. resigned as Chief Financial Officer of the Company w.e.f January 15, 2019. The Board of Directors appointed Mr. Saravanan V. as Chief Financial Officer of the Company with effect from February 6, 2019.

As per the provisions of Companies Act, 2013, Dr. Nithya Ramamurthy is liable to retire by rotation at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Dr. Nithya Ramamurthy as a director liable to retire by rotation. As required under Regulation 36 of SEBI LODR the information or details pertaining to the Directors seeking appointment/ re-appointment in the ensuing Annual General Meeting are furnished below:

(a) Dr. Nithya Ramamurthy, a Non-Executive (Non-Independent) Director, aged 67 years, is a well-known Obstetrician & Gynecologist who brings with her over 40 years of experience in the field of Obstetrics and Gynecology. Apart from performing over 10,000 Laparoscopic surgeries, she has conducted a number of CME programs for the young medical students & practitioners and also held Vaginal Pelvic Surgery Workshop jointly with Royal College of Obstetricians & Gynecologists.

Dr. Nithya is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019, 8,59,377 Equity Shares of ₹ 10 each of the Company are held by her.

Dr. Nithya does not hold any directorship in any other company.

During the financial year 2018-19, Dr. Ramamurthy attended two Board Meetings

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

Details of sittings fees and remuneration paid for rendering professional services have already been disclosed in notes to accounts.

(b) Mr. Ramesh Lakshman Adige, a Non-Executive Independent Director, aged 69 years, is a B.E. from BITS Pilani and has a Post Graduate degree from the Faculty of Management Studies, Delhi. He has 44 years of international exposure with proven track record in the areas of healthcare, pharmaceuticals, automobiles, financial services, marketing, branding, consumer durables, Global Corporate Communications, EHS, Administration, Corporate Social Responsibility, Sustainability Reporting, Intellectual Property Policy, Public Affairs, Public Policy & Higher Education. He is / was on the Board of Directors of Syndicate Bank, Premier Limited; Member of the Governing Council of T.A. Pai Management Institute, Manipal; Co-opted member of Biodiversity Foundation of NCT of Delhi; Member of Expert Committee of National Formulary of India and Chairman of PHD Rural Development Foundation.

Mr. Adige is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019, he did not hold any Equity Shares of the Company.

During the financial year 2018-19, Mr. Adige attended all six Board Meetings (Meeting dated August 8, 2018 was attended through audio call and not counted for the purpose of the quorum.)

Directorship in other Companies along with Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee):

Company	Director	Committee
Premier Limited	Independent Director	Stakeholders Relationship Committee, Member
Star Union Dai-ichi Life Insurance Company Limited	Independent Director	Audit & Ethics Committee, Member

Mr. Adige is a Non Executive Director not liable to retire by rotation. Except sitting fees, no remuneration was paid to him during the financial year 2018-19.

(c) Mr. Murari Pejavar, a Non-Executive, Independent Director, aged 84 years, is M.A. (Economics), from Madras University and had passed State Civil Services in 1955 and Indian Administrative Services in 1957 and retired as Secretary to the President of India in August, 1992. He specializes in the areas of General Industrial Administration, formulation of industrial policies, administration of public and co-operative sector industrial undertakings including sick units, health and family planning sector management, energy sector, financial administration and food processing. He was / is also adviser to President, Federation of Indian Chambers of Commerce and Industry (FICCI); Advisory Board – Great Lakes Institutes of Management (Affiliated to Kellogg School – USA), Advisory Board – Loyola Institute of Business Administration and Member of Joint Electricity Regulatory Commission (State Advisory Committee), Chennai Port Trust Advisory Committee and also Former Chairman of Centre State Relations Committee appointed by GOI.

Mr. Murari is not related to any other Director and/or Key Managerial Personnel of the Company. As on March 31, 2019,he did not hold any Equity Shares of the Company.

During the financial year 2018-19, Mr. Murari attended four Board Meetings.

Directorship in other Companies along with Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee):

Company	Director	Committee
S M V Consultants Private Limited	Director	-
ABAN Offshore Limited	Independent Director	Audit Committee, Member

Mr. Murari is a Non Executive Director not liable to retire by rotation. Except sitting fees, no remuneration was paid to him during the financial year 2018-19.

(d) Mr. Nageswaran graduated in Bachelor of Technology (B.Tech.) from IIT, Madras in 1991 and he has Post Graduate Diploma in Management from Indian Institute of Management Bangalore (IIM, Bangalore) in 1995. He has over 23 years of experience in various organization like VP and Chief Business Development Officer - TPG Wholesale Pvt Ltd., VP Operations, Managing Vishal Mega Mart stores, Business Head - Smart Retail Pvt. Ltd., VP, Zonal Business Manager, South Zone, Reliance Value Format.

Shareholding in the Company: Nil

Original date of appointment: October 2, 2018

Mr. Nageswaran is not related to any other Director / KMP of the Company.

Directorship in other Companies along with Memberships/ Chairmanships of committees of other companies as on date (includes only Audit Committee and Stakeholders Relationship Committee):

Company	Director	Committee
Malar Stars Medicare Limited	Director	-

During the financial year 2018-19, He attended two Board Meetings.

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, 2019, Six Board Meetings were held on:

i) May 15, 2018

ii) July 31, 2018

iii) August 8, 2018

iv) September 28, 2018

v) November 09, 2018

vi) February 6, 2019

The last Annual General Meeting of the Company was held on September 28, 2018. The attendance of each Director at the Board Meetings held during the year ended March 31, 2019 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	6	Yes
Mr. Lakshman Teckchand Nanwani	2	Not Applicable
Mr. Murari Pejavar	4	No
Dr. Nithya Ramamurthy	2	No
Mr. Rama Krishna Shetty	2	Not Applicable
Mr. Ramesh Lakshman Adige @	6	Yes
Mr Meghraj Arvindrao Gore@	3	Yes
Mr. Rakesh Laddha	-	Not Applicable
Mr. C K Nageswaran	2	Not Applicable
Mr. Rahul Ranjan^	2	Not Applicable
Mr. Akshay K Tiwari	2	Not Applicable

Mr. Rakesh Laddha, Mr. L T Nanwani, Mr. R K Shetty, Mr. Rahul Ranjan, Mr. Akshay K Tiwari and Mr. Meghraj A Gore resigned with effect from May 14, 2018, August 1, 2018, August 7, 2018, August 9, 2018, August 9, 2018 and October 1, 2018 respectively.

@ Mr. Adige and Mr. Gore attended a meeting dated August 8, 2018 through audio call and not counted for the purpose of the quorum.

^ Mr. Ranjan attended a meeting dated July 31, 2018 through audio visual means and recording of the same was not available, hence not counted for the purpose of the quorum.

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.

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 2018-19. 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 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 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, 2019, 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. Murari Pejavar	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/2019/01/Audit-Risk-Management-Committee-Mandate.pdf.

Meetings and Attendance during the year

During the financial year ended March 31, 2019, four meetings of Audit and Risk Management Committee were held on:

i) May 15, 2018

ii) July 31, 2018

iii) November 09, 2018

iv) February 6, 2019

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

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Daljit Singh	4
3	Mr. Lakshman Teckchand Nanwani	2
4	Mr. Murari Pejavar	4
5	Mr. Rama Krishna Shetty	2

Mr. Nanwani and Mr. Shetty resigned with effect from August 1, 2018 and August 7, 2018 respectively.

B) NOMINATION AND REMUNERATION COMMITTEE

Composition of the Committee

As on March 31, 2019, the Nomination and Remuneration Committee comprised of the following members: -

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. Murari Pejavar	Member	Non-Executive Independent Director
4	Dr. Nithya Ramamurthy	Member	Non-Executive Non-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/2019/01/Nomination-Remuneration-Committee-Mandate.pdf.

Meetings and Attendance

During the financial year ended March 31, 2019, four meetings of the Nomination and Remuneration Committee were held on:

i) May 15, 2018

ii) July 31, 2018

iii) November 09, 2018

iv) February 6, 2019

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	4
2	Mr. Rama Krishna Shetty	2
3	Mr. L T Nanwani	2
4	Mr. Daljit Singh	4
5	Mr. Murari Pejavar	2
6	Dr. Nithya Ramamurthy	1

Mr. L T Nanwani and Mr. R K Shetty resigned with effect from August 1, 2018 and August 7, 2018 respectively.

Dr. Nithya Ramamurthy became member w.e.f August 1, 2018

Mr. Murari became member w.e.f September 6, 2018.

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/2018/10/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, 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 Directors during the financial year ended March 31, 2019 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)	43,47,240	27,32,064	29,01,13	3 years w.e.f. October 01, 2016 to 01 October 2018	3 Months
Mr. C K Nageswaran*	24,47,896	-	15,43,78	3 years w.e.f. October 02, 2018	3 Months

* Amount is considered as advanced and subject to shareholder approval, forming part of the Notice calling forthcoming Annual General Meeting.

Notes:

1) No Retiral Benefits were paid to Mr. Meghraj & Mr. Nageswaran towards "Employer's PF Contribution and Gratuity" respectively.
2) No severance fees is payable on termination of contract.
3) As on March 31, 2019, Mr. Meghraj & Mr Nageswaran did not hold any equity shares in the Company.
4) No Stock options of the Company have been granted to Mr. Meghraj & Mr Nageswaran. 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 of ₹ 25,000 per meeting paid to the Non-Executive Directors for the financial year ended March 31, 2019 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, 2019
Mr. Daljit Singh	0	–
Mr. Lakshman Teckchand Nanwani	2,50,000	–
Mr. Murari Pejavar	3,25,000	–
Dr. Nithya Ramamurthy	1,50,000	8,59,377
Mr. Rama Krishna Shetty	2,00,000	–
Mr. Ramesh Lakshman Adige	5,50,000	–
Mr. Rakesh Laddha	0	–
Mr. Rahul Ranjan	0	-
Mr. Akshay Kumar Tiwari	0	-

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.

Except as stated above and as disclosed in this Annual Report including notes to Financial Statements, there was no other pecuniary relationship or transaction of the Non-Executive Director(s) vis-à-vis the Company, during the year under review. Further, none of the Non-Executive Directors are holding any convertible instrument of the Company.

C) STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition of the Committee

As on March 31, 2019, 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. C K Nageswaran (appointed w.e.f October 2, 2018)	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/2019/01/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. During the year under review, four meetings were held on

i) May 15, 2018

ii) July 31, 2018

iii) November 09, 2018

iv) February 6, 2019

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	1
4	Dr. Nithya Ramamurthy	2
5	Mr. C K Nageswaran	2

Status of Shareholders' Complaints during Financial Year 2018-19

Number of complaints pending from last year	:	0
Number of shareholders' complaints received during the year	:	275
Number of complaints not resolved to the satisfaction of shareholders	:	0
Number of pending complaints	:	2*

* As on the date of this report, these two complaints were duly resolved.

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition of the Committee

The Committee as on March 31, 2019 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. Ramesh L Adige (appointed w.e.f September 6, 2018)	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/2019/01/Corporate-Social-Responsibility-Mandate.pdf.

Meetings and Attendance during the year

The Corporate Social Responsibility Committee meets as and when required. During the year under review, three meetings were held on

i) May 15, 2018

ii) July 31, 2018

iii) November 09, 2018

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

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Daljit Singh, Chairman	3
2	Mr. Lakshman Teckchand Nanwani	2
3	Dr. Nithya Ramamurthy	1
4	Mr. Ramesh L Adige (w.e.f September 6, 2018)	1

INDEPENDENT DIRECTORS MEETING

Three meetings of Independent Directors was held during the period under review on May 15, 2018, July 31, 2018 and February 6, 2019.

The attendance of Independent Directors at the said meetings was as follows:-

Sr.	Name of Directors	No. of Meetings attended
1	Mr. Lakshman Teckchand Nanwani	2
2	Mr. Murari Pejavar	3
3	Mr. Rama Krishna Shetty	2
4	Mr. Ramesh Lakshman Adige	3

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 Malar Stars Medicare Limited, the unlisted subsidiary company. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by Malar Stars Medicare Limited were placed before the Board of Directors of the Company.

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/2019/04/Policy-On-Material-Subsidiary-Company.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2018-19, the Company has no "material non-listed subsidiary" in terms of the provisions of SEBI LODR .

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 was placed before the Board along with financial statements for the year ended March 31, 2019. 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
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	–
2017-18	September 28, 2018	10:30 A.M.	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062	Approval of modification of terms and conditions of appointment of Mr. Meghraj A. Gore as Whole Time Director

Details of resolution passed by way of Postal Ballot.

No special 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.

Postal ballot notice dated December 31, 2018 (Result declared on February 6, 2019)

Approval for Appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company to fill up the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants

For the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Mukesh Manglik, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

Summary of the results of aforementioned Postal Ballot/electronic voting process:

Item	Net Valid Votes Polled (No. of Equity Shares)	Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes)	Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes)
Ordinary Resolution for appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company to fill up the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants	11767247	11767237 (99.9999%)	10 (0.0001%)

There is no immediate proposal for passing any resolution through Postal Ballot as on the date of this report, except as per the details available in public domain.

Till the date of signing of this report, no Special Resolution is proposed to be conducted through postal ballot, unless as disclosed by the Company.

Further, resolution(s), if required, shall be passed by Postal Ballot during the year ending on 31st March 2020, as per the prescribed procedure under the Companies Act, 2013 and Listing Regulations.

Procedure for voting by Postal Ballot and E-voting

In compliance with the provisions of the SEBI LODR 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 Fintech 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, are placed before the Audit and Risk Management Committee periodically. Further, the details of all material transactions, if any, 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 new material related party transaction(s) requiring Members' approval 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/2019/03/FMHL-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/2019/04/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) **BSE Corporate Compliance and the Listing Centre:** BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others in accordance with the Listing Regulations are filed electronically.

f) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

g) **Designated Exclusive email-id:** The Company has designated the following email-id for investor servicing: secretarial.malar@malarhospitals.in. Investors can also mail their queries to Registrar and Transfer Agent at einward.ris@karvy.com.

9. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day & Date	:	Thursday, September 26, 2019
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 2019-2020 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2019	August 14, 2019
2.	Financial Reporting for the quarter ending September 30, 2019	November 14, 2019
3.	Financial Reporting for the quarter ending December 31, 2019	February 14, 2020
4.	Financial Reporting for the quarter ending March 31, 2020	May 30, 2020
5.	Annual General Meeting for the year ending March 31, 2020	On or before September 30, 2020

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 2018-19.

d) Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

e) Market Price Data

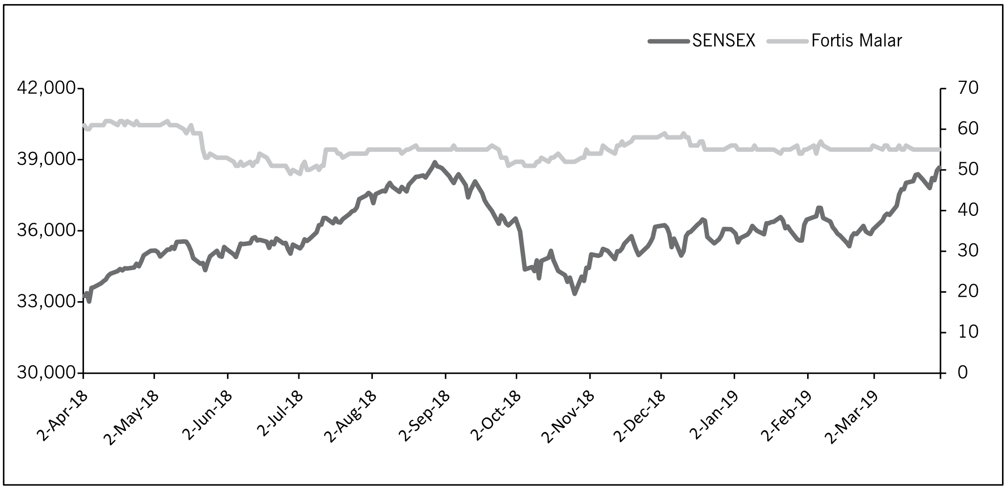
The Equity shares of the Company are listed on BSE Limited.

Monthly High and Low Quotations of Shares traded on BSE

	High	Low
Apr-18	62.2	60.5
May-18	61.8	60.5
Jun-18	54.5	49.0
Jul-18	55.5	48.6
Aug-18	55.9	54.2
Sep-18	56.3	51.5
Oct-18	54.7	51.1
Nov-18	58.4	53.7
Dec-18	58.5	54.5
Jan-19	56.5	54.1
Feb-19	56.7	54.2
Mar-19	56.4	55.0

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), as applicable, during financial year under review - Details of commodity price, risk on foreign exchange risk & hedging activity (commodity or otherwise), as applicable, during the financial year under review are provided in notes to accounts which forms part of the Annual Report. It is hereby confirmed that the Company is not involved in commodity and/or derivative market.

(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not Applicable

(i) The Company is in receipt of a certificate from M/s Mukesh Agarwal & Co., Practicing Company Secretaries certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

It is confirmed that at there was no instance during Financial Year 2018-19 when the Board had not accepted any recommendation of any committee of the Board

(k) total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

Particular of Services	Name of Auditor	Amount*
Statutory Audit Fees	B S R & Co. LLP	4,75,000
Tax Audit Fees	B S R & Co. LLP	50,000
Other Services Limited Review / OPE & GST	B S R & Co. LLP	3,87,967
Limited Review / Other Services	Deloitte Haskins & Sells LLP	6,54,900
TOTAL		15,67,867

*** On Accrual Basis.**

(l) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year - 1

b. number of complaints disposed of during the financial year - 1

c. number of complaints pending as on end of the financial year - Nil

m) Registrar and Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

n) Share Transfer System

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 half yearly certificate(s) 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.

o) Distribution of Shareholding as on March 31, 2019

Sno	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	13851	93.30	14244520.00	7.60
2	5001- 10000	478	3.22	4167430.00	2.22
3	10001- 20000	244	1.64	3765010.00	2.01
4	20001- 30000	91	0.61	2299100.00	1.23
5	30001- 40000	22	0.15	807000.00	0.43
6	40001- 50000	48	0.32	2324620.00	1.24
7	50001- 100000	53	0.36	4240970.00	2.26
8	100001& Above	59	0.40	155568940.00	83.01
	Total:	**14846**	**100.00**	**187417590.00**	**100.00**

p) Shareholding Pattern of Equity Shares as on March 31, 2019

		With Grouping		
Sno	**Description**	**No. of Cases**	**Total Shares**	**% Equity**
1	MUTUAL FUNDS	3	36000	0.19
2	TRUSTS	2	2100	0.01
3	RESIDENT INDIVIDUALS	14374	4628014	24.69
4	PROMOTERS	1	100	0.00
5	EMPLOYEES	8	104950	0.56
6	NON RESIDENT INDIANS	80	336076	1.79
7	PROMOTERS BODIES CORPORATE	5	11752802	62.71
8	CLEARING MEMBERS	8	4021	0.02
9	DIRECTORS	1	859377	4.59
10	NON RESIDENT INDIAN NON REPATRIABLE	32	57424	0.31
11	BODIES CORPORATES	113	593631	3.17
12	NBFC	1	1300	0.01
13	DIRECTORS AND THEIR RELATIVES	1	152740	0.81
14	H U F	217	213224	1.14
	Total:	**14846**	**18741759**	**100.00**

q) 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, 2019, 172,27,511 Equity shares representing 91.92% 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. Further, w.e.f April 1, 2019, as per the circular issued by SEBI, no transfer can be effected in physical form.

The Company's Equity Shares are actively traded on BSE Limited. Further, the relevant data for the average daily turnover for the financial year 2018-19 is given below:

Particulars		BSE
Average Shares Traded	Share (Nos.)	10,218
Average Annual Turnover	Value (In Crores)	0.0576

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

r) As on March 31, 2019, the Company has not issued any GDRs, ADRs, FCCBs, Warrants or any other convertible instruments.

s) Hospital Location

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

t) Lock-in of Equity shares

As on March 31, 2019 none of the shares of the Company are under Lock-in.

u) Address for Correspondence

The Company understands the significance of two-way communication with the shareholders. The Company's website is constantly updated with the latest disclosures/information as the shareholders may require from time to time. In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, Annual Report, Quarterly/Annual financial results along with the applicable policies of the Company.

For share transfer/dematerialization of shares, payment of dividend and any other query relating to shares, the shareholders may contact at the below address:

Karvy Fintech Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
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

(v) It is confirmed that the Company has not obtained any credit rating during the year under review, for any debt instruments or fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad

w) 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.

x) 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.

y) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit Report as stipulated under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018) (erstwhile 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 2018-19, 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, 2019 has been filed with the Stock Exchange within one month of end of the respective quarter.

z) 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, 2018): 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, 2019: 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.

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

ab) 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. Un-modified opinion(s) in audit report

For the Financial Year ended March 31, 2019, your Company published financial statements with unmodified audit opinion.

ac) 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.

M/s. Mukesh Agarwal & Co., Practicing Company Secretaries has audited the conditions of the Corporate Governance and after being satisfied with the compliance of the same, a certificate on compliance of the same has been issued to the Company, which forms part of 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, 2019.

Date: May 6, 2019
Place: Chennai

C K Nageswaran
Whole-time Director

<u>COMPLIANCE CERTIFICATE</u>

[For Financial Year ended on March 31, 2019]
[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. C K Nageswaran, Whole Time Director, and Mr. Saravanan V, 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, 2019 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**

Place: Chennai
Date: May 6, 2019

C K Nageswaran
Whole Time Director
DIN: 08236347

Saravanan V
Chief Financial Officer

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
FORTIS MALAR HOSPITALS LIMITED
Fortis Hospital, Sector-62, Phase-VIII,
Mohali-160062

We, **Mukesh Agarwal & Co.,**have examined the compliance of conditions of Corporate Governance by M/s Fortis Malar Hospitals Limited ("the Company") for the year ended March 31, 2019, as stipulated underregulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C,D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of above-referred 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 except following:

The Board of the Company does not comprise with the minimum number of Independent Directors as per the requirements of Regulation 17 of the Listing Regulations.

I 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 **Mukesh Agarwal & Company**

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

Place: Delhi
***Date*: 04.05.2019**

STANDALONE FINANCIALS

INDEPENDENT AUDITOR'S REPORT

To the Members of Fortis Malar Hospitals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Fortis Malar Hospitals Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

1. **Litigations and claims**

See note 36 and note 48 to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
The Company is subject to number of significant litigations and claims. These include those relating to claims made against the Company on account of medical matters, regularization of certain deviations in the construction of the Hospital and tax matters etc. There is a high level of judgment required in assessing consequential impact and disclosures thereof on the standalone financial statements.	In view of the significance of the matter we applied, amongst others, the following procedures: • Obtained understanding of the litigation, claims, provisions and contingent liabilities of the Company. • Read correspondence including those of subsequent period. • Evaluated management's judgement in respect of estimates of provision, exposures and contingencies. • In understanding, evaluating and challenging management's judgements, we considered: o the views of the Company's in-house legal counsel and, where applicable, external legal opinions o the updates to the status of the various litigations during the period under audit o outcome of previous claims and litigations o Deployed our tax specialists, the status of recent and current tax assessment and enquiries, judgmental positions taken in tax returns. • Discussed open matters with the management including but not limited to Company general counsel, tax teams, regional and financial teams. • Evaluated the appropriateness of disclosures in the financial statements.

2. Related party transactions

See note 33 to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
The Company has significant related party transactions which include inter-corporate deposits receivable as at 31 March 2019 from group companies amounting to ₹ 8,135 lakhs. We have identified this as our area of audit focus due the magnitude of the carrying amount, focus of external stakeholders and compliance with various regulations. Related party transactions require various approvals under SEBI listing requirements, Companies Act, 2013, etc. Also, disclosures in the financial statements is required to be made in accordance with accounting standards.	In view of the significance of the matter, we performed, amongst others, the following procedures: • Obtained the list of related party relationships, significant related party transactions (RPT) and carried out assessment on the key controls to identify and disclose such relationship and relevant transactions in accordance with the accounting standard. • Evaluated compliance for such related party transactions including approvals with applicable laws and regulation. • Obtained confirmation from related party with respect to transactions and balances. • Evaluated the appropriateness of disclosures in the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2018 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2018 dated 15 May 2018 expressed an unmodified opinion on those standalone financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 36 and 48 to the standalone financial statements;

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

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

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 6 May 2019

Annexure A to the Independent Auditor's Report to the members of Fortis Malar Hospitals Limited
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

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

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building. Accordingly, paragraph 3(i)(c) of the order is not applicable.

(ii) The inventories has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate to the size of the Company and the nature of its business. The discrepancies noticed on physical verification during the year were not material and have been properly dealt with in the books 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) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of provision of services and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of service tax, sales tax, duty of customs, duty of excise, value added tax and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following income tax due have not been deposited with the appropriate authorities on account of dispute:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which amount relates to	Amount involved (₹)	Amount unpaid (₹)
Income Tax Act, 1961	Income Tax	Honourable High Court of Madras	FY 2009-10	2,267,402	2,267,402

(viii) According to the information and explanations given to us, the Company has not taken any loan or borrowings from financial institutions, banks, and Government or has not issued any debentures. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 6 May 2019

Annexure B to the Independent Auditors' report on the standalone financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fortis Malar Hospitals Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 6 May 2019

STANDALONE BALANCE SHEET AS ON 31 MARCH 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	2,062.26	2,209.95
Intangible assets	5(c)	122.43	168.84
Intangible assets under development	5(b)	72.97	72.47
Financial assets			
Investment in subsidiary	6	5.00	5.00
Other financial assets	7	78.72	49.81
Deferred tax assets (net)	41(iv)	185.12	141.99
Income tax assets	8	1,207.08	859.41
Other non-current assets	9	29.92	23.97
Total non-current assets		**3,763.50**	**3,531.44**
Current assets			
Inventories	10	164.81	202.24
Financial assets			
Trade receivables	11	966.22	600.36
Cash and cash equivalents	12	503.52	1,450.78
Bank balances other than above	13	160.78	17.14
Loans	14	7,587.54	8,135.00
Other financial assets	15	1,561.73	683.23
Other current assets	16	141.66	113.28
Total current assets		**11,086.26**	**11,202.03**
Total assets		**14,849.76**	**14,733.47**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1,875.70	1,869.95
Other equity	18	8,483.73	8,289.62
Total equity		**10,359.43**	**10,159.57**
Liabilities			
Non-current liabilities			
Provisions	19	155.34	133.31
Total non-current liabilities		**155.34**	**133.31**
Current liabilities			
Financial liabilities			
Trade payables	20	2,331.15	2,497.11
Other financial liabilities	21	581.41	748.29
Provisions	22	112.53	108.52
Income tax liabilities	8	5.71	5.71
Other current liabilities	23	1,304.19	1,080.96
Total current liabilities		**4,334.99**	**4,440.59**
Total liabilities		**4,490.33**	**4,573.90**
Total equity and liabilities		**14,849.76**	**14,733.47**
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
Chairman
DIN 00135414

C.K.Nageswaran
Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	24	14,459.39	14,919.27
Other income	25	968.44	818.46
Total income		**15,427.83**	**15,737.73**
Expenses			
Purchases of medical consumables and drugs		3,302.36	3,277.29
Changes in of inventories of medical consumables and drugs	26	37.43	28.98
Employee benefits expense	27	2,314.50	2,154.40
Finance costs	28	50.90	38.47
Depreciation and amortisation expense	29	438.31	421.41
Other expenses	30	9,048.34	9,286.19
Total expenses		**15,191.84**	**15,206.74**
Profit before tax		**235.99**	**530.99**
Tax expense	31		
Current tax		109.74	262.20
Deferred tax credit		(47.42)	(45.33)
Total tax expense		**62.32**	**216.87**
Profit for the year		**173.67**	**314.12**
Other comprehensive income	32		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans		15.41	17.04
Income tax relating to items that will not be reclassified to profit or loss		(4.29)	(4.74)
Total other comprehensive income		**11.12**	**12.30**
Total comprehensive income for the year		**184.79**	**326.42**
Earnings per equity share	42		
Basic (in ₹)		0.93	1.68
Diluted (in ₹)		0.92	1.67
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
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Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Profit before tax for the year		235.99	530.99
Adjustments for:			
Interest income recognised in profit or loss		(853.83)	(810.46)
Loss on sale of assets		7.64	-
Depreciation and amortisation		438.31	421.41
Allowance for credit losses		1.99	71.68
Advances written off		16.22	-
Interest on delayed payment of income tax		-	0.00
Liabilities no longer required written back		(114.61)	(8.00)
		(268.29)	**205.62**
Movements in working capital:			
(Increase)/decrease in other current and non current financial assets		(550.47)	(241.80)
(Increase)/decrease in other current and non-current assets		(24.66)	18.58
(Increase)/decrease in trade and other receivables		(367.85)	(114.35)
(Increase)/decrease in inventories		37.43	28.98
(Increase)/decrease in provisions		37.16	28.66
Increase/ (decrease) in trade payables		(165.96)	1,099.43
Increase/ (decrease) in financial liabilities		(154.93)	623.94
Increase/ (decrease) in other current liabilities		337.84	(220.71)
Cash (used in) / generated from operations		**(1,119.73)**	**1,428.35**
Income taxes paid (net)		(453.12)	(452.92)
Net cash (used in) / generated by operating activities		**(1,572.85)**	**975.43**
Cash flows from investing activities			
Payments to acquire fixed assets		(270.59)	(368.45)
Proceeds on sale of fixed assets		0.34	-
Interest received		476.95	1,246.28
Inter corporate deposits placed with related parties		-	(2,000.00)
Inter corporate deposits repaid by related parties		547.46	869.34
Fixed deposits not considered as cash and cash equivalents		(143.64)	23.60
Net cash generated / (used in) by investing activities		**610.52**	**(229.23)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		15.07	5.24
Net cash from financing activities		**15.07**	**5.24**
Net increase / (decrease) in cash and cash equivalents		**(947.26)**	**751.44**
Cash and cash equivalents at the beginning of the year		1,450.78	699.34
Cash and cash equivalents at the end of the year	12	**503.52**	**1,450.78**
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
Chairman
DIN 00135414

C.K.Nageswaran
Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

		Note	As at 31 March 2019	As at 31 March 2018
A.	**Equity share capital**	17		
	Balance at the beginning of the year		1,869.95	1,867.95
	Changes in equity share capital during the year			
	- Issue of share capital during the year (Employee Stock Option Plan)		5.75	2.00
	Closing balance		**1,875.70**	**1,869.95**

B. Other equity

Particulars	Reserves and surplus		Other comprehensive income (OCI)	Total
	Securities Preimium	Retained Earnings	Remeasurement of defined benefit obligation	
Balance at 1 April 2017	944.67	7,041.97	(26.68)	7,959.96
Profit for the financial year 2017-18	-	314.12	-	314.12
Premium on issue of Equity Shares	3.24	-	-	3.24
Other comprehensive income for the year, net of income tax	-	-	12.30	12.30
Total comprehensive income	**3.24**	**314.12**	**12.30**	**329.66**
Balance as at 31 March 2018	**947.91**	**7,356.09**	**(14.38)**	**8,289.62**
Profit for the financial year 2018-19	-	173.67	-	173.67
Premium on issue of Equity Shares	9.32	-	-	9.32
Other comprehensive income for the year, net of income tax	-	-	11.12	11.12
Total comprehensive income	**9.32**	**173.67**	**11.12**	**194.11**
Balance as at 31 March 2019	**957.23**	**7,529.76**	**(3.26)**	**8,483.73**

Significant accounting policies 3

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
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Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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 and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company has its state of the art Hospital facility in Chennai.

2. Basis of preparation

a) Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issues thereafter, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. The accounting policies adopted in the preparation of the standalone financial statements are consistent with those followed in the previous year.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 6 May 2019.

b) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees ('INR'/'Rs'), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit assets/(liability)	Fair value of plan assets, less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these standalone financial statements, management/directors has made the following judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

a. fair valuation of financial assets (refer note 40)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

a. Useful lives of Property, plant and equipment (refer note 3.3)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

b. Measurement of defined benefit obligations: key actuarial assumptions; (refer note 3.7)

c. Recognition and measurement of income taxes and deferred taxes (refer note 3.12)

d. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; (refer note 3.8, 3.15, 36 and 48)

e. 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. (refer note 3.6)

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company’s audit committee

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 39 and 40– financial instruments.

3. Significant accounting polices

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments at fair value through OCI (FVOCI).

3.2 Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets 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.

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Financial assets: Subsequent measurement and gains and losses

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management Useful life	Useful life as per Schedule II
Plant and machinery	15 years	15 years
Medical equipment	13 years	13 years
Computers	3 years	3 years
Furniture and fittings	10 years	10 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

3.4 Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

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.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

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.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate

3.5 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

3.6 Impairment

i) Impairment of financial instruments

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit ('CGU') exceeds its estimated recoverable amount in the statement of profit and loss.

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) Defined benefit plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iv) Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

v) Contributions to provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

3.9 Revenue recognition

Sale of Services

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3.4 – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the standalone financial statements of the Company is insignificant.

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 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 if 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 the Company satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains the control of that items.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

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- Government grants

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

3.10 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.11 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset.

The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.13 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred

3.14 Earnings per share

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

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted average number of equity and dilutive equivalent shares outstanding during the period except where the results would be anti-dilutive

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 year/period presented.

3.15 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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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 standalone financial statements.

4. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new standard and amendments to existing Ind AS standards which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2019:

New Standard

Ind AS 116 – Leases

The Company will recognise new assets and liabilities for its operating leases of hostel facility, medical equipment, etc. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.Previously, the Company recognised operating lease expense on a straight-line basis, wherever applicable over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Company is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its standalone financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

Amendments to the existing standards

Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its standalone financial statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

Ind AS 23 – Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

5(a). Property, plant and equipment

Particulars	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments	Vehicles	Total
Gross block/Deemed cost							
As at 1 April 2017	161.49	2,275.32	186.28	76.53	27.35	82.12	2,809.09
Additions	21.91	250.44	22.45	16.38	29.88	-	341.06
Disposals	-	-	-	-	-	-	-
Other adjustments#	-	-	-	27.32	-	-	27.32
As at 31 March 2018	**183.40**	**2,525.76**	**208.73**	**120.23**	**57.23**	**82.12**	**3,177.47**
Additions	-	207.15	23.86	3.94	3.06	-	238.01
Disposals	3.16	23.62	-	-	-	-	26.78
As at 31 March 2019	**180.24**	**2,709.29**	**232.59**	**124.17**	**60.29**	**82.12**	**3,388.70**
Accumulated depreciation							
As at 1 April 2017	25.93	456.95	38.11	75.23	6.02	8.89	611.13
Charge for the year	15.51	282.53	21.66	18.70	7.72	10.27	356.39
Disposals	-	-	-	-	-	-	-
As at 31 March 2018	**41.44**	**739.48**	**59.77**	**93.93**	**13.74**	**19.16**	**967.52**
Charge for the year	16.27	301.78	24.00	13.64	11.76	10.27	377.72
Disposals	1.95	16.85	-	-	-	-	18.80
As at 31 March 2019	**55.76**	**1,024.41**	**83.77**	**107.57**	**25.50**	**29.43**	**1,326.44**
Net block							
As at 31 March 2018	**141.96**	**1,786.28**	**148.96**	**26.30**	**43.49**	**62.96**	**2,209.95**
As at 31 March 2019	**124.48**	**1,684.88**	**148.82**	**16.60**	**34.79**	**52.69**	**2,062.26**

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 amounting to ₹ 72.97 (Previous year ₹ 72.47). Also refer note 33.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

5(c). Intangible assets

Particulars	Software
Gross block	
As at 1 April 2017	**356.65**
Additions	-
Deletions	-
Other adjustments#	(27.32)
As at 31 March 2018	**329.33**
Additions	14.18
Deletions	-
As at 31 March 2019	**343.51**
Accumulated amortization	
As at 1 April 2017	**95.47**
Charge for the year	65.02
Deletions	-
As at 31 March 2018	**160.49**
Charge for the year	60.59
Deletions	-
As at 31 March 2019	**221.08**
Net block	
As at 31 March 2018	**168.84**
As at 31 March 2019	**122.43**

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

		As at 31 March 2019	As at 31 March 2018
6.	**Investments in subsidiary**		
	Non current		
	Unquoted investments (fully paid)		
	Investments in equity instruments		
	Malar Stars Medicare Limited [50,000 Equity Shares of Rupees 10 each]	5.00	5.00
		5.00	**5.00**
	Aggregate value of unquoted investments	5.00	5.00
7.	**Other financial assets**		
	Non current		
	Unsecured, considered good		
	Security deposits	59.51	32.91
	Advance to related parties (Refer Note 33)	19.21	16.90
		78.72	**49.81**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

		As at 31 March 2019	As at 31 March 2018
8.	**Income tax assets and liabilities**		
	Non-current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	1,207.08	859.41
		1,207.08	**859.41**
	Income tax liabilities		
	Income tax payable (net of advance income tax)	5.71	5.71
		5.71	**5.71**
9.	**Other non-current assets**		
	Unsecured		
	Capital advances	7.62	1.67
	Prepaid expenses	24.70	24.70
		32.32	**26.37**
	Provision for doubtful advances	(2.40)	(2.40)
		29.92	**23.97**
	Note:		
	- Conisdered good	29.92	23.97
	- Conisdered doubtful	2.40	2.40
		32.32	**26.37**
10.	**Inventories**		
	Medical consumables and drugs	164.81	202.24
	Total	**164.81**	**202.24**
11.	**Trade receivables**		
	Current		
	Unsecured, considered good	966.22	600.36
	Trade Receivables - credit impaired	419.33	417.34
	Less: Allowance for expected credit loss	(419.33)	(417.34)
		966.22	**600.36**
	The movement in allownace for expected credit loss is as follow:		
	Balances at 1 April	417.34	307.21
	Provision for the year (net)	1.99	110.13
	Balance at 31 March	**419.33**	**417.34**

* During the previous year Company netted provision amounting to ₹ 38.45 lakhs against revenue and is not shown seperately in other expenses as part of allowance for credit losses.

		As at 31 March 2019	As at 31 March 2018
12.	**Cash and cash equivalents**		
	Cash on hand	8.04	9.77
	Balances with banks		
	- Current accounts	292.48	1,141.01
	- Deposits with original maturity of less than three months	203.00	300.00
		503.52	**1,450.78**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

		As at 31 March 2019	As at 31 March 2018
13.	**Bank balances other than above**		
	Unpaid dividend accounts	19.47	15.89
	Deposits with original maturity of more than 3 months but less than 12 months	140.06	1.25
	Held as margin money	1.25	-
		160.78	**17.14**
14.	**Loans**		
	Secured, considered good		
	Intercorporate deposits to related parites (refer note 44)	1,577.54	-
	Unsecured, considered good		
	Intercorporate deposits to related parties (refer note 44)	6,010.00	8,135.00
	Total	**7,587.54**	**8,135.00**
15.	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Security deposits	2.61	2.61
	Interest accrued but not due on loans and deposits		
	(i) Inter corporate deposits	366.96	-
	(ii) Fixed deposit with banks	6.49	0.29
	Advances to related parties (Refer Note No. 33)	639.13	262.68
	Loans and advances to employees	33.24	13.90
	Contractually reimbursable expenses	-	16.22
	Unbilled revenue from undischarged patients	513.30	387.53
		1,561.73	**683.23**
16.	**Other current assets**		
	Current		
	Unsecured, considered good		
	Advance to vendors	40.72	31.78
	Prepaid expenses	40.16	50.71
	Service Export from India scheme licenses and accrued income	60.78	30.79
		141.66	**113.28**
17.	**Share capital**		
	Authorised Shares		
	30,000,000 (31 March 2018: 30,000,000) Equity shares of ₹ 10/- each	3,000.00	3,000.00
	Total authorised share capital	**3,000.00**	**3,000.00**
	Issued		
	18,772,259 (31 March 2018: 18,714,759) Equity shares of ₹ 10/- each	1,874.18	1,868.43
		1,874.18	**1,868.43**
	Subscribed and Paid Up		
	18,741,759 (31 March 2018: 18,684,259) Equity Shares of ₹ 10/- each fully paid up*	1,875.70	1,869.95
		1,875.70	**1,869.95**

* Include amount received on forfeited share amounting to ₹ 1.53 lakhs.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Notes :

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

Equity Shares

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number	**Amount in ₹**	**Number**	**Amount in ₹**
At the beginning of the year	18,714,759	1,869.95	18,694,759	1,867.95
Issued during the year: Employee Stock Option Plan (ESOP)	57,500	5.75	20,000	2.00
Forfeited shares (refer note 17(f))	(30,500)	-	-	-
Outstanding at the end of the year	**18,741,759**	**1,875.70**	**18,714,759**	**1,869.95**

During the year ended 31 March 2019, 57,500 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 2019 is 78,750. (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 31 March 2019**		**As at 31 March 2018**	
	Number	**In Rupees**	**Number**	**In Rupees**
Fortis Hospitals Limited, the Holding Company				
(Equity Shares of ₹ 10/- each)	11,752,402	1,175.24	11,752,402	1,175.24

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

Equity Shares

Name of Shareholder	**As at 31 March 2019**		**As at 31 March 2018**	
	No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**
Fortis Hospitals Limited, the Holding Company	11,752,402	62.71%	11,752,402	62.80%

(e) Shares reserved for issue under options

As at 31 March 2019, 78,750 equity shares (As at 31 March 2018 140,000 equity shares) of ₹ 10/- each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 37).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

(f) Forfeited shares

The Company had forfeited 30,500 equity shares of ₹ 10/- each which was ₹ 5/- partly paid up each share in the previous years due to non-payment of call money. The forfeited amount are included in equity share paid up capital.

18. Other equity

i) Reserve and surplus	As at 31 March 2019	As at 31 March 2018
Securities premium account		
Opening balance	947.91	944.67
Add : Premium on shares issued during the year	9.32	3.24
Closing balance	**957.23**	**947.91**
Surplus in the statement of profit and loss		
Opening balance	7,356.09	7,041.97
Add: Profit for the year	173.67	314.12
Closing balance	**7,529.76**	**7,356.09**
ii) Other comprehensive income		
Opening balance	**(14.38)**	(26.68)
Add: Remeasurement gain / (Loss) of defined employee benefit plans (net of taxes)	11.12	12.30
Closing balance	**(3.26)**	**(14.38)**
Total	**8,483.73**	**8,289.62**

Nature and purpose of reserve

18.a Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

18.b Analysis of item of OCI (net of tax)

(i) Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

	As at 31 March 2019	As at 31 March 2018
19. Provisions		
Non-current		
Provision for Gratuity	155.34	133.31
Total	**155.34**	**133.31**
20. Trade payables		
Current		
Dues of micro enterprises and small enterprises (refer note 43)	46.47	-
Dues of creditors other than micro enterprises and small enterprises	2,284.68	2,497.11
Total	**2,331.15**	**2,497.11**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
21. Other financial liabilities		
Currrent		
Security deposits	4.73	5.98
Unpaid equity dividend	19.47	15.89
Capital creditors	76.95	88.90
Payable to related parties (refer note 33)	480.26	637.52
Total	**581.41**	**748.29**
22. Provisions		
Current		
Provision for compensated absences	112.53	108.52
Total	**112.53**	**108.52**
23. Other current liabilities		
Advance from patients/Amounts unclaimed by patients	1,207.83	959.39
Statutory payables	96.36	121.57
Total	**1,304.19**	**1,080.96**

	Year ended 31 March 2019	Year ended 31 March 2018
24. Revenue from operations		
Sale of services (refer note below)		
In-Patient	12,668.44	13,025.92
Out-Patient	1,718.35	1,837.88
Revenue from contract with customers	**14,386.79**	**14,863.80**
Revenue disaggregation as per timing of transfer of service has been included above. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities		
Sales of medical consumables and drugs		
Medical consumables and drugs	0.04	0.17
	0.04	**0.17**
Other operating revenue		
Income from Service Export from India Scheme	30.00	30.38
Other operating income	42.56	24.92
	72.56	**55.30**
	14,459.39	**14,919.27**

Note:

Discounts and deductions amounting to ₹ 269.35 lakhs (31 March 2018- ₹ 63.45 lakhs) are netted against Sale of In-Patient and Out-Patient Services.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Contract Assets and liabilities

The following disclosure provide information about receivables, contract assets and liabilities from contract with customer:

	Year ended 31 March 2019	Year ended 31 March 2018
Receivable which are included in trade receivable (refer note 11)	966.22	600.36
Unbilled revenue from undischarged patients (refer note 15)	513.30	387.53
Advance from patients/Amounts unclaimed by patients (refer note 23)	1,207.83	959.39

	Year ended 31 March 2019	Year ended 31 March 2018
25. Other income		
Interest Income on		
Bank deposits	18.53	12.51
Inter corporate deposits	831.58	794.36
Interest on financial assets carried at amortised cost	3.72	3.59
	853.83	**810.46**
Other non-operating income		
Liabilities no longer required written back	114.61	8.00
	114.61	**8.00**
	968.44	**818.46**
26. Change in inventories of medical consumables and drugs		
Inventory at the beginning of the year	202.24	231.22
Inventory at the end of the year	164.81	202.24
	37.43	**28.98**
27. Employee benefits expense		
Salaries, wages and bonus	2,005.17	1,861.49
Contribution to provident and other funds (Refer Note 38)	141.16	138.37
Staff welfare expenses	168.17	154.54
	2,314.50	**2,154.40**
28. Finance costs		
-Credit card / bank charges	44.20	38.47
-on Others	6.70	-
	50.90	**38.47**
29. Depreciation and amortisation expense		
Depreciation of tangible assets	377.72	356.39
Amortization of intangible assets	60.59	65.02
	438.31	**421.41**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
30. Other expenses		
Contractual manpower	143.39	106.29
Power, fuel and water	318.75	282.44
Housekeeping expenses including consumables	66.40	60.04
Patient food and beverages	116.44	122.30
Pathology laboratory expenses	617.39	635.44
Consultation fees to doctors	1,177.78	1,268.98
Professional charges to doctors	2,838.61	2,988.87
Clinical establishment fee (Refer Note 46)	2,114.99	2,120.13
Repairs and maintenance		
- Building	2.87	15.31
- Plant and machinery	306.07	187.26
- Others	52.48	70.15
Rent		
- Equipments	54.85	43.36
- Hospital buildings, offices and labs	22.30	39.40
- Others	75.10	78.35
Legal and professional fee	100.73	94.40
Subscription fee	12.00	11.26
Travel and conveyance	81.24	127.03
Rates and taxes	3.96	2.01
Printing and stationery	53.61	51.60
Communication expenses	74.05	38.81
Directors' sitting fees	14.76	16.13
Insurance	70.09	63.33
Marketing and business promotion	668.60	752.59
Loss on sale of assets	7.64	-
Advances written off	16.22	-
Auditors' remuneration (Refer Note 45)	14.50	13.68
Allowance for credit losses (net)	1.99	71.68
Corporate social resposibility expenses (Refer Note 47)	15.37	18.76
Miscellaneous expenses	6.17	6.59
	9,048.34	**9,286.19**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
31. Tax expense		
Current tax (including prior years)		
In respect of the current year	109.74	246.04
In respect of prior year	-	16.16
	109.74	**262.20**
Deferred tax		
In respect of the current year	(47.42)	(67.35)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	22.02
	(47.42)	**(45.33)**
Total tax expense	**62.32**	**216.87**
32. Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 38(II)(a)]	15.41	17.04
	15.41	**17.04**

33. Related party disclosures

Names of related parties and related party relationship

Description of Relationship

Ultimate Holding Company	IHH Healthcare Berhad, Malaysia (effective from 13 November 2018)
Intermediate Holding Company	Integrated Healthcare Holdings Limited (effective from 13 November 2018) Parkway Pantai Limited, Singapore (effective from 13 November 2018) Northern TK Venture Pte Ltd, Singapore (effective from 13 November 2018) Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Subsidiary Company	Malar Stars Medicare Limited
Associate of the Holding Company	Healthfore Technologies Limited (Upto 16 February 2018) Fortis Health Management Limited (Upto 14 January 2019) International Hospital Limited (Upto 14 January 2019)
Fellow Subsidiary or Entities Under Common Control	SRL Limited Escorts Heart Institute and Research Centre Limited International Hospital Limited (effective from 15 January 2019) Fortis Health Management Limited (effective from 15 January 2019) Fortis CSR Foundation RWL Healthworld Limited (formerly known as Religare Wellness Limited) (upto 16 February 2018)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Key Management Personnel	Mr. Meghraj Arvindrao Gore, Whole time Director (Upto 01 October 2018) Mr. Coimbatore Kalyanraman Nageswaran (effective from 02 October 2018) Mr. Ramesh L Adige, Independent Director Mrs. Nithya Ramamurthy, Non-Executive Director Mr. Murari Pejavar, Non-Executive Director Mr. L.T. Nanwani, Non-Executive Director (Upto 01August 2018) Mr. R.K. Shetty, Non-Executive Director (Upto 09 August 2018) Mr. Vijayasarathy Desikan, Chief Financial Officer (Upto 15 January 2019) Mr. Saravanan Venkatesan, Chief Financial Officer (effective 06 February 2019) Mrs. Trapti (Company Secretary) (From 23 May 2017 until 07 September 2017) Mr.Shashank Porwal (Company Secretary) (Effective from 23 January 2018)
Relatives of Key Management Personnel	Mrs. Radhi Malar Mr. M. Anand

The schedule of related party transactions is as follows:

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Sale of Service	Fortis Healthcare Limited	-	72.84
	Fortis Hospitals Limited	50.99	-
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	601.11	617.93
	Escorts Heart Institute and Research Centre Limited	230.47	176.43
Mediclaim reimbursement and transfer of accumulated balance in retirement benefit	Fortis Hospitals Limited	0.43	-
Expenses			
Clinical establishment fee	Fortis Health Management Limited	2,114.99	2,120.13
Communication expenses/ R & M IT	Healthfore Technologies Limited	-	2.23
Contractual manpower	SRL Limited	11.67	10.44
Finance costs - Interest - Others	Fortis Health Management Limited	6.70	
Pathology laboratory expenses	SRL Limited	604.34	619.45
Professional charges to doctors	Malar Stars Medicare Limited	33.21	36.57
	SRL Limited	5.31	5.31
	Mrs. Nithya Ramamurthy	189.00	197.44
	Mrs. Radhi Malar	22.28	17.71
	Mr. M. Anand	36.22	29.62
Staff welfare expenses	Fortis Hospitals Limited	0.39	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Recovery of Expenses incurred on behalf of other companies	Fortis Healthcare Limited	1.76	24.18
	Fortis Hospitals Limited	-	1.94
	Malar Stars Medicare Limited	51.32	66.15
	SRL Limited	-	0.16
Reimbursement of expenses (Salaries, wages and bonus)	International Hospital Limited	0.36	-
Reimbursement of expenses incurred by other companies on behalf of the Company	Fortis Healthcare Limited	-	5.29
	Fortis Hospitals Limited	-	1.65
	Fortis Health Management Limited	305.83	268.92
	RWL Healthworld Limited	-	2.27
Mediclaim reimbursement and transfer of accumulated balance in retirement benefits	Fortis Hospitals Limited	0.03	-
Managerial remuneration (including director sitting fees)	Mr. Meghraj Arvindrao Gore	70.63	112.83
	Mr. Ramesh L Adige	5.50	4.00
	Mrs. Nithya Ramamurthy	1.50	2.50
	Mr. Murari Pejavar	3.25	1.75
	Mr. L.T. Nanwani	2.50	3.50
	Mr. R.K. Shetty	2.00	3.00
	Mr. Coimbatore Kalyanraman Nageswaran	7.98	-
	Mr. Vijayasarathy Desikan	20.30	20.62
	Mr. Saravanan Venkatesan	3.81	-
Collections done by related party on behalf of the Company	Fortis Healthcare Limited	4.61	37.71
	Fortis Hospitals Limited	769.75	119.76
Corporate social resposibility expenses	Fortis CSR Foundation	15.37	18.76
Sale of SFIS (Scrips)	Fortis Hospitals Limited	-	28.90
Collections done on behalf of related party	RWL Healthworld Limited	-	26.91
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter Corporate Deposits given	Escorts Heart Institute and Research Centre Limited	-	2,000.00
Inter Corporate Deposits repaid	Escorts Heart Institute and Research Centre Limited	547.46	700.00
	Malar Stars Medicare Limited	-	169.34
Advance for Purchase of Intangible Assets – Software	Healthfore Technologies Limited	-	12.00

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year end balances	Year ended 31 March 2019	Year ended 31 March 2018
Other Financial liabilities	SRL Limited	333.49	346.11
	Fortis Health Management Limited	146.78	597.61
	Malar Stars Medicare Limited	-	8.23
	Healthfore Technologies Limited	-	0.34
Prepaid expense	Fortis Health Management Limited	6.10	8.41
Intangible assets under development	Healthfore Technologies Limited	-	72.16
Contractually reimbursable expenses	Fortis Healthcare Limited	-	16.22
Other financial assets - current	Malar Stars Medicare Limited	13.21	-
	Fortis Healthcare Limited	28.50	96.89
	Fortis Hospitals Limited	597.43	165.79
	Fortis Health Management Limited	5.00	5.00
Other financial assets - non-current	Fortis Health Management Limited	14.21	16.90
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter corporate deposits placed	Malar Stars Medicare Limited	6,010.00	6,010.00
	Escorts Heart Institute and Research Centre Limited	1,577.54	2,125.00
Interest accrued but not due	Malar Stars Medicare Limited	269.81	-
	Escorts Heart Institute and Research Centre Limited	97.15	-

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 2019 and 31 March 2018 there are no further amounts payable to / receivable from them, other than as disclosed above.

34. Leases

Assets taken on operating lease:

The Company 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 31 March 2019, an amount of ₹ 152.25 lakhs (31 March 2018 - ₹ 161.11 lakhs) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹ 2,114.99 lakhs (31 March 2018 - ₹ 2,120.13 lakhs) towards Clinical Establishment Fee (including variable fee).

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

	As at 31 March 2019	As at 31 March 2018
Minimum lease payments :		
Not later than one year	1,149.64	1,112.06
Later than one year but not later than five years	4,965.38	4,813.85
Later than five years	4,721.06	5,631.52

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
35. Commitments		
Estimated amount of contracts remaining to be executed on capital account, net of advances		
with regard to tangible and intangible assets	25.77	146.65
Bank guarantee to Fortis Health Management Limited	-	315.00
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	1.00	-
36. Claims against the Company not acknowledged as debts		
Claims against the Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer note below)	1,098.94	1,174.17
Income tax liability that may arise in respect of matters for which the Company is under appeal	23.00	23.00

Supreme Court vide their judgment dated 28 February 2019 on Provident fund has interpreted that basic wages would include certain allowances. The Company has evaluated implications arising out of the SC judgment. Based on legal advice, the Company believes that retrospective application of the above judgement by PF authorities is remote. Accordingly, no provision has been recorded in the standalone financial statements. The Company would continue to evaluate the provision required in the books based on further clarifications from the authorities.

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 standalone 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Effective Date:

The plan was effective from 21 August 2009.

Particulars	31 March 2019		31 March 2018	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	140,000	26.20	160,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(57,500)	26.20	(20,000)	26.20
Expired during the year	3,750	-	-	-
Outstanding at the end of the year	78,750	26.20	140,000	26.20
Exercisable at the end of the year	78,750	26.20	140,000	26.20

Particulars	31 March 2019	31 March 2018
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 ₹ 91.49 lakhs (Previous year: ₹ 91.92 lakhs) 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 and is not subjected to limit in terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:		
Service cost		
- Current service cost	32.48	30.38
Net interest expense	9.81	8.49
Components of defined benefit costs recognised in profit or loss	**42.29**	**38.87**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	1.92	(0.44)
Actuarial gains and loss arising form changes in financial assumptions	-	(7.22)
Actuarial gains and loss arising form experience adjustments	(17.33)	(9.38)
Components of defined benefit costs recognised in other comprehensive income	**(15.41)**	**(17.04)**
Total	**26.88**	**21.83**

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit and 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 :

Particulars	As at 31 March 2019	As at 31 March 2018
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	315.94	287.82
2. Fair value of plan assets as at 31 March	160.60	154.51
3. Deficit	155.34	133.31
4. Current portion of the above	-	-
5. Non current portion of the above	155.34	133.31

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	287.82	263.79
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	32.48	30.38
- Interest Expense (Income)	21.27	18.78
Recognised in Other Comprehensive Income:		

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	-	(7.22)
ii. Experience Adjustments	(17.33)	(9.38)
Benefit payments	(8.55)	(3.76)
Acquisitions Credit/(Cost)	0.25	0.85
Benefits from plan Assets	-	(5.62)
Present value of defined benefit obligation at the end of the year	**315.94**	**287.82**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	154.51	140.09
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	11.46	10.29
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Return on plan assets (excluding amount included in net interest expense)	(1.92)	0.44
Contributions by employer	5.10	9.31
Benefit payments	(8.55)	(5.62)
Fair value of plan assets at the end of the year	**160.60**	**154.51**

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

Particulars	As at 31 March 2019	As at 31 March 2018
Life Insurance Corporation of India	160.60	154.51

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.50%	7.50%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%
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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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 ₹ 14.30 lakhs (increase by ₹ 15.37 lakhs) (As at 31 March 2018 ; decrease by ₹ 13.65 lakhs (increase by ₹ 14.71 lakhs).

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by ₹ 31.62 lakhs (decrease by ₹ 27.86 lakhs) (As at 31 March 2018 ; increase by ₹ 30.29 lakhs(decrease by ₹ 26.57 lakhs).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by ₹ 2.82 lakhs (increase by ₹ 2.94 lakhs) (As at 31 March 2018 ; decrease by ₹ 2.91 lakhs (increase by ₹ 3.07 lakhs).

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.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

39. Financial instruments

(I) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through equity.

(II) Categories of financial instruments

(a) Financial assets

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Measured at cost		
Investment in subsidiary	5.00	5.00
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security deposits	59.51	32.91
- Advance to related parties	19.21	16.90
- Trade receivables	966.22	600.36
- Cash and bank balances	664.30	1,467.92
- Loans	7,587.54	8,135.00
- Other financial assets	1,561.73	683.23

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

(b) Financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade payables	2,331.15	2,497.11
- Other financial liabilities	581.41	748.29

(III) Risk management framework

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

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) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances .

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of patients to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company’s trade receivables, certain loans and advances and other financial assets.

a. *Trade receivables*

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several patients that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about patients. In order to calculate the

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

The average credit period is ranging from 30 to 90 days. No overdue interest is charged. Out of the total trade receivables balance as at 31 March 2019, ₹ 489.41 lakhs is due from 1 third party service providers, 1 Government customers and 2 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2019

Ageing	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	671.63	2%	15.85	No
1-30 days past due	81.84	7%	5.68	No
31-60 days past due	25.75	12%	3.11	No
61-90 days past due	40.58	13%	5.21	No
More than 90 days past due	565.75	69%	389.48	No
	1,385.55		**419.33**	

As at 31 March 2018

Ageing	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	492.55	27%	134.75	No
1-30 days past due	194.21	28%	53.72	No
31-60 days past due	34.58	31%	10.62	No
61-90 days past due	18.11	89%	16.14	No
More than 90 days past due	278.25	73%	202.11	No
	1,017.70		**417.34**	

b. *Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)*

The Company holds cash and bank balances of ₹ 664.30 lakhs at 31 March 2019 (31 March 2018: ₹ 1,467.92 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. *Security deposits*

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

d. *Advance to employees*

This balance is primarily constituted by advances given to the employees. The Company does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

e. *SEIS receivable from Government*

This balance is primarily constituted by SEIS scrips and applications pending with authorities. The Company does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.

(V) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Weighted average interest rate	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	%	(₹)	(₹)	(₹)	(₹)
As at 31 March 2019					
- Trade Payables	NA	2,331.15	-	-	2,331.15
- Other Financial Liabilities	NA	581.41	-	-	581.41
Total		**2,912.56**	**-**	**-**	**2,912.56**
As at 31 March 2018					
- Trade Payables	NA	2,497.11	-	-	2,497.11
- Other Financial Liabilities	NA	748.29	-	-	748.29
Total		**3,245.40**	**-**	**-**	**3,245.40**

40. Fair value measurement

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

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the standalone financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets/liabilities.

41. Current tax and deferred tax

(i) Income tax expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax:		
Current income tax charge	109.74	246.04
Prior year income tax charge	-	16.16
Total	**109.74**	**262.20**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax		
Difference between book balance and tax balance of fixed assets	(28.95)	(19.70)
In respect of current year origination and reversal of temporary differences	(0.55)	(20.79)
Provision for compensated absences, gratuity and other employee benefits	(17.92)	(4.84)
Total	**(47.42)**	**(45.33)**
Total tax expense recognised in statement of profit and loss	**62.32**	**216.87**

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount	Tax Amount	Amount	Tax Amount
Profit before tax from operations	235.99		530.99	
Income tax using the Company's domestic tax rate at 27.820% (31 March 2018 : 27.82%)		65.65		175.56
Tax effect of :				
Effect of expenses that are not deductible in determining taxable profit	15.33	(3.33)	18.86	3.13
Adjustments recognised in the current year in relation to the current tax of prior years.		-	-	16.16
Effect of change in tax rate		-		22.02
Total tax expense	**251.32**	**62.32**	**549.85**	**216.87**

(iii) Income tax on other comprehensive income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax		
Remeasurements of defined benefit plans	(4.29)	(4.74)
Total	**(4.29)**	**(4.74)**

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

Particulars	Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	110.87	17.92	(4.29)	124.50
Allowance for credit losses/Others	117.61	0.55	-	118.16
	228.48	**18.47**	**(4.29)**	**242.66**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	86.49	(28.95)	-	57.54
	86.49	**(28.95)**	**-**	**57.54**
Net deferred tax asset / (liability)	**141.99**	**47.42**	**(4.29)**	**185.12**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	110.77	4.84	(4.74)	110.87
Allowance for credit losses/Others	96.82	20.79	-	117.61
	207.59	**25.63**	**(4.74)**	**228.48**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	106.19	(19.70)	-	86.49
	106.19	**(19.70)**	**-**	**86.49**
Net deferred tax asset / (liability)	**101.40**	**45.33**	**(4.74)**	**141.99**

42. Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit after tax - ₹	173.67	314.12
Weighted average number of equity shares (No's.):		
Weighted average number of equity shares for calculating Basic EPS	18,718,958	18,712,732
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	53,993	79,050
WANES for calculating diluted EPS	18,772,950	18,791,782
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	0.93	1.68
- Diluted - in ₹	0.92	1.67
Face value per share - in ₹	10.00	10.00

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

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 28 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the standalone financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars*	As at 31 March 2019	As at 31 March 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	46.47	24.07
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

44. 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:

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2019
Malar Stars Medicare Limited	10.00%	Half yearly	Unsecured	6,010.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Secured	1,577.54

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2018
Malar Stars Medicare Limited	10.00%	Half yearly	Unsecured	6,010.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Unsecured	2,125.00

Particulars	Relation	Maximum amount outstanding during the year	
		31 March 2019	31 March 2018
Malar Stars Medicare Limited	Subsidiary	6,010.00	6,179.34
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	2,125.00	2,125.00
Total		**8,135.00**	**8,304.34**

* The above inter corporate deposits placed to Escorts Heart Institute and Research Centre Limited are secured through corporate guarantee issued by Fortis Healthcare Limited on 11 May 2018. As per Guarantee agreement executed, amount payable by Escorts Heart Institute and Research Centre Limited including interest if any till 30 June 2019, on default shall be repayable by Fortis Healthcare Limited to the Company.

Note:

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

45 Payments to auditors

Particulars	31 March 2019	31 March 2018
For Statutory audit	3.75	7.50
For Tax audit	0.50	0.50
For other services *	7.05	2.60
For GST on professional services	2.19	1.91
For reimbursement of expenses	1.00	1.17
	14.50	**13.68**

* (includes INR 6.55 lakhs paid to auditors other then B S R & Co. LLP (March 31, 2018: INR 13.68 lakhs))

46 Clinical establishment fees

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

47 Corporate social responsibility

During the year, the Company incurred an aggregate amount of ₹ 15.37 lakhs (Previous year : ₹ 18.76 lakhs) 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: ₹ 15.04 Lakhs (31 March 2018: 19.09 Lakhs)

Amount spent by the Company during the year on:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount Paid	Yet to be paid	Amount Paid	Yet to be paid
Fortis CSR Foundation	15.37	-	18.76	0.33
Total	**15.37**	**-**	**18.76**	**0.33**

48. 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 31 March 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/ going concern as the Company has fair chance of success in the aforesaid Appeal / writ petition.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

49. Status of composite scheme of arrangement and amalgamation

The Board of Directors of the Company at its meeting held on 19 August 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"), which was then by way of Resolution Passed by Circulation on 14 December 2017 , was approved for the extension of the Long Stop Date to 30 June 2018 as per the Clause 61 of the Scheme. The Board of directors of the Company have approved the withdrawal of "the Composite Scheme of Arrangement and Amalgamation" (the Scheme) between the Company, Fortis Healthcare Limited and SRL Limited on 13 June 2018 and subsequently, the Company obtained necessary approval from the National Company Law Tribunal for withdrawal of the Scheme on 15 June 2018.

50. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Director to make decisions about resources to be allocated to the segments and assess their performance.

The Company is primarily engaged in only one business namely in the health care services. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these standalone financial statements are reflective of the information required by the Ind AS 108 . The Company's operations are entirely domiciled in India and as such all its noncurrent assets are located in India.

51. Subsequent event

There are no subsequent events that have occurred after the reporting period till the date of approval of these standalone financial statements.

52. Previous year comparative

Previous year standalone financial statements were audited by firm other than B S R & Co. LLP. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm current year's classification.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
Chairman
DIN 00135414

C.K.Nageswaran
Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

CONSOLIDATED FINANCIALS

INDEPENDENT AUDITOR'S REPORT

To the Members of Fortis Malar Hospitals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Fortis Malar Hospitals Limited** (hereinafter referred to as the 'Holding Company") and its subsidiary company Malar Stars Medicare Limited (Holding Company and its subsidiary company together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

1. Litigations and claims

See note 35 and note 47 to the consolidated financial statements

Key Audit Matter	**How the matter was addressed in our audit**
The Group is subject to number of significant litigations and claims. These include those relating to claims made against the Holding Company on account of medical matters, regularization of certain deviations in the construction of the Hospital and tax matters etc. There is a high level of judgment required in assessing consequential impact and disclosures thereof on the consolidated financial statements.	In view of the significance of the matter we applied, amongst others, the following procedures: • Obtained understanding of the litigation, claims, provisions and contingent liabilities of the Group. • Read correspondence including those of subsequent period. • Evaluated management's judgement in respect of estimates of provision, exposures and contingencies. • In understanding, evaluating and challenging management's judgements, we considered: o the views of the Group's in-house legal counsel and, where applicable, external legal opinions o the updates to the status of the various litigations during the period under audit o outcome of previous claims and litigations o Deployed our tax specialists, the status of recent and current tax assessment and enquiries, judgmental positions taken in tax returns. • Discussed open matters with the management including but not limited to Group general counsel, tax teams, regional and financial teams. • Evaluated the appropriateness of disclosures in the financial statements.

2. Related party transactions

See note 32 to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
The Group have significant related party transactions which include inter-corporate deposits receivable as at 31 March 2019 from group companies amounting to Rs. 7,707.54 lakhs. We have identified this as our area of audit focus due the magnitude of the carrying amount, focus of external stakeholders and compliance with various regulations. Related party transactions require various approvals under SEBI listing requirements, Companies Act, 2013, etc. Also, disclosures in the financial statements is required to be made in accordance with accounting standards.	In view of the significance of the matter, we performed, amongst others, the following procedures: • Obtained the list of related party relationships, significant related party transactions (RPT) and carried out assessment on the key controls to identify and disclose such relationship and relevant transactions in accordance with the accounting standard. • Evaluated compliance for such related party transactions including approvals with applicable laws and regulation. • Obtained confirmation from related party with respect to transactions and balances. • Evaluated the appropriateness of disclosures in the financial statements.

Other Information

The holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the holding Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 each company. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

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

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2018 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2018 dated 15 May 2018 expressed an unmodified opinion on those consolidated financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor's of its subsidiary company incorporated in India, none of the directors of the Group Companies is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer note 35 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

   iii. There has been no amount which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2019.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 6 May 2019

Annexure A to the Independent Auditors' report on the consolidated financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Fortis Malar Hospitals Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 06 May 2019

CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2019

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	2,062.26	2,209.95
Intangible assets	5(c)	122.43	168.84
Intangible assets under development	5(b)	72.97	72.47
Financial assets			
Other financial assets	6	78.72	49.81
Deferred tax assets (net)	40(iv)	186.59	143.42
Income tax assets	7	1,319.96	916.26
Other non-current assets	8	29.92	23.97
Total non-current assets		**3,872.85**	**3,584.72**
Current assets			
Inventories	9	164.81	202.24
Financial assets			
Trade receivables	10	966.22	600.36
Cash and cash equivalents	11	503.67	1,451.36
Bank balances other than above	12	160.78	17.14
Loans	13	7,707.54	8,255.00
Other financial assets	14	1,567.66	683.23
Other current assets	15	141.66	113.28
Total current assets		**11,212.34**	**11,322.61**
Total assets		**15,085.19**	**14,907.33**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,875.70	1,869.95
Other equity	17	8,661.91	8,434.73
Total equity		**10,537.61**	**10,304.68**
Liabilities			
Non-current liabilities			
Provisions	18	160.72	138.14
Total Non-current liabilities		**160.72**	**138.14**
Current liabilities			
Financial liabilities			
Trade payables	19	2,352.74	2,513.24
Other financial liabilities	20	581.41	740.06
Provisions	21	112.83	109.20
Income tax liabilities	7	5.71	5.71
Other current liabilities	22	1,334.17	1,096.30
Total current liabilities		**4,386.86**	**4,464.51**
Total liabilities		**4,547.58**	**4,602.65**
Total equity and liabilities		**15,085.19**	**14,907.33**
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
Chairman
DIN 00135414

C.K.Nageswaran
Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	23	14,459.39	14,919.27
Other income	24	1,011.08	844.18
Total income		**15,470.47**	**15,763.45**
Expenses			
Purchases of medical consumables and drugs		3,302.36	3,277.29
Changes in of inventories of medical consumables and drugs	25	37.43	28.98
Employee benefits expense	26	2,345.85	2,186.62
Finance costs	27	50.90	38.47
Depreciation and amortisation expense	28	438.31	421.41
Other expenses	29	9,016.55	9,251.54
Total expenses		**15,191.40**	**15,204.31**
Profit before tax		**279.07**	**559.14**
Tax expense	30		
Current tax		121.41	272.31
Deferred tax credit		(47.89)	(45.35)
Total tax expense		**73.52**	**226.96**
Profit for the year		**205.55**	**332.18**
Other comprehensive income	31		
Remeasurements of the defined benefit plans		17.03	17.57
Income tax relating to items that will not be reclassified to profit or loss		(4.71)	(4.88)
Total other comprehensive income		**12.32**	**12.69**
Total comprehensive income for the year		**217.87**	**344.87**
Total comprehensive income attributable to			
Owners of the Company		217.87	344.87
Non-controlling interests		-	-
Earnings per equity share (Face value of Rs. 10 each)	41		
Basic (in Rs.)		1.10	1.78
Diluted (in Rs.)		1.09	1.77
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

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Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Profit before tax for the year		279.07	559.14
Adjustments for:			
Interest income recognised in profit or loss		(896.47)	(836.18)
Loss on sale of assets (net)		7.64	-
Depreciation and amortisation		438.31	421.41
Allowance for credit losses		1.99	71.68
Advances written off		16.22	-
Interest on delayed payment of income tax		-	0.00
Liabilities no longer required written back		(114.61)	(8.00)
		(267.85)	**208.05**
Movements in working capital:			
(Increase)/decrease in other current and non current financial assets		(537.26)	(271.47)
(Increase)/decrease in other current and non-current assets		(24.66)	18.58
(Increase)/decrease in trade and other receivables		(367.85)	(114.35)
(Increase)/decrease in inventories		37.43	28.98
(Increase)/decrease in provisions		38.53	29.56
Increase/ (decrease) in trade payables		(160.50)	1,106.37
Increase/ (decrease) in financial liabilities		(146.70)	615.71
Increase/ (decrease) in other current liabilities		352.48	(220.43)
Cash (used in) / generated from operations		**(1,076.38)**	**1,401.00**
Income taxes paid (net)		(520.40)	(521.88)
Net cash (used in) / generated by operating activities		**(1,596.78)**	**879.12**
Cash flows from investing activities			
Payments to acquire fixed assets		(270.59)	(368.45)
Proceeds on sale of fixed assets		0.34	-
Interest received		500.45	1,488.50
Inter corporate deposits placed with related parties		-	(2,000.00)
Inter corporate deposits repaid by related parties		547.46	700.00
Fixed deposits not considered as cash and cash equivalents		(143.64)	23.60
Net cash generated / (used in) by investing activities		**634.02**	**(156.35)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		15.07	5.24
Net cash from financing activities		**15.07**	**5.24**
Net increase / (decrease) in cash and cash equivalents		**(947.69)**	**728.01**
Cash and cash equivalents at the beginning of the year		1,451.36	723.35
Cash and cash equivalents at the end of the year	11	**503.67**	**1,451.36**
Significant accounting policies	3		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
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Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

		Note	As at 31 March 2019	As at 31 March 2018
A.	**Equity share capital**	17		
	Balance at the beginning of the year		1,869.95	1,867.95
	Changes in equity share capital during the year			
	- Issue of share capital during the year (Employee Stock Option Plan)		5.75	2.00
	Closing balance		**1,875.70**	**1,869.95**

B. **Other equity**

Particulars	Reserves and surplus		Other comprehensive income (OCI)	Total
	Securities Preimium	Retained Earnings	Remeasurement of defined benefit obligation	
Balance at 1 April 2017	944.67	7,166.36	(24.41)	8,086.62
Profit for the financial year 2017-18	-	332.18	-	332.18
Premium on issue of Equity Shares	3.24	-	-	3.24
Other comprehensive income for the year, net of income tax	-	-	12.69	12.69
Balance as at 31 March 2018	**947.91**	**7,498.54**	**(11.72)**	**8,434.73**
Profit for the financial year 2018-19	-	205.55	-	205.55
Premium on issue of Equity Shares	9.31	-	-	9.31
Other comprehensive income for the year, net of income tax	-	-	12.32	12.32
Balance as at 31 March 2019	**957.22**	**7,704.09**	**0.60**	**8,661.91**

Significant accounting policies

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
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DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

1. Nature of operations

Fortis Malar Hospitals Limited ('Fortis Malar' or the 'Parent 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 and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company has its state of the art Hospital facility in Chennai.

The Parent Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Stars' or 'the subsidiary'), which was incorporated on July 7, 2009 in Chennai and is engaged in providing medical and surgical and consultancy services to the Parent Company. The Parent Company and the subsidiary are hereinafter collectively referred to as "the Group".

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issues thereafter, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

The consolidated financial statements were authorised for issue by the Parent Company's Board of Directors on 6 May 2019.

b) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit assets/(liability)	Fair value of plan assets, less present value of defined benefit obligations

d) Principles of consolidation:

The consolidated financial statements relate to the Parent Company and its subsidiary. The consolidated financial statements have been prepared on the following basis:

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

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

The details of the subsidiary considered in the preparation of these consolidated financial statements are given below:

Name of the subsidiary	Country of incorporation	Relationship	Effective ownership interest as at the balance sheet date	
			31 March 2019	**31 March 2018**
Malar Stars Medicare Limited	India	Subsidiary	100%	100%

e) Use of estimates and judgements

In preparing these consolidated financial statements, management/directors has made the following judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

a. fair valuation of financial assets (refer note 39)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

a. Useful lives of Property, plant and equipment (refer note 3.3)

b. Measurement of defined benefit obligations: key actuarial assumptions; (refer note 3.7)

c. Recognition and measurement of income taxes and deferred taxes (refer note 3.12)

d. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; (refer note 3.8, 3.15, 35 and 47)

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

f) Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Parent Company’s audit committee

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair values of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 38 – financial instruments.

3. Significant accounting polices

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments at fair value through OCI (FVOCI).

3.2 Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

– 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.

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

Financial assets: Subsequent measurement and gains and losses

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management Useful life	Useful life as per Schedule II
Plant and machinery	15 years	15 years
Medical equipment	13 years	13 years
Computers	3 years	3 years
Furniture and fittings	10 years	10 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.4 Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

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.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

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.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate

3.5 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

3.6 Impairment

i) Impairment of financial instruments

In accordance with Ind AS 109, the Group applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amountof the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit ('CGU') exceeds its estimated recoverable amount in the statement of profit and loss.

The Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) Defined benefit plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised is the period in which the absences occur.

iv) Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

v) Contributions to provident fund

Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee’s salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Group has no further obligation to the plan beyond its monthly contributions.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.9 Revenue recognition

Sale of Services

Effective April 1, 2018, the Parent Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Parent Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3.4 – Significant accounting policies – Revenue recognition in the Annual report of the Parent Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the consolidated financial statements of the Parent Company is insignificant.

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 Group 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 Group 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 the Company satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains the control of that items.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Inpatient and Outpatient Revenue

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

The Parent 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 Parent Company. Hence, they are excluded from revenue.

Export benefits- Government grants

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

3.10 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Parent Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or

- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

3.11 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset.

The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.13 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred

3.14 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its equity shares.

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weightedaverage number of equity and dilutive equivalent shares outstanding during the period except where the results would be anti-dilutive

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 year/period presented.

3.15 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 consolidated financial statements.

4. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new standard and amendments to existing Ind AS standards which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2019:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

New Standard

Ind AS 116 – Leases

The Parent Company will recognise new assets and liabilities for its operating leases of hostel facility, medical equipment, etc. The nature of expenses related to those leases will now change because the Parent Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.Previously, the Parent Company recognised operating lease expense on a straight-line basis, wherever applicable over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Parent Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Parent Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Parent Company is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its consolidated financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Amendments to the existing standards

IND AS 12- Income Taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

Ind AS 23 – Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

5(a). Property, plant and equipment

Particulars	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments	Vehicles	Total
Gross block/Deemed cost							
As at 1 April 2017	161.49	2,275.32	186.28	76.53	27.35	82.12	2,809.09
Additions	21.91	250.44	22.45	16.38	29.88	-	341.06
Disposals	-	-	-	-	-	-	-
Other adjustments#	-	-	-	27.32	-	-	27.32
As at 31 March 2018	**183.40**	**2,525.76**	**208.73**	**120.23**	**57.23**	**82.12**	**3,177.47**
Additions	-	207.15	23.86	3.94	3.06	-	238.01
Disposals	3.16	23.62	-	-	-	-	26.78
As at 31 March 2019	**180.24**	**2,709.29**	**232.59**	**124.17**	**60.29**	**82.12**	**3,388.70**
Accumulated depreciation							
As at 1 April 2017	25.93	456.95	38.11	75.23	6.02	8.89	611.13
Charge for the year	15.51	282.53	21.66	18.70	7.72	10.27	356.39
Disposals	-	-	-	-	-	-	-
As at 31 March 2018	**41.44**	**739.48**	**59.77**	**93.93**	**13.74**	**19.16**	**967.52**
Charge for the year	16.27	301.78	24.00	13.64	11.76	10.27	377.72
Disposals	1.95	16.85	-	-	-	-	18.80
As at 31 March 2019	**55.76**	**1,024.41**	**83.77**	**107.57**	**25.50**	**29.43**	**1,326.44**
Net block							
As at 31 March 2018	**141.96**	**1,786.28**	**148.96**	**26.30**	**43.49**	**62.96**	**2,209.95**
As at 31 March 2019	**124.48**	**1,684.88**	**148.82**	**16.60**	**34.79**	**52.69**	**2,062.26**

 # 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 amounting to Rs.72.97 (Previous year Rs.72.47). Also refer note 32.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

5(c). Intangible assets

Particulars	Software
Gross block	
As at 1 April 2017	**356.65**
Additions	-
Deletions	-
Other adjustments#	(27.32)
As at 31 March 2018	**329.33**
Additions	14.18
Deletions	-
As at 31 March 2019	**343.51**
Accumulated amortization	
As at 1 April 2017	**95.47**
Charge for the year	65.02
Deletions	-
As at 31 March 2018	**160.49**
Charge for the year	60.59
Deletions	-
As at 31 March 2019	**221.08**
Net block	
As at 31 March 2018	**168.84**
As at 31 March 2019	**122.43**

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

		As at 31 March 2019	As at 31 March 2018
6.	**Other financial assets**		
	Non current		
	Unsecured, considered good		
	Security deposits	59.51	32.91
	Advance to related parties (Refer Note 32)	19.21	16.90
		78.72	**49.81**
7.	**Income tax assets and liabilities**		
	Non-current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	1,319.96	916.26
		1,319.96	**916.26**
	Income tax liabilities		
	Income tax payable (net of advance income tax)	5.71	5.71
		5.71	**5.71**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

		As at 31 March 2019	As at 31 March 2018
8.	**Other non-current assets**		
	Unsecured		
	Capital advances	7.62	1.67
	Prepaid expenses	24.70	24.70
		32.32	**26.37**
	Provision for doubtful advances	(2.40)	(2.40)
		29.92	**23.97**
	Note:		
	- Conisdered good	29.92	23.97
	- Conisdered doubtful	2.40	2.40
		32.32	**26.37**
9.	**Inventories**		
	Medical consumables and drugs	164.81	202.24
	Total	**164.81**	**202.24**
10.	**Trade receivables**		
	Current		
	Unsecured, considered good	966.22	600.36
	Trade Receivables - credit impaired	419.33	417.34
	Less: Allowance for expected credit loss	(419.33)	(417.34)
		966.22	**600.36**
	The movement in allownace for expected credit loss is as follow:		
	Balances at 1 April	417.34	307.21
	Provision for the year (net)*	1.99	110.13
	Balance at 31 March	**419.33**	**417.34**

* During the previous year Company netted provision amounting to Rs. 38.45 lakhs against revenue and is not shown seperately in other expenses as part of allowance for credit losses.

		As at 31 March 2019	As at 31 March 2018
11.	**Cash and cash equivalents**		
	Cash on hand	8.04	9.77
	Balances with banks		
	- Current accounts	292.63	1,141.59
	- Deposits with original maturity of less than three months	203.00	300.00
		503.67	**1,451.36**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
12. Bank balances other than above		
Unpaid dividend accounts	19.47	15.89
Deposits with original maturity of more than 3 months but less than 12 months	140.06	1.25
Held as margin money	1.25	-
	160.78	**17.14**
13. Loans		
Secured, considered good		
Intercorporate deposits to related parites (refer note 43)	7,707.54	-
Unsecured, considered good		
Intercorporate deposits to related parties (refer note 43)	-	8,255.00
Total	**7,707.54**	**8,255.00**
14. Other financial assets		
Current		
Unsecured, considered good		
Security deposits	2.61	2.61
Interest accrued but not due on loans and deposits		
(i) Inter corporate deposits	386.10	-
(ii) Fixed deposit with banks	6.49	0.29
Advances to related parties (Refer Note No. 32)	625.92	262.68
Loans and advances to employees	33.24	13.90
Contractually reimbursable expenses	-	16.22
Unbilled revenue from undischarged patients	513.30	387.53
	1,567.66	**683.23**
15. Other current assets		
Current		
Unsecured, considered good		
Advance to vendors	40.72	31.78
Prepaid expenses	40.16	50.71
Service Export from India scheme licenses and accrued income	60.78	30.79
	141.66	**113.28**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
16. Share capital		
Authorised Shares		
30,000,000 (31 March 2018: 30,000,000) Equity shares of Rs.10/- each	3,000.00	3,000.00
Total authorised share capital	**3,000.00**	**3,000.00**
Issued		
18,772,259 (31 March 2018: 18,714,759) Equity shares of Rs.10/- each	1,874.18	1,868.43
	1,874.18	**1,868.43**
Subscribed and Paid Up		
18,741,759 (31 March 2018: 18,684,259) Equity Shares of Rs. 10/- each fully paid up*	1,875.70	1,869.95
	1,875.70	**1,869.95**

* Include amount received on forfeited share amounting to Rs. 1.53 lakhs.

Notes :

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

Equity Shares

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number	**Amount in Rs.**	**Number**	**Amount in Rs.**
At the beginning of the year	18,714,759	1,869.95	18,694,759	1,867.95
Issued during the year: Employee Stock Option Plan (ESOP)	57,500	5.75	20,000	2.00
Forfeited shares (refer note 16(f))	(30,500)	-	-	-
Outstanding at the end of the year	**18,741,759**	**1,875.70**	**18,714,759**	**1,869.95**

During the year ended 31 March 2019, 57,500 Equity Shares of Rs. 10/- each at a premium of Rs. 16.20/- each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). The balance outstanding employee stock options as at 31 March 2019 is 78,750. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

The Parent Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Parent 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 Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent 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 31 March 2019		As at 31 March 2018	
	Number	**In Rupees**	**Number**	**In Rupees**
Fortis Hospitals Limited, the Holding Company (Equity Shares of Rs.10 each)	11,752,402	1,175.24	11,752,402	1,175.24

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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

Equity Shares

Name of Shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.71%	11,752,402	62.80%

(e) Shares reserved for issue under options

As at 31 March 2019, 78,750 equity shares (As at 31 March 2018 140,000 equity shares) of Rs. 10/- each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 36).

(f) Forfeited shares

The holding Company had forfeited 30,500 equity shares of Rs. 10/- each which was Rs. 5/- partly paid up each share in the previous years due to non-payment of call money. The forfeited amount are included in equity share paid up capital.

	As at 31 March 2019	As at 31 March 2018
17. Other equity		
i) Reserve and surplus		
Securities premium account		
Opening balance	947.91	944.67
Add : Premium on shares issued during the year	9.31	3.24
Closing balance	**957.22**	**947.91**
Surplus in the statement of profit and loss		
Opening balance	7,498.54	7,166.36
Add: Profit for the year	205.55	332.18
Closing balance	**7,704.09**	**7,498.54**
ii) Other comprehensive income		
Opening balance	(11.72)	(24.41)
Add: Remeasurement gain / (Loss) of defined employee benefit plans (net of taxes)	12.32	12.69
Closing balance	**0.60**	**(11.72)**
Total	**8,661.91**	**8,434.73**

Nature and purpose of reserve

17.a Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

17.b Analysis of item of OCI (net of tax)

(i) Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
18. Provisions		
Non-current		
Provision for gratuity	160.72	138.14
Total	**160.72**	**138.14**
19. Trade payables		
Current		
Dues of micro enterprises and small enterprises (refer note 42)	46.47	-
Dues of creditors other than micro enterprises and small enterprises	2,306.27	2,513.24
Total	**2,352.74**	**2,513.24**
20. Other financial liabilities		
Currrent		
Security deposits	4.73	5.98
Unpaid equity dividend	19.47	15.89
Capital creditors	76.95	88.90
Payable to related parties (refer note no. 32)	480.26	629.29
Total	**581.41**	**740.06**
21. Provisions		
Current		
Provision for gratuity	0.30	0.68
Provision for compensated absences	112.53	108.52
Total	**112.83**	**109.20**
22. Other current liabilities		
Advance from patients/Amounts unclaimed by patients	1,207.83	959.39
Statutory payables	126.34	136.91
Total	**1,334.17**	**1,096.30**

	Year ended 31 March 2019	Year ended 31 March 2018
23. Revenue from operations		
Sale of services (refer note below)		
In-Patient	12,668.44	13,025.92
Out-Patient	1,718.35	1,837.88
Revenue from contract with customers	**14,386.79**	**14,863.80**

Revenue disaggregation as per timing of transfer of service has been included above. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Sales of medical consumables and drugs		
Medical consumables and drugs	0.04	0.17
	0.04	**0.17**
Other operating revenue		
Income from Service Export from India Scheme	30.00	30.38
Other operating income	42.56	24.92
	72.56	**55.30**
	14,459.39	**14,919.27**

Note:

Discounts and deductions amounting to Rs. 269.35 lakhs (31 March 2018- Rs.63.45 lakhs) are netted against Sale of In-Patient and Out-Patient Services.

Contract Assets and liabilities

The following disclosure provide information about receivables, contract assets and liabilities from contract with customer:

Receivable which are included in trade receivable (refer note 10)	966.22	600.36
Unbilled revenue from undischarged patients (refer note 14)	513.30	387.53
Advance from patients/Amounts unclaimed by patients (refer note 22)	1,207.83	959.39

24. Other income

Interest Income on		
Bank deposits	18.53	12.51
Inter corporate deposits	874.22	820.08
Interest on financial assets carried at amortised cost	3.72	3.59
	896.47	**836.18**
Other non-operating income		
Liabilities no longer required written back	114.61	8.00
	114.61	**8.00**
	1,011.08	**844.18**

25. Change in inventories of medical consumables and drugs

Inventory at the beginning of the year	202.24	231.22
Inventory at the end of the year	164.81	202.24
	37.43	**28.98**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
26. Employee benefits expense		
Salaries, wages and bonus	2,034.72	1,892.68
Contribution to provident and other funds (Refer Note 37)	142.96	139.40
Staff welfare expenses	168.17	154.54
	2,345.85	**2,186.62**
27. Finance costs		
Credit card / bank charges	44.20	38.47
-on Others	6.70	-
	50.90	**38.47**
28. Depreciation and amortisation expense		
Depreciation of tangible assets	377.72	356.39
Amortisation of intangible assets	60.59	65.02
	438.31	**421.41**
29. Other expenses		
Contractual manpower	143.39	106.29
Power, fuel and water	318.75	282.44
Housekeeping expenses including consumables	66.40	60.04
Patient food and beverages	116.44	122.30
Pathology laboratory expenses	617.39	635.44
Consultation fees to doctors	1,167.34	1,250.69
Professional charges to doctors	2,815.85	2,970.58
Clinical establishment fee (Refer Note 45)	2,114.99	2,120.13
Repairs and maintenance		
- Building	2.87	15.31
- Plant and machinery	306.07	187.26
- Others	52.48	70.14
Rent		
- Equipments	54.85	43.36
- Hospital buildings, offices and labs	22.30	39.40
- Others	75.10	78.35
Legal and professional fee	100.85	94.80
Subscription fee	12.00	11.26
Travel and conveyance	81.24	127.03
Rates and taxes	4.07	2.31
Printing and stationery	53.61	51.60
Communication expenses	74.05	38.81
Directors' sitting fees	14.76	16.13
Insurance	70.09	63.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Marketing and business promotion	668.60	752.59
Loss on sale of assets	7.64	-
Advances written off	16.22	-
Auditors' remuneration (Refer Note 44)	15.68	14.89
Allowance for credit losses	1.99	71.68
Corporate social resposibility expenses (Refer Note 46)	15.37	18.76
Miscellaneous expenses	6.17	6.62
	9,016.55	**9,251.54**
30. Tax expense		
Current tax (including prior years)		
In respect of the current year	121.41	255.06
In respect of prior year	-	17.25
	121.41	**272.31**
Deferred tax		
In respect of the current year	(47.89)	(72.11)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	26.76
	(47.89)	**(45.35)**
Total tax expense	**73.52**	**226.96**
31. Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 37(II)(a)]	17.03	17.57
	17.03	**17.57**

32. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	
Ultimate Holding Company	IHH Healthcare Berhad, Malaysia (effective from 13 November 2018)
Intermediate Holding Company	Integrated Healthcare Holdings Limited (effective from 13 November 2018) Parkway Pantai Limited, Singapore (effective from 13 November 2018) Northern TK Venture Pte Ltd, Singapore (effective from 13 November 2018) Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Associate of the Holding Company	Healthfore Technologies Limited (Upto 16 February 2018) Fortis Health Management Limited (Upto 14 January 2019) International Hospital Limited (Upto 14 January 2019)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Fellow Subsidiary or Entities Under Common Control	SRL Limited Escorts Heart Institute and Research Centre Limited International Hospital Limited (effective from 15 January 2019) Fortis Health Management Limited (effective from 15 January 2019) RWL Healthworld Limited (formerly known as Religare Wellness Limited) (upto 16 February 2018)
Key Management Personnel	Mr. Meghraj Arvindrao Gore, Whole time Director (Upto 01 October 2018) Mr. Coimbatore Kalyanraman Nageswaran (effecrtive from 02 October 2018) Mr. Ramesh L Adige, Independent Director Mrs. Nithya Ramamurthy, Non-Executive Director Mr. Murari Pejavar, Non-Executive Director Mr. L.T. Nanwani, Non-Executive Director (Upto 01August 2018) Mr. R.K. Shetty, Non-Executive Director (Upto 09 August 2018) Mr. Vijayasarathy Desikan, Chief Financial Officer (Upto 15 January 2019) Mr. Saravanan Venkatesan, Chief Financial Officer (effective 06 February 2019) Mrs. Trapti (Company Secretary) (From 23 May 2017 until 07 September 2017) Mr.Shashank Porwal (Company Secretary) (Effective from 23 January 2018)
Relatives of Key Management Personnel	Mrs. Radhi Malar Mr. M. Anand

The schedule of related party transactions is as follows:

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Sale of Service	Fortis Healthcare Limited	-	72.84
	Fortis Hospitals Limited	50.99	-
Interest on Inter Corporate Deposits	Escorts Heart Institute and Research Centre Limited	874.22	820.08
Mediclaim reimbursement and transfer of accumulated balance in retirement benefit	Fortis Hospitals Limited	0.43	-
Expenses			
Clinical establishment fee	Fortis Health Management Limited	2,114.99	2,120.13
Communication expenses/ R & M IT	Healthfore Technologies Limited	-	2.23
Contractual manpower	SRL Limited	11.67	10.44
Finance costs - Interest - Others	Fortis Health Management Limited	6.70	
Pathology laboratory expenses	SRL Limited	604.34	619.45
Professional charges to doctors	SRL Limited	5.31	5.31
	Mrs. Nithya Ramamurthy	189.00	197.44
	Mrs. Radhi Malar	22.28	17.71
	Mr. M. Anand	36.22	29.62

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Staff welfare expenses	Fortis Hospitals Limited	0.39	-
Recovery of Expenses incurred on behalf of other companies	Fortis Healthcare Limited	1.76	24.18
	Fortis Hospitals Limited	-	1.94
	SRL Limited	-	0.16
Reimbursement of expenses (Salaries, wages and bonus)	International Hospital Limited	0.36	-
Reimbursement of expenses incurred by other companies on behalf of the Parent Company	Fortis Healthcare Limited	-	5.29
	Fortis Hospitals Limited	-	1.65
	Fortis Health Management Limited	305.83	268.92
	RWL Healthworld Limited	-	2.27
Mediclaim reimbursement and transfer of accumulated balance in retirement benefits	Fortis Hospitals Limited	0.03	-
Managerial remuneration (including director sitting fees)	Mr. Meghraj Arvindrao Gore	70.63	112.83
	Mr. Ramesh L Adige	5.50	4.00
	Mrs. Nithya Ramamurthy	1.50	2.50
	Mr. Murari Pejavar	3.25	1.75
	Mr. L.T. Nanwani	2.50	3.50
	Mr. R.K. Shetty	2.00	3.00
	Mr. Coimbatore Kalyanraman Nageswaran	7.98	-
	Mr. Vijayasarathy Desikan	20.30	20.62
	Mr. Saravanan Venkatesan	3.81	-
Collections done by related party on behalf of the Parent Company	Fortis Healthcare Limited	4.61	37.71
	Fortis Hospitals Limited	769.75	119.76
Corporate social resposibility expenses	Fortis CSR Foundation	15.37	18.76
Sale of SFIS (Scrips)	Fortis Hospitals Limited	-	28.90
Collections done on behalf of related party	RWL Healthworld Limited	-	26.91
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter Corporate Deposits given	Escorts Heart Institute and Research Centre Limited	-	2,000.00
Inter Corporate Deposits repaid	Escorts Heart Institute and Research Centre Limited	547.46	700.00
Advance for Purchase of Intangible assets – Software	Healthfore Technologies Limited	-	12.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Other financial liability	SRL Limited	333.49	346.11
	Fortis Health Management Limited	146.78	597.61
	Healthfore Technologies Limited	-	0.34
Prepaid expense	Fortis Health Management Limited	6.10	8.41
Intangible assets under development	Healthfore Technologies Limited	-	72.16
Contractually reimbursable expenses	Fortis Healthcare Limited	-	16.22
Other financial assets - current	Fortis Healthcare Limited	28.50	96.89
	Fortis Hospitals Limited	597.43	165.79
	Fortis Health Management Limited	5.00	5.00
Other financial assets - non-current	Fortis Health Management Limited	14.21	16.90
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter corporate deposits placed	Escorts Heart Institute and Research Centre Limited	7,707.54	8,255.00
Interest accrued but not due	Escorts Heart Institute and Research Centre Limited	386.10	-

Notes:

1. The Parent 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 2019 and 31 March 2018 there are no further amounts payable to / receivable from them, other than as disclosed above.

33. Leases

Assets taken on operating lease:

The Parent Company 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 31 March 2019, an amount of Rs.152.25 lakhs (31 March 2018 - Rs.161.11 lakhs) was paid towards lease rentals and other charges for the office space/nursing accommodation and Rs.2,114.99 lakhs (31 March 2018 - Rs. 2,120.13 lakhs) towards Clinical Establishment Fee (including variable fee).

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

	As at 31 March 2019	As at 31 March 2018
Minimum lease payments :		
Not later than one year	1,149.64	1,112.06
Later than one year but not later than five years	4,965.38	4,813.85
Later than five years	4,721.06	5,631.52

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

		As at 31 March 2019	As at 31 March 2018
34.	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to tangible and intangible assets	25.77	146.65
	Bank guarantee to Fortis Health Management Limited	-	315.00
	Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	1.00	-
35.	**Claims against the Group not acknowledged as debts**		
	Claims against the Parent Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer note below)	1,098.94	1,174.17
	Income tax liability that may arise in respect of matters for which the Parent Company is under appeal	23.00	23.00

Supreme Court vide their judgment dated 28 February 2019 on Provident fund has interpreted that basic wages would include certain allowances. The Group has evaluated implications arising out of the SC judgment. Based on legal advice, the Group believes that retrospective application of the above judgement by PF authorities is remote. Accordingly, no provision has been recorded in the consolidated financial statements. The Group would continue to evaluate the provision required in the books based on further clarifications from the authorities.

Note:

The above claims are pending with various Consumer Disputes Redressal Commissions and the Parent 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 consolidated financial statements.

36. Employee stock option plan

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

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the Parent 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Effective Date:

The plan was effective from 21 August 2009.

Particulars	31 March 2019		31 March 2018	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	140,000	26.20	160,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(57,500)	26.20	(20,000)	26.20
Expired during the year	3,750		-	
Outstanding at the end of the year	78,750	26.20	140,000	26.20
Exercisable at the end of the year	78,750	26.20	140,000	26.20

Particulars	31 March 2019	31 March 2018
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	Rs. 0.00	Rs. 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.

37. Employee benefits

(I) Defined contribution plan

The Group makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme. The Group's contribution to Provident Fund aggregating Rs.91.49 lakhs (Previous year: Rs. 91.92 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined benefit plans

The Group 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 and is not subjected to limit in terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:		
Service cost		
- Current service cost	32.48	30.38
Net interest expense	9.81	8.49
Components of defined benefit costs recognised in profit or loss	**42.29**	**38.87**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	1.92	(0.44)
Actuarial gains and loss arising form changes in financial assumptions	-	(7.22)
Actuarial gains and loss arising form experience adjustments	(17.33)	(9.38)
Components of defined benefit costs recognised in other comprehensive income	**(15.41)**	**(17.04)**
Total	**26.88**	**21.83**

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit and 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 :

Particulars	As at 31 March 2019	As at 31 March 2018
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	315.94	287.82
2. Fair value of plan assets as at 31 March	160.60	154.51
3. (Surplus) / Deficit	155.34	133.31
4. Current portion of the above	-	-
5. Non current portion of the above	155.34	133.31

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	287.82	263.79
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	32.48	30.38
- Interest Expense (Income)	21.27	18.78
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
i. Financial Assumptions	-	(7.22)
ii. Experience Adjustments	(17.33)	(9.38)
Benefit payments	(8.55)	(3.76)
Acquisitions Credit/(Cost)	0.25	0.85
Benefits from plan Assets	-	(5.62)
Present value of defined benefit obligation at the end of the year	**315.94**	**287.82**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	154.51	140.09
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	11.46	10.29
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Return on plan assets (excluding amount included in net interest expense)	(1.92)	0.44
Contributions by employer	5.10	9.31
Benefit payments	(8.55)	(5.62)
Fair value of plan assets at the end of the year	**160.60**	**154.51**

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

Particulars	As at 31 March 2019	As at 31 March 2018
Life Insurance Corporation of India	160.60	154.51

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.50%	7.50%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%
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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

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 Rs. 14.30 lakhs (increase by Rs. 15.37 lakhs) (As at 31 March 2018 ; decrease by Rs. 13.65 lakhs (increase by Rs. 14.71 lakhs).

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by Rs. 31.62 lakhs (decrease by Rs. 27.86 lakhs) (As at 31 March 2018 ; increase by Rs. 30.29 lakhs(decrease by Rs. 26.57 lakhs).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by Rs. 2.82 lakhs (increase by Rs. 2.94 lakhs) (As at 31 March 2018 ; decrease by Rs. 2.91 lakhs (increase by Rs. 3.07 lakhs).

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.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

38. Financial instruments

(I) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through equity.

(II) Categories of financial instruments

(a) Financial assets

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Measured at cost		
Investment in subsidiary	-	-
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security deposits	59.51	32.91
- Advance to related parties	19.21	16.90
- Trade receivables	966.22	600.36
- Cash and bank balances	664.45	1,468.50
- Loans	7,707.54	8,255.00
- Other financial assets	1,567.66	683.23

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

(b) Financial liabilities

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade payables	2,352.74	2,513.24
- Other financial liabilities	581.41	740.06

(III) Risk management framework

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk

- Liquidity risk

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 Group.

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

(IV) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances .

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of patients to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Group's trade receivables, certain loans and advances and other financial assets.

a. *Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several patients that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Group determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about patients. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

The average credit period is ranging from 30 to 90 days. No overdue interest is charged. Out of the total trade receivables balance as at 31 March 2019, Rs. 489.41 lakhs is due from 1 third party service providers, 1 Government customers and 2 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2019

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	671.63	2%	15.85	No
1-30 days past due	81.84	7%	5.68	No
31-60 days past due	25.75	12%	3.11	No
61-90 days past due	40.58	13%	5.21	No
More than 90 days past due	565.75	69%	389.48	No
	1,385.55		**419.33**	

As at 31 March 2018

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	492.55	27%	134.75	No
1-30 days past due	194.21	28%	53.72	No
31-60 days past due	34.58	31%	10.62	No
61-90 days past due	18.11	89%	16.14	No
More than 90 days past due	278.25	73%	202.11	No
	1,017.70		**417.34**	

b. *Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)*

The Group holds cash and bank balances of Rs. 664.45 lakhs at 31 March 2019 (31 March 2018: Rs. 1,468.50 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. *Security deposits*

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Group for carrying out its operations. The Group does not expect any losses from non-performance by these counter-parties.

d. *Advance to employees*

This balance is primarily constituted by advances given to the employees. The Group does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

f. *SEIS receivable from Government*

This balance is primarily constituted by SEIS scrips and applications pending with authorities. The Parent Company does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.

(V) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Weighted average interest rate	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	%	(Rs.)	(Rs.)	(Rs.)	(Rs.)
As at 31 March 2019					
- Trade payables	NA	2,352.74	-	-	2,352.74
- Other financial liabilities	NA	581.41	-	-	581.41
Total		**2,934.15**	**-**	**-**	**2,934.15**
As at 31 March 2018					
- Trade payables	NA	2,513.24	-	-	2,513.24
- Other financial liabilities	NA	740.06	-	-	740.06
Total		**3,253.30**	**-**	**-**	**3,253.30**

39. Fair value measurement

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

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the consolidated financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets/liabilities.

40. Current tax and deferred tax

(i) Income tax expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax:		
Current income tax charge	121.41	255.06
Prior year income tax charge	-	17.25
Total	**121.41**	**272.31**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax		
Difference between book balance and tax balance of fixed assets	(28.95)	(19.70)
In respect of current year origination and reversal of temporary differences	(0.55)	(20.79)
Provision for compensated absences, gratuity and other employee benefits	(18.39)	(4.86)
Total	**(47.89)**	**(45.35)**
Total tax expense recognised in statement of profit and loss	**73.52**	**226.96**

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount	Tax Amount	Amount	Tax Amount
Profit before tax from operations	279.07		559.14	
Income tax using the Group's domestic tax rate at 27.82% (31 March 2018 : 27.82%)		77.64		184.25
Tax effect of :				
Effect of expenses that are not deductible in determining taxable profit	15.33	(4.12)	18.86	3.13
Adjustments recognised in the current year in relation to the current tax of prior years.		-	-	17.25
Effect of change in tax rate		-		22.33
Total tax expense	**294.40**	**73.52**	**578.00**	**226.96**

(iii) Income tax on other comprehensive income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax		
Remeasurements of defined benefit plans	(4.71)	(4.88)
Total	**(4.71)**	**(4.88)**

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

Particulars	Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax assets</u>				
Employee benefits	112.30	18.38	(4.71)	125.97
Allowance for credit losses/Others	117.61	0.55	-	118.16
	229.91	**18.93**	**(4.71)**	**244.13**
<u>Tax effect of items constituting deferred tax liabilities</u>				
Property, Plant and Equipment	86.49	(28.95)	-	57.54
	86.49	**(28.95)**	**-**	**57.54**
Net deferred tax asset / (liability)	**143.42**	**47.88**	**(4.71)**	**186.59**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

Particulars	Year ended 31 March 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	112.32	4.86	(4.88)	112.30
Allowance for credit losses/Others	96.82	20.79	-	117.61
	209.14	**25.65**	**(4.88)**	**229.91**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	106.19	(19.70)	-	86.49
	106.19	**(19.70)**	**-**	**86.49**
Net deferred tax asset / (liability)	**102.95**	**45.35**	**(4.88)**	**143.42**

41. Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit after tax - Rs.	205.55	332.18
Weighted average number of equity shares (No's.):		
Weighted average number of equity shares for calculating Basic EPS	18,718,958	18,712,732
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	53,993	79,050
WANES for calculating diluted EPS	18,772,950	18,791,782
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs.	1.10	1.78
- Diluted - in Rs.	1.09	1.77
Face value per share - in Rs.	10.00	10.00

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

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 28 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 (‘the Act’). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the consolidated financial statements based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

for interest from any supplier as at the balance sheet date.

Particulars*		As at 31 March 2019	As at 31 March 2018
(a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	46.47	24.07
(b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
	(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

43. 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:

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2019
Escorts Heart Institute and Research Centre Limited	10.00%	Half yearly	Secured	6,130.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Secured	1,577.54

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2018
Escorts Heart Institute and Research Centre Limited	10.00%	Half yearly	Unsecured	6,130.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Unsecured	2,125.00

Particulars	Relation	Maximum amount outstanding during the year	
		31 March 2019	31 March 2018
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	6,130.00	6,179.34
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	2,125.00	2,125.00
Total		**8,255.00**	**8,304.34**

* The above inter corporate deposits placed to Escorts Heart Institute and Research Centre Limited are secured through corporate guarantee issued by Fortis Healthcare Limited on 11 May 2018. As per Guarantee agreement executed, amount payable by Escorts Heart Institute and Research Centre Limited including interest if any till 30 June 2019, on default shall be repayable by Fortis Healthcare Limited to the Group.

Note:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

44 Payments to auditors

Particulars	31 March 2019	31 March 2018
For Statutory audit	4.75	8.50
For Tax audit	0.50	0.50
For other services *	7.05	2.60
For GST on professional services	2.37	2.09
For reimbursement of expenses	1.00	1.20
	15.68	**14.89**

* (includes INR 6.55 lakhs paid to auditors other then B S R & Co. LLP (March 31, 2018: INR 14.89 lakhs))

45 Clinical establishment fees

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 Parent Company in accordance with the agreement. Also refer note 32

46 Corporate social responsibility

During the year, the Parent Company incurred an aggregate amount of Rs.15.37 lakhs (Previous year : Rs. 18.76 lakhs) 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 Parent Company during the year: Rs. 15.04 Lakhs (31 March 2018: 19.09 Lakhs)

Amount spent by the Parent Company during the year on:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount Paid	Yet to be paid	Amount Paid	Yet to be paid
Fortis CSR Foundation	15.37	-	18.76	0.33
Total	**15.37**	**-**	**18.76**	**0.33**

47. Order / notice received from CMDA

The Parent 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 31 March 2016, CMDA has issued an Order stating that the regularization application made by the Parent Company has not been allowed. The Parent 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 Parent 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 Parent Company to restore the land to its original position within 30 days from the date of the Notice. The Parent 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 Parent Company to provide ramp facility for easy evacuation of patients. The Parent 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

The Parent 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/ going concern as the Parent 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 Parent Company at its meeting held on 19 August 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 Parent Company, FHL and SRL Limited ("SRL"), which was then by way of Resolution Passed by Circulation on 14 December 2017 , was approved for the extension of the Long Stop Date to 30 June 2018 as per the Clause 61 of the Scheme. The Board of directors of the Parent Company have approved the withdrawal of "the Composite Scheme of Arrangement and Amalgamation" (the Scheme) between the Parent Company, Fortis Healthcare Limited and SRL Limited on 13 June 2018 and subsequently, the Parent Company obtained necessary approval from the National Company Law Tribunal for withdrawal of the Scheme on 15 June 2018.

49. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group is primarily engaged in only one business namely in the health care services. The entity's chief operating decision maker considers the Group as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Group does not have multiple segments and these consolidated financial statements are reflective of the information required by the Ind AS 108 . The Group's operations are entirely domiciled in India and as such all its noncurrent assets are located in India.

50. Information as required by Part III of General instructions for the preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

31 March 2019

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	98%	84%	90%	85%
Amount as at 31 March 2019	10,359.43	173.67	11.12	184.79
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	1.74%	15.51%	9.74%	15.18%
Amount as at 31 March 2019	183.18	31.88	1.20	33.08
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2019	10,537.61	205.55	12.32	217.87

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts are in Indian ₹ Lakhs except share data and as stated)

31 March 2018

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	99%	95%	97%	95%
Amount as at 31 March 2018	10,159.57	314.12	12.30	326.42
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	1.46%	5.44%	3.07%	5.35%
Amount as at 31 March 2018	150.11	18.06	0.39	18.45
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2018	10,304.68	332.18	12.69	344.87

51. Subsequent event

There are no subsequent events that have occurred after the reporting period till the date of approval of these consolidated financial statements.

52. Previous year comparative

Previous year consolidated financial statements were audited by firm other than B S R & Co. LLP. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm current year's classification.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Amar Sunder
Partner
Membership No: 078305

Place : Chennai
Date : 6 May, 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948

Daljit Singh
Chairman
DIN 00135414

C.K.Nageswaran
Whole Time Director
DIN 0008236347

Shashank Porwal
Company Secretary
M No: A51957

Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May, 2019

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Fortis
MALAR
HOSPITAL

Fortis Malar Hospital, No. 52, 1st Main Road, Gandhi Nagar, Adyar, Chennai - 600 020
For Appointments: 044 4289 2222 | Emergency: 044 2491 4737 / 99624 00300
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