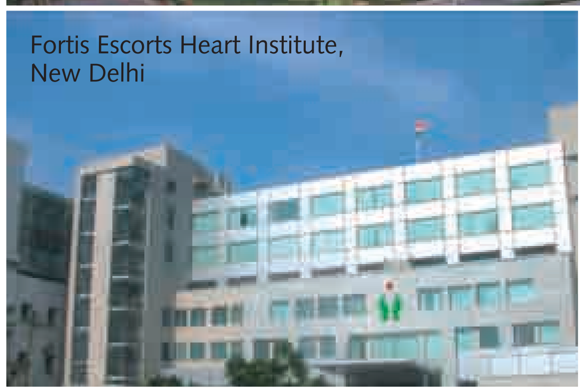

Fortis Hospital, Gurgaon


Fortis Hospital, Shalimar Bagh, Delhi


Fortis Hospital, Kolkata


Fortis Hospital, Mohali


Fortis Escorts Heart Institute, New Delhi


Fortis Hospital, Mulund, Mumbai

Regd. Office:
Escorts Heart Institute And Research Centre
Okhla Road, New Delhi-110 025
Visit us at www.fortishealthcare.com

Fortis
A 62 HOSPITAL NETWORK

www.fortishealthcare.com

CELEBRATING

YEARS OF UNPARALLELED GROWTH

15TH ANNUAL REPORT 2010-11

CELEBRATING 10 YEARS OF CARE

Fortis
A 62 HOSPITAL NETWORK

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Malvinder Mohan Singh, Chairman

Mr. Shivinder Mohan Singh, MD

Mr. Balinder Singh Dhillon

Dr. Brian Tempest

Mr. Gurcharan Das

Mr. Harpal Singh

Dr. P. S. Joshi

Mr. Rajan Kashyap

Justice S. S. Sodhi

Mr. Sunil Godhwani

Lt. Gen. T. S. Shergill

CHIEF EXECUTIVE OFFICER

Mr. Aditya Vij

CHIEF FINANCIAL OFFICER

Mr. Yogesh Sareen

COMPANY SECRETARY

Ms. Ruchi Mahajan

AUDITORS

M/s S.R. Batliboi & Co.

Chartered Accountants, New Delhi

REGISTERED OFFICE

Escorts Heart Institute And Research Centre

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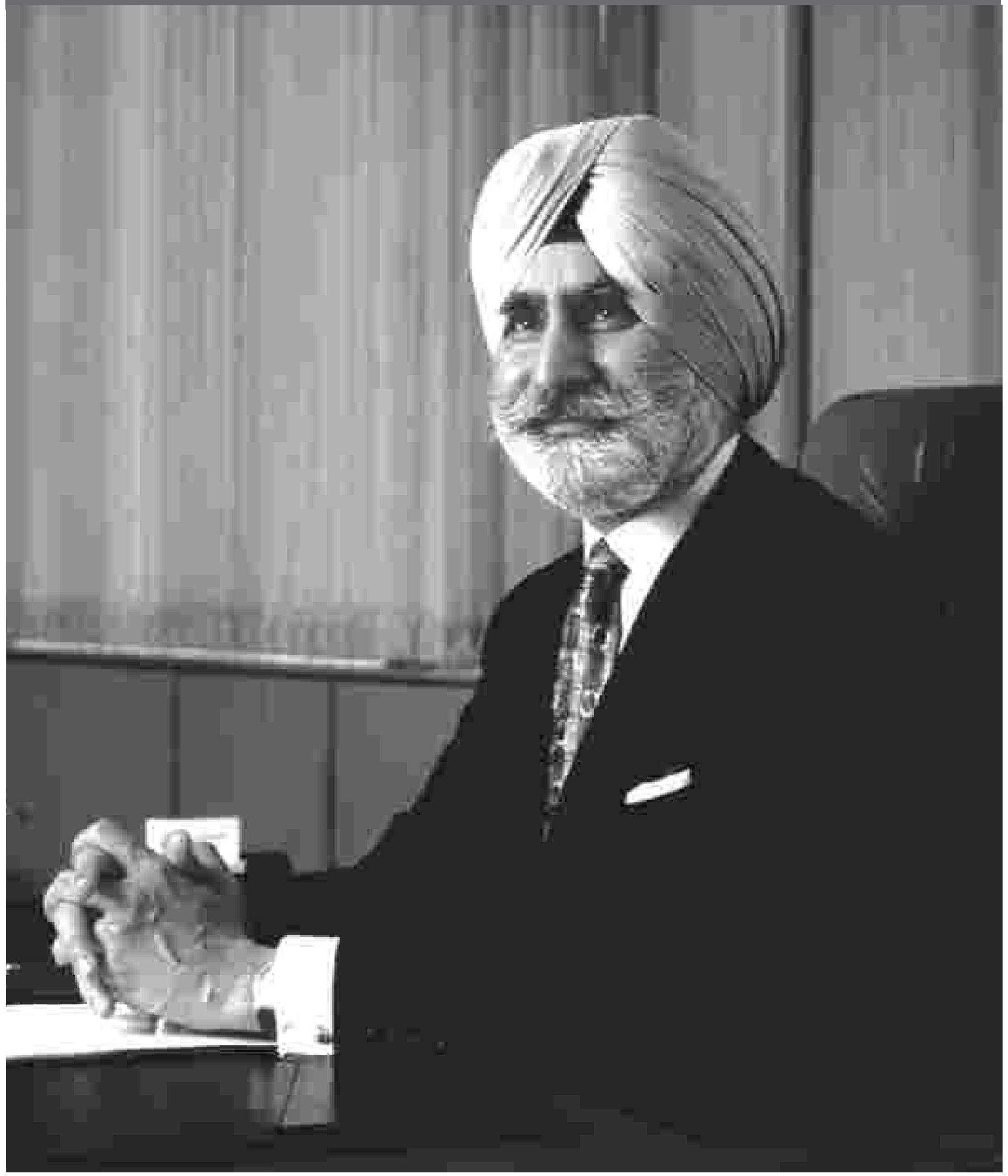
OUR VISION



"To create a world-class integrated healthcare delivery system in India, entailing the finest medical skills combined with compassionate patient care."

- Late Dr. Parvinder Singh,

Founder Chairman, Fortis Healthcare (India) Limited

January 1996

BOARD OF DIRECTORS

Left to Right: Mr. Balinder Singh Dhillon, Justice S. S. Sodhi, Mr. Gurcharan Das, Mr. Harpal Singh, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Lt. Gen. T. S. Shergill, Mr. Sunil Godhwani, Dr. P. S. Joshi, Mr. Rajan Kashyap

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDER,

As Fortis completes its first decade, I am filled with a sense of pride for what has been accomplished, but also a sense of purpose for what still needs to be done.

While our network of medical talent, spread over more than 60 hospitals, allows for us to be recognised as market leaders in healthcare delivery, the journey has just started.

The vision is to become the leading integrated healthcare services company in Asia within the next five years. In a creative model of healthcare delivery, Fortis is introducing stand-alone verticals, dedicated to select medical specialities. The acquisition of controlling interest in Super Religare Laboratories Ltd (SRL), India's leading diagnostics company, is another strategic step that enables the delivery of end-to-end healthcare services. We are providing, and if required setting benchmarks for, standardised quality healthcare at an affordable price point to meet the needs of patients across healthcare verticals and geographies.

This will require for us to sustain and increase the focus on quality, to nurture and promote medical talent and to provide them with an environment to deliver their best. We will need to drive cost-effective innovation that makes for affordability and leverage our strengths, using technology as an enabler while at all times retaining our focus on the patient experience. We have shown it can be done and are confident that the coming years will see us do it better.

Even as the last year has seen us successfully cross a milestone with the integration of the Wockhardt acquisition and establishing a network presence of over 60 hospitals across India, the coming years are likely to be critical in establishing the foundation for a global healthcare company. Changing lifestyles, urban migration and the increased prevalence of chronic diseases continue to put pressure on health systems, social structures and economies. A historic economic expansion is also underway in the emerging markets of the world, as their populations join the middle class and their economies join the global marketplace.

As we forge ahead in FY 2011-12, Fortis will continue to focus on three areas: Talent, Execution and Growth. Our continued focus will be on aggressively driving our human talent strategy, building upon our execution capacity by creating unique capabilities in service excellence and prudently pursuing growth opportunities, while unlocking value from scale. All these will build Fortis Healthcare into a truly respectable global brand, unlocking differential value for all its stakeholders.

In this journey it is imperative that we never lose sight of our social responsibility to the communities that we serve. We remain committed in this aspect.

I remain ever appreciative of the goodwill and support received from every Fortis stakeholder. I hope that you share my excitement as we prepare to enter an era of a promising future. Thank you for putting your faith in us. I remain beholden to the members of the Fortis Board and thank them for their guidance and encouragement. Finally, I express my gratitude to all the employees across the Fortis network for their unflagging commitment and resolute perseverance.

Warm Regards,

Malvinder Mohan Singh

Chairman

MESSAGE FROM THE MD

DEAR SHAREHOLDER,

At the end of our first decade we look back at a remarkable journey, through which we have risen to every challenge and exceeded every expectation! We started with the objective of being an institution engaged in nation building and the belief that India needs a robust, world-class healthcare system, committed to delivering the finest healthcare to a growing and aspiring nation. Our underlying conviction was that progress without good health would be a hollow achievement. On that commitment, your company has delivered in ample measure.

We have been guided by the principle of ethical practices and have abided by this principle in our dealings with associates, doctors, employees, suppliers and all those with whom we engage. Our journey has been marked by the ambition to grow, while remaining exemplary in maintaining the highest standards. Aggressive growth with caution is now recognised as the Fortis approach and the industry acknowledges and respects the path we have followed. I hope you too will conclude that, at the end of our first decade, our values and principles have held us in good stead and will undoubtedly continue to be important determinants in our future growth strategy.

India is a vast nation of 1.2 billion people and must be mindful of the aspirations of its population, while playing an important role in the emerging world. How our country achieves its healthcare objectives is imperative for economic development. Unquestionably, the country must find a sustainable approach to healthcare delivery for all Indians, in a manner that is fundamentally inclusive. We must protect and cover our marginalised populations and those disadvantaged in any way, be it by gender, caste, religion or other factors. Any company that aspires for pre-eminence in the Indian healthcare domain must be an active partner in delivering on the promise of inclusion.

An important step in this direction is our announcement of a second brand of hospitals that will bring affordable, quality healthcare to the masses of semi-urban India. This past year saw us extend our network beyond the large metros, to India's smaller towns and cities. It is by design that most new hospitals added to the Fortis network are located in a tier II or tier III Indian city. We will now be able to serve people with lesser ability to pay for health services, as compared to the better off citizens in metro cities. This commitment to meeting the needs of a much larger Indian population, with quality and affordability as prime objectives, will go a long way towards supporting the national agenda of inclusive growth. At the same time, we will retain our focus on the singular vision of creating a world-class integrated healthcare delivery system, respected for clinical excellence and distinctive patient care.

Advancing beyond our large cities, we are even more cognizant of our social responsibility to the communities that we serve and will strengthen our outreach programmes for the lesser privileged. Each Fortis facility remains committed to a sustained engagement with its surrounding populations. To supplement the present efforts, your Company has announced the launch of a nation-wide Mother & Child programme, under the aegis of the Fortis Foundation, which will support Government efforts to improve infant and maternal mortality rates and specifically help raise awareness about the issues faced by girl children.

Every extraordinary corporate endeavour should have a unique purpose that must be deeply embedded in its DNA, in its culture and in its ethos. I believe that, for us at Fortis, deep concern for the patient is that sole and exclusive purpose. With this foundation, Fortis has built a solid national platform and has distinguished itself as a pan-India institution, positioned to deliver quality healthcare across the length and breadth of the country. With our monumental growth, guided by the principle of *Patient First,* we have raised the bar; generated new hope and amplified expectation. We will have to rise to meet this expectation and accept this responsibility, if we aspire to wear the leader's mantle.

All of this will only be possible with the steadfast dedication of every Fortisian and the Fortis leadership team. I am pleased to welcome our newly-appointed CEO, Aditya Vij, to lead the organisation going forward and guide us on the path ahead.

2010-2011 has been an eventful year for Fortis. We have added eight hospitals, with a capacity of over 1500 beds, to the national network. We also introduced new models of care delivery with dedicated diabetes/obesity centres and stand-alone dialysis facilities. The Company entered into meaningful partnerships with US entities SSI Inc. and Totipotent to introduce practices that are at the leading edge of global medicine; the former for complex robotic surgeries and the latter for stem cell therapy treatments. We have also acquired a controlling stake in reputed diagnostic company, Super Religare Laboratories Ltd (SRL), in an effort to deliver end-to-end healthcare services. Additionally, our business model continues to build on the strength of our accumulated experience and extensive domain knowledge.

We are justifiably proud of our exceptional story and we know that the chapters ahead will be even more compelling than those we have scripted in the past. From a modest start at Mohali, Punjab, back in 2001, Fortis has grown to become a countrywide network of over 60 hospitals in 10 short years. Today, we are proud to have the largest network and, more importantly, the highest number of quality-accredited hospitals in the country. We have earned the status of leaders in Indian healthcare delivery and are acknowledged as the fastest growing healthcare network in Asia.

At the end of this message, I express my deepest gratitude to all of you, our shareholders. Your belief and confidence in Fortis strengthens our resolve to grow ever stronger. I am also deeply thankful to the members of the Fortis Board, for their constant guidance and support. Finally, I express my gratitude to all my fellow Fortisians for their enduring commitment and unwavering determination. *Individually we are one drop, but together we are an ocean.*

Warm Regards,

Shivinder Mohan Singh

Managing Director

LEADING THE WAY

Left to Right:

Front: Dr.Vivek Jawali, Mr. Varun Khanna, Dr. Ashok Kumar, Mr. Jasbir Grewal, Dr. Narottam Puri, Dr. Anoop Misra, Mr.Aditya Vij, Mr. Shivinder Mohan Singh, Dr. K. R. Balakrishnan, Prof. (Dr.) Upendra Kaul, Mr. Harshvendra Soin, Dr. T. S. Mahant, Dr. T S Kler

Back: Dr. Anant Kumar, Dr. Shivaji Basu, Dr. S. C. Tiwari, Mr. Ashish Bhatia, Dr. Anil Kumar Singh, Dr. P.S. Maini, Mr. Daljit Singh, Dr. Ashok Seth, Mr. Yogesh Sareen, Dr. Lloyd Nazareth, Dr. Amit Varma, Dr. Harshwardhan Hegde, Dr. Anil Karlekar

INTERVIEW WITH THE CEO

Mr. Aditya Vij, Chief Executive Officer

As Fortis Healthcare completed a decade, it also marked a new milestone in its journey – the appointment of Aditya Vij as CEO. Vij, who brings rich management experience spanning three decades, articulated his vision for Fortis.

Q. Mr. Chief Executive, What is your road map for the next three years?

A. Now that we have established a presence in most of the large Indian cities, we expect to expand into India's tier II and tier III towns over the next three years. Most of these facilities will be part of a second brand that offers a different value proposition. Currently we have projects coming up in Ludhiana, Jabalpur, Indore and Kangra, among others.

All our major hospitals in the main cities across the country will take steps to distinguish themselves in various super-specialities and become referral centres in their respective regions. These hospitals will support all the new smaller hospitals that fall under the second brand. The second brand in turn will bring the promise of 'Fortis care' a lot closer to many more people in the country. People must know there is no need to travel too far, because there is a Fortis hospital in the vicinity.

Standardisation of clinical and non-clinical processes across our facilities forms a focus area for us. We will strive to create a uniform *Fortis experience*. While our two brands will differ in presence and positioning, both brands will offer patients quality medicine, delivered with care and consideration.

Clinical excellence and innovation will remain the bedrock of all our operations. Expect Fortis to use the most advanced technologies, medical therapies and innovations combined with the fine skills needed to deliver these superior treatments. We will not restrict ourselves only to therapeutics, but hope to go beyond into preventive care and general well-being.

Q. Which are the next major focus areas for Fortis?

A. This year we have launched 'Medex Transformers', an initiative to create medical excellence through processes and people. This signals our continued emphasis and commitment to clinical excellence.

The four focus areas specific to this year are clinical excellence, process orientation, people emphasis and customer satisfaction. We have identified projects in each of these areas. For instance, we've challenged ourselves to roll out a best-in-class emergency response and ambulance system starting with the NCR in the first phase. On the people front, we are taking specific actions on a survey conducted last year to understand the satisfaction and motivation levels of our employees and address their concerns. We have 10 such projects planned for the year.

Q. Could you tell us something more about the second brand that you spoke about?

A. Ideally, we would like to create a *Nano* for healthcare, by developing a business model that delivers care at a low cost. While the clinical quality will be of Fortis standard, we may not launch the most complex of medical programmes at these hospitals. Hence a heart transplant or liver transplant may still call for moving the patient to a metropolis.

The second brand will always be supported by the clinical expertise and full range of facilities available at the closest Fortis hospital.

Q. Will inorganic growth continue to be the strategy?

A. Fortis has grown both organically and inorganically over the last decade. It has been our stated policy. If faced with a choice between conservative financial management and growth, we shall choose growth. We actively seek growth opportunities and have developed significant expertise in running hospitals across the country. Most of our mature hospitals have healthy financial and operating parameters. At the same time, long-term growth and value creation comes from additions to the network.

Q. What challenges do you foresee?

A. Oh several! Healthcare in India will continue to grow rapidly. We must find the resources, in terms of manpower and management time, to continue this scorching pace of growth.

Over the last 10 years, Fortis has earned the reputation for medical excellence delivered with considerate care. People's expectations in smaller locations have also gone up and they expect the same level of service that someone known to them may have experienced at Fortis Mohali or Fortis Escorts Heart Institute. The challenge is to deliver the same level of care wherever we go and from the moment we commence operations. This could be in terms of medicine, non-clinical patient care, food and beverage, billing, services for attendants and so on.

Getting the trained people needed to deliver this quality of care and meet the expectations, both clinical and otherwise, is crucial. It's a known fact that we don't have enough colleges in the country to graduate the doctors and nurses needed. Moreover, motivating people to serve in tier II and tier III towns is a difficulty that needs to be resolved. To some extent, Fortis has managed this by developing intensive training and leadership programmes for all levels of employees across clinical and administrative areas.

While we talk of manpower in this fiercely competitive space, it's very important that we take care of our people. As an organisation, we need to better understand what our employees need and how to keep them engaged. To serve our patients and keep them happy, we must first have a dedicated and motivated team.

It has taken Fortis 10 years of toil and sweat to reach where we are today. We have to safeguard this reputation. We have partnerships with several service providers and will have several more in the future. When we form such alliances, the credibility of our brand is at stake and linked with the performance of our associates. We must continue to exercise as much discretion and conduct a thorough due diligence while selecting our partners in the future, as we've done in the past.

Then there is the issue of the financial viability of the sector, considering the long gestation periods and capital costs. There is a lot of technology available out there for diagnostic and therapeutic purposes, but much of it is extremely expensive. How to place such equipment in our hospitals and make it available to our patients at affordable prices is a challenge we need to grapple with. We have addressed some of these challenges by signing back-to-back deals with vendors on a pay-per-use basis, adopting an asset light model.

Finally, we must continue to deliver value to our shareholders while expanding the reach of our services.

Q. How crucial is medical tourism for you and what do you propose to do about it in the future?

A. Medical value travel today contributes ~6% of our operating revenues and has been growing at a rapid pace. Access to affordable and quality healthcare is proving to be a challenge in several countries. Indian hospitals provide world-class care at a fraction of the cost in developed countries.

Our overseas patients come to us for the quality, care and overall hospitality. Fortis is well poised to benefit from these mobile patients with the availability of medical expertise, equipment, clinical protocols and infection rates that match the standards of the West. Over the last few months that I've been part of the Fortis family, I've heard anecdotes from my colleagues about the smiles of relief on the faces of these patients, when they know their doctors are accessible 24x7 on their mobile phones, even on holidays.

As a hospital system, we understand that nobody really enjoys a long flight to a hospital. We try and take care of administrative hassles like accommodation for relatives, registration with government authorities and transportation. We provide every possible assistance needed.

We are proud of the number of foreign patients we've sent back home, healthy and happy. We expect this segment to grow. We also have a presence in several African countries. Many of our doctors conduct OPDs in Africa and we work closely with some leading hospitals in these countries. Looking ahead, we will increase our presence in more countries by launching OPDs and running certain departments with partner hospitals, on a case-by-case basis.

While we are in the market to serve the needs of the Indian population, we welcome all nationalities and provide every patient the best possible care. Fortis as an organisation will continue to design its medical programmes, hospitals and services, keeping in mind the Indian customer.

Q. Given the restrictive costs, how will Fortis bring quality healthcare within the reach of more people?

A. There are probably no ready-made solutions to that question. We believe that the private sector and the State Governments need to work together to make quality healthcare accessible to the masses. There is a lot to do in healthcare, starting with awareness, safe drinking water, sanitation, primary care, immunisation and emergency services, all of which are in the Government domain. I do see a need to build more trust between the private and public sectors, to make Public Private Partnership (PPP) initiatives a real success and thus take quality healthcare to people in a collaborative manner.

On our part, the second brand of hospitals announced by Fortis is meant to take quality healthcare to people in tier II and tier III cities. The offering here would be largely primary and secondary care. When we compare the cost-benefit for patients, we also need to be mindful of the fact that presently these patients have to travel to metros and other medical hubs. There they avail of medical care at the prevailing price points, in addition to incurring considerable expense on travel and accommodation.

Roughly 85% of the healthcare expenditure in our country is on out-patient expenses. We need to ask ourselves, "What can we do to increase access to healthcare to improve or extend lives?" More than the financial metrics, beds and occupancy; we at Fortis focus on the lives we touch and we expect to treat more than two million patients in fiscal 2011-12. That's a growth of one million in three years.

Q. From automobiles to defence and nuclear infrastructure, you've had a diverse career. What attracted you to healthcare?

A. Undoubtedly it is a major change, but I have always had the desire to contribute to healthcare and education in India, two of the pillars required to support our fast growing populous country.

Fortis is a rapidly growing organisation, which has established its credentials with its clinical excellence and patient-centric approach. I am honoured to be leading Fortis and contributing towards shaping its future. In the process, I hope to be able to make a difference in the fast-evolving healthcare landscape of our country.

Q. Thank you, Mr. Chief Executive for your time.

A. It's been a pleasure and a privilege for me to share some of my thoughts and ideas with our investors, early on during my tenure at Fortis.

CELEBRATING A DECADE OF DELIVERING HEALTHCARE TO INDIA

A vision that was enunciated 10 years ago is now an unstoppable force

Among its various interpretations, the number 10 best symbolises ‘completeness’. It implies the establishment of an order that sets the foundation for further advancement. As Fortis Healthcare completes 10 years of operations, it draws a step closer to fulfilling the vision of creating a world-class integrated healthcare delivery system, respected for clinical excellence and distinctive patient care.

Fortis has scripted a remarkable story in these 10 years - shaping a mammoth healthcare delivery organisation with quality, patient-centricity and efficiency at its core. Fortis established its first hospital in Mohali in 2001. In 2005, the Company expanded its presence in Northern India and the National Capital Region (NCR), with the acquisition of the Escorts chain of hospitals - an established and trusted brand in North India.

In April 2007, Fortis turned to the capital markets, opting for an initial public offering of 4.6 crore shares at ₹ 108 each. The issue was oversubscribed 2.78 times.

In subsequent years, the Company focused on inorganic growth for speedy expansion in the healthcare space.

In August 2009, Fortis acquired 10 facilities from Wockhardt Hospitals; two of these were under construction. This acquisition dramatically increased the bed count and gave Fortis a pan-India presence. More importantly, it enhanced the Company’s talent pool by 1,500 doctors and more than 5,000 nurses and paramedics. This was followed by the raising of ₹ 997 crore through a rights issue in October 2009. The proceeds were used to clear short-term debt, to upgrade facilities and on Greenfield projects. Today, Fortis Healthcare boasts over 60 hospitals with more than 9,500 beds in 34 cities across 16 states.

Fortis has come a long way, but the journey has just begun. Quality remains a priority across Fortis and this has been recognised. Several Fortis hospitals enjoy the coveted Joint Commission International (JCI) accreditation and Fortis has the largest number of facilities accredited by the National Accreditation Board for Hospitals and Healthcare (NABH). Fortis has also been recognised as the Best Healthcare Services Provider Company at the Frost and Sullivan 2010 India Excellence Awards.

OPERATIONS REVIEW

FY2010-11 was a landmark year for Fortis Healthcare. The focus remained on integrated healthcare, having a pan-India reach, acquiring the best talent and redefining the healthcare landscape with Fortis' brand of high quality and patient-centric care.

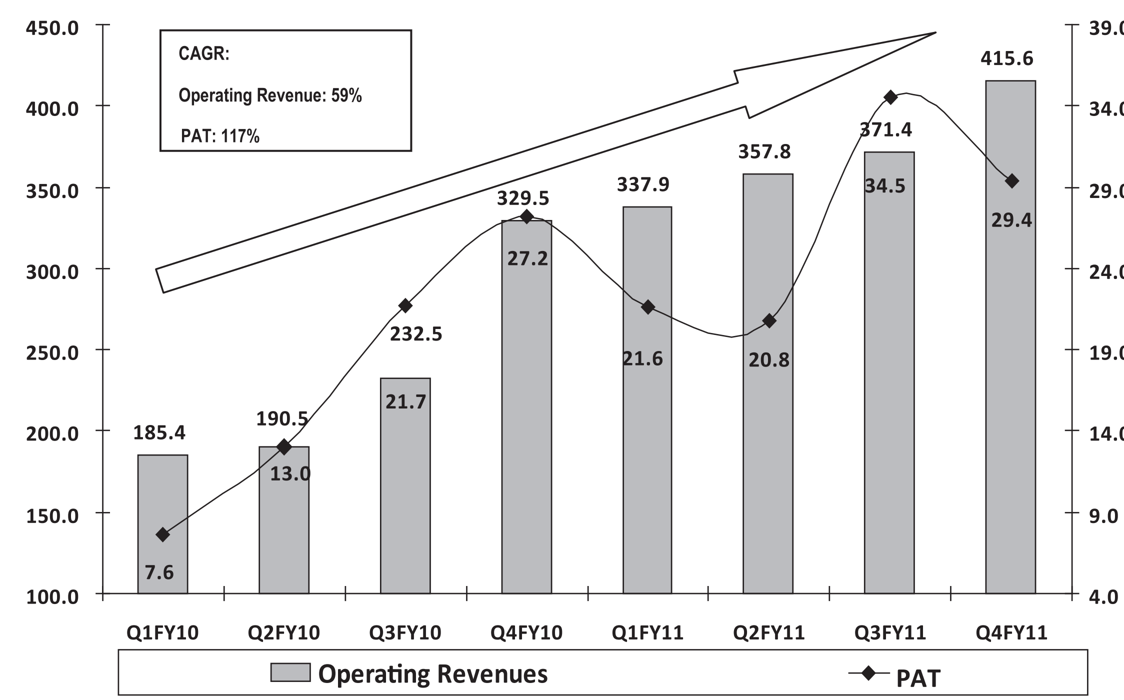
Financial Performance: Healthy growth

With the integration of the 10 hospitals acquired from Wockhardt and the Company's proven status as a pan-India player with global ambitions, FY 2010-11 was a time for focusing on extending operations to India's smaller cities. Fortis is now in towns such as Moradabad, Alwar and Mysore. Fortis Care is beginning to become available in distant areas at affordable prices. Going forward, the Company will focus aggressively on tier I and tier II cities. A slew of announcements will be made this financial year. The past fiscal was the first year when operating revenues for the 10 hospitals acquired from Wockhardt were consolidated for the full financial year. Apart from consolidation and standardisation of processes across acquired hospitals, Fortis expanded its healthcare delivery footprint in several formats - speciality clinics, daycare centres, a wider range of therapies. New ventures for treatment of chronic cases were announced, apart from the creation of speciality OPDs and day-care clinics that are expected to make healthcare more affordable while decongesting the hospitals. Fortis C-DOC Healthcare Private Limited was launched for the treatment of diabetes, metabolic diseases and endocrinology.

The Company is also establishing free-standing dialysis units, the first of which is in advanced stages of commissioning and set to launch this fiscal. Fortis partnered with TotipotentRX Cell Therapy Private Limited, a leading provider of cutting-edge technologies in the stem cell and regenerative medicine market, to set up centres of excellence. These centres will undertake stem cell clinical research on procedures relating to diabetes, cancer, cardiovascular disease and neurological ischemia. TotipotentRX will also set up state-of-the-art cGMP laboratories in select hospitals, for processing stem cells before transplantation to patients. The Company will leverage the hospital network and areas of expertise to investigate new regenerative therapies, using promising adult stem cell sources such as cord blood, bone marrow, and adipose tissue.

Fortis allied with SSI Inc to launch a robotic surgery programme in key hospitals, the Fortis International Centre for Robotic Surgery (FICRS). The robots and talent will be procured by SSI. The programme will be housed at Fortis hospitals in the four metros, as well as Mohali, Jaipur and Bengaluru. The full spectrum of surgical services - cardiac surgery, urological surgery, gynaecological surgery, otolaryngology and head and neck surgery - will be available through this programme. Cardiac bypass and valve surgery, oesophageal surgery, surgery for tumours of the uterus, cervix and ovary, colorectal surgery, etc. are a few of the procedures that can be performed using this relatively painless system. FICRS will be staffed by a highly experienced team of surgeons with a collective experience of more than 15,000 surgeries. World-class robotic surgical treatment will be provided at a fraction of the cost charged overseas.

To fund its plans, Fortis raised US$100 million through 5% foreign currency convertible bonds. The Company



also called for conversion of detachable warrants issued to subscribers of the rights issue in October 2009. The allotment was completed in June 2010 and resulted in an infusion of ₹ 1,342 crore in equity share capital. The benefits of standardised products and efficiencies have started flowing in.

The Company reported its audited consolidated income of ₹ 1,942 crore (a growth of 97%), which includes a gross profit of ₹ 345 crore from the Parkway sale. Earnings Before Interest, Depreciation and Tax were reported at ₹ 507 crore (+165%), against ₹ 191 crore the previous year.

The net profit stood at ₹ 124.4 crore against ₹ 69.5 crore the previous year, a growth of 79%. Excluding the impact of the Parkway transaction, the consolidated operating income and Earnings Before Interest, Depreciation and Tax stood at ₹ 1,483 crore (+58%) and ₹ 301 crore (+58%) respectively.

Medical tourism was identified as a growth driver. Fortis treated a large number of foreign patients, with revenues from medical tourism exceeding ₹ 100 crore.

Quality:
The Fortis assurance

The Company has instituted measures focused on improving healthcare delivery and bringing about standardisation in all processes. In order to improve patient safety and clinical outcomes, a scorecard was developed, standardised and rolled out. This will help benchmark quality standards. Nurses lead the way in patient-centric healthcare since they are the face of the organisation, responsible for delivering medication and caring for patients. Fortis has strengthened their functioning. The second national conference for nursing leaders, focused on management techniques in nursing, was organised during the quarter. The Company also conducted its first campus recruitment programme for nurses. To ensure effective induction and training of all new nurses, a new standardised Nursing Induction Training was rolled out at all the units. This audio-visual module has helped standardise training across the network and made it more effective. New training modules were added in the online nurse training system and a pan-Fortis nursing e-newsletter was started in September 2010. A five-week course, focused on improving infection-prevention practices, was launched. The course had participants from across the network and trained them to become more effective Infection Prevention Officers.

Most hospitals attempt to achieve accreditation commensurate with their positioning in the region, locally, nationally and internationally. The first quality conclave was organised at Fortis Escorts Heart Institute (FEHI) in July 2010 to promote a culture of quality consciousness across the organisation. Workshops were also conducted to emphasise quality and to stress on infection control.

At the time of going to print, Fortis had four JCI accredited, 10 NABH accredited hospitals and six labs that are NABL accredited.

Thought Leadership:
Staying ahead

Former President Dr APJ Abdul Kalam delivered the Fortis Oration lecture on May 15, 2010. The oration was part of our effort to make Fortis a truly respected brand and be recognised as a thought leader. Kalam spoke about the future of healthcare at the event attended by top clinicians, bureaucrats, industrialists and government officials.

Fortis also participated in the annual American Association of Physicians of Indian Origin convention as a silver sponsor. The event organised in Washington, D.C. in June 2010 created brand awareness in the 3,000-strong community.

Network hospitals and clinicians were felicitated on several occasions. Doctors and nurses delivered exemplary patient care and their efforts were recognised.

- Fortis has started imparting training in other fields where medical skills may be of help. Nine medical cadets of the Indian Air Force were trained at Fortis on emergency management, operation of equipment and stabilisation of patients.

- Dr Alok Srivastava, of the medical operations team, underwent intensive training, as programme director at the University of Utah, to launch the first paramedic training of its kind in India for Fortis. This will streamline pre-hospital and emergency care in India.

- A paper by Dr SK Bhagat of Fortis Escorts Hospital, Amritsar, on Giant Aortic Aneurysm: Alarming Expansion After Redo AVR was published in World Journal of Urology, one of the most prestigious publications in the field. The hospital was also recognised by the Punjab Pollution Control Board as the best hospital for the management of bio-medical waste.

- Fortis Shalimar Bagh was cited in a United Nations environmental publication as an example of a sustainable and energy-efficient building.

Clinical Excellence:
Rare procedures

- Fortis Malar performed the first-ever heart transplant in the network on June 18, 2010. This took Fortis into a select league of healthcare organisations that have the capacity to perform this complex surgery.
- Dr Harsimran Singh of Fortis Mohali performed a complicated bilateral total knee replacement on a 41-year-old woman suffering from severe rheumatoid arthritis. The surgery enabled her to stand upright for the first time in 20 years. The clinical details will be presented at the annual meet of the British Knee Society.
- In a landmark surgery telecast on Discovery Channel, Dr Ramcharan Thiagarajan, hepato biliary surgeon and pancreatic surgeon at Fortis Hospital, Bannerghatta Road, Bengaluru removed a parasitic twin protruding out of the abdomen of a 6-year-old boy.
- Dr Vivek Jawali and Dr Ramcharan Thiagarajan of Fortis Hospital, Bannerghatta Road, Bengaluru performed a combined cardiac bypass and liver tumour surgery on a 63-year-old Nigerian in one of the rarest cases of its kind.
- A team of doctors at Fortis Hospital, Bannerghatta Road, Bengaluru performed a high-risk surgery on a 60-year-old Nigerian to remove a four-kg tumour surrounding the liver and impinging on the inferior vena cava.
- Doctors at Fortis Clinique Darne, Mauritius, repaired the left ventricle of the victim of a stab wound during a critical surgery that received widespread media coverage. This will help establish the hospital's new cardiac programme.
- In a first for the Fortis Clinique Darne Hospital at Mauritius, two cardiac surgeries without blood transfusion were successfully carried out.
- Dr Sunil Kaushal of FEHI performed a complex heart surgery on a seven-month-old. The medical team performed a complex arterial switch operation in a case with Tausig Bing anomaly, a feat that hasn't been reported in medical literature so far.
- Dr JD Wig of Fortis Mohali led a team of senior surgeons to operate on a patient who arrived at the hospital with severe blood loss. During the surgery, 50 blood transfusions were administered. In an exceptional display of surgical skill and post-operative care, the patient was nursed back to health.
- Dr Rehan of Fortis Hospital, Cunningham Road, Bengaluru performed a minimally invasive cardiac bypass as well as mitral valve repair surgery on a 78-year-old woman.
- Dr Joseph Xavier of Fortis Hospital, Bannerghatta Road, Bengaluru performed a bloodless cardiac surgery on a one-year-old from Nigeria to correct a hole in her heart.
- Dr Vivek Jawali of Fortis Hospital, Cunningham Road, Bengaluru performed a valve repair surgery on a 20-year-old man, who had a leak in the aortic valve, using the patient's heart tissues.
- Dr Gopalakrishna of Fortis, Anandapur, Kolkata, performed a procedure on a 36-year-old, suffering from cancer of the bladder, using the patient's own intestine to create the bladder.
- Dr Ramesh Agarwal of Fortis Hospital at Anandapur, Kolkata, performed a life-saving surgery on a 38-year-old man, suffering from a rare condition in which his intestine was connected to the urinary bladder.
- In a rare feat, a 26-year-old Nigerian suffering from breast cancer, underwent comprehensive cancer therapy (surgical and chemotherapy) during her pregnancy at Fortis Cancer Institute, Mulund, and delivered a healthy baby.

Hospital Reports:
Network update

- **Fortis Escorts Heart Institute (FEHI), Delhi** took tactical steps to enhance its offering and bolster its premium positioning, such as the launch of an eight-bed day-care centre, commissioning of two high-end presidential suites and conversion of office space for more beds. The construction of the eight-bed dialysis centre and expansion of ICU beds is also complete. The hospital commissioned its fifth cardiac catheterisation laboratory in September 2010. FEHI received regulatory approval to participate in a clinical trial for bio-absorbable cardiac stents. It is one of only 100 institutions worldwide, chosen to carry out

these trials. Subsequently, a bioabsorbable stent was implanted in a patient a few months later. As the largest member of the network, FEHI understands the importance of medical tourism as a key growth driver. The hospital has improved product quality for international patients, right from reception at the airport to the comfort of attendants at the hospital. It also provides assistance with other administrative activities, such as registration at the Foreigners Regional Registration Office. The hospital's blood bank started offering leuco-depleted blood, i.e. blood after the removal of white blood cells. This helps reduce infection rates. It is also one of the few hospitals to offer blood after a nucleic acid test that helps in early detection of HIV, HBsAg and HCV. FEHI runs a heart centre in a medical college at Raipur as part of a PPP with the Chhattisgarh Government. Over the years, the centre has elevated its profile by performing complex surgeries.
- **Fortis Hospital, Cunningham Road, Bengaluru,** launched the Mini Bypass Programme by performing a bypass surgery using minimally invasive techniques, apart from launching single incision laparoscopic surgery and joint replacement programmes. The hospital reinforced its positioning as an advanced cardiac sciences centre with the commissioning of a new Siemens catheterisation laboratory. This would improve the hospital's positioning to that of a premium facility.
- **Fortis Hospital, Bannerghata Road, Bengaluru,** launched an arrhythmia clinic to offer better understanding, diagnosis and treatment to those with heart rhythm disorder. It is a comprehensive centre manned by a full-time electrophysiologist. The hospital implanted the city's

first MRI-compatible pacemaker on an 80-year-old man. The hospital also received the renewal of its JCI accreditation.

- **Fortis Hospital, Noida** introduced the hi-tech *Liberation Treatment* procedure, under the leadership of Dr Vikas Gupta. This involves dilating a vein coming from the brain and putting a stent in it; this is the latest treatment for multiple sclerosis. This therapy, along with the intra-operative CT scan equipment installed at the hospital, provides patients some of the most advanced diagnostic and therapeutic capabilities in the region. Fortis Noida widened its range of services and started offering ophthalmologic and dental services in association with Eye7Hospitals and Axiss Dental respectively. In a boost for the profile of the oncology programmes, the first bone marrow transplant was successfully carried out at Fortis Noida on an Iraqi national, using bone marrow stem cells from her brother. In order to expand medical programmes, a sleep lab was set up at Fortis Noida in affiliation with the Columbia Institute of Sleep Medicine for patients with obstructive sleep apnea problems. In June 2010, International Oncology Services Pvt Ltd (IOSPL) opened its first comprehensive cancer centre at Fortis Hospital, Noida, as part of a collaboration with Fortis, to set up a chain of world-class cancer centres. IOSPL is a global cancer care company focused on providing world-class cancer care and has a strategic collaboration with Albert Einstein Cancer Centre, New York, for research and treatment. This centre, run by eminent American board-certified doctors and physicists, is equipped to provide treatment in medical oncology, radiation therapy and surgical oncology and will include a bone marrow/stem cell transplant facility of international standards. The state-of-the-art infrastructure includes an open PET CT scan for diagnostic purposes as well as IGRT, Trilogy HD from Varian systems using RapidArc technology, and VariSource iX from Varian systems for Brachytherapy which will meet the needs of patients from the NCR and beyond. Fortis Hospital, Noida, which started the telemedicine pilot project in 2005, is presently connected with 22 remote centres in the Northern and Eastern parts of India. The hospital provides free consultations as part of community initiatives. The hospital is also pursuing the pan-Africa e-Network Project through which tele-consults and CMEs are provided to 40 African countries. Fortis Hospital, Noida is connected through a lease line to the first hub - TCIL Bhawan, GK-II, from TCIL to the second hub at Chennai and from Chennai to Senegal through submarine cables. From Senegal, other African hospitals are connected via satellite.

- **Fortis Hospital, Mohali,** performed a special emergency lower segment caesarean section in a high-risk pregnancy case with the patient suffering from gestational hypertension, gross body oedema and severe foetal distress and low heart rate for the foetus. The patient gave birth to a healthy baby.

A 14-year-old boy's leg was trapped in construction debris and consequently the femoral artery was transacted from groin to knee, resulting in the limb going numb and blue and the muscles dark and bloodless. He was brought to Fortis Hospital, Mohali, where a team led by Dr Deepak Puri, Dr Manuj Wadhwa and Dr AB Prabhu conducted vascular repair, apart from treating the underlying bone fracture. The Mohali hospital also received the renewal of its JCI accreditation.

- **Fortis Flt. Rajan Dhall Hospital, Vasant Kunj, Delhi,** expanded its profile with the launch of several speciality clinics and services: minimal and natural access gynaecology and gynae cancer surgery, epilepsy clinic, shoulder clinic, asthma clinic, infectious diseases clinic and bariatric surgery.

- **Fortis Escorts Hospital, Jaipur,** successfully performed a NOTES (Natural Orifice Transluminal Endoscopic Surgery) case, the first of its kind in the region. This surgery involves using the body's natural orifices to insert all surgical instruments, doing away with the need for other incisions and scarring. The hospital was also the region's first to perform a single port lap cholecystectomy (gall bladder removal). Fortis, Jaipur, received NABH accreditation for its diagnostic lab, a first for any hospital in Rajasthan.

- **Fortis Malar Hospital, Chennai,** carried out its first cadaver kidney transplant. The hospital added a new speciality clinic for treatment of epilepsy cases. The Company continues to invest in infrastructure and state-of-the-art equipment. It added a 64-slice CT scan at Fortis Malar to provide high-end care.

- **Fortis Escorts Hospital, Amritsar,** carried out its first renal transplant. The first hair transplant of the region was also conducted at this hospital in March 2011. The hospital continued to expand its range of services by adding the medical programmes of surgical oncology, cosmetic/plastic surgery and bariatric surgery. Furthermore, Fortis Bloom – the IVF OPD was launched in the hospital. The hospital also launched a Medical Inspection Room at Amritsar airport, thus significantly enhancing its brand presence.

- **Hiranandani Hospital, Vashi, Navi Mumbai,** inaugurated a MedSpa Centre and IVF centre (in association with Dr Hrishikesh Pai). The hospital continued on its growth path with the launch of the electrophysiology, interventional pathology and antibiotic stewardship programmes. This hospital is an example of a successful collaboration with the Navi Mumbai Municipal Corporation (NMMC) in a PPP. This unique PPP model is the first of its kind in Maharashtra. It entails a lease of 1,20,000 square feet within the already existing NMMC General Hospital to develop a facility that renders tertiary care across multiple specialities. As part of the agreement, Fortis offers NMMC Referred Below Poverty Line (BPL) patients 10% of its beds as free beds and significant discounts on all other charges. This visionary model is helping many needy people in Navi Mumbai, who are now able to receive timely, quality healthcare. The services have been appreciated by BPL patients and the positive feedback bears testimony to the quality of care being provided.

- **Fortis Escorts Hospital, Faridabad,** further extended its suite of services by upgrading super-specialities with advanced technologies and expertise. The additional facilities include: a paediatric endocrinology clinic, heart failure clinic, arrhythmia and pacemaker clinic, stroke ICU and neuro ward, as well as super-speciality internal medicine clinics, advanced oncology services, Lady's Days on Tuesdays and Fridays and more.

- **Fortis La Femme, Delhi,** organised a fashion pageant - the Great Expectations Show - for expectant mothers. This was one example of the innovative approach taken by Fortis and was an unusual way to disseminate tips for a healthy pregnancy. Meanwhile, the organisation received a favourable order from the Delhi High Court for demerger from Sunrise Medicare Pvt. Ltd. and merger of operations with EHSSIL (a Jaipur hospital company), a wholly owned subsidiary of Fortis Healthcare (India) Limited. The effective date of the merger is April 1, 2010, and the consequent effect is reflected in the current financials. Going forward, revenues from such hospitals shall accrue into the Company's consolidated financials.

- **Fortis Kidney Institute (FKI), Kolkata,** performed a rarely attempted laparoscopic partial nephrectomy and a rare reconstructive surgery in which the fistula between the prostate and rectum was separated by inserting a muscle flap from the thigh. FKI will undergo a major renovation over the next six to eight months to position it as a premium service provider. The facility will have an expanded dialysis programme along with a critical care unit that will allow greater complexity in the surgical programme and serve as a centre-of-town cardiac ICU.

New Hospitals:
The growth story

- **Fortis Hospital, Mulund, Mumbai:** The 110-bed oncology block at the Mulund hospital was commissioned on September 1, 2010. The hospital is now fully equipped to provide holistic cancer care, including radiation therapy. This completes the first phase of the 330-bed expansion at Mulund, which was acquired in a semi-complete state from Wockhardt. This is the second hospital in the Fortis network that offers holistic cancer treatment. The Cancer Institute is the first in India to have sophisticated radiation therapy equipment - Elekta Synergy LINEAC with Volumetric Modulated ARC Therapy (VMAT). The

Oncentra Treatment Planning System reduces the treatment planning time, giving a faster turnaround time to the patient. The Institute was launched by the actress Lisa Ray, who courageously battled cancer. Fortis Hospital, Mulund, also added the uro-nephrology and women's programmes.

- **Fortis Hospital, Anandapur, Kolkata:** The 414-bed hospital at Anandapur, EM Bypass, Kolkata, was commissioned on September 25, 2010. The facility was bought from Wockhardt in a semi-complete state and construction was started immediately after consummation of the deal. The hospital was completed and commissioned within seven months. The hospital focuses on delivering super-speciality care in cardiac sciences, gastroenterology, orthopaedics, neurosciences and oncology. Since launch, the hospital has witnessed demand for its minimal access surgery and joint replacement surgery services. A team of doctors led by Dr Rakesh Rajput performed East India's first custom-fit knee replacement surgery at Fortis Anandapur, Kolkata. With this, the Company now has three facilities in Kolkata.

- **Fortis Hospital, Shalimar Bagh, Delhi:** The hospital was completed and commissioned in September 2010. It was formally launched by Delhi Chief Minister, Sheila Dikshit and Telecom Minister, Kapil Sibal on December 7, 2010. Operations began with 88-beds. Major surgeries such as cerebral aneurysm, Whipple's procedure, esophagectomy, total knee replacement, cervical disectomy with fusion, liposuction, CABG, valve replacement, brain tumour, APR, pancolectomy and vulvectomy were performed in the very first quarter of operations. Within 10 months, centres of excellence in important super-specialities like cardiac sciences, neurosciences, joint reconstruction and urology were established. In a span of just four months, international business contributed 10% of the hospital's top line.

- **Fortis OP Jindal Hospital, Raigarh, Chhattisgarh:** This facility is a 100-bed multi-speciality secondary care hospital on the Jindal Steel and Power Ltd campus. It offers services in ophthalmology, internal medicine, obstetrics & gynaecology, ENT, general surgery, orthopaedics, paediatrics and primary healthcare. The hospital is equipped with four operation theatres, a dialysis unit, a blood bank, an ICU, a surgical ICU, a burns ICU and a neo-natal ICU. The hospital plans to expand its programmes by upgrading clinical services in minimal access surgery, critical care, cardiology, nephrology and neurosciences and by introducing high-end imaging services such as CT scan, MRI and other investigation facilities.

- **Fortis Vivekanand Hospital, Moradabad, Uttar Pradesh:** The hospital is a 150-bed multi-speciality secondary care hospital constructed over 6.3 acres with a built-up area of 198,000 sq ft. It offers services in gynaecology, cardiology, gastroenterology, neurology, paediatrics, general surgery, otolaryngology, dentistry, orthopaedics and ophthalmology. The hospital is equipped with four operation theatres, advanced diagnostic equipment, radiology, pathology, blood bank and offers round-the-clock pharmacy services.

- **Fortis East Coast Hospital, Puducherry:** This hospital was inducted into the Fortis network as part of an Operations and Management (O&M) agreement to run the hospital for a term of 10 years. This is a 100-bed facility with a plan for expansion to a 250-bed facility. A multi-speciality hospital, it is among the few in the Union Territory with a high-end critical care facility. The hospital

offers comprehensive medical services with special focus on cardiac sciences, nephrology, urology, orthopaedics, neurology and neurosurgery, paediatrics and gynaecology, and is complete with diagnostic services such as radiology, laboratories and operation theatres. The hospital plans to expand its programmes by upgrading services in cardiology, cardio thoracic surgery, trauma and replacements, transplants and critical care.

- **Fortis Lifeline Hospital, Alwar, Rajasthan:** The hospital, inducted into the Fortis fold in the last fiscal, is a 100-bed facility with a plan to expand to 150 beds. The hospital was added to the network as part of a reverse O&M agreement whereby major investments in the hospital are made in partnership with an associate. Fortis in turns makes payments to the partner over the term of the agreement. This mode of engagement is a logical extension and key component of Fortis' asset light model. Constructed over three acres, the hospital has a built-up area of 100,000 sq ft. The hospital is equipped with a cath lab and four operation theatres and offers radiology services. It is a multi-speciality hospital offering services in neurosciences, orthopaedics, trauma and cardiology.

- **Fortis Cauvery Heart Hospital, Mysore, Karnataka:** Fortis has collaborated with Cauvery Hospital, Mysore, to set up an advanced heart care centre. The centre will be equipped with an OT cath lab, cath recovery and surgical medical ICUs, apart from 25 dedicated ward beds.

- **Public Private Partnership at Coronation Hospital, Dehradun, Uttarakhand:** Fortis entered into a PPP with the Government of Uttarakhand to establish a 50-bed cardiac centre at Deen Dayal Upadhyaya (Coronation) Hospital, Dehradun. This state-of-the-art facility will be the first comprehensive cardiac care facility in Dehradun. The facility will have high-end CCU, cath lab, cardiac operation theatre, non-invasive diagnostic lab and an intensive care unit for cardiac surgery. This will fill the current void in healthcare infrastructure in the Uttarakhand capital.

Upcoming Facilities:
Building the future

- **Fortis Hospital, Gurgaon:** This greenfield project is on schedule. The civil work is complete and the interior works are underway. Site development is in progress. Most roads are ready and major engineering works have been erected, ready for commissioning and awaiting power connections. Electrical inspection has been done and the statutory authorities are providing a power connection. Other mechanical, electrical and plumbing work is on. Fortis has finalised the blueprint of the equipment and overall technology roadmap for the flagship hospital at Gurgaon and most equipment vendors have been finalised. The equipment re-modelling plan for the facility is also complete. All purchase of medical equipment now adheres to listed standard operating protocols.

- **Fortis Hospital, Kangra:** This 100-bed hospital marks Fortis' foray into the hill state of Himachal Pradesh. The hospital, being set up in partnership with a local associate, will be the first corporate hospital in the state. It will offer cardiology and other multi-speciality services and will also be equipped with 24 hour emergency facilities. The hospital located within the city, but on the main road connecting Kangra to Dharamshala, McLeodganj and Palampur, is expected to serve the medical needs of people over a wide area.

- **Ludhiana-I:** More than 50% of civil work has been completed here. Mechanical, plumbing and electrical works have commenced. Heating, ventilation and air-conditioning work is also progressing at a rapid pace.

- **Ludhiana-II:** A 100-bed boutique mother-and-child hospital is being planned, the design for which is being readied. A special approval under Punjab's mega project scheme has been received and changes in the earlier design are being made.

- **Dialysis centres:** Structural modification and design work is being undertaken for the first stand-alone dialysis centre to be set up in South Delhi's GK-I area. This will be ready by Q2 FY 2011-12. The centre will have 14 dialysis beds and is expected to be the flagship facility for the stand-alone dialysis programme. Additional sites in the NCR are being finalised.

Human Resources:
Competitive advantage

Employees differentiate Fortis from the competition and provide a sustainable advantage. The emphasis stays on bringing top talent into the organisation while growing talent internally, through an established process of identification, segmentation and leadership development.

Strengthening existing processes has been one of the focus areas for the organisation. The performance management process was identified for review as this has a critical bearing on identifying potential and retaining key talent. Over the course of the fourth quarter of FY 2010-11, the existing performance management system was critically reviewed to understand its effectiveness and impact, resulting in the roll-out of the revamped performance management system. A series of workshops on the system were conducted across multiple levels, from the senior management to the direct reports of the facility director at each unit, to ensure proper understanding of the system across all functions and levels.

In order to be a transparent and learning organisation, Fortis recognises the importance of open communication. The results from the 360-degree feedback survey were shared with the 35 senior leadership team members, who underwent the survey in the preceding fiscal.

The *Leader Speak* initiative was launched in FY 2010-11. The programme was launched with the objective of helping employees get a 360-degree view of leadership, learning how to fully engage and inspire teams using the proven principles of positive psychology, and developing a finely-tuned strategic approach in facing leadership challenges. The programme comprises a series of thought-provoking sessions led by experts in leadership development, strategy, management and execution.

As part of this programme, an acclaimed speaker is invited to speak on facets of leadership at each facility. The programme, kicked-off at Fortis Noida, was expanded to cover several hospitals. The first lecture at Fortis Noida was delivered by one of our Board members, Lt. Gen. Tejinder Singh Shergill. This programme is part of Fortis' commitment to develop talent and create a pool of leaders in different employee segments.

One of the most important events on the people front was the administering of an Organisation Health Index (OHI) survey in November 2010 in conjunction with McKinsey & Co. The objective was to undertake a *health check* of our organisation, to assess its strength to go to the next level of growth and delivery as well as to assess our readiness to strengthen the performance we see today while carrying it into the future. More than 80% of those

targeted responded to the survey. The results provided us with clear strengths and areas of improvement. The feedback was analysed and an action plan was firmed up. The action items have been converted into projects that will be taken up in the ensuing fiscal. An exercise was kicked-off to evaluate and analyse the inputs needed for each job, the responsibility levels, organisation impact and consequent positioning in the grade structure. More than 150 positions at the operating hospitals and corporate office were evaluated. The evaluations were conducted with the help of external consultant Ernst & Young and involved redrafting job descriptions in discussion with senior management. This exercise is a natural consequence of aggressive organisational growth. It will redefine the job hierarchy, improve role clarity and ensure equity in compensation. It will also help identify the right person for each job. As the next step, the revised grade structure and evaluations for the 150 unique positions identified will be taken forward for implementation in the forthcoming fiscal. All incumbents have been mapped to the unique positions and the preparatory work for competency modeling and assessment is underway.

The Leadership Development Initiative (LDI) was one of the most important and ambitious projects launched in the past fiscal. It is with great pride that the organisation announces the graduation of the second batch of LDI. The scheme is extended to a pre-selected group of high achievers with leadership potential. 25 participants were selected after a thorough screening and selection process this year. Representation of hospital functions like Administration, Nursing, Medical Operations, HR, Finance, Marketing, Quality and Projects ensured a heterogeneous and diverse group. This also underlined the fact that Fortis is charting a new course in leadership development by looking at non-traditional functions as a source of new leaders. This year's programme comprised an exciting

and rigorous 22 weeks of classroom-based learning, assignments and on-the-job training, outbound team building, leadership activities, and project work. Several LDI alumni were placed in key positions like directors of hospitals, chief of nursing, etc.

The graduation ceremony for the inaugural batch of students of the Physician Assistant Programme took place in the past fiscal. The programme was launched with the objective of training nurses and other paramedical personnel on some of the clinical functions to enhance their skills and thus assist the doctors in their day-to-day functioning. The first of its kind, this programme provided an alternative career path to high-performing nurses and other skilled people; 14 nurses and technicians underwent this one-year, rigorous, on-the-job training and classroom learning to emerge successful. Subsequently, they were successfully placed in five hospitals and are now assisting various senior clinicians. This is testimony to Fortis' commitment towards training and skill improvement as well as developing innovative solutions to address the manpower crunch, one of the major challenges in Indian healthcare.

Looking ahead, Fortis will be moving from a Total Compensation framework to a Total Rewards framework within the next three years. Total Rewards can be defined as the monetary and non-monetary return provided to employees in exchange for their time, talent, efforts and results. It involves the integration of all key elements that effectively attract, motivate and retain talent to achieve desired business results. Fortis will try to create a positive perception in the minds of employees about the value of both, monetary and other rewards. The compensation philosophy for the organisation has been laid out to achieve the following goals:

- Attract a qualified, diverse workforce through a competitive compensation programme
- Retain and motivate this workforce by recognising and rewarding individual and group achievement, contribution and excellence
- Instill and promote a performance-driven culture by rewarding superior performance through performance-linked compensation differentiation, by providing a non-discriminatory merit-based compensation programme
- Fortis will provide a compensation programme that establishes and maintains competitive salary levels within relevant sectors and available resources; and one that is consistent with job content, responsibilities, and requirements

Other Initiatives:

Going the extra mile

- **Project NXT:** To stay on the cutting edge of technology, the Company had signed up with HCL Infosystems for a transformation programme to modernise IT systems and establish a robust IT base. The scope of the project was expanded during the year. This project will take Fortis to the next level and provide a platform for more

meaningful data-capture and analysis at the back-end and better patient interaction. It would help evolve a better platform to deliver standardised care, crucial for a rapid pace of growth.

- **Processes:** Focusing on harmonisation and best practices, the Company formed an action team focused on processes. The team has documented all processes in the form of *Standard Operating Protocols* and these are being rolled out across all hospitals. The substantial growth has thrown up the significant challenges of managing multiple and diverse hospitals with different processes and systems. Standardisation of processes across the board, in such a vast organisation, is an important area that will receive attention in the ensuing fiscal. Fortis has been a pioneer in offering services to its customers, patients and their attendants, in a way that can be measured.

- **Fortis Operating System (FOS):** FOS originated in 2007 at the Mohali hospital as the first of a series of projects which have made a significant impact towards delivering better patient and attendant care. The objective of FOS methodology is to standardise the non-clinical processes in all patient-facing areas, to enable a consistently high level of patient care. These processes are being implemented across many facilities, in an effort to enhance patient care. FOS was initially launched in conjunction with McKinsey & Co. Now there is a team completely trained in the FOS Methodology and with the ability to implement it at all units. Currently, 11 hospitals are running with FOS guidelines. FOS tracks more than 170 parameters where the customer comes in contact with the hospital and strives to achieve very high standards. A few examples of those standards are: waiting time for an OPD consultation should be less than 15 minutes, radiology reports should be delivered within 30 minutes and ambulances should be dispatched within 10 minutes of recording a request. FOS will soon be applied for third party vendors also e.g. Radiology and Labs, so that patients can expect the same level of excellence anywhere in a Fortis facility . The scope of FOS is being expanded and will soon cover processes relating to dialysis, dietetics, blood bank and bio-medical engineering. Plans are also underway to pilot an RFID tracking project so that a patient's progress through the hospital and waiting times in all areas can be tracked.

- **Medium Term Plan (MTP) exercise:** The second cycle of the exercise was kicked-off. It creates a broad overview and extensive framework for each hospital in terms of medical programmes, positioning and expansion plans. The aim is to ensure that the long-term vision and strategic programmes are translated into an action-oriented plan achievable over three years. Every hospital, with its leadership and operational team, participates in an envisioning exercise and sets itself targets. After deliberation, these are adopted as the MTP for each hospital. The first exercise was carried out two years ago. The project will assess and review the plans made then and a formal review process would be instituted to monitor its implementation every quarter. The annual targets each hospital sets for itself will be aligned with MTP for the three-year period.

- **Looking ahead:** The Company is transforming itself by focusing on medical excellence, processes and people. The theme for this year's key result areas is *MedEx Transformers: Creating Excellence through Processes, Medicine and People*. The theme signifies Fortis' commitment to change, with unflagging focus on clinical excellence.

FOCUS AREAS

- **Clinical excellence:** The organisation, in conjunction with its medical faculty, has identified areas in the medical domain that need a thrust and a collaborative effort to ensure high standards of patient care.

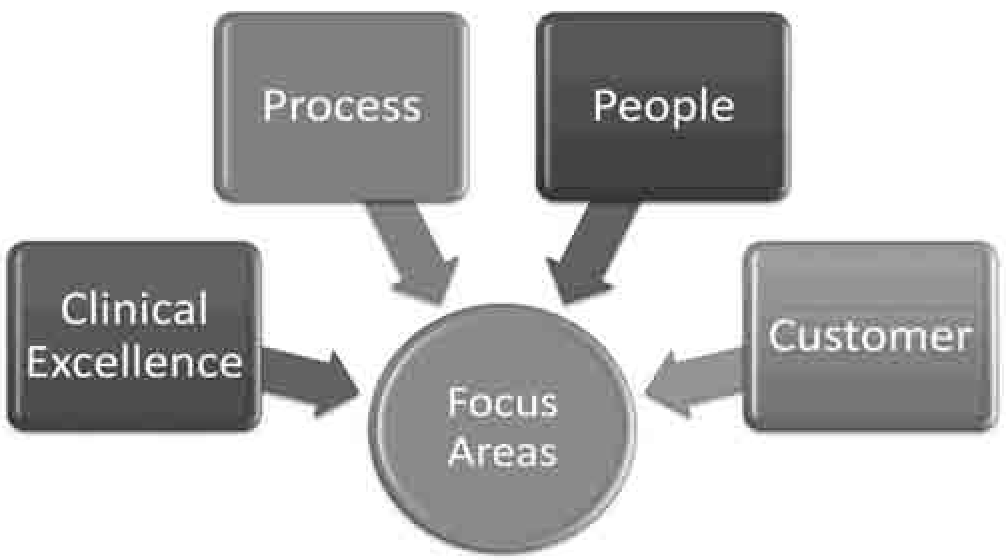
- **Process:** Aggressive growth with new projects and acquisitions, leading to multiple and diverse hospitals, makes the standardisation of processes and protocols critical.

- **People:** People are the Company's biggest assets. Based on feedback from the OHI survey, Fortis will focus on the specific areas that were highlighted.

- **Customer:** A smile on the patient's face remains the Company's biggest motivation and Fortis will continue to focus on patient satisfaction.

10 action-oriented projects have been devised in these four areas, with a senior functionary in charge of each. All employees have been told about the overall goals and are excited about making them a reality.

The next phase is about putting patients first and becoming a process-oriented organisation as we become the industry leaders.



CORPORATE SOCIAL RESPONSIBILITY REPORT

Social responsibility at Fortis Healthcare is a systematic, sustained engagement with the community. Our social initiatives are based on our core competency, healthcare. The Fortis Foundation is committed to providing healthcare to the marginalised, and creating awareness about good health.

As part of this vision, the Fortis Foundation concentrated on:

Building awareness on preventive healthcare, health issues and gender equality

Providing subsidised health checks and medical care for those in need

Reaching out to people in rural and remote areas

Volunteering relief in disaster situations

The numbers speak for themselves
1,704 patients received subsidised medical care
1,07,010 people benefited from 943 health check camps
2,20,653 people were educated through 345 initiatives on HIV/AIDS, brain tumour, basic life support systems, adolescent education, cancer, dialysis, etc
18,000 saplings were gifted to celebrate the girl child
3,29,367 lives were touched with our interventions
₹ 2.8 crore were spent on CSR initiatives

Our social initiatives are numerous, and they receive support from network hospitals, NGOs, the Government, corporations, educational institutions and other stakeholders. The Fortis Foundation is the platform for all our CSR initiatives.

An inaugural Fortis CSR Conclave was held in September 2010 to kick off the process of streamlining our CSR initiatives. Coordinators across all the network facilities shared their experiences and the processes underway to benefit our surrounding communities and the lesser privileged.

MAKING A DIFFERENCE - TOUCHING LIVES

Umang Kumar

One-year-old Umang Kumar was brought to Delhi from the remote village of Champaran in Bihar.

Diagnosed with scimitar syndrome with a large ventricular septal defect, he was successfully treated at FEHI. However, 20 days later, he was readmitted for corrective surgery. Umang's father, a salesman who earned ₹ 3,500 per month and had five dependents, couldn't bear the cost of surgery. Subsequently, the facility approached Fortis Foundation for support.

The foundation's timely support ensured Umang left the hospital two weeks later in good health. He visits the hospital regularly for follow-ups and leads a normal life.

Kerthika

Eight-year-old Kerthika visited a health check camp organised by Fortis Malar, where she was diagnosed with congenital heart defects. She had double outlet right ventricle, restrictive ventricular septal defect (VSD) and pulmonary stenosis. She had been complaining of breathlessness, recurrent respiratory tract infections and cyanosis since birth. Total intra-cardiac repair, Dacron patch closure of VSD and transannular pericardial patch enlargement of RVOTO and LPA were recommended for her. Kerthika's father, a daily wage labourer in Villupuram, Tamil Nadu, earned ₹ 2,000 a month and could not afford the treatment.

The Fortis Foundation stepped in and Kerthika was operated upon at Fortis Malar Hospital. Today, Kerthika is a happy and healthy child.

Vivek Choudhary

Vivek came to Fortis from Gunaved village in Ujjain, Madhya Pradesh. He was admitted to FEHI and diagnosed with sub-aortic stenosis with coarctation of the aorta, which needed to be corrected with surgery as soon as possible. Vivek's father, a farmer with an annual income of ₹ 60,000, could arrange only for part of the cost. He sought support for the balance from A Fortis Foundation under the *Save a Life* programme, meant to support medical care and treatment of underprivileged children. With partial support from Fortis Foundation, Vivek was operated upon and is recovering well. He is undergoing regular medical follow-ups at FEHI.

Building Awareness

Nanhi Chhaan

Since 2009, Fortis Foundation has partnered with Nanhi Chhaan to emphasise the need to protect the girl child and save the environment. With the worrying sex ratios

and forest cover dwindling to 26%, the foundation felt this was an important focus area. Fortis provides the best healthcare to female patients and has gifted more than 18,000 saplings to women patients and to those that gave birth to a girl baby in a Fortis hospital. The Fortis Foundation marked Nanhi Chhaan Day on January 6, 2011, and the occasion was celebrated across the network at 17 locations, including 15 facilities, the community hospital in Amethi and the Fortis corporate office. Plant nurseries were inaugurated, trees planted in hospital compounds and saplings gifted to patients.

Awareness clinics for women

Fortis Hiranandani Hospital organised several awareness clinics for women, on a wide range of issues, from breastfeeding to gynaecology.

The activities included:

- A support group for young mothers
- Health talks on the importance of breastfeeding and the mother's health
- Awareness programmes on cervical cancer and PAP smear tests
- Talks held on gynaecological problems for young women
- Discussions on women's health, including ante-natal and post-natal care as well as menopausal issues and osteoporosis

Brain tumour awareness march

The Fortis Foundation organised the Brain Tumour Awareness March in association with Delhi Neurological Association on October 31, 2010, in New Delhi. This marked the start of the International Brain Tumour Awareness Week. The walk was flagged off by Delhi's Minister for Health and Family Welfare, Kiran Walia. It began at Maulana Azad Medical College and culminated at Rajghat. About 400 people - including more than 100 medical staff from Delhi/NCR Fortis Healthcare facilities,

patients and their families, as well as NGOs participated. The march culminated in a poster competition for school children followed by a lecture in the auditorium of GB Pant Hospital.

Health talks

Regular lectures, educational programmes and trainings are organised for internal and external stakeholders. The lectures are organised in schools, colleges or public places, independently or through organisations such as the Rotary Club. On request, lectures are also organised for government employees, public sector undertakings and private sector companies about occupational hazards and general awareness on subjects such as diabetes, hypertension, back and spine problems, cervical cancer, asthma, importance of hand hygiene, prevention of coronary disease, stress management, first aid training, arthritis, HIV/AIDS, health concerns of mother and child, cancer, adolescent health, women's health, arthritis, patient safety, epilepsy, sleep disorders, geriatric care, etc.

World Heart Day

On World Heart Day, Fortis Malar Hospital organised a cycle rally in which the entire cardiology, cardio-thoracic and hospital teams took part. The six-km rally had 700 cyclists forming a heart-shaped human chain at Marina Beach in Chennai. In Amritsar, the Fortis facility organised several awareness sessions by cardiologists, in various forums: Rotary Club, senior citizens' clubs and Amritsar Club; a walkathon was held by Fortis Escorts Heart Centre in Raipur. The day's events were targeted at the general public, female patients, students and teachers, Lions Club members, Fortis employees, morning walkers, senior citizens, young mothers, truck and taxi drivers, patients' attendants, rickshaw drivers, traffic policemen, paramedical staff, municipal workers, cancer patients, dialysis patients, nurses, slum residents, motorists, visually impaired, former patients, adolescents, hearing impaired.

HIV/AIDS awareness

Lack of awareness has resulted in a fear of people with AIDS. The Fortis Foundation is running a sustainable programme on creating HIV/AIDS awareness. The foundation is focused on sensitising people about safe sexual behaviour. It has designed awareness, care and support programmes for the larger community as well as outreach programmes for diverse target groups such as adolescents, collegians, teachers and unorganised groups such as mechanics, taxi drivers and corporate employees. These programmes are conducted by trained peer educators to create a deeper impact. The programme reached out to 15,693 persons during the year.

Basic life-support training

The Cardiac Pulmonary Resuscitation (CPR) session is designed for the general public, public safety personnel, traffic police constables, auto rickshaw drivers and lifeguards. The course equips trainees to administer emergency help to a person in case of a cardiac arrest. The session involves a multimedia demonstration using computerised mannequins and hands-on training. The programme has a module on advanced life support systems for general practitioners and allied health care professionals as well. Participants are trained to recognise and deal with emergencies. In the reporting year, 3,200 people were trained through Fortis network hospitals.

Sahaayak (dialysis support initiative) and Saarthak (cancer support initiative)

Over the years, Sahaayak has supported hundreds of dialysis patients and their families by counselling them on health issues and making them better informed. This voluntary support group organises quarterly meetings in which senior doctors interact informally with patients and their families. Often, experts meet patients to update them on the latest developments in dialysis. Saarthak, launched in May 2005 to support cancer patients, organises monthly meetings in which senior oncologists from Fortis meet informally with patients and their families.

Spandan

Spandan is an educational programme launched in August 2009. It is conducted by the Patient Welfare Department in FEHI and Fortis Hospital, Amritsar for attendants in IPD waiting areas. The sessions increase awareness about personal health. They also provide information on diseases, their causes, symptoms and prevention. About 2,500 people have benefited from these sessions.


An auto rickshaw driver undergoing basic life-support training

Medical Care

Save a Life

The programme provides quality medical care to underprivileged and socially deprived children under 18, through the Fortis network. Last year, 14 children suffering from cardiac problems were treated at FEHI and Fortis Malar Hospital.

Rotary Heartline

In partnership with the Rotary Club, free life-saving surgeries are performed on children with the expenses borne by Fortis Mohali and the Rotary Club in a 3:1 proportion. On an average, five cases are treated each month. Last year, 60 children were treated under this programme.

Chiranjeevi (school health plan)

Affordable healthcare is an urgent need and the biggest obstacle is people's inability to pay the high cost of medical care. This has resulted in the skewed distribution of health insurance and services to those who, irrespective of the insurance, can pay for the treatment, while depriving those in need. To overcome this, the Chiranjeevi school health plan ensures that students have access to quality and affordable healthcare. The objective is to provide a complete Health Assurance Package to students and school staff at affordable prices. Fortis provides subsidies on the premium paid by the students and also assists by providing specialist care.

Health camps

Fortis network facilities organised 943 health camps during the year, with support from senior consultants, doctors, nurses and technicians; 1,07,010 people were provided free health checks.

Golden Age Club

As members of this club, senior citizens can use Fortis medical facilities, at concessional rates and discounts across a range of specialities, at several Fortis Network Hospitals. Apart from providing discounted services, last year:

- SL Raheja Hospital organised a diabetes camp and a BPH camp for senior citizens
- Fortis Amritsar held a public lecture on diabetes and hypertension. It also hosted a round table on geriatric care
- On World Kidney Day, Fortis Mohali organised a health talk on dialysis and kidneys for the Golden Age Club
- Jaipur held a Golden Age Club meet on arthritis
- On International Day for the Old, there were talks on arthritis and cataract

Rural Outreach

Outreach OPDs

Fortis network hospitals conduct free village OPDs in association with local doctors, bringing specialist medical opinion to those areas. This benefits those who require immediate medical attention, but cannot travel long distances. In 2010-11, the Mohali facility organised 603 OPDs, covering more than 30,000 people.

Chetna

Through Chetna, we reach out to underprivileged girls and provide them health services, as well as information and training. This programme is implemented by Fortis Hospital, Mohali and it reaches beneficiaries through rural health camps, outreach OPDs, free cardiac surgeries, health education and consultations in relevant specialities. Last year, 200 girls from villages in Punjab were the beneficiaries.

Gramin Swasthya Yojna

This CSR initiative was started by Fortis Jaipur in 2009, to reach out to the rural populace. Since then, the facility has covered more than 24 different communities across Rajasthan. During these health check camps, basic investigative facilities such as ECG, blood sugar, blood pressure monitoring, BMI are provided. Specialised but free consultant services are provided by physicians, paediatricians, gynaecologists, cardiologists, ENT, surgical specialists, etc. Subsidised treatment is given to patients. In the last year, 13 outreach camps were held, benefiting 14,000 people.

Telemedicine

Fortis is using telemedicine to take specialised healthcare to rural India. In many cases, the treatment could have been carried out by the local doctor with advice from a specialist, provided by a Fortis network hospital. The project is supported by Fortis Charitable Trust. Sanjay Gandhi Hospital, Amethi (Uttar Pradesh); Community Health Centre, Kheralu and Becharji (Gujarat); Bombay Hospital, Haldwani (Uttarakhand); Shajahanpur and Ijjat Nagar (both in Uttar Pradesh) are active in this project. In the last year, 43 such sessions were held by Fortis Noida.

Helping Hands

Hamari Beti

The Hamari Beti initiative was launched by Hiranandani Hospital, Vashi to take care of underprivileged girls' academic expenses. The programme aims to empower these girls by providing them the means to lead a life of dignity without discrimination. The facility paid for the academic expenses of eight underprivileged girls from Gyan Vikas School in Koparkhairane. While some were orphans, the parents of others were working as domestic help or rickshaw drivers. The facility takes care of the girls' school fees, textbooks, uniforms, shoes, etc. A team from the facility director's office regularly visits the school to check on the academic progress of these students.

Clothes donation campaign

A campaign was initiated last year to collect clothes from Fortis employees for donation to the Cheshire Home, which houses individuals with physical and mental disabilities. Several lots of clothing were also donated to Goonj, a non-profit organisation based in Delhi that collects clothes and distributes them among the needy. Several Fortis facilities joined hands for this initiative. Clothes were donated to various NGOs and at times directly to underprivileged children and senior citizens. The campaign was supported by several patients and their attendants as well.

Leh flood relief work

In August 2010, hundreds were killed and many others went missing after heavy rain triggered flash floods, devastating Leh in Ladakh. Hospitals were damaged, communication systems were hit and many areas were cut off from the rest of the country. Fortis Foundation contributed a large consignment of medicines and consumables and two doctors (a cardiologist and a physician) from Fortis Escorts Heart Institute volunteered their time to travel to the disaster zone and provide medical assistance.

Going Forward...

Under the aegis of the Fortis Foundation, Fortis Healthcare plans to launch a nationwide *Mother & Child* health programme that aims to improve the health of pregnant women and newborns, especially in rural areas. It will also address related issues such as spacing of births, pre-natal and ante-natal care, awareness about nutrition, breastfeeding and immunisation. Furthermore, this initiative will support Governmental efforts to improve infant and maternal mortality rates (IMR & MMR) and, specifically, increase societal awareness to alleviate the issues faced by the girl child, thereby contributing to an improvement in the overall girl child ratio.

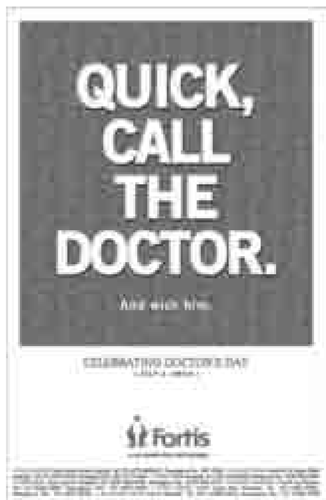
Facility	Discount (No of patients)	Health camps	Awareness and training initiatives	People impacted	Funds utilised (in ₹)
Malar	720	19	15	11320	5869770
Vashi	54	20	30	3724	3439241
S. L. Raheja	30	2	2	391	603975
FEHI	167	135	88	28560	3466446
Mohali	28	603	13	33748	2687165
Amritsar	13	20	25	161092	408190
Vasant Kunj	26	0	4	11326	1776234
La Femme	1	5	5	1971	21200
Raipur	26	9	3	2775	907328
Noida	31	16	47	11561	137888
Faridabad	355	25	32	7548	3703129
Jessa Ram	59	29	7	6624	1576257
Jaipur	2	17	59	24964	503122
Kota	9	26	2	3678	90000
Shalimar Bagh	169	17	6	16121	1642500
Corporate Office	14	0	7	3964	1172445
	1,704	**943**	**345**	**3,29,367**	**2,80,04,890**

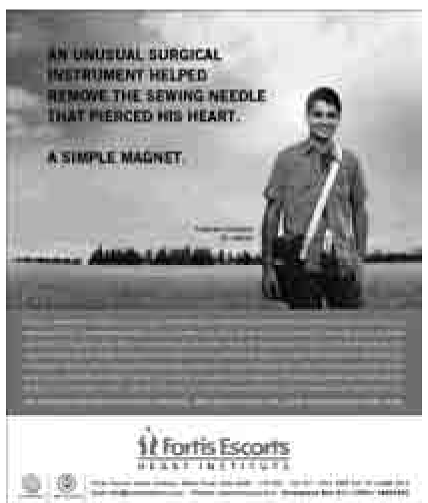
We are grateful to all our partners for supporting us in our initiatives.

BRANDING INITIATIVES

The new website www.fortishealthcare.com, which was launched in July 2010, has grown and now receives over 75,000 visits monthly. The website was built to disseminate information about Fortis in a browser-friendly manner, as well as to be more interactive and dynamic. It has a modern look and feel, is updated frequently with the latest content and has helped us connect better with our customers. We receive about 700 appointment requests each month through this website. The process is underway to integrate this new website with the currently separate www.fortishospitals.com and eventually have a single platform that promotes the Fortis network.

Fortis is also active across social media platforms, such as Facebook, Youtube and Twitter. We have more than 11,000 fans and followers across these social networks. Interactive applications are run periodically across social media to engage browsers with participative contests and quizzes.





CELEBRATING 10 YEARS OF CARE

IN THE NEWS

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting here the Fifteenth Annual Report of your Company together with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2011. Your Company posted robust performance during the year and at the same time expanded its footprint enabling increasingly more people to experience "*Fortis Care*".

FINANCIAL RESULTS

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

[₹ in Million]

Particulars	Consolidated	
	Year ended March 31, 2011	**Year ended March 31, 2010**
Operating Income	**14,829.71**	9,380.62
Other Income	**4,587.53**	491.88
Total Income	**19,417.24**	9,872.50
Total Expenditure	**14,346.73**	7,966.27
Operating Profit	**5,070.51**	1,906.23
Less: Finance Charges, Depreciation & Amortization	**3,544.84**	1172.32
Profit before Tax & Prior Period Items	**1,525.67**	733.91
Less: Tax Expenses	**152.39**	33.56
Less: Prior Period Items	**10.31**	0.30
Net Profit for the year	**1,362.97**	700.05
Profit attributable to Minority Interest	**44.23**	20.85
Share in the (Loss)/Profit of Associates	**(75.10)**	15.61
Net Profit attributable to the shareholders of the Company	**1,243.64**	694.82

The highlights of financial results of your Company as a Standalone entity are as follows:

[₹ in Million]

Particulars	Standalone	
	Year ended March 31, 2011	**Year ended March 31, 2010**
Operating Income	**2,582.71**	2,098.16
Other Income	**1,824.65**	411.47
Total Income	**4,407.36**	2,509.63
Total Expenditure	**2,349.27**	1,874.89
Operating Profit	**2,058.09**	634.74
Less: Finance Charges and Depreciation	**640.46**	330.61
Profit before Tax & Prior Period Items	**1,417.63**	304.13
Less: Prior Period Items	**(0.47)**	2.67
Net Profit/ (Loss) attributable to the shareholders of the Company	**1,418.10**	301.46

OPERATING RESULTS AND PROFITS

The sound performance of your Company is manifested in the Operating Revenues and Net Profit posted for the year under review. During the year ended March 31, 2011, the Consolidated Revenues from Operations stood at ₹14,829.71 Million as against ₹9,380.62 Million for the corresponding previous year registering a growth of 58%. The Profit before Depreciation, Interest and Tax stood at ₹ 5,070.51 Million as against ₹1,906.23 Million for the corresponding previous year, registering a growth of 166%. The Net Profit after Tax but before Profits attributable to Minority Interst and Share in the losses of Associates stood at ₹1,362.97 Million, registering a growth of 95% over the previous year.

Your Company made further strides in implementing its strategic growth and development initiatives across various facets of the Organization. Expanding and deepening the footprint of network hospitals has helped us to touch increasing number of lives during the year and your Company continues to strive towards improving the value proposition it offers to the patients and general public.

A detailed discussion on Operational and Financial Performance of the Company for the year, is given in "Operations Reviews" and "Management Discussion and Analysis" Sections of this Annual Report.

CHANGE OF NAME

Over the last decade, your Company has made substantial progress towards establishing itself as a leading player in Indian Healthcare Market. With the current strength of 62 Network Hospitals and allied businesses in India, your Company is aggressively expanding its footprint and market share in the Indian Healthcare Industry, which is expected to grow at 15-16% over the foreseeable future.

Further, as the Fortis Group moves from a single country to a multi-country model, in order to ensure that there is clarity and alignment (both internally and externally), the Board of Directors of your Company had, on January 10, 2011, revisited the Company's corporate identity and proposed to change the name of the Company from "Fortis Healthcare Limited" to "Fortis Healthcare (India) Limited" and the same was approved by the Shareholders by way of Postal Ballot on February 21, 2011. With the approval of the Registrar of Companies, NCT of Delhi & Haryana, Ministry of Corporate Affairs, the name of the Company has been changed to "Fortis Healthcare (India) Limited" effective March 07, 2011.

CAPITAL RAISING AND CHANGES IN CAPITAL STRUCTURE

Capital Raising

In May 2010, the Company issued 1,000, 5 % Foreign Currency Convertible Bonds of US$ 1,00,000 each, aggregating US$ 100 Million. These bonds are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are convertible at the option of the bondholders between May 2013 and May 2015.

Further, on June 24, 2010 , the Company, in terms of the Letter of Offer dated September 22, 2009, for the Rights Issue of Equity Shares with Detachable Warrants, issued 87.71 Million equity shares of ₹10 each against conversion of Detachable Warrants, at an exercise price of ₹153 per warrant, aggregating to ₹13,420 Million.

In terms of "Employee Stock Option Plan 2007", the Company allotted 67,880 equity shares of ₹10 each, against exercise of vested stock options by the eligible employees during the year.

Changes in Capital Structure

During the year under review, the issued and paid up Equity Share Capital of the Company increased from ₹3173.24 Million divided into 317,323,609 Equity Shares of ₹10 each to ₹4,051.03 Million divided into 405,103,475 Equity Shares of ₹10 each, by way of issue of Equity Shares against the conversion of warrants and exercise of vested stock options, as referred above.

LISTING OF EQUITY SHARES / BONDS

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Further, the Foreign Currency Convertible Bonds (FCCBs) issued during the year are listed on on “Bourse de Luxembourg” (Luxembourg Stock Exchange). The requisite annual listing fees have been paid to these Exchanges.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The Equity Shares of your Company are included in the list of specified scripts where delivery of shares in dematerialized (demat) form is compulsory, if the same are traded on a Stock Exchange, which is linked to a Depository. As of March 31, 2011, 99.74% Equity Shares of the Company were held in demat form.

STOCK OPTIONS

During the year under review, 1,302,250 Stock Options were granted under the "Employee Stock Option Plan 2007" to the eligible employees and Directors of the Company / its subsidiaries.

The relevant details of the Stock Options granted during the year and outstanding as on March 31, 2011 have been set out in Annexure II to this Directors' Report.

SUBSIDIARY COMPANIES

During the year under review:

- In order to provide holistic care to diabetes patients, your Company plans to set up speciality centres under the brand name "Fortis C-Doc" and has floated a step down subsidiary under the name and style of “Fortis C - Doc Healthcare Limited” - a 60:40 Joint Venture with Professor Anoop Misra, an internationally acclaimed diabetes expert and researcher.
- One of the subsidiary companies of your Company viz. Escorts Heart Institute and Research Centre Limited (EHIRCL), acquired 100% stake in Fortis Asia Healthcare Pte Ltd. (FAHPL) and thus, FAHPL has become a step down wholly-owned subsidiary of your Company w.e.f. January 07, 2011.
- By virtue of Share Subscription Agreement dated February 01, 2011, EHIRCL also acquired 29.39% stake in Fortis HealthStaff Limited (FHSL) and has also taken control over the composition of Board of Directors of FHSL, thereby making FHSL, a step down subsidiary of the Company in terms of Section 4(1)(a) of the Companies Act, 1956.
- On March 31, 2011, Fortis Global Healthcare Infrastructure Pte. Limited, Singapore (FGHIPL) was incorporated as a wholly-owned subsidiary of Fortis Healthcare International Limited.

Existing Subsidiaries- Changes during the year

In March 2011, your Company has, through one of its wholly-owned subsidiary viz. International Hospital Limited, further increased its stake in Fortis Malar Hospitals Limited (FMHL) from 50.02% to 63.20% by acquiring 2.45 Million Equity Shares from Oscar Investments Limited, through a block deal as inter-se transfer of shares between “Qualifying Promoters” in accordance with Regulation 3(1)(e)(iii) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

As a part of restructuring the shareholding of various Companies under the Fortis Group, Fortis Hospotel Limited (FHTL), one of the wholly owned subsidiary of the Company, sold its entire stake in Fortis Health Management Limited (FHML) and FHML is currently being held by Kanishka Healthcare Ltd (49.98%), EHIRCL (0.04%) and FGHIPL (49.98%). Further, on March 04, 2011, entire stake in Escorts Heart Centre Limited was sold by EHIRCL to Fortis Healthcare Holdings Ltd., the Holding Company of the Company.

EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to Companies from complying with the provisions of Section 212 of the Companies Act, 1956, provided such Companies publish the Audited Consolidated Financial Statements in the Annual Report. Accordingly, in terms of general exemption, the Board of Directors of the Company, in its Meeting held on May 27, 2011, resolved that the Financial Statements and other required documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company for this fiscal.

The Annual Accounts of these subsidiary companies and the related information are open for inspection by any member including the members of subsidiary companies at the registered office of the Company and that of subsidiaries concerned, during the working hours on all working days. The Company will make available these documents to the members including members of subsidiary companies upon receipt of request from them. The members, if they so desire, may write to the Company to obtain a copy of financials of the subsidiary companies.

GROUP

"Persons" constituting "Group" as defined under the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation

3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time, include the following:

a. Mr. Malvinder Mohan Singh and his spouse;

b. Mr. Shivinder Mohan Singh and his spouse;

c. Escorts Heart and Super Speciality Hospital Limited;

d. Escorts Heart and Super Speciality Institute Limited;

e. Escorts Heart Centre Limited;

f. Escorts Heart Institute and Research Centre Limited;

g. Escorts Hospital and Research Centre Limited;

h. Fortis Asia Healthcare Pte Limited;

i. Fortis C - Doc Healthcare Limited;

j. Fortis Emergency Services Limited;

k. Fortis Global Healthcare (Mauritius) Limited;

l. Fortis Global Healthcare Infrastructure Pte Limited;

m. Fortis Health Management (East) Limited;

n. Fortis Health Management (North) Limited;

o. Fortis Health Management (South) Limited;

p. Fortis Health Management (West) Limited;

q. Fortis Health Management Limited;

r. Fortis Healthcare (India) Limited;

s. Fortis Healthcare Global Pte Limited;

t. Fortis Healthcare Holdings Limited;

u. Fortis Healthcare India Holdings Pte Limited;

v. Fortis Healthcare International Limited;

w. Fortis Healthcare International Pte Limited;

x. Fortis Hospital Management Limited;

y. Fortis Hospitals Limited;

z. Fortis Hospotel Limited;

aa. Fortis Malar Hospitals Limited;

bb. International Hospital Limited;

cc. Kanishka Healthcare Limited;

dd. Lalitha Healthcare Private Limited;

ee. Malar Stars Medicare Limited;

ff. Malav Holdings Private Limited;

gg. RHC Holding Private Limited;

hh. RHC Holding Pte Limited;

ii. Shivi Holdings Private Limited;

jj. Super Religare Laboratories Limited;

kk. Hospitalia Eastern Private Limited;

ll. Fortis HealthStaff Limited;

mm. Religare Wellness Limited;

nn. Medsource Healthcare Private Limited;

oo. Hiranandani Healthcare Private Limited;

pp. RHC Finance Private Limited;

qq. RHC Financial Services (Mauritius) Limited;

rr. Today Holding Private Limited;

ss. Fortis Global Healthcare Limited;

tt. Fortis Medicare International Limited

REPORT ON CORPORATE GOVERNANCE

Your Company continues to place greater 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 the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed with the said Corporate Governance Report.

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 58A of the Companies Act, 1956, and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as of the date of Balance Sheet.

DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the aggressive growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus, not recommended any dividend for the financial year under review. Also, during the said year, no amount has been transferred to reserves.

DIRECTORS

Dr. Brian William Tempest has been co-opted as an Additional Director on the Board of the Company w.e.f. August 02, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act"), Dr. Brian holds the office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company in terms of Section 257 of the Companies Act, 1956. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Dr. Brian William Tempest as the Director, liable to retire by rotation.

Further, in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rajan Kashyap, Lt. Gen T S Shergill and Dr. P S Joshi are liable to retire by rotation at the ensuing Annual General Meeting.

Mr. Rajan Kashyap, in view of his pre-occupation, has not offered himself for re-appointment and accordingly, he will cease to be the Director of the Company with effect from the conclusion of the ensuing Annual General Meeting. Since, no proposal has been received for filling up the vacancy, it is decided not to appoint any Director in place of Mr. Rajan Kashyap. The Board of Directors extends their sincere appreciation for valuable contributions made by Mr. Kashyap during his tenure as a Director of the Company.

Lt. Gen T S Shergill and Dr. P S Joshi, being eligible have offered themselves for re-appointment.

Your Directors recommend the appointment/ re-appointment of Dr. Brian William Tempest, Lt. Gen T S Shergill and Dr. P S Joshi, as referred above, at the ensuing Annual General Meeting.

STATUTORY AUDITORS / AUDITORS' REPORT

M/s. S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors for the financial year 2011-12.

The Company has received a letter dated May 23, 2011 from them to the effect that their re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Act, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

Based on the recommendations of the Audit, Risk & Controls Committee, the Board of Directors of the Company proposes the re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, as the Statutory Auditors of the Company.

The Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company, its subsidiaries and associates, made the following comments:

5. *(a)* *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently. Further, in a related case filed against Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for provision of services from hospitals operated from these lands, no provisions are made by the subsidiary company as the amounts are currently unascertainable (also refer Note 8 of Schedule 25).*

   (b) *Certain tax demands aggregating to ₹9,604.30 lacs (without considering the demand of ₹10,101.01 lacs raised twice in respect of certain years and after adjusting ₹13,364.86 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters as discussed in detail in Note 9 of Schedule 25), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

   Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the consolidated financial statements. The same were also the subject matter of qualification by us in the previous year as well.

As both the matters are sub-judice and appeals against the demands are pending at various stages, based on the advice received from the legal counsels, the Management is of the view that the matters shall get adjudicated in its favour.

DISCLOSURES UNDER SECTION 217 (1) & (2) OF THE COMPANIES ACT, 1956

Material Changes/Commitments

In May 2011, the Company completed the acquisition of 74.59% of Strategic stake in the equity share capital of Super Religare Laboratories Limited (SRL) for an aggregate amount of ₹8,036.85 Million, one of India's largest and leading diagnostic services companies, offering diagnostic testing (including Pathology and Radiology), preventive care testing and clinical research testing.

In making SRL an integrated part of its delivery network, it is believed that Fortis will become an integrated heathcare delivery player including expertise in pathology and radiology. SRL has proposed to come out with an Initial Public Offering of its equity shares. During the current year, it has also made preferential allotment of its equity shares to Spring Healthcare India Trust, Spring Healthcare (P) Ltd. and Sabre Capital (Mauritius) Limited. Consequently, the Company's stake in SRL stands at 71.49%.

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

Further, Kanishka Healthcare Limited (formerly Kanishka Housing Development Company Limited), one of the step down subsidiaries of the Company vide special resolution passed by its members on March 30, 2011, altered the object clause of its Memorandum of Association and decided to foray into healthcare business in line with the business carried on by its Holding Company.

Except as disclosed above or elsewhere in this Annual Report, during the financial year under review, no material changes have occurred in the nature of the Company's business or that of its subsidiaries and generally in the classes of business in which the Company has an interest.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, is given in Annexure I, forming part of this Directors' Report.

PARTICULARS OF EMPLOYEES

The Statement containing particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act,1956, the Report and Accounts are being sent to the members excluding this Statement. Copies of this statement may be obtained by the members by writing to the Company Secretary at the registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

For the Financial Year 2010-11, the Directors hereby confirm:

i. that in the preparation of the Annual Accounts for the year ended March 31, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

ii. that the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. that the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

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

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

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

On behalf of the Board of Directors

Date: August 12, 2011 **Malvinder Mohan Singh**
Place: New Delhi **Chairman**

ANNEXURE I TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011

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

A. Conservation of Energy

a) Energy conservation measures taken:

- In line with the increasing global focus on the critical need for energy conservation, your Company has undertaken strong measures to keep its energy consumption levels under strict control and ensure sustainable energy utilization.

  Your Company has availed services of Energy Conservation professionals for review of energy consumption and effective control on utilization of energy. The plan and design of new facilities is firmed up keeping in view the objective of minimum energy losses and energy efficient hospitals. The Company also emphasizes on good house- keeping and timely maintenance coupled with Energy Cost reduction programmes.

  During the year, solar water heating system, intelligent lighting systems, energy efficient CFL and strict temperature measurement and control system to avoid overheating or over cooling were installed.

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

- Nil

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

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

d) Total energy consumption and energy per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

- N.A.

B. Technology Absorption

1. Research & Development (R & D):

- Nil

2. Technology Absorption, Adaptation & Innovation:

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

- Nil

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

- Nil

c) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports : Initiatives taken to increase exports, development of new export markets for products and services and export plans

- Nil

b) Total foreign exchange earned and used :

(i) Earnings : Nil

(ii) Expenditure : CIF Value of Imports - ₹10.43 Million
Others - ₹218.32 Million

ANNEXURE II TO DIRECTORS' REPORT

ESOP Disclosure in Directors' Report

Details of Employee Stock Option Plan 2007 for the year ended March 31, 2011

(As per Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999)

Particulars	Details											
	Date of Grant	Number of options granted	Exercise Price	Date of Grant	Number of options granted	Exercise Price	Date of Grant	Number of options granted	Exercise Price	Date of Grant	Number of options granted	Exercise Price
The total number of options granted are 25,57,950 (including reissue of lapsed/cancelled options)	February 13, 2008	4,58,500	₹ 71	October 13, 2008	33,500	₹ 50	July 14, 2009	7,63,700	₹ 77	October 1, 2010	1,302,250	₹ 158
Outstanding Options as on April 1, 2010	271,960			6,000			640,700			N.A.		

Pricing Formula	Latest available closing price of the equity shares of the Company, prior to the date of grant of options by the Human Resources & Remuneration Committee (HR & RC), on the Stock Exchange on which the shares of the Company are listed.		
	Date of Grant of Option	**Latest available closing price of the shares of the Company at the National Stock Exchange of India Limited**	**Exercise price of the options granted by the HR & RC**
	February 13, 2008	₹ 70.05	₹ 71
	October 13, 2008	₹ 49.05	₹ 50
	July 14, 2009	₹ 76.95	₹ 77
	October 01,2010	₹ 157.75	₹ 158

Total Number of Options vested during the year	127,740 valid options were vested on February 12, 2011	117,520 valid options were vested on October 12, 2010	2,400 valid options were vested on July 13,2010	Nil
Total Number of Options exercised	39,520	Nil	28,360	Nil
Total Number of Options lapsed/ forfeited/cancelled as on March 31, 2011	28,700	Nil	95,200	17,000
Total Number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	2,43,260	6,000	5,45,500	12,85,250
Total Number of Options in force as on March 31, 2011	2,03,740	6,000	5,17,140	12,85,250
Variation in the terms of the options	Nil	Nil	Nil	Nil
Money realized by exercise of the options as on March 31, 2011	28,05,920	Nil	21,83,720	Nil
Person-wise details of options granted to:				
a) Directors and Key Managerial Employees	21,800*	Nil	1,88,600*	13,500*
b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	Nil	During the Financial Year 2008-09, under this grant, more than 5% of the options were granted to 8 employees aggregating 33,500 options*.	During the Financial Year 2009-10, under this grant, more than 5% of the options were granted to 5 employees aggregating 4,25,000 options*.	During the Financial Year 2010-11, under this grant, more than 5% of the options were granted to 3 employees aggregating 2,50,000 options*.
c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued Equity Share capital (excluding outstanding warrants & conversions) at the time of grant	Nil	Nil	Nil	Nil

<table>
<tr><td>Diluted Earnings Per Share (EPS), as reported on unconsolidated basis, pursuant to the issue of Equity Shares on exercise of the options calculated in accordance with AS 20 for the year ended March 31, 2011</td><td colspan="12">₹ 3.68</td></tr>
<tr><td>Vesting schedule</td><td colspan="12">Except in cases of death and disability and subject to the right of the HR & Remuneration Committee to, in its absolute discretion, vary or alter the vesting date for an employee or a class of employees, the options will vest in the ratio of 20% each at the end of the first, second, third, fourth and fifth years from the date of grant</td></tr>
<tr><td>Lock in</td><td colspan="12">Not Applicable</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">2010-11
Impact on Profits -₹ 12.57 Million
Impact of EPS - ₹ 0.03</td><td colspan="4">2009-10
Impact on Profits - ₹ 5.17 Million
Impact of EPS - ₹ 0.02</td><td colspan="4">2008-09
Impact on Profits - ₹ 1.91 Million
Impact of EPS - Negligible</td></tr>
<tr><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options</td><td colspan="12">Employee Compensation Cost on the basis of the intrinsic value of stock options is zero while on the basis of the fair value of stock options is ₹ 12.57 Million</td></tr>
<tr><td>Impact on profits of the Company and on the EPS arising due to difference in the Accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)</td><td colspan="12">Impact on Profits - ₹ 12.57 Million
Impact of EPS - ₹ 0.03</td></tr>
<tr><td>Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="12">Weighted average exercise price: ₹ 128.05
Weighted average fair value: ₹ 50.01</td></tr>
<tr><td colspan="13">A description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted-average information:</td></tr>
<tr><td>Method used</td><td colspan="12">The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model ("Black Scholes Model") has been used</td></tr>
<tr><td>• Risk free interest rate</td><td colspan="12">10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model</td></tr>
<tr><td>• Expected life</td><td colspan="12">The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country</td></tr>
<tr><td>• Expected volatility</td><td colspan="12">Volatility is calculated on the movement of the Company's (and comparable companies') share price on the BSE in the past one year, and works out to 32.89%. The same volatility is applicable to the Black Scholes Model.</td></tr>
<tr><td>• Expected dividends</td><td colspan="12">No dividend has been paid as yet</td></tr>
<tr><td>• The price of the underlying share in the market at the time of option grant</td><td colspan="3">₹ 70.95 on NSE on February 12, 2008</td><td colspan="3">₹ 49.05 on NSE on October 10, 2008</td><td colspan="3">₹ 76.95 on NSE on July 13, 2009</td><td colspan="3">₹ 157.75 on NSE on September 30, 2010</td></tr>
</table>

* Names of employees have not been given, keeping in view the sensitivity.

REPORT ON CORPORATE GOVERNANCE

1. INTRODUCTION

Corporate Governance is about commitment to values and ethical conduct of business. It is a set of laws, regulations, processes and procedures affecting the way a Company is directed, administrated, controlled or managed. This includes its corporate and other structures, culture, policies and the manner in which it deals with the various stakeholders. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe evince keen interest in the practices and performance of Companies, Corporate Governance has emerged on the centre stage.

Some of the important best practices of Corporate Governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance originates from the belief that attainment of the higher levels of transparency, disclosures, control and accountability are the pillars of any good Corporate Governance System. The Corporate Governance is an integral part of philosophy of the Company in its pursuits of excellence, growth and value creation. Good Corporate Governance goes beyond compliance and involves a Companywide commitment. This commitment starts with the Board of Directors, which executes its Corporate Governance responsibilities by focusing on the Company's strategic and operational goals & policies in the best interest of all its stakeholders and in particular, shareholders, employees and customers, in a balanced manner with long term benefits to all.

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

Your Company is committed to continuously evolving and adopting best practices in Corporate Governance. The brand value and reputation of your Company are seen as the most valuable assets. Your Company recognizes its economic, social and environmental responsibilities and continuously strives towards emulating the best practices in every sphere of its operations.

Your Company believes that sound Corporate Governance is critical for enhancing and retaining investors' trust. Accordingly, it always seeks to ensure that it attains performance goals with integrity. It is your Company’s endeavour to enhance long- term value for its shareholders and respect minority rights in all its business decisions. Your Company recognizes that good governance is an ongoing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

3. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors ("the Board") is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long term interest of its stakeholders. It 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 highest standards of ethics, transparency and disclosure.

Our policy towards the Composition of Board is to have an appropriate mix of Executive, Non-Executive and Independent Directors, representing a judicious mix of professionalism, knowledge and experience. This helps to maintain the independence of Board and to separate its functions of Governance and Management.

Currently, the Board consists of 11 Members, of whom 1 (one) is an Executive Director designated as Managing Director and 10 (Ten) are Non-Executive Directors including a Non-Executive Chairman. Amongst the Non-Executive Directors, 7 (Seven) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions.

The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Other details relating to the Directors as on March 31, 2011 are as follows:

Name of the Director	Position held in the Company	Directorship in other Companies@	Committee Membership in other Companies#	Committee Chairmanship in other Companies#
Mr. Malvinder Mohan Singh	Non-Executive Chairman (Promoter)	8	3	–
Mr. Shivinder Mohan Singh	Managing Director (Promoter)	8	1	–
Mr. Balinder Singh Dhillon	Non-Executive Independent	–	–	–
Mr. Gurcharan Das	Non-Executive Independent	3	–	–
Mr. Harpal Singh*	Non-Executive Non- Independent	5	–	–
Dr. P S Joshi	Non-Executive Independent	15	8	3
Mr. Rajan Kashyap	Non-Executive Independent	–	–	–
Justice S S Sodhi	Non-Executive Independent	1	–	–
Mr. Sunil Godhwani	Non-Executive Non- Independent	13	7	1
Lt. Gen. T S Shergill	Non-Executive Independent	–	–	–

@ Excluding Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956.

Represents membership/chairmanship of Audit Committee & Shareholders' Grievance Committee of Indian Public Limited Companies.

* Related to Promoters

None of the Directors on Board, is a member in more than ten committees and/or act as a chairman of more than five committees across all the companies in which he is a Director.

Except Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, who are brothers, and Mr. Harpal Singh, who is Mr. Malvinder Mohan Singh's father-in-law, none of the Directors are related to one another.

Disclosure regarding appointment or re- appointment of Directors

According to the Articles of Association of the Company and Companies Act, 1956, at every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation, shall retire from office and at the same Annual General Meeting such vacancy may be filled up by appointing the retiring director who shall be eligible for re-appointment. Accordingly, Dr. P S Joshi, Mr. Rajan Kashyap and Lt. Gen. T S Shergill are liable to retire at the ensuing Annual General Meeting.

Due to his pre-occupation, Mr. Rajan Kashyap has not offered himself for re-appointment and thus, he would relinquish his office as such, on the conclusion of the ensuing Annual General Meeting.

Further, on August 02, 2011, Dr. Brian William Tempest has been co-opted as an Additional Director (Non Executive Independent) on the Board of Directors of the Company. Dr. Tempest holds office as such till the conclusion of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, recommending his appointment at the ensuing Annual General Meeting. The Board has recommended the appointment / re-appointment of Dr. Brian William Tempest, Dr. P S Joshi and Lt. Gen. T S Shergill at the ensuing Annual General Meeting. The profiles of these directors in terms of Clause 49 of the Listing Agreement are provided in the Notice convening the ensuing Annual General Meeting.

Board Functioning & Procedure

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions of the Company, Management's policies and their effectiveness and ensures that the long term interests of the shareholders are being served.

The probable dates of the Board Meetings for the forthcoming year are decided in advance and published as part of the Annual Report. The Board meets at least once in a quarter to review the performance of the Company and approves, inter alia, the quarterly financial results. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

Independent Directors are regularly updated on performance of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The agenda for each Board Meeting alongwith background papers is circulated in advance to the Board Members to facilitate meaningful discussion at the meeting. Every Board Member is free to suggest items for inclusion in the agenda.

The Directors are provided free access to offices and employees of the Company. The Management is encouraged to invite the Company's officials to such Board Meetings at which their presence and expertise helps the Board to develop a full understanding of matters being deliberated.

The Company effectively uses teleconferencing facility to enable the participation of Directors who cannot attend the same in person due to some urgency.

Six Board meetings were held during the year ended March 31, 2011. These were held on (i) May 1, 2010 (ii) May 28, 2010 (iii) June 9, 2010 (iv) August 6, 2010 (v) November 2, 2010 and (vi) February 7, 2011.

The following table gives the attendance record of the directors at the above said Board Meetings and at the last Annual General Meeting, which was held on September 18, 2010:

Name of the Directors	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Malvinder Mohan Singh	6	4	Yes
Mr. Shivinder Mohan Singh	6	6	Yes
Mr. Balinder Singh Dhillon	6	4	Yes
Mr. Gurcharan Das	6	3	No
Mr. Harpal Singh	6	4	Yes
Dr. P S Joshi	6	5	Yes
Mr. Rajan Kashyap	6	5	Yes
Mr. Ramesh L Adige*	6	3	Yes
Mr. Sunil Godhwani	6	–	No
Justice S S Sodhi	6	3	Yes
Lt. Gen. T S Shergill	6	6	Yes
Mr. V M Bhutani*	6	4	Yes

* Ceased to be Director w.e.f. September 18, 2010

Availability of information to the members of Board:

As required under Clause 49 of the Listing Agreement, to the extent applicable, following information is placed before the Board:

- Annual operating plans and budgets and any updates thereto.
- Capital expenditure plan and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit, risk & controls 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 services rendered by the company.
- Any issue, which involves possible public liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material.

- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Statutory 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 the 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, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company's property and information. The code is also posted on the website of the Company.

All employees including Senior Management and Board Members have confirmed the compliance with the Code for the financial year 2010-11. A declaration to this effect signed by the Managing Director of the Company, is provided elsewhere in this Report.

4. COMMITTEES OF THE BOARD

In terms of Clause 49 of the Listing Agreement read with the Companies Act, 1956, the Board has formed three Committees viz. Audit, Risk & Controls Committee, Shareholders' / Investors' Grievance Committee and Human Resources & Remuneration Committee.

Keeping in view the requirements of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of these Committees and the assignment of members to various committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

(A) Audit, Risk & Controls Committee (A, R&C Committee)

Composition:

As on March 31, 2011, the A,R&C Committee comprised of the following members, namely:

(i) Mr. Balinder Singh Dhillon, Chairman

(ii) Mr. Malvinder Mohan Singh

(iii) Mr. Harpal Singh

(iv) Dr. P S Joshi

(v) Mr. Rajan Kashyap

(vi) Lt. General T S Shergill

All the members of the Committee are financially literate and one member is having requisite accounting and financial management expertise. Ms. Ruchi Mahajan, Company Secretary acts as the Secretary of the Committee.

Accountabilities and Responsibilities

The Committee shall have the accountabilities and responsibilities set out below as well as any other matters that are specifically delegated to the Committee by the Board. In addition to these accountabilities and responsibilities, the Committee shall perform the duties required of an Audit Committee by applicable statutes, requirements of the stock exchanges on which the securities are listed and all other applicable laws.

(1) Financial Reporting

(a) **General -** The Committee is responsible for reviewing the integrity of the financial reporting process and the financial statements and disclosures. Management is responsible for the preparation, presentation and integrity of the financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies. The external auditors are responsible for auditing the annual consolidated financial statements and for reviewing the un-audited interim financial statements.

(b) **Review of Annual Financial Reports -** The Committee shall review the annual audited financial statements of the company, the external auditors' report thereon and the related management's discussion and analysis of the financial condition and results of operations and management's report. The review will be done to assure that in all material respects the financials are correct, sufficient and credible, present a fair and full disclosure and that the statements are made in accordance with generally accepted accounting principles in which the financial statements of the company are prepared from time to time. The review will also provide assurance and disclosure to the financial condition, results of operations and cash flows of the company. After completing its review, if advisable, the Committee shall approve and recommend for Board approval the annual financial statements and the related management analysis and discussion.

(c) **Review of Interim Financial Reports -** The Committee shall review the interim financial statements of the company, the external auditors' review report thereon and the related management discussion and analysis. The review will also provide assurance and disclosure to the financial condition, results of operations and cash flows of the company. After completing its review, if advisable, the Committee shall approve and recommend for Board approval the annual financial statements and the related management analysis and discussion.

(d) **Review Considerations -** In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

(i) meet with Management and the external auditors to discuss the financial statements and management discussion and analysis;

(ii) review the disclosures in the financial statements;

(iii) review matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

(iv) review the audit report or review report prepared by the external auditors;

(v) discuss with Management, the external auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(vi) review critical or material accounting and other significant estimates and judgments underlying the financial statements as presented by Management;

(vii) review any material effects of regulatory accounting initiatives, significant transactions or off-balance sheet structures on the financial statements as presented by Management;

(viii) review any material changes in accounting policies and practices, the reason for the same and their impact on the financial statements as presented by Management or the external auditors;

(ix) review significant adjustments made in the financial statements arising out of audit findings.

(x) review disclosure of any related party transactions.

(xi) review Management's and the external auditors' reports on the effectiveness of internal control over financial reporting;

(xii) review results of investigation into any material fraud or Code of Conduct complaint and

(xiii) review any other matters, related to the financial statements, that are brought forward by the internal auditors, external auditors, management or which are required to be communicated to the Audit, Risk and Control Committee under accounting policies, auditing standards or applicable law. This includes any qualifications in the draft audit report.

(e) **Approval of Disclosures -** The Committee shall review and, if advisable, approve or recommend for Board approval all external filings, advisories or press releases which disclose financial results or offer material disclosure of a financial nature.

(1A) Appointment of Chief Financial Officer

The Committee shall approve the appointment of Chief Financial Officer (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) before finalization of the same by the Management. The Audit Committee, while approving the appointment of CFO shall assess the qualifications, experience & background etc."

(2) External Auditors

(a) **General -**The Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing the companies financial statements and internal controls over financial reporting including the resolution of disagreements between Management and the external auditors regarding financial reporting.

(b) **Appointment and Compensation -** The Committee shall review and, if advisable, select and recommend:

(i) for shareholder approval, the appointment (or re-appointment as the case may be) of the external auditors and

(ii) for shareholder or Board approval, as applicable, the compensation of the external auditors.

(c) **Annual Review Report -** At least annually, the Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) availability of the peer review certificate and details on any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.

(d) **Audit Plan -** Annually, the Committee shall review the external auditors' annual audit plan. The Committee shall consider and review with the external auditors any material changes to the scope of the plan.

(e) **Independence of External Auditors -** Annually, and before the external auditors issue their report on the annual financial statements, the Committee shall: obtain from the external auditors a formal written confirmation

(i) as to the such relationships between the external auditors and a third party that may affect the objectivity and independence of the external auditors;

(ii) that they are independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the institute or order of chartered accountants to which they belong.

(iii) that they are in compliance with all audit firm and regulatory requirements relating to partner rotation, peer review and quality reviews and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

(f) **Pre-Approval of Audit and Non-Audit Services -** The Committee shall pre-approve any retainer of the external auditors for any non-audit service to the company or its subsidiaries in accordance with Position Paper adopted by the Committee and the Board.

(g) **Hiring Practices -** The Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors or former external auditors.

(3) Internal Audit Function

(a) **General -** The Internal Audit function is responsible for providing independent and objective assurance and consulting services to add value and improve the operations of the company by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Committee shall review the independence of the internal auditors from Management having regard to the scope, budget, planned activities and organization structure of the internal audit function.

(b) **Appointment and Compensation -** The Committee shall review and, if advisable, select and recommend:

(i) the appointment (or re-appointment as the case may be) of the internal auditors and

(ii) for Board approval, as applicable, the compensation of the internal auditors.

(c) **Internal Audit Charter -** The Committee is responsible for establishing and approving, the Internal Audit Charter and mandate, which will be reviewed annually and updated as required.

(d) **Chief Auditor -** The Committee shall review and, if advisable, approve the appointment of the Chief Auditor. At least annually, the Audit Committee shall evaluate the performance of the Chief Auditor and shall meet with the Chief Auditor to discuss the execution of matters under his/her mandate.

(e) **Review -** At least annually, the Committee shall consider and review with Management and the Chief Auditor:

(i) any difficulties encountered in the course of internal audits, including any restrictions on the scope of internal audit work or access to required information; and

(ii) the compliance of internal audit with professional standards promulgated by the professional body regulating internal audits

(iii) 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.

(f) **Audit Plans -** The Committee approves the annual audit plan presented by the Chief Auditor. The Chief Auditor, on a quarterly basis, will inform the Committee of the status of the Audit Plan and any scope slippage or changes needed.

(g) **Audit Reports -** The Committee shall on a periodic basis review the findings of internal audit, deficiencies or opportunities for improvement notes, action plans agreed against status reports. In this regard the Committee can request for Management to provide regular updates on corrective actions planned.

(h) **Review Considerations -** In conducting its review of the internal audit reports the Committee shall consider:

(i) Management discussion and analysis of financial condition and results of operations;

(ii) Statement of significant related party transactions (as defined by the committee), submitted by Management;

(iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;

(iv) Internal audit reports relating to internal control weaknesses; and

(v) Financial policies, processes, systems and controls covering, Accounting, Treasury, Taxation, Forex, Risk Management and Insurance.

Audit observations and progress to address the same will be tabled before the Committee at least 3 days in advance of the slotted meeting in order to allow members to review and discuss the same at the meeting.

(4) Risk Management and Internal Control Frameworks

(a) **Establishment, Review and Approval -** The Committee shall require Management to implement and maintain an appropriate Risk management and internal control framework in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and will review, evaluate and, if advisable approve the frameworks with their associated procedures. At least annually, the Committee shall consider and review the Risk management and Internal Control Frameworks with Management and the auditors relating to:

(i) The ability of the framework to drive identification and attention to primary business risks.

(ii) The effectiveness of the risk framework to allow for risk mitigation strategies to be adopted and provide for an on-going monitoring mechanism to revalidate the risk assumptions / profile of the organization.

(iii) The design and operational effectiveness of the Internal Control framework and the effectiveness off, or weaknesses or deficiencies in the design or operation of the internal controls; the overall control environment for managing business risks and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), operational controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on Management's conclusions;

(iv) any significant changes in the risk management framework (or risk appetite, profile) or internal control framework;

(v) any material design or operational issues raised by an incident, fraud or regulatory review;

(vi) adequacy of the internal control framework to address fraud prevention and detection, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against Management or other employees who have a significant role in financial reporting or Management;

(vii) the business continuity management and insurance programs, including, reviewing and recommending for Board approval a resolution establishing certain limits of insurance, to meet the requirements of the established risk appetite;

(viii) any related significant issues and recommendations of the external auditors and internal auditors together with Management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses including those relating to risk management or internal controls over financial reporting and disclosure controls;

(ix) the self assessment, internal assessment and external assessment processes that constitute the continuous improvement cycle for the risk management and internal controls frameworks.

(b) **Policies and Procedures -** The Committee shall review and, if advisable, approve key policies and procedures for the effective identification, measurement, monitoring and controlling of the principal business risks (including reputation and legal risks) consistent with the approved risk limits and overall risk appetite.

(c) **Reporting -** The Committee shall report to the Board on all material risks reviewed by the Committee, which have the potential to impact the financials of the company.

(d) **Outsourcing -** At least annually, the Committee shall review all outsourcing arrangements established by Management.

(5) **Subsidiaries -** The Committee shall be the audit committee for certain subsidiaries of the company, as determined by the Committee from time to time. In meeting its responsibilities with respect to these subsidiaries, the Committee shall fulfill all responsibilities as if the present responsibilities applied to the said subsidiary. The Committee may however scale the scope of the responsibilities in keeping with the size and complexity of the subsidiary and re-scope the responsibilities accordingly but will at a minimum include:

(a) review the annual financial statements of the subsidiary prior to approval by its board of directors;

(b) review regulatory returns of the subsidiary as required under applicable law;

(c) require management of the subsidiary to implement and maintain appropriate internal controls over financial reporting and financial disclosure controls and procedures and approve, review and evaluate these procedures;

(d) review the effectiveness of the subsidiary's internal control over financial reporting and financial disclosure, including computerized information system controls and security, the overall control environment and accounting and financial controls (including, without limitation, controls over financial reporting), and the impact of any identified weaknesses in internal control over financial reporting on management's conclusions with respect to their effectiveness;

(e) review any related significant issues and recommendations of the external and internal auditors together with Management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls;

(f) review investments and such transactions that could adversely affect the well being of the subsidiary; and

(g) meet with the external auditors of the subsidiary to discuss the annual financial statements and the returns and transactions of such subsidiary, if applicable.

(6) **Regulatory Reports and Returns -** The Committee shall provide or review, as applicable, all reports and returns required of the Audit, Risk and Control Committee under applicable law.

(7) **Compliance with Legal and Regulatory Requirements -** The Committee shall receive and review regular reports from the Management on the legal or compliance matters that may have a material impact on the company; the effectiveness of the compliance policies; and

any material reports received from regulators. The Committee shall review Management's evaluation of and representations relating to compliance with specific regulatory requirements, and Management's plans to remediate any deficiencies identified.

The Committee shall review Management's assessment of compliance with laws and regulations and report any material findings to the Board and recommend changes it considers appropriate.

(8) **Whistle blowing Procedures-** The Committee shall review and approve the procedures for the receipt, retention and treatment of complaints received by the company from employees or others, confidentially and anonymously, regarding accounting, internal accounting controls, or auditing matters.

(9) **Delegation -** The Committee may designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

Investigative Power - The Committee shall have the authority:

(a) to investigate into any matter in relation to the items specifi ed herein or referred to it by the Board of Directors.

(b) to seek information from any employee and have full access to the information in the records of the Company.

(c) to obtain external professional advice.

(d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by A,R&C Committee

Apart from other matters, as per Clause 49 of the Listing Agreement, to the extent applicable, the A,R&C Committee also reviews the following information:

1. Management Discussion and Analysis of Financial condition and results of operations;
2. Statement of significant related party transactions, submitted by Management;
3. Internal Audit Reports relating to internal control weaknesses; and
4. The appointment, removal and terms of remuneration of internal auditors.

Reporting to the Board

The Chair shall report to the Board on matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

Meetings of A,R&C Committee and attendance during the year

Six meetings of Audit, Risk & Controls Committee were held during the year ended March 31, 2011. These were held on (i) May 27, 2010 (ii) August 5, 2010 (iii) October 12, 2010 (iv) November 2, 2010 (v) January 11, 2011 and (vi) February 7, 2011.

The attendance of members of the A,R&C Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Mr. V M Bhutani^	6	1
2.	Mr. Malvinder Mohan Singh	6	4
3	Mr. Balinder Singh Dhillon*	6	6
4.	Mr. Harpal Singh	6	5
5.	Dr. P S Joshi	6	4
6.	Mr. Rajan Kashyap	6	6
7.	Lt. Gen. T S Shergill	6	6

^ Ceased to be Director on September 18, 2010, and consequently the Chairman and Member of Committee from the same date.

* Appointed as Chairman of the Committee w.e.f. September 24, 2010.

The Statutory Auditors, Internal Auditors, Managing Director (MD), Chief Executive Officer (CEO), President, Chief Financial Officer (CFO) and the Chief Financial Controller (CFC) are the permanent invitees to the meetings of the Audit, Risk & Controls Committee.

(B) Shareholders' / Investors’ Grievance Committee:

Composition

As on March 31, 2011, the Shareholders'/Investors' Grievance Committee comprised of the following members, namely:

(i) Dr. P S Joshi, Chairman

(ii) Mr. Harpal Singh

(iii) Mr. Rajan Kashyap

(iv) Mr. Shivinder Mohan Singh

Ms. Ruchi Mahajan, Company Secretary acts as the Secretary of the Shareholders'/Investors' Grievance Committee as well as the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

Terms of Reference

- To approve/refuse/reject registration of transfer/transmission of Share
- To authorize issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation/ Replacement/Re-materialization etc;
- To issue and allot shares and authorize printing of Share Certificates;
- To affix or authorize affixation of the Common Seal of the Company on Share Certificates of the Company.
- To authorize to sign and endorse Share Transfers and issue Share Certificates approved by the Committee on behalf of the Company.
- To authorize Managers/Officers/Signatories for signing Share Certificates.
- 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.

Details of investors' grievances received during the year 2010-11:

Nature of Complaints	Received	Resolved/ Attended	Pending
Non Receipt of CAF / Annual Report / Miscellaneous	06	06	Nil
Total	**06**	**06**	**Nil**

The Company gives utmost priority to the redressal of Investors' Grievances which is evident from the fact that all complaints received from the investors were resolved expeditiously, to the satisfaction of the investors.

No share transfer was pending as on March 31, 2011.

Four meetings of Shareholders'/Investors' Grievance Committee were held during the year ended March 31, 2011. These were held on (i) May 01, 2010, (ii) August 6, 2010 (iii) November 2, 2010; and (iv) February 7, 2010.

The attendance of members of the Shareholders' / Investors' Grievance Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Dr. P S Joshi	4	3
2.	Mr. Shivinder Mohan Singh	4	4
3.	Mr. Harpal Singh	4	3
4.	Mr. Rajan Kashyap	4	3
5.	Mr. Ramesh L Adige^	4	2

^ Ceased to be Director on September 18, 2010 and consequently, the Member of Committee from the same date.

(C) Human Resources and Remuneration Committee (HR & R Committee):

Composition

As on March 31, 2011, the HR & R Committee comprised of the following members:

(i) Dr. P S Joshi, Chairman

(ii) Mr. Balinder Singh Dhillon

(iii) Mr. Malvinder Mohan Singh

(iv) Justice S S Sodhi

Accountabilities and Responsibilities

The Committee shall have the accountabilities and responsibilities set out below as well as any other matters that are specifically delegated to the Committee by the Board. In addition to these accountabilities and responsibilities, the Committee shall perform the duties required of a Human Resources and Remuneration Committee by applicable statutes, requirements of the stock exchanges on which the securities are listed and all other applicable laws.

(1) Board of Directors

(a) **Board Nomination -** The Human Resources and Remuneration Committee shall assist the Board and its Chairman in identifying and finalizing suitable candidates as members of the Board. The Committee shall establish and recommend for Board approval appropriate criteria for the selection of Board and Board committee members, including competencies and skills that the Board, as a whole, should possess.

The committee is responsible for submitting nominations for consideration by the Board based on a review of the required skill sets and competencies. In making such nomination and if required, the Chairman of the Board and the Chair of the Human Resources and Remuneration committee would meet with the candidate to assess suitability, commitment and to obtain consent to serve on the Board before making such nomination. In making an assessment on suitability the committee will review the educational qualifications, integrity, potential conflicts and any independence concerns that may arise. It would be accepted best practice for the committee to maintain a list of potential candidates to facilitate nomination and ensure succession planning.

(b) **Re-appointment proposals -** The Human Resources and Remuneration committee is responsible for recommending reappointment of existing members for re-election. In making such recommendation the committee reviews the age, skill set, contribution, attendance and length of service on the Board of the candidates.

(c) **Board Compensation -** The Human Resources and Remuneration Committee recommends the compensations norms for members of the Board on an annual plan. In making such proposal the committee considers and is bound by statutory requirements, workload of Board members as a collective or as individuals, time commitment and responsibility, skill's brought to compliment existing profile and industry norms. It is to be ensured that no member is involved in deciding upon his/her own compensation.

(d) **Orientation and Development -** The Committee through the Chairman of the Board shall co-ordinate orientation and continuing Director development and education programs relating to the Boards mandate.

(e) **Evaluation -** At least annually, the Committee shall conduct an assessment of the performance of the Board, the directors, each Board committee and the Chair of the Board against criteria the Committee considers appropriate. The Committee shall report its findings to the Board and, based on those findings, recommend any action plans that the Committee considers appropriate.

(f) **External Advisors -** The committee may retain and seek help of external consultants in data collection and recommendation formulation for the Board compensation policy and practices.

(2) Targets & Evaluation, Compensation, Employment Arrangements, Severance and Succession Planning

(a) **Target Setting, Appraisal and Evaluation Process -** The Committee shall upon recommendation of the Management, review and approve the periodic target setting, appraisal and evaluation process/'s. These processes would establish requirements for Management to set targets, measure performance against the same and base the payable remuneration to the degree of achievement. The supervisory and review responsibilities of the Committee are to ensure adequacy of design and operational effectiveness in the process rather than over the actual targets themselves.

(b) **MD/CEO Compensation -** At least annually, the Committee shall review, and, if advisable, approve and recommend for approval by the non-management members of the Board, the Managing Director and Chief Executive Officer's compensation packages. The compensation package recommendation shall be based on their performance evaluation conducted pursuant to this mandate, as well as other factors and criteria, as may be determined by the Committee from time to time.

(c) **MD/CEO Employment Arrangements -** The Committee shall review, and, if advisable, approve and recommend for Board approval any arrangement with the Managing Director and Chief Executive Officer relating to employment terms, termination, severance, change in control or any similar arrangements. In undertaking this review, the Committee shall take into account the overall structure, costs and general implications of these arrangements.

(d) **Senior Management Compensation and Employment Arrangements -** At least annually, the Committee shall review and, if advisable, approve the compensation and other employment arrangements of the senior Management. The annual compensation recommendations shall be based on the performance evaluations conducted, as well as other factors and criteria, as may be directed by the Committee from time to time.

(e) **Human Resource Plans -** Prior to making any annual compensation determinations, the Committee shall review a comprehensive assessment from the Chief Financial Officer and the Chief People Officer on the performance of the company, strategic plans for the company in relation to manpower and skill set needs, market and industry norms relating to compensation, any human resource and compensation plans and recommendations on allocation towards spend.

(f) **Terminations and Severances -** The Committee shall also review all terminations / severance of employments where such has been occasioned for cause of breach of policy. The decision on communication (internal and external) and if thought advisable, manner in which such communication relating to such terminations / severances is to be done rests with the Committee.

(g) **Succession Planning -** At least annually the Committee shall review and approve a succession and emergency preparedness plan as presented by the Chief Executive Officer for the Chief Financial Officer and all senior Management reporting directly to the Chief Executive Officer. The Committee shall review the succession pools for the balance of senior Management and review progress against any corresponding development plans to address succession gaps. Upon the vacancy of any senior Management position reporting directly to the Chief Executive Officer, the Committee, with the recommendation of the Chief Executive Officer, may make a replacement recommendation for Board approval based on the succession plan.

(h) **Share Ownership -** The Committee shall review the share holdings of the CEO and such senior Management as report directly to the MD/Chief Executive Officer, as well as a summary reports of other Management at the Facility Director level and above.

(i) **Stock Options -** The Committee shall review and recommend to the Board for approval the grant of stock options or pension rights to the employees and/or Directors of the Company and subsidiary companies and perform such other functions as are required under Employees Stock Options Schemes of the Company, if any.

(j) **Gratuities -** The Committee shall review and recommend to the Board for approval the grant or payment of any gratuities, pension and allowances to any person or persons, their widowed spouses, children and dependents as may appeal to the Committee just and proper, whether any such person or persons is/are still in the service of the Company or has/have retired from its services and to make contribution to / from any other funds and pay premium for the purpose or for provision for such gratuity, pension or allowances.

(3) Development Plans

At least annually the Committee shall review the senior Management development plans. These plans are to be formulated in alignment with the appraisal process and succession plans respectively.

The review will include coverage of all internal and external training programs, coaching initiatives, high potential talent pool development and such development initiatives as may be in operation from time to time.

(4) Internal Controls, Regulatory Compliance and Human Resource Risks

(a) **Assessment of Risk and Internal Controls -** At least annually, the Committee shall review management's assessment of significant human resource risks and the effectiveness of related internal controls and shall review a report on critical employee matters.

(b) **Assessment of Regulatory Compliance -** The Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report any material findings to the Board and recommend changes it considers appropriate.

(c) **Organization Changes -** The Committee shall review and, if advisable, approve or recommend for Board or Management Committee approval any significant organization changes, provided the Audit, Risk and Controls Committee shall review and approve any such change that impacts controls or the independence of key control groups such as internal audit, finance, legal, compliance and risk management.

(d) **Human Resource Policies and Procedures -** The Committee shall review and, if advisable approve human resource related policies and procedures before recommending the same to the Board for approval.

(5) Residual - The Committee shall discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.

(6) Reporting to the Board

The Chair shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

Meetings of HR & R Committee and attendance during the year

Three meetings of HR & R Committee were held during the year ended March 31, 2011. These were held on (i) May 27, 2010; (ii) September 17, 2010; and (iii) February 28, 2011.

The attendance of members of the HR & R Committee at these meetings was as follows:

Sr. No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Dr. P S Joshi, Chairman	3	3
2.	Mr. Malvinder Mohan Singh	3	2
3.	Mr. Balinder Singh Dhillon	3	3
4.	Justice S S Sodhi	3	3

The Company Secretary act as the Secretary of the HR & R 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 conforms to the provisions of Companies Act, 1956. The Company is having only one Executive Director, designated as Managing Director. The remuneration paid/payable to the Managing Director is as recommended by the HR & R Committee, decided by the Board and approved by the Shareholders and Central Government, if required.

The Non-Executive Directors are being paid sitting fees for attending the Meetings of Board of Directors and various Committees of Board viz. Audit, Risk & Controls Committee, Shareholders'/ Investors' Grievance Committee, Human Resources & Remuneration Committee and Management Committee.

The key components of the Company's Remuneration Policy for the Board Members are:

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

Remuneration to Directors

Executive Directors

Mr. Shivinder Mohan Singh is the only Executive Director on the Board of Directors of the Company.

The Central Government has, vide its letter dated August 5, 2010, approved the payment of a remuneration of ₹ 54 Million alongwith retiral benefits, for a period of three years with effect from November 13, 2009, to Mr. Shivinder Mohan Singh, Managing Director.

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

(Amount in ₹)

Salary, Allowances & Perquisites	Retiral Benefits	Service Contract		Total
		Tenure	Notice Period	
53,383,562	1,728,000	3 years w.e.f. November 13, 2009	3 Months	55,111,562

Notes:

1. Salary, Allowances & Perquisites includes ₹1,183,562 towards ‘Leave Encashment’.
2. Retiral Benefits of ₹1,728,000 are towards ‘Employer’s PF Contribution’.
3. As the liability for Gratuity & Leave Encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Mr. Shivinder Mohan Singh is not ascertainable and, therefore, not included in the above.
4. In addition to above, ₹67,699,000/- has been paid in the financial year 2010-11 towards arrears for the previous year(s), based on the Central Government's Approval for the remuneration payable to Mr. Shivinder Mohan Singh.

Non-Executive Directors

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

Name of Director	Sitting Fee* (₹ In Lacs)	Shareholding in the Company as on March 31, 2011 (No. of Shares)
Mr. Malvinder Mohan Singh	1.60	11,508
Mr. Balinder Singh Dhillon	1.80	22,000
Mr. Gurcharan Das	0.55	10,000
Mr. Harpal Singh	1.70	58,003
Dr. P S Joshi	1.75	33,000
Mr. Ramesh L Adige^	0.65	800
Mr. Rajan Kashyap	1.65	6,800
Mr. Sunil Godhwani	0.10	38,500
Justice S S Sodhi	1.05	4,000
Lt. Gen T S Shergill	1.50	16,000
Mr. V M Bhutani^	0.70	10,102

* For attending the Board Meetings, Audit, Risk & Controls Committee, Management Committee, Shareholders' / Investors' Grievance Committee and Human Resources & Remuneration Committee Meetings.

^ Ceased to be Director on September 18, 2010 and consequently, member of Committees of the Board of Directors from the same date.

The Company has not granted any stock options to any of its Directors.

Except the sitting fees being paid to the Non-Executive Directors from the company / or from its subsidiaries, as the case may be, there were no other pecuniary relationships or transactions of the non-executive Directors vis-à-vis the Company.

Further, the Board of Directors of the Company has, at its meeting held on May 27, 2011, on the recommendation of the Human Resources and Remuneration Committee, decided to seek approval of the Members of the Company for the payment of an all inclusive Honorarium to each of the Non-Executive Directors of the Company (present or future), for an amount of ₹ 7,50,000 per annum for a period of 5 years, commencing from April 01, 2011 with an additional Honorarium of ₹ 2,50,000 per annum to such Non-Executive Director who is also a Chairman of any Committee(s) of the Board or may become so in future.

5. SUBSIDIARY COMPANIES

During the financial year 2009-10, the Company was having two "material non-listed subsidiaries" i.e. Escorts Heart Institute and Research Centre Limited (EHIRCL) and Fortis Hospotel Limited (FHTL). Dr. P S Joshi, who is an Independent Director on the Board of the Company, has also been a Director on the Board of EHIRCL and FHTL during the said financial year.

Basis the Audited Annual Accounts of the Company for the financial year 2010-11, Fortis Hospitals Limited (FHsL) has been accounted as the "material non-listed subsidiary" of the Company and accordingly, w.e.f. August 12, 2011, in compliance with the provisions of Listing Agreement, Dr. P S Joshi has been appointed as an Independent Member on the Board of Directors of FHsL.

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

6. MD & CFO CERTIFICATION

The MD & CFO certification as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith financial statements for the year ended March 31, 2011. The Board reviewed and took the same on records. The said certificate is provided elsewhere in the Annual Report.

7. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate on Corporate Governance is given elsewhere in the Annual Report.

8. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the preceeding three years are as follows:

Financial Year	Date	Time	Venue	Special resolution passed
Annual General Meetings				
2007-08	20-09-2008	3.30 P.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Providing a Corporate Guarantee in favour of Yes Bank Limited (the Bank) in respect of term loan of ₹ 25 Crores sanctioned by the Bank to Escorts Heart Institute And Research Centre Limited (Passed through Postal Ballot). - Providing a Corporate Guarantee in favour of Indusind Bank Limited (the Bank) in respect of Credit Facilities of ₹100 Crores sanctioned by the Bank to Company and certain subsidiaries of the Company (Passed through Postal Ballot).
2008-09	25-09-2009	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Increase in remuneration payable to Mr. Shivinder Mohan Singh, for his remaining tenure as Managing Director of the Company. - Re-appointment of Mr. Shivinder Mohan Singh, Managing Director of the Company for a period of 3 years w.e.f November 13, 2009. - Ratification of all actions taken for implementation for "Employee Stock Option Plan- 2007."
2009-10	18-09-2010	11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Payment of revised remuneration to Mr. Shivinder Mohan Singh, Managing Director, for his remaining tenor as Managing Director of the Company i.e. from April 01, 2008 till November 12, 2009;

				- Payment of revised remuneration to Mr. Shivinder Mohan Singh, upon his re-appointment as Managing Director of the Company i.e. from November 13, 2009 till November 12, 2012.
Extra-ordinary General Meeting				
2009-10	09-06-2010	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Preferential Issue of 2,23,52,940 Equity Shares of ₹10 each, for cash, at a premium of ₹160/- per Equity Share, aggregating upto ₹379,99,99,800/- to M/s Lathe Investment Pte Ltd.

Details of resolution passed by way of Postal Ballot

During the year ended March 31, 2011, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved certain resolutions by means of postal ballots, the details of which are as under:

A. Business considered vide Notice of Postal Ballot dated June 09, 2010 and whose results were declared on July 19, 2010, at the registered office of the Company at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025:

(i) Special Resolution under Section 81(1A) for issue of securities upto ₹ 2750 Crores.

(ii) Ordinary Resolution under Section 293(1)(d) for Increasing the borrowing powers of the Company upto ₹6000 Crores.

(iii) Ordinary Resolution under Section 293(1)(a) of the Company Act,1956, to approve creation of mortgage, charge or hypothecation (from time to time) on the movable or immovable properties of the Company, subject to the limits available to the Company under Section 293(1)(d) of the Companies Act, 1956, from time to time.

For the conduct of Postal Ballot exercise, Mr. Vineet K Choudhary of M/s V.K. Choudhary & Co., Company Secretary in Practice, was appointed as Scrutinizer.

Summary of the result of the aforementioned Postal Ballot, announced by Mr. V M Bhutani, Director of the Company, on July 19, 2010 is as follows:

Sr. No.	Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid postal ballot forms received
1.	Special Resolution under Section 81(1A) for issue of securities	1,372 (representing 242,964,233 Equity Shares)	1,344 (representing 242,959,755 Equity shares)	28 (representing 4,478 Equity shares)	179 (representing 1,313,155 Equity shares)
2.	Ordinary Resolution under Section 293(1)(d) for increasing the Borrowing Powers of the Company	1,330 (representing 242,954,880 Equity shares)	1,282 (representing 242,947,760 Equity shares)	48 (representing 7,120 Equity shares)	221 (representing 1,322,508 Equity shares)
3	Ordinary Resolution under Section 293(1)(a) to approve creation of mortgage, charge or hypothecation (from time to time) on the movable or immovable properties of the Company	1,328 (representing 242,954,566 Equity shares)	1,269 (representing 242,944,784 Equity shares)	59 (representing 9,782 Equity shares)	223 (representing 1,322,822 Equity shares)

B. Business considered vide Notice of Postal Ballot dated January 13, 2011 and whose results were declared on February 21, 2011, at the registered office of the Company at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025:

(i) Special Resolution under Section 21 of the Companies Act, 1956 for change of name of the Company from Fortis Healthcare Limited to Fortis Healthcare (India) Limited.

For the conduct of Postal Ballot exercise, Mr. Vineet K Choudhary of M/s V.K. Choudhary & Co, Company Secretary in Practice was appointed as Scrutinizers.

Summary of the results of the aforementioned Postal Ballots, announced by Mr. Shivinder Mohan Singh, Managing Director of the Company, on February 21, 2011 is as follows:

Sr. No.	Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid postal ballot forms received
1.	Special Resolution under Section 21 for change of name of the Company	1,854 (representing 335,635,058 Equity Shares)	1813 (representing 335,617,793 Equity shares)	41 (representing 17,265 Equity shares)	179 (representing 4,121,666 Equity shares)

Procedure for Voting by Postal Ballot

The Notice of Postal Ballot along with the Explanatory Statement pertaining the draft Resolution(s) explaining in detail, the material facts alongwith the Postal ballot Form and the self-addressed, postage prepaid business reply envelope, are sent to all the members, under Certificate of Posting.

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 self-addressed postage prepaid envelope so as to reach the scrutinizers before the close of working hours of the last date fixed for the purpose. Postal Ballots Form received after this date, is strictly treated as if the form has not been received from the member.

The scrutinizer appointed for the purpose scrutinizes the postal ballots received and submits his report to the Company.

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.

Further, presently, no resolution has been proposed to be passed through Postal Ballot.

9. DISCLOSURES

Related Parties Transactions

The details of the transactions with related parties or others, if any, as prescribed in the Listing Agreement, are placed before the Audit, Risk & Controls Committee periodically. During the year under review, the Company has not entered into any transaction of material nature with its subsidiaries, promoters, directors or the management, their relatives etc. that may have any potential conflict with the interest of the Company at large.

Accounting Treatment

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

Utilization of Proceeds from Issues

The proceeds from the Initial Public Offering (IPO), Rights Issue of Equity Shares with detachable warrants and issue of Foreign Currency Convertible Bonds have been utilized as per the objects of the respective issue and the same are placed before the A,R&C Committee periodically for its review.

Compliances by the Company

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities relating to the above.

Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These Guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial to ensure the long-term sustainability and value generation by business. The guidelines broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support.

As a frontrunner in Corporate Governance in India, the Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company is in the process of reviewing its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption in keeping with the Company's business model, in due course of time.

10. MANAGEMENT

(a) Management Discussion and Analysis Report forms part of the Annual Report to the Members.

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

11. INVESTOR RELATIONS - BOOSTING INVESTOR CONFIDENCE

In today's challenging and competitive business environment, many corporate players have recognized the necessity and responsibility to develop direct contact with market participants viz. Investors, business analysts, research analysts, etc. This is done due to the current operating economic environment which has become more reliant on global private capital flows.

We understand that global investors are concerned about geopolitics, global business environment, micro aspects of our performance, both business and financials and also our governance structure. They require timely, accurate and relevant information on the company that helps them in making informed investment decisions. In order to provide relevant information to the investors, we have put in place a visible and proactive Investor Relations programme that helps to build a fabric of familiarity and trust between us and the global investment community. Investors Relations ("IR") helps in creating two way interactive forums with all the market participants across the world that enables better understanding of the Company's objectives, business strategies and overall performance and provide feedback to the Management on Investor's concerns/ compliments on the company.

Further, to deliver effective financial communication, our IR uses effective tools like the Quarterly Earnings Investor Release, Conference Calls, Investor Meets and Internet (Web Investors' Page). In addition, press releases, frequent conversation with investors, etc. are also part of the communication link and are used effectively to stay in touch with the investors.

12. OTHER DISCLOSURES

(a) The Company has issued 1,000, 5 percent Foreign Currency Convertible Bonds of US$ 1,00,000 each aggregating US$ 100 Million in May, 2010. These bonds are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are convertible at the option of the bondholders between May 2013 and May 2015.

In terms of Letter of Offer dated September 22, 2009 (the "Letter of offer"), on June 24, 2010, the Company issued and allotted 8,77,11,986 equity shares of ₹10 each against surrender of Detachable Warrants, at an exercise price of ₹153 par warrant, aggregating to ₹13,420 Million.

Other than the aforesaid Foreign Currency Convertible Bonds and Stock Options granted by the Company under Fortis Employee Stock Option Plan 2007, details whereof is given in Directors' Report, no other GDR's / ADR's / Warrants or any other Convertible instruments is outstanding as on March 31, 2011.

(b) The Company, through one of its subsidiary "Fortis Global Healthcare (Mauritius) Limited" had acquired 23.9 % strategic stake in Parkway Holdings Ltd. (“PHL”) on March 19, 2010, for a consideration of ₹31,285.50 Million. The stake in PHL was acquired by the Company to establish its strategic PAN-Asian presence and access to best in class practices, thus having synergistical benefits from the integration.

In July, 2010, in accordance with the business prudence, the Company disinvested its entire stake of 24.88% in PHL to Integrated Healthcare Holdings Limited, an investment arm of Khazanah Nasional, resulting into a gain on the sale of investment and related transactions amounting to ₹3,426.18 Million.

(c) On May 12, 2011, the Company completed the acquisition of a strategic stake of 74.59% in Super Religare Laboratories Limited (SRL) from the promoters of SRL for an aggregate amount of ₹8,036.85 Million. SRL proposes to come out with a Public Issue of Equity Shares. Pre-IPO, SRL has also made some private placement of its equity shares, post which, the shareholding of the Company in SRL stands at 71.49%.

13. CORPORATE ETHICS

As a responsible corporate citizen, the Company consciously follows Corporate ethics in both business and corporate interactions. The Company has framed following policies, which act as guiding principles for carrying business in most ethical way:

a) Position paper on “Independence of Statutory Auditors”

b) Whistle Blower Policy

c) Risk Management Policy

d) Foreign Exchange Risk Management Policy

e) Delegation of Power - Policy Document

Prohibition of Insider Trading

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has instituted a comprehensive Code of Conduct for its Management and Staff. The Code lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

Companies from which the Promoters have dis-associated in the last three years

Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh have dis-associated from Ranbaxy Laboratories Limited on November 7, 2008. Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh sold 2,120,742 and 2,668,362 equity shares held by them respectively in Ranbaxy Laboratories Limited on November 7, 2008. Mr. Malvinder Mohan Singh and Shivinder Mohan Singh resigned from the Board of Ranbaxy Laboratories Limited with effect from May 24, 2009 and December 19, 2008 respectively.

14. MEANS OF COMMUNICATION

a) **Quarterly Results:** The quarterly financial results are generally published in Business Standard / Economic Times / Financial Express/ Jansatta.

b) **Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz. www.fortishealthcare.com

c) **News Release, Presentations:** The Company also makes a presentation to the investors and analysts after taking on record the quarterly results by the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors etc are displayed on the Company's website. Official Media Releases are also sent to the stock exchanges before dissemination to the media.

d) **Intimation to the Stock Exchanges:** The Company also intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

15. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

(i) Date of AGM

The Annual General Meeting is proposed to be held on **Monday, September 19, 2011 at 11.00 A.M. at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016.**

Posting of Annual Report : On or before August 26, 2011

Last date of receipt of Proxy Form : September 17, 2011 till 11.00 A.M.

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

(iii) Financial Calendar 2010-2011 (tentative & subject to change)

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

*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2011-12 in lieu of Unaudited Financial Results for the fourth quarter, on or before May 30, 2012 (or such other period as may be stipulated from time to time).

(iv) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from **Wednesday, September 14, 2011 to Monday, September 19, 2011** (both days inclusive).

(v) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

- National Stock Exchange of India Limited (NSE), Bandra Kurla Complex, Bandra(E), Mumbai-400051
- The Bombay Stock Exchange Limited (BSE), PJ Tower, Dalal Street, Fort, Mumbai-400001

The Foreign Currency Convertible Bonds of the Company are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are admitted to trading on the EURO MTF market of the Stock Exchange.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

(vi) Stock Code of Equity Shares / FCCB's

Trade Symbol at National Stock Exchange of India Limited is FORTIS

Stock Code at Bombay Stock Exchange Limited is 532843

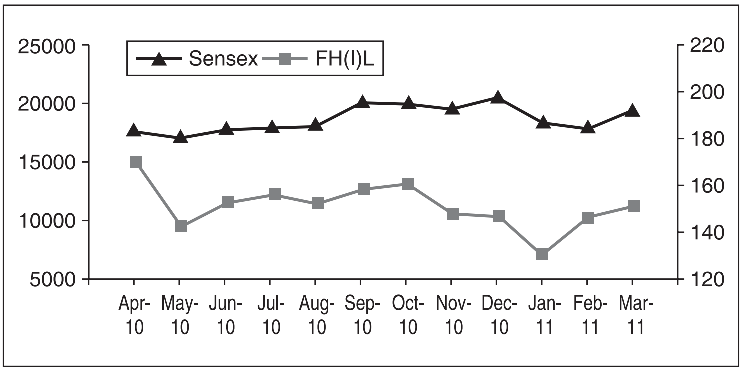
ISIN for Equity INE061F01013
ISIN for FCCBs: XS0508392817
Common code for FCCBs: 0508339281

(vii) Stock Market Data / liquidity:

The Company's shares are among the actively traded shares on NSE & BSE. The monthly trading volumes of the Company's shares on these exchanges and comparison with broad-based indices,viz. NSE Nifty and BSE Sensex is as follows.

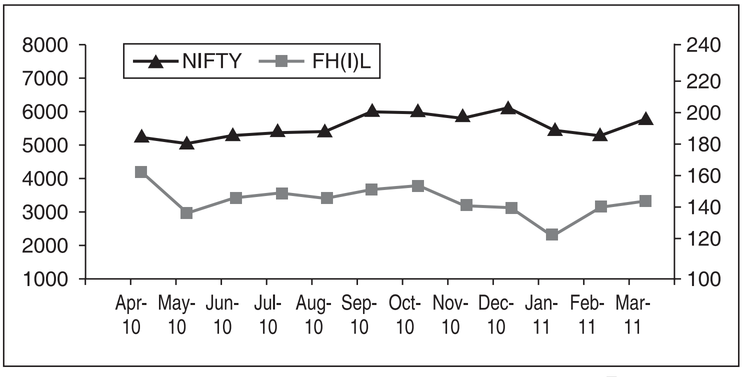
Month	Share Price (₹) at BSE			Share Price (₹) at NSE		
	High	Low	Volume	High	Low	Volume
April 2010	184.65	157.35	20,860,161	184.75	157.10	53,284,856
May 2010	173.90	137.50	15,127,450	173.90	136.80	43,770,904
June 2010	159.80	134.50	23,205,307	160.00	134.65	73,800,158
July 2010	162.20	124.35	13,380,626	162.40	142.25	40,507,226
August 2010	167.35	151.80	6,321,142	167.45	151.80	22,458,555
September 2010	171.65	153.00	5,133,255	171.65	152.85	19,767,620
October 2010	176.95	156.80	5,901,904	177.20	158.65	22,168,487
November 2010	172.00	141.25	3,799,275	171.00	142.25	15,389,774
December 2010	156.50	143.00	2,459,184	156.20	143.00	9,522,291
January 2011	151.40	127.10	2,279,669	152.60	127.80	13,562,277
February 2011	157.50	129.90	3,840,567	157.40	129.60	18,776,256
March 2011	155.40	144.00	1,879,718	155.40	140.05	9,191,842

Stock Price Performance - FHL Vs BSE Sensex



Based on closing data of BSE Sensex (Pts.) and FHL (₹ Per Share)

Stock Price Performance - FHL Vs NSE Nifty



Based on closing data of NSE Nifty (Pts.) and FHL (₹ Per Share)

(viii) Derivatives Trading

W.e.f February 19, 2010, the Company's equity shares are available for trading in F&O Segment {FHL FUTSTK (NSE)}.

(ix) Registrar and Transfer Agent

Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) are acting as Registrar and Transfer Agents(RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area, Phase - II,
Near Batra Banquet Hall, New Delhi - 110028
Tel.: +91 11 41410592/93/94 Fax: +91 11 41410591
Email: delhi@linkintime.co.in

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

(x) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's)General Rules and Forms,1956,(which can be obtained from the Company's RTA or downloaded from the Company's website www.fortishealthcare.com) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

(xi) Dematerialization of Shares

As on March 31, 2011, 40,40,45,307 Equity shares representing 99.74% of the paid up Equity Capital of the Company had been de-materialized.

ISIN Number: INE061F01013

The Company's Equity shares have been allotted ISIN (INE061F01013) 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.

(xii) 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.

(xiii) Share Transfer System

The Company's share transfer authority has been delegated to the Managing Director. The delegated authority attends the share transfer formalities on fortnighty basis to expedite all matters relating to transfer, transmission, transposition, split and rematerialization of shares and taking on record status of redressal of Investors' Grievance, etc., if any. The share certificate received by the Company/ RTA for registration of transfers, are processed by RTA (on a fortnightly basis) and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered post.

As per the requirements of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

(xiv) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations,1996 was carried out by a Practicing Company Secretary for each of the quarter in the financial year 2010-11, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) and total issued and listed capital. The secretarial audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Secretarial Audit Report for each quarter of the Financial Year ended March 31, 2011, has been filed with Stock Exchanges within one month of end of the respective quarter.

(xv) Demat Suspense Account as per Amended Clause 5A of the Listing Agreement:

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

i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 01, 2011: 56 shareholders and 5547 shares.

ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 1 Shareholder for 305 Shares.

iii. Number of shareholders to whom shares were transferred from suspense account during the year: 1 Shareholder for 305 Shares.

iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2011: 55 Shareholders and 5242 shares.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares. The details of the shares that have not been credited to Demat Account and are lying in "Fortis Healthcare Limited IPO Suspense Account" can be viewed at Investor Section on the Company's website www.fortishealthcare.com and the concerned persons are requested to apply to the Company/RTA with requisited documents for transfer of shares to their Demat Account.

Further, as required under Clause 5A.II of the Listing Agreement, as on March 31, 2011, no share in physical form remains unclaimed.

(xvi) Share Dematerialization System

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

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

Number of equity shares held	No. of Share-Holders	% age of Share-Holders	Amount (in ₹)	(%) to Total
Upto 2,500	102,780	81.701	87,927,950	2.171
2,501 to 5,000	14,476	11.507	54,120,200	1.336
5,001 to 1,0000	4,798	3.814	38,786,480	0.957
10,001 to 20,000	1,973	1.568	30,117,580	0.743
20,001 to 30,000	604	0.480	15,660,950	0.387
30,001 to 40,000	264	0.210	9,521,020	0.235
40,001 to 50,000	249	0.198	11,879,710	0.293
50,001 to 1,00,000	314	0.250	23,809,580	0.588
1,00,001 and above	342	0.272	3,779,211,280	93.290
Total	**125,800**	**100.00**	**4,051,034,750**	**100.00**

(xviii) Shareholding Pattern as on March 31, 2011

S.No.	Category	Number of Shareholders	No. of Shares held	% of Shareholding
1.	Promoters and Promoter Group	10	330,153,949	81.50
2.	Mutual Funds and UTI	10	3,083,305	00.76
3	Banks, Financial Institutions	7	3,744,252	00.92
4.	FII's/Foreign Companies	60	30,581,297	07.55
5.	Indian Body Corporates	1,557	6,028,842	01.49
6.	NRIs/Foreign Nationals	1,564	1,033,026	00.26
7.	Indian Public	119,432	28,918,852	07.14
8.	Others	3,160	1,559,952	00.38
	Total	**125,800**	**405,103,475**	**100.00**

(xix) Lock-in of Equity shares

Pursuant to the Initial Public Offer of 4,59,96,439 Equity shares in April, 2007, as per SEBI (DIP) Guidelines, 2000, 4,53,33,307 pre-issue Equity Shares, held by the promoters, were locked in for 3 years (i.e till May 3, 2010).

As on March 31, 2011, none of the share of the Company are under lock-in.

(xx) Employee Stock Options

The Company has in place the Employee Stock Option Plan 2007 under which a permanent employee of the Issuer or the Subsidiaries, whether working in India or abroad and directors of the Issuer and the Subsidiaries (other than an employee who is a Promoter or part of the Promoter Group, or a Director who directly or indirectly holds more than ten per cent. of the outstanding equity share capital of the Issuer) is eligible for stock options. As of now, the grant of these options to eligible employees shall not exceed one percent of the issued and subscribed equity share capital of the Issuer at the time that the options were granted to such employees. Detailed information relating to ESOPs, has been given as an annexure to the Directors' Report.

(xxi) Hospital Location

Fortis Hospital-Mohali
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062

(xxii) Address for Correspondence:

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

Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase - II, Near Batra Banquet Hall, New Delhi - 110028
Telephone No.:+91 11 41410592/93/94 Fax No.:+91 11 41410591
Email: delhi@linkintime.co.in

For Investor Assistance

The Company Secretary,
Fortis Healthcare (India) Limited
Escorts Heart Institute And Research Centre,
Okhla Road, New Delhi 110025
Telephone No.: +91 11 2682 5000 Fax No.: +91 11 4162 8435
Email:secretarial@fortishealthcare.com
Website: www.fortishealthcare.co

16. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

A. Board of Directors Governance Standards

On May 1, 2010, the Board adopted Standards for its Governance, named as "Board Governance Standards" formulating therein the standards relating to its composition, its responsibilities, expectations from Board Members, tenure of Board Members, compensation, board evaluation and training, Director's orientation and education etc. A copy of the said Governance Standard is also available on our website www.fortishealthcare.com.

B. Remuneration Committee

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

C. Shareholders Rights

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

17. GO GREEN INITIATIVE

The Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies, vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011, which validates the sending of documents through electronic mode and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s).

In support of the Green Initiative, your Company had sent an email to all its members who have registered their e-mail addresses with their Depository Participant and made available to the Company by the Depositories, giving them an option to receive all communications / documents including the Notice calling the General Meeting(s), Audited Financial Statements, Directors' Report, Auditors' Report etc., financial year 2010-11 onwards, in electronic form. Subsequently, the Company has also issued a Letter to such members who, either did not provide the email IDs to depository participants or are holding the shares in physical form, giving them similar option. These Members were also given an option to continue to receive the documents in Physical Form.

Accordingly, the Annual Report for the year 2010-11, Notice for the Annual General Meeting, etc. are being sent in electronic mode to such of the Members of the Company who have opted to receive the communications / documents in electronic form. The members who have not opted to receive the communications / documents in electronic form, will continue to receive the same in physical form.

The Members are requested to support this Green Initiative by registering / updating their e-mail addresses with the Depository Participant (in case, Shares held in dematerialised form) or with Link Intime India Private Limited (in case, Shares held in physical form).

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2011.

Sd/-
Shivinder Mohan Singh
Managing Director

August 1, 2011
New Delhi

MD AND CFO CERTIFICATE

To the Board of Directors of Fortis Healthcare (India) Limited

We, Shivinder Mohan Singh, Managing Director and Yogesh Sareen, Chief Financial Officer, certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:

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

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

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit, Risk & Controls Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit, Risk & Controls Committee that:

  (i) there has not been any significant change in internal control over financial reporting during the year under reference;

  (ii) there has not been any significant changes in accounting policies except to the extent already disclosed in the financial statement(s); and

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

Place : New Delhi	**Shivinder Mohan Singh**	**Yogesh Sareen**
Date : May 25, 2011	Managing Director	Chief Financial Officer

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AUDITORS' CERTIFICATE

To
The Members of Fortis Healthcare (India) Limited

We have examined the compliance of conditions of Corporate Governance by Fortis Healthcare (India) Limited, (the 'Company') for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the managment. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 in the above mentioned Listing Agreement.

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

For S.R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. : 91813

Place : Gurgaon
Date : August 12, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

HEALTHCARE SECTOR: CURRENT STATUS & RECENT DEVELOPMENTS

Healthcare Sector: Asia

The Asia-Pacific region has seen a Gross Domestic Product (GDP) growth rate of nearly 7.0 percent compared to 2.7 percent globally. The Asia-Pacific healthcare sector has expanded in tandem with the rapid economic growth of the region. In 2010, healthcare expenditure in the Asia-Pacific was estimated at USD 478 billion and is expected to increase to USD 836 billion in 2014 at a CAGR of 15 - 20 percent.

The Asia-Pacific region is home to 60 percent of the world's population and contributes about 36 percent of the world's GDP. The region is witnessing unprecedented population growth, an increase in proportions of the ageing and greater purchasing power and affluence. The region is likely to witness escalating requirements for healthcare services as well as an enhanced ability to avail of these services. These factors will continue to attract higher investment in healthcare infrastructure in the foreseeable future.

Further, developed economies such as the United Kingdom and the United States are experiencing longer waiting periods and rising costs that lead them to seek low cost alternatives. Patients and Insurance companies from the United States and Europe are increasingly looking towards Asia's emerging economies as a new destination for low cost but high quality medical services.

The high demand for healthcare services and the relatively leaner cost structures in the region have led Asian countries to invest in infrastructure and creating a high-quality supply of healthcare services. India and other emerging economies in the region are well positioned to capitalise on the increasing demand that is emanating locally, regionally and globally.

Healthcare Sector: India

The Indian healthcare market was valued at USD 59.5 billion in 2010, and is estimated to reach USD 104.0 billion by 2014, growing at a CAGR of 15 percent. Of the total healthcare market in India; 70-72 percent comprises of healthcare delivery services, 20-22 percent is considered to be the pharmaceutical market and the remaining 8-10 percent comprises of medical technologies and other components (Source: Frost & Sullivan).

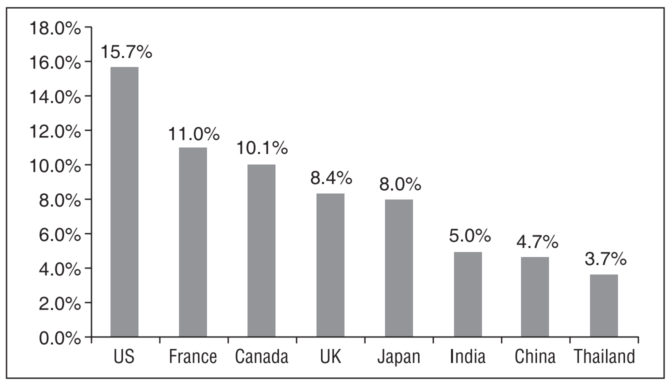
The changing demographics and increasingly sedentary lifestyles are expected to increase the healthcare expenditure in India. Healthcare spend is expected to account for 13 percent of household consumption by 2025 against eight percent in 2010. Currently, nearly 70 percent of healthcare spend including spend on pharmaceuticals is an out-of-pocket expense as only 10-15 percent of the population has direct and indirect health insurance.

The Indian healthcare market is divided into two major segments - public and private. There are approximately 31,565 government hospitals (excluding Primary Health Centres (PHCs)) and 17,300 private hospitals in India. Approximately 80 percent of the total healthcare workload is catered for by private hospitals, of which nearly 10 percent is provided by corporate hospitals (chains of hospitals run by groups like Fortis, Apollo, Manipal etc).

There is a huge disparity in healthcare delivery services as a large portion of the Indian population lives in rural areas, where accessibility to healthcare is very low compared to urban areas. Hence, the Government of India (GOI) has started a large number of primary health centres catering to the rural population and has taken serious steps to encourage private players to set up quality healthcare delivery infrastructure to cater to the untapped rural demand. Secondary and tertiary care services are mostly being provided by healthcare organisations (both public and private) with a major concentration in metro and tier I cities.

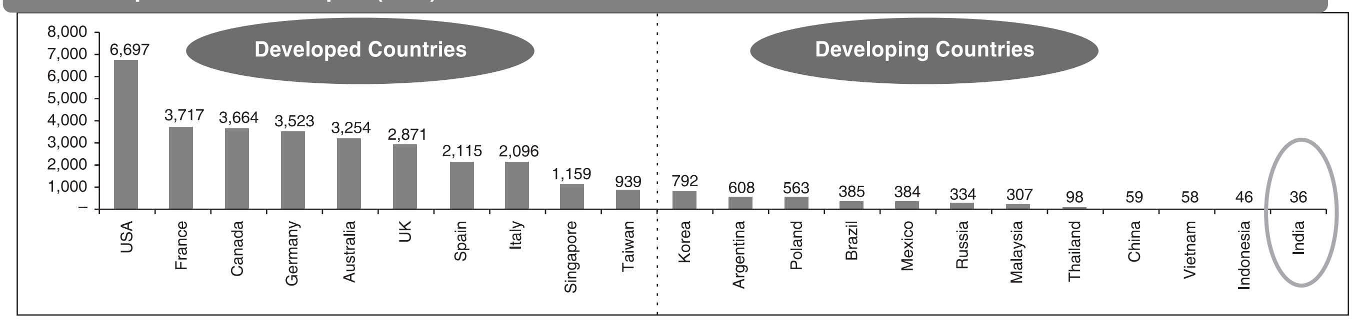
There has been a steady increase in the total healthcare expenditure in India with an estimated five percent of GDP spent on healthcare through 2008-12. The healthcare expenditure (as percent of GDP) in India is higher than in its neighbouring countries - Pakistan and China - which spent 2.4 percent and 4.7 percent of GDP on healthcare respectively in 2009. However, it continues to be far less than the G7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) averaging around 12 percent of GDP. Hence, the Indian healthcare sector is expected to witness massive investments for several years to come; in the public and private sectors.

Healthcare Expenditure as % of GDP



Source: CIA Factbook, EIU, Frost & Sullivan Analysis and estimates

Health Expenditure Per Capita (US$)



Source: The World Pharmaceutical Markets Fact Book 2009 from Espicom Business Intelligence; CIA World Factbook

OUTLOOK & OPPORTUNITIES

Growing Economy

Since 1990, India has emerged as one of the fastest growing economies in the world. It has witnessed a growth rate of over six percent in the past six years.

India's thriving economy is driving urbanisation and expanding middle class earnings, with more disposable income for healthcare. Segregating the Indian population in terms of income profile, around 30 percent of the population is below the poverty line, nearly 60 percent of the population earns between USD 2,500 per annum and USD 15,000 per annum and 10 percent earns more than USD 15,000 per annum. The population with income more than USD 2500 per annum is expected to grow manifold in the years to come. The consequent rise in disposable income and increasing awareness levels are likely to fuel the demand for quality healthcare services.

Population Growth

India has the largest population in the world after China and this is increasing at a rate of over 1.2 percent annually. By 2030, India is expected to overtake China to become the world's most populous nation. There has been a gradual increase in life expectancy over the last decade to an estimated 69.9 years in 2009 (67.5 years for males and 72.6 years for females), up from 57.0 years in 1990. The large growing population has resulted in an increase of India's overall healthcare expenditure from less than USD20 billion in 2000 to USD 59.5 billion for the year 2010.

Changing Population Demographics

Population growth coupled with longer life expectancy has led to an increase in the elderly population. As a result, India has the second largest geriatric population in the world. This population (of people aged over 65 years) shall continue to grow over the next few decades leading to a huge requirement for greater healthcare infrastructure catering to the disease profile of this age group.

Though the Indian population is increasing at a rate of over 1.2 percent per annum, the population in the age group of 30+ is increasing at 2.7 percent per annum. According to a study by Medicare in the United States, over 75 percent of the total healthcare expenditure during the lifetime of a person in the US occurs after 40 years of age. A similar demographic shift and trends in India indicate an increasing spend on healthcare. Furthermore, India has one of the largest middle-class populations in the world. With a growing economy and rising income levels, this group is likely to fuel the demand for quality healthcare.

Support from Government

The government has identified strategies like the National Rural Health mission (NRHM) and schemes like the Rashtriya Swasthaya Bima Yojna (RSBY) to facilitate healthcare growth. Apart from reforms on the public healthcare front, GOI has taken numerous steps to promote the private healthcare sector in India by providing various subsidies and incentives to motivate private players to invest in the healthcare market:

a. Benefit of section 80-IB (11B) extended to new hospitals situated in non-metros for a tax holiday for five consecutive assessment years, beginning from the initial year of assessment.

b. Custom duty on life-saving equipment reduced to five percent from 25 percent and import duty on medical equipment reduced to 7.5 percent.

c. The government is providing incentives under section 35D of the Income Tax Act where the entire capital expenditure would be allowed as deductible expenditure in the year the hospital commences operations.

d. GOI has increased the depreciation rate of essential equipment and consumables from 25 percent to 40 percent, which makes for considerable tax savings.

e. Total exemption of duty on certain specified life-saving drugs.

Health Insurance

India witnesses an extremely large variety of ailments caused by poverty, malnutrition and severe infections. Insurance is limited to only a small proportion of people in the organised sector covering less than 10 percent of the total population. Currently, there is no mechanism or infrastructure for collecting a mandatory premium among the large informal sector. There continues to be a lack of awareness about health insurance. Health insurance further suffers from problems like adverse selection, moral hazard, cream-skimming and high administrative costs.

However, the Indian health insurance market has emerged as a new and lucrative growth avenue for existing players as well as new entrants and represents one of the fastest growing insurance segments in the country.

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

Medical Tourism

Medical tourism is increasingly becoming a popular option for elective treatments by patients across the globe, constituting a key factor leading to the rapid growth in Indian healthcare sector. The availability of quality healthcare services at a fraction of the cost when compared to developed nations provides patients with a value proposition which blends leisure with medical care in an attractive manner.

Furthermore, 60 percent of the world's population resides within five hours flying time from India. This puts India in a unique position to cater to what could potentially be a large clientele. India has distinct cost advantages compared to other popular medical tourism centres in the region e.g. Thailand, the Philippines and Singapore. The Indian medical tourism industry is expected to touch the USD 2 bn mark by 2015.

The Cost Advantages

	US	UK	Thailand	Singapore	India
Heart Surgery	100,000	41,726	14,250	15,312	**6,000**
Heart Valve Replacement	1,60,000	30,000	10,500	13,000	**9,000**
Bone Marrow Transplant	2,50,000	2,92,470	62,500	1,50,000	**30,000**
Liver Transplant	3,00,000	2,00,000	75,000	1,40,000	**45,000**
Knee Replacement	48,000	50,109	8,000	25,000	**6,000**
Hip Replacement	38,000	18,000	10,000	12,000	**6,000**

Source: Industry

The international patient inflows are mostly from the Middle-Eastern and African nations. However, the substantially lower cost, comparable or better infection rates and long waiting periods in developed nations like the United States are prompting several citizens from such nations to come to India for elective treatments as well as critical conditions.

The government has put into place institutional mechanisms in terms of easier visa conditions to facilitate tourism. Quality accreditations help hospitals promote their standardised processes and consequently high clinical outcomes. The Ministry of Tourism plans to extend greater support and assistance to JCI and NABH accredited hospitals.

RISK, CHALLENGES AND THREATS

Though India is one of the fastest growing economies in the world, its healthcare sector faces huge challenges viz. poor infrastructure (both in terms of healthcare services and medical education), shortage of talent, increasing demand-supply gap due to the growing population and geographical accessibility. India has a ratio of 0.6 doctors and 1.3 nurses per 1,000 people. As per WHO guidelines, this translates into a gap of nearly 1.4 million doctors and 2.8 million nurses currently. According to the Central Bureau of Health Intelligence (CBHI), the country has over 300 medical colleges and 290 Colleges for Bachelor of Dental Surgery (BDS) courses and had total admission numbers of 34,595 and 23,520 respectively during 2009-10. In order to fulfill the increasing need for doctors, India needs to produce almost 1,50,000 doctors per year for the next 15 years, which translates to a requirement of 600-1000 additional medical colleges.

In terms of beds, India has a ratio of 0.8 beds per 1,000 people against the world average of 2.6 beds per 1,000. In order to meet the growing demand and to reach to the world average by 2025, the Indian healthcare sector needs to add around 2.7 million beds with an investment of about USD 124 billion (assuming the average cost of setting up each bed as ₹3 million).

Given the unorganised and fragmented nature of the sector, quality standardisation in terms of healthcare services and medical procedures varies significantly across the country, thus posing a risk for medical tourists. Furthermore, the availability of spurious drugs in the Indian market poses a huge challenge for the sector.

Government Funding & Initiatives

Despite the high rate of growth witnessed by India in the past few years, the growth in social development has been relatively low. The resource allocation to social sectors, particularly health and education, continues to be significantly lower than desired levels. While India on the whole may spend five percent of her GDP on healthcare, the government's contribution to this hovers around the 1.2 - 1.4 percent range.

Talent Pool

The Indian healthcare sector employs over four million people, making it one of the largest service industries in the economy. Despite this, the industry is experiencing shortage of skilled manpower both in terms of doctors and paramedical staff. Currently, bottlenecks in teaching and medical infrastructure restrict the number of graduating doctors to just 31,000 each year against the requirement of 1,50,000 doctors that India needs to cater to requirement. The nursing situation in the country is equally grim with 0.8 nurses for every 1000 people. Besides doctors and nurses, the industry also suffers a shortage of paramedical and administrative staff.

Financing Infrastructural Needs

The healthcare sector is a capital-intensive sector and requires tremendous outlay at the initial stages. The biggest portion of this capital expenditure is typically spent on land acquisition and building infrastructure. The other option for healthcare service providers is to acquire real estate properties on lease at a reasonable cost. This was aptly demonstrated by the retail industry. The challenge is greater in the healthcare sector where gestation periods are long and accessibility is of prime importance.

THE COMPANY

Fortis is one of the India's leading player in the tertiary care healthcare delivery market. The Company is committed to deliver quality healthcare services to patients in modern facilities through the use of advanced technology and has a team of doctors, nurses and healthcare professionals that follows internationally accepted clinical protocols. The management team of the Fortis Group has a disciplined approach to capital deployment which has created significant value for its shareholders over time.

The Company commissioned its first hospital in 2001 at Mohali, near Chandigarh, and has expanded its operations in a decade to become a network with an over 9700 bed capacity across 62 hospitals. The network has a large number of international accreditations, including four JCI (Joint Commission International) and eight NABH (National Accreditation Board for Hospitals) certifications. The network's capability covers multi-speciality hospitals and super-speciality centres that provide tertiary and quaternary healthcare to patients in the major medical specialities.

The Company had an eventful year during which it made big strides in positioning itself as a serious domestic player. During the fiscal, the company commenced operations at two new Greenfield hospitals and launched the Oncology block at its Mulund Hospital, Mumbai, apart from enhancing its penetration in the healthcare space with an ever increasing number of hospitals in the network. The Company also continued its growth momentum in the existing hospitals and most of its hospitals reported improved performances.

EXPANSION DURING THE YEAR

Shalimar Bagh Hospital: In September 2010, the company commenced operations at its Shalimar Bagh hospital. The hospital is spread over an area of approximately 7.34 acres with 350 beds in its first phase. The hospital offers super-specialty healthcare services in Cardiac Sciences, Orthopedics, Neuro- Sciences, Renal care, Mother & Child care and Gastroenterology.

Kolkata Project: The Company commissioned operations at its hospital in Anandapur, Kolkata during the last week of September 2010. This is one of the hospitals bought from Wockhardt and was under construction at the time of acquisition. The 414 bed hospital focuses on "Centres of Excellence" in Cardiac Sciences, Brain & Spine, Bone & Joints as well as Minimal Access Surgeries for Eastern India.

Mulund Oncology Block: The Radiation Oncology block at Mulund was made operational in September 2010 and witnessed steady progress during the year. The construction of a Radiation Oncology unit was initiated by its erstwhile promoters but the project was stalled. This project was re-started by Fortis after the acquisition. The expansion involved the addition of 335 beds in phases, primarily to decongest the existing hospital and to add more critical care beds. Phase I involved setting up a Radiation Oncology unit consisting of a high end linear accelerator and a Brachy therapy system which will support the existing surgical and medical Oncology programmes.

Other Hospitals: Continuing its growth momentum and in line with its strategy to expand its reach in tier II and tier III cities, the Company added a capacity of ~700 beds to its network with the addition of hospitals at Raigarh, Moradabad, Alwar, Dehradun, Pondicherry and Mysore during the year. These addition to the network have been made under an asset light model where the Company does not own the land and building, thus, limiting its investment to the medical and other equipments. The fifty beded hospital in Dehradun is being setup under PPP arrangement with the Government of Uttarakhand.

UPCOMING PROJECTS

Fortis Hospital, Gurgaon: The construction of the flagship hospital has been delayed due to temporary shortage of manpower during Common Wealth Games. The hospital is now expected to be launched during Q4 FY2012. This will be a premium multi super-specialty hospital spread over 11 acres of land with a bed capacity of 450 in phase I. The hospital will be equipped with modern infrastructure, state-of-the-art technology and will have "Centres of Excellence" in Oncology, Trauma, Paediatrics Mother & Child care, Gastroenterology, Neuro-sciences and Renal care. The hospital is designed to offer the best medical care with international protocols and will also focus on medical value travel.

Other Projects: Besides the Gurgaon hospital project, 12 other projects are being undertaken by the Company that would add over 2200 beds over the next 2-3 years. While 2 hospitals each would come up in Bengaluru and Ludhiana; one hospital each is under different stages of construction and completion in Ahmedabad, Dehradun, Gwalior, Kangra, Chennai, Hyderabad, Indore and Pune. These projects would further deepen the footprint of the company in the country. While projects in the major industrial and commercial hubs of Ahmedabad, Hyderabad, Bengaluru, Indore, Ludhiana, Chennai and Pune reinforce Fortis' stature as a provider of super speciality tertiary care services in major cities; projects at Kangra, Gwalior, and Dehradun are testimony to the Company's commitment of bringing quality care to the doorstep of an increasing number of people in the Tier II and Tier III cities. Most of the Hospitals with the exception of two are being set up under an "asset light" model and thus would help improve return on capital employed as well as other operating parameters, whilst sharing some of the risks and rewards of operating performance with third parties.

STRENGTHENING OPERATIONAL PROCESSES

IT Project (FORTIS NXT)

"Project NXT", which had kicked off during the Q3 FY2010, is now at an advanced stage. We are proceeding with an integrated platform consisting of TrakCare (the Hospital Information System) and Oracle E-Biz (for automating commercial processes), with a data mining tool for reporting needs. The Project has the simple motto of re-engineering processes, standardising improved processes across different hospitals and automating standardised process. Furthermore, it enables the centralisation of shared services and provides analytical capabilities to identify and replicate best practices among the network hospitals. The project is staffed with 40 dedicated team members from Fortis and 25 from HCL, our primary implementation partner. It is expected to be completed by Q3FY2012 with the roll-out of the optimised solution in all the key facilities.

Project JOSH

This project was aimed at the simplification and standardisation of nursing processes to improve patient outcomes, better the quality of patient care and increase efficiency. After the implementation, network hospitals have observed improved clinical care and higher levels of productivity. This has now been supplemented with tools and formats which have become part of our operating system. The associated reporting tool is used in day-to-day tracking of nursing and also for decision-making about the nursing deployment.

FINANCIALS

The Company has reported its audited consolidated total Income of ₹1,942 Crores (a growth of 97 percent) which includes other income of ₹459 Crores. Earnings before Interest, Depreciation and Tax were reported at ₹506 Crores, (+166 percent) against ₹191 Crores in the previous year. The net profit for the company stood at of ₹124.4 Crores as against ₹69.5 Crores for the previous year, reflecting a growth of 79 percent.

On the operational front, the company reported consolidated revenue of ₹1,483 Crores, a growth of 58 percent. Organically, the revenue growth for the business stood at 28 percent. Operating profit for the year stood at ₹209 Crores, a growth of 49 percent. The company's operating margin declined due to losses from the newly launched hospitals during the year. However, due to the company's strong focus on cost containment, the gross margin for the year improved by 150 bps. Furthermore, the company witnessed a decline in its employee cost (as percentage to revenue) by 240 bps due to the integration of newly acquired hospitals, where most of the doctors prefers to work on fee for service model. Despite the initial startup losses from the newly launched hospitals, the company's consolidated net profit from operations grew by 53 percent to ₹106.4 Crores.

As the company continues to add new hospitals and new medical programmes, it is maintaining its focus on medical quality in terms of improving and standardising the quality of nursing and equipping hospitals with high-end technology. During the year, the company launched a Stem Cell Therapy programme across its key hospitals, commenced bone marrow transplants at its Noida hospital, launched a custom-fit knee programme at Bannergheta Road and Mohali hospitals, commenced IVF programmes at Mohali and Vashi and launched Renal transplant programmes at Mohali, Amritsar and Malar.

During the year the company also invested in high-end diagnostic and surgical capabilities and installed a 1.5 T MRI machine at Jaipur, 64 slice CT Scan machine in Malar, Neuro Cathlab, 64 Slice CT Scan machine and Neuro Navigation system in Noida and new Cathlabs at Fortis Escorts, Faridabad and Cunningham Road.

The hospitals across the network performed over 51,000 cardiac procedures, over 4,900 high-end Neurological procedures and over 10,700 major Orthopaedic procedures. During the year, Amritsar and La Femme hospitals, as well as the blood bank at the Jaipur hospital received NABH accreditations. The Fortis Network of hospitals currently has as many as four JCI accredited hospitals and eight hospitals accredited by the NABH besides others in the pipeline. Quality is an ongoing movement at all the Fortis hospitals and it is typical for most hospitals to make focused attempts towards achieving accreditation, commensurate with their relative positioning in the region, locally, country-wide and internationally.

NEW INITIATIVES AND ACCOLADES

Fortis further enhanced its services and started imparting training to other fields where medical skills would be of help. Nine medical cadets of the Indian Air Force were trained at Fortis on aspects of emergency management, operation of equipment and stabilisation of patients as part of Emergency care.

To launch the first paramedic training of its kind for the Fortis group in India, Fortis doctors underwent intensive training at the University of Utah. This is aimed at streamlining pre-hospital and Emergency care and is another step in Fortis' effort to bring the best in medical care and management to the country.

During the year under review, a paper by Dr S.K. Bhagat of Fortis Escorts Hospital Amritsar on, "Giant Aortic Aneurysm: Alarming expansion after Redo AVR" was published in the "World Journal of Urology", one of the most prestigious publications in the field.

During the year, Fortis Escorts Hospital, Amritsar was commended by the Punjab Environment Board for excellence in bio-medical waste management practices. Furthermore, the new hospital at Shalimar Bagh was cited in a UN publication for being an environment-friendly green building.

INTERNAL CONTROL SYSTEMS

The Company believes that its internal control systems and procedures are commensurate with its size and provides, among other things, a reasonable assurance that transactions are executed with Management authorization. It ensures the preparation of financial statements in conformity with established accounting principles and that the assets of the Company are adequately safeguarded against misuse or losses.

The internal control systems are supplemented through an extensive internal audit program and reviewed periodically by the Audit, Risk & Controls Committee. The Internal Audit function at the group is outsourced to professional auditing firms and the extensive programme of Internal Audits is supplemented by periodical management reviews and a tight budgetary control mechanism. During the year, PricewaterhouseCoopers (PWC) and Grant Thornton (GT) were appointed and M/s BMR & Associates, M/s Sanjeev Khanna & Associates were retained for carrying out the internal audit of various functions and processes at network hospitals.

HUMAN RESOURCES

2010-11 has been a significant year for Human Resources at Fortis. One of the main reasons for the accelerated growth that the Company has witnessed over the past few years has been the right mix of trained and engaged manpower. While our HR policies and practices have been robust, 2010-11 was the right time for us to take the next step, as our pace of growth continues to increase. With the increase in the number of hospitals, added complexities and new competition, our focus will continue to be on hiring, motivating and retaining the right talent supported by the right structure, appropriate processes and progressive HR policies.

The Job Analysis & Evaluation Exercise was initiated during the year. This exercise provided us a means of comparing the relative values of diverse jobs across functions and to understand the organisation structure in order to identify the changes required to make the structure more robust. It also provided us a foundation for other HR systems like organisation design, competency assessment and succession planning. With the objective of developing internal talent and thereby creating a distinctive edge, there was an enhanced focus around Talent Management through the year.

Some new initiatives such as Physician Assistant Programme, Medicine-Centric Healthcare, Infection Prevention Programme, Project Management, etc. were developed to fulfil organisational needs, some others like Leadership Development Initiative, Nursing Leadership Development, Development Centres, Business Coaching etc. were conducted with a view to developing talent for the future. Overall, we were able to achieve a total of 8.57 training man days per employee, for the year. Our focus on acquiring the right talent from diverse backgrounds continues unabated, along with our efforts on employee engagement to minimise attrition. On the critical aspect of Human Resource Management and improving engagement levels, we analyzed the current organisational health through the OHI survey and determined action plans and key focus areas, organization-wide for the coming year.

We have taken significant steps towards improving our HR Processes and will continue our pursuit of continuous improvement to ensure that we progress on our path of growth.

The total manpower of the Company and its subsidiaries as on March 31, 2011 stood at 12,058.

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.

AUDITORS' REPORT

To

The Members of Fortis Healthcare (India) Limited (formerly Fortis Healthcare Limited)

1. We have audited the attached Balance Sheet of Fortis Healthcare (India) Limited (formerly Fortis Healthcare Limited) ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to the note no 20 of schedule 24 of financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹244.58 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no provision has been considered in the accounts.
5. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. 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;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
      b) in the case of the profit and loss account, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S.R. Batliboi & Co.**
Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 27, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: Fortis Healthcare (India) Limited (formerly Fortis Healthcare Limited) ('the Company')

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

(b) The Company has a policy of verifying the fixed assets once in two years. Fixed assets have been physically verified by the management during the current year. The frequency of physical verification, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

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

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

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

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a), (b), (c) and (d) of the Companies (Auditors Report), 2003 are not applicable to the Company.

(b) The Company had taken loan, in the form of unsecured debentures from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 26,000 lacs and the year-end balance of loans taken from such party was ₹ Nil.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

(iv) As per the information and explanations given to us, certain items of inventory and fixed assets, due to their unique, specialized or proprietary nature, are purchased without inviting comparative quotations. Read with the above, in our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) (a) and (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

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

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products / services of the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, custom duty and cess which have not been deposited on account of any dispute. The provisions relating to excise duty are not applicable to the Company.

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

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company had unsecured debentures, issued in previous year, which were fully redeemed during the year and on which no security or charge was required to be created.

(xx) We have verified that the end use of money raised by way of public issues is as disclosed in Note 14 of Schedule 24 to the financial statement.

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

For **S.R. Batliboi & Co.**
Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 27, 2011

STANDALONE BALANCE SHEET AS AT MARCH 31, 2011

(₹ in lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**40,942.99**	32,165.00
Share application money pending allotment		**9.21**	–
Reserves and Surplus	2	**260,972.64**	137,362.52
		301,924.84	169,527.52
Loan Funds			
Secured Loans	3	**342.49**	4,965.52
Unsecured Loans	4	**44,587.20**	119,240.00
		44,929.69	124,205.52
TOTAL		**346,854.53**	293,733.04
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	**15,074.34**	14,016.95
Less : Accumulated depreciation and amortisation		**7,717.41**	6,795.86
Net Block		**7,356.93**	7,221.09
Capital work in progress including capital advances		**560.49**	57.68
		7,917.42	7,278.77
Investments	6	**153,081.91**	139,543.30
Current Assets, Loans and Advances			
Inventories	7	**323.04**	312.03
Sundry Debtors	8	**5,413.63**	4,882.43
Cash and Bank Balances	9	**3,806.46**	1,039.64
Other Current Assets	10	**451.38**	369.15
Loans and Advances	11	**186,338.95**	137,904.22
(A)		**196,333.46**	144,507.47
Less : Current Liabilities and Provisions			
Current Liabilities	12	**9,792.57**	8,522.77
Provisions	13	**685.69**	465.88
(B)		**10,478.26**	8,988.65
Net Current Assets (A-B)		**185,855.20**	135,518.82
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	**–**	104.86
Profit and Loss Account		**–**	11,287.29
TOTAL		**346,854.53**	293,733.04
Notes to Accounts	24		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Schedules	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
INCOME			
Operating Income	15	**25,827.12**	20,981.61
Other Income	16	**18,246.48**	4,114.68
TOTAL		**44,073.60**	25,096.29
EXPENDITURE			
Materials Consumed	17	**7,092.16**	5,491.09
Personnel Expenses	18	**5,852.31**	4,722.97
Operating Expenses	19	**6,643.61**	5,562.20
Selling, General and Administrative Expenses	20	**3,904.65**	2,972.62
TOTAL		**23,492.73**	18,748.88
Profit before Financial Expenses, Depreciation and Amortisation		**20,580.87**	6,347.41
Financial Expenses	21	**5,365.04**	2,227.58
Profit before Depreciation and Amortisation		**15,215.83**	4,119.83
Depreciation and Amortisation	5	**1,039.52**	1,078.51
Profit before Tax and Prior Period Items		**14,176.31**	3,041.32
Current Income Tax (MAT payable)		**1,837.32**	–
Less : MAT Credit Entitlement		**1,837.32**	–
Net income tax liability		**–**	–
Net Profit after Tax and before Prior Period Items		**14,176.31**	3,041.32
Less : Prior Period Items	22	**(4.70)**	26.67
Net Profit for the year		**14,181.01**	3,014.65
Add: Balance brought forward from previous year		**(11,287.29)**	(14,301.94)
Net Profit / (Loss) carried over to the Balance Sheet		**2,893.72**	(11,287.29)
Earnings Per Share [Nominal value of shares ₹ 10/- each (Previous Year ₹ 10/-)]			
Basic		**3.68**	1.14
Diluted		**3.68**	1.13
Notes to Accounts	24		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

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

(₹ in lacs)

		Year Ended March 31, 2011	Year Ended March 31, 2010
A.	**Cash flow from operating activities**		
	Net profit before tax and prior period items	**14,176.31**	3,041.32
	Less: Prior period items	**4.70**	(26.67)
	Adjustments for:		
	Depreciation and Amortisation	**1,039.52**	1,078.52
	Loss on sale of fixed assets	**45.62**	47.68
	Profit on sale of investments	**(1,322.48)**	(630.17)
	Provision for doubtful debts	**372.28**	483.36
	Bad debts / sundry balances written off	**43.87**	17.46
	Arrangement fee written off	**44.86**	25.20
	Foreign exchange fluctuation (gain)/ loss	**–**	(25.03)
	Unclaimed balances and excess provisions written back	**(512.80)**	(7.93)
	Wealth tax	**4.57**	4.18
	Interest income	**(15,970.83)**	(3,331.84)
	Interest expense	**5,135.89**	2,103.14
	Operating profit before working capital changes	**3,061.51**	2,779.22
	Movements in working capital :		
	(Increase) in sundry debtors	**(947.35)**	(910.69)
	(Increase) in inventories	**(11.02)**	(52.50)
	(Increase) in loans and advances	**(368.87)**	(455.61)
	(Increase) in other current assets	**(82.45)**	(103.46)
	Increase in current liabilities and provisions	**291.15**	396.72
	Cash generated from operations	**1,942.97**	1,653.68
	Direct taxes paid (including Fringe Benefit Tax)	**(1,948.07)**	(67.48)
	Net cash from / (used in) operating activities (A)	**(5.10)**	1,586.20
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	**(1,772.30)**	(232.32)
	Proceeds from sale of fixed assets	**48.51**	123.57
	Fixed deposits with banks (net)	**(408.14)**	(624.86)
	Loans to subsidiaries (net)	**(35,099.25)**	(111,105.92)
	Deposits with bodies corporate and others (net)	**148.56**	1,944.10
	Purchase of investments in subsidiaries and associates	**(13,538.61)**	(58,295.89)
	(Purchase)/ proceeds of investments in mutual funds	**1,322.48**	(5,419.20)
	Interest received	**4,799.91**	3,344.84
	Net cash used in investing activities (B)	**(44,498.84)**	(170,265.68)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital including premium (net of issue expenses)	**134,214.42**	98,454.45
	Proceeds from issuance of preference share capital including premium	**–**	26,000.00
	Proceeds from receipt of share application money (net of refunds)	**9.21**	–
	Redemption of non-cumulative redeemable preference shares including premium	**–**	(53,731.18)
	Proceeds of non convertible debentures	**–**	26,000.00
	Proceeds from issuance of foreign currency convertible bonds	**43,364.11**	–
	Redemption of non convertible debentures including premium	**(29,534.97)**	–
	Proceeds from long-term borrowings	**–**	90,000.00
	Repayment of long-term borrowings	**(4,623.03)**	(10,009.89)
	Repayments of short-term borrowings (net)	**(93,000.00)**	(10,254.97)
	Loan arrangement fees paid	**–**	(20.00)
	Interest paid	**(3,567.11)**	(2,030.75)
	Net cash from financing activities (C)	**46,862.63**	164,407.66
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	**2,358.69**	(4,271.82)
	Total cash and cash equivalents at the beginning of the year	**414.79**	4,686.61
	Cash and cash equivalents at the end of the year	**2,773.48**	414.79
	Components of cash and cash equivalents:		
	Cash in hand	**14.28**	17.52
	Cheques in hand	**8.81**	6.93
	Balances with scheduled banks on current and cash credit accounts	**412.55**	154.07
	Balances with scheduled bank on deposit account	**2,337.84**	236.27
	Total	**2,773.48**	414.79

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

			As at March 31, 2011	As at March 31, 2010
SCHEDULE 1 : SHARE CAPITAL				
Authorised:				
600,000,000	(Previous Year 600,000,000) Equity Shares of ₹ 10 each		**60,000.00**	60,000.00
200	(Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each		**200.00**	200.00
11,498,846	(Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of ₹ 10 each		**1,149.88**	1,149.88
64,501,154	(Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each		**6,450.12**	6,450.12
			67,800.00	67,800.00
Issued:				
405,103,475	(Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up		**40,510.35**	31,732.36
1,600,000	(Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each		**160.00**	160.00
3,196,000	(Previous Year 3,196,000)** Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each		**287.64**	287.64
			40,957.99	32,180.00
Subscribed and Paid up:				
405,103,475	(Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up		**40,510.35**	31,732.36
1,450,000	(Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each		**145.00**	145.00
3,196,000	(Previous Year 3,196,000)** Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each		**287.64**	287.64
Of the above:			**40,942.99**	32,165.00
i)	329,591,530 (Previous Year 242,193,340) Equity Shares are held by Fortis Healthcare Holdings Limited, the holding company.			
ii)	520,000 (Previous Year 520,000) Equity Shares of ₹ 10 each are allotted as fully paid up pursuant to the order of Hon'ble High Court of Delhi dated October 7, 2005, for consideration other than cash.			

* Excludes 90,646,936 detachable warrants issued and outstanding as at March 31, 2010 (Refer note 19 of Schedule 24)
** Refer note 15 of Schedule 24
For details of outstanding Stock options, refer note 11 of Schedule 24.

SCHEDULE 2 : RESERVES & SURPLUS			
Amalgamation Reserve		**156.00**	156.00
(Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)			
Securities Premium Account			
Balance as per last account	137,206.52		
Add : Premium received during the year on issue of Equity Shares (Refer note 19 of Schedule 24)	125,471.25		
Less: Applied for premium on redemption of Non-Convertible Debentures (Refer note 18 of Schedule 24)	2,610.42		
Less: Accrual for premium payable on redemption of Redeemable Preference Shares	886.52		
Less : Expenses incurred for issue of 5% Foreign Currency Convertible Bonds (Refer note 20 of Schedule 24)	1,223.09		
Less : Expenses incurred for issue of equity shares	34.82	**257,922.92**	137,206.52
Profit & Loss Account			
Balance as per last account	(11,287.29)		
Add: Profit earned during the year	14,181.01	**2,893.72**	–
		260,972.64	137,362.52

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 3 : SECURED LOANS		
Term Loans from Bodies Corporate	**342.49**	4,965.52
	342.49	4,965.52

For details of Secured Loans, refer note 8 of Schedule 24

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 4 : UNSECURED LOANS		
Term Loans from Banks	**–**	3,000.00
(Amount repayable within one year ₹ Nil, Previous Year ₹ 3,000.00 lacs)		
5% Foreign Currency Convertible Bonds (Refer note 20 of Schedule 24)	**44,587.20**	–
Non Convertible Debentures (Refer note 18 of Schedule 24)	**–**	26,000.00
From Bodies Corporate	**–**	90,000.00
(Amount repayable within one year ₹ Nil, Previous Year ₹ 40,000.00 lacs)		
Interest Accrued and Due	**–**	240.00
	44,587.20	119,240.00

SCHEDULE 5 : FIXED ASSETS

(₹ in lacs)

	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March, 31 2011	As at April 1, 2010	For the year	Deletions during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible Assets										
Technical Know How Fees	201.42	–	–	**201.42**	201.42	–	–	**201.42**	–	–
Software	406.83	3.68	–	**410.51**	276.07	40.28	–	**316.35**	**94.16**	130.76
Tangible Assets										
Leasehold Improvements	1,732.43	80.38	–	**1,812.81**	1,139.99	13.99	–	**1,153.98**	**658.83**	592.44
Plant & Machinery	1,811.28	12.71	2.69	**1,821.30**	1,126.22	173.30	1.77	**1,297.75**	**523.55**	685.06
Medical Equipments	7,783.20	909.21	125.72	**8,566.69**	3,109.65	611.37	67.27	**3,653.75**	**4,912.94**	4,673.55
Furniture & Fittings	552.09	25.64	2.76	**574.97**	290.71	30.10	1.65	**319.16**	**255.81**	261.38
Computers	668.89	57.87	30.33	**696.43**	442.25	70.57	24.58	**488.24**	**208.19**	226.64
Office Equipments	240.01	54.21	2.10	**292.12**	58.75	37.03	0.53	**95.25**	**196.87**	181.26
Vehicles	620.80	125.79	48.50	**698.09**	150.80	62.88	22.17	**191.51**	**506.58**	470.00
Total	**14,016.95**	**1,269.49**	**212.10**	**15,074.34**	**6,795.86**	**1,039.52**	**117.97**	**7,717.41**	**7,356.93**	**7,221.09**
Previous Year	13,294.61	961.96	239.62	14,016.95	5,785.72	1,078.52	68.38	6,795.86	7,221.09	
Capital Work in Progress									**560.49**	57.68
(Including capital advances of ₹ 91.10 lacs (Previous Year ₹ 20.11 lacs))										
									7,917.42	7,278.77

Note: The above assets includes certain fixed assets leased pursuant to operating lease agreements. Refer Note No. 6 (b) (ii) of Schedule 24

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6 : INVESTMENTS		
Long Term Investments (At cost)		
Unquoted, fully paid-up		
Trade		
A. Investment in Associates		
Sunrise Medicare Private Limited (3,126 (Previous Year 4,400,364) Equity Shares of ₹10/- each) (Refer note 21 of Schedule 24)	**0.31**	440.04
Hiranandani Healthcare Private Limited (400,000 (Previous Year 400,000) Equity Shares of ₹10/- each) (Of the above, 3 shares are jointly held with nominee share holders)	**40.00**	40.00
Fortis Medicare International Limited (10,000 (Previous Year Nil) Ordinary Shares of US$ 1/- each)	**4.75**	–
B. Investment in Subsidiaries		
Escorts Heart Institute and Research Center Limited (1,800,260 (Previous Year 1,800,260) Equity Shares of ₹10/- each)	**58,894.80**	58,894.80
International Hospital Limited (4,025,123 (Previous Year 4,025,123) Equity Shares of ₹100/- each) (Of the above, 4,033 shares have been acquired without any consideration) (Of the above, 6 shares are held by nominee shareholders)	**4,021.09**	4,021.09
Fortis Hospotel Limited (146,885,080 (Previous Year 141,311,990) Equity Shares of ₹10/- each) (Of the above, 6 (Previous Year 6) shares are held by nominee shareholders)	**40,666.09**	35,093.00
Escorts Heart Super Speciality Hospital Limited (1,392,520 (Previous year Nil) 0.01% Compulsorily Convertible Preference Shares of ₹10/- each) (Refer note 21 of Schedule 24)	**439.73**	–
Fortis Healthcare International Limited (32,560,000 (Previous Year Nil) Ordinary Shares of MUR 10/- each)	**4,694.49**	–
Fortis Hospitals Limited (40,250,577 (previous year 20,050,000) Equity Shares of ₹10/- each and Nil (previous year 150) 11% Compulsorily Convertible Debentures of ₹10,000,000/- each)	**40,205.58**	35,005.00
Current Investments (At lower of cost or fair value)		
Unquoted		
Non-Trade		
Mutual Funds		
37,140.22 units of ₹1,000 each in UTI Treasury Advantage Fund	**465.07**	–
40,842.06 units of ₹1,000 each in Religare Ultra Short Term Fund- Institutional Growth	**2,650.00**	–
10,000,000 units of ₹10 each in Principal PNB Fixed Maturity Plan	**1,000.00**	–
47,789,037.04 units of ₹10 each in Religare Ultra Short Term Fund- Institutional Growth	**–**	6,049.37
Aggregate amount of unquoted investments	**153,081.91**	139,543.30
Refer note 5 of Schedule 24		

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 7 : INVENTORIES		
(at lower of cost and net realisable value)		
Medical Consumables and Drugs	**288.60**	274.28
Stores and spares	**34.44**	37.75
	323.04	312.03

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 8 : SUNDRY DEBTORS		
Debts outstanding for a period exceeding Six Months		
Unsecured, Considered Good	**2,534.60**	1,851.46
Considered Doubtful	**743.32**	884.37
Other Debts		
Unsecured, Considered Good	**2,879.03**	3,030.97
Considered Doubtful	**18.93**	-
	6,175.88	5,766.80
Less : Provision for Doubtful Debts	**762.25**	884.37
	5,413.63	4,882.43
Included in Sundry Debtors are:		
i) Dues from Companies under the same management as per Section 370 (1B) of the Companies Act, 1956:		
Hiranandani Healthcare Private Limited		
(Maximum amount outstanding during the year ₹ 73.60 lacs; Previous Year ₹ 39.00 lacs)	**73.60**	39.00
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	**14.28**	17.52
Cheques in hand	**8.81**	6.93
Balances with Scheduled Banks		
– On Current Accounts	**412.55**	154.07
– On Deposit Accounts	**3,370.82**	861.12
	3,806.46	1,039.64
SCHEDULE 10 : OTHER CURRENT ASSETS		
Interest Accrued but Not Due on Loans and Deposits	**2.76**	2.97
Accrued Operating Income	**448.62**	366.18
	451.38	369.15
SCHEDULE 11 : LOANS AND ADVANCES		
Secured, Considered Good		
Loans to Bodies Corporate & Others	**92.39**	80.85
Unsecured, Considered good		
Loans to Subsidiaries	**166,703.72**	131,604.47
Loans to Bodies Corporate and Others	**1,867.66**	2,027.75
Advances Recoverable in cash or in kind or for value to be received	**3,793.18**	3,395.44
Advance Tax and Tax Deducted at Source (net)	**338.10**	231.38
Balances with Customs, Excise and Other Authorities	**306.82**	124.69
Security Deposits	**228.63**	439.64
MAT Credit Entitlement	**1,837.32**	–
Interest Due but Not Received	**11,171.13**	–
Unsecured, Considered Doubtful		
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	186,359.57	137,924.84
Less : Provision for Doubtful Advances	**20.62**	20.62
	186,338.95	137,904.22
Included in Loans and Advances are:		
i) Dues from Companies under the same management as per Section 370 (1B) of the Companies Act, 1956:		
Hiranandani Healthcare Private Limited		
(Maximum amount outstanding during the year ₹ 2,027.75 lacs; Previous Year ₹ 4,102.94 lacs)	**1,669.43**	2,049.90

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 12 : CURRENT LIABILITIES		
Sundry Creditors		
(a) total outstanding dues of Micro and Small Enterprises (Refer note 23 of Schedule 24)	**–**	–
(b) total outstanding dues of creditors other than Micro and Small Enterprises	**2,336.51**	2,997.64
Book Overdraft	**479.63**	383.13
Advances from Patients	**410.15**	332.51
Security Deposits	**12.47**	9.93
Interest Accrued but Not Due on Loans	**1,962.61**	153.82
Premium Payable on Redemption of Redeemable Preference Shares	**4,280.60**	3,394.08
Premium Payable on Redemption of Unsecured Non Convertible Debentures	**–**	924.54
Other Liabilities	**310.60**	327.12
	9,792.57	8,522.77
SCHEDULE 13 : PROVISIONS		
Wealth Tax	**4.73**	4.19
Gratuity (Refer note 12 of Schedule 24)	**369.47**	245.93
Leave Encashment	**311.49**	215.76
	685.69	465.88
SCHEDULE 14 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance Brought Forward	**104.86**	50.06
Incurred/ (reversed) during the year	**(60.00)**	80.00
	44.86	130.06
Less : Written off during the year	**44.86**	25.20
	–	104.86

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 15 : OPERATING INCOME		
In Patient	**18,744.71**	14,791.31
Out Patient	**2,719.76**	2,078.85
Income From Medical Services	**2,802.59**	2,744.05
Management Fees from Hospitals	**435.23**	375.82
Income from Rehabilitation Centre	**144.42**	123.04
Income from Academic Services	**20.04**	–
Income from Rent (Refer Note 6 (b) (i) of Schedule 24)	**83.99**	38.64
Equipment Lease Rental (Refer Note 6 (b) (ii) of Schedule 24)	**749.31**	702.77
Pharmacy	**858.94**	459.33
	26,558.99	21,313.81
Less: Discounts	**731.87**	332.20
	25,827.12	20,981.61
SCHEDULE 16 : OTHER INCOME		
Profit on Redemption of Mutual Funds (Refer Note 5 of Schedule 24)	**1,322.48**	630.17
Interest		
– Bank Deposits (Tax Deducted at Source ₹ 80.32 lacs, previous year ₹ 18.41 lacs)	**808.78**	142.18
– Others (Tax Deducted at Source ₹ 660.15 lacs, previous year ₹ Nil)	**15,162.05**	3,189.66
Unclaimed Balances and Excess Provisions Written Back	**512.80**	7.93
Gain on Foreign Exchange Fluctuation	**254.95**	22.33
Miscellaneous Income	**185.42**	122.41
	18,246.48	4,114.68
SCHEDULE 17 : MATERIALS CONSUMED		
Medical Consumables and Drugs:		
Opening Stock as at beginning of the year	**274.28**	239.30
Add: Purchases	**7,106.48**	5,526.07
Less: Closing Stock as at end of the year	**288.60**	274.28
	7,092.16	5,491.09
SCHEDULE 18 : PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**4,829.14**	4,166.71
Gratuity (Refer note 12 of Schedule 24)	**151.43**	22.19
Leave Encashment	**147.70**	48.29
Contribution to Provident & Other Funds	**298.70**	225.45
Staff Welfare Expenses	**215.51**	182.46
Recruitment & Training	**209.83**	77.87
	5,852.31	4,722.97

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

		For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 19 : OPERATING EXPENSES			
Contractual Manpower		**181.28**	145.27
Power & Fuel		**510.13**	434.83
Housekeeping Expenses including Consumables		**194.89**	170.29
Patient Food and Beverages		**203.78**	167.64
Pathology Laboratory Expenses		**450.00**	170.07
Radiology Expenses		**820.19**	600.13
Consultation Fees to Doctors		**529.64**	388.45
Professional Charges to Doctors		**1,483.78**	1,206.24
Repairs & Maintenance			
– Building		**41.17**	45.00
– Plant & Machinery		**253.83**	231.66
Rent			
– Hospital Building (Refer note 6 (a) of Schedule 24)		**1,943.69**	1,940.70
– Equipments (Refer note 6 (a) of Schedule 24)		**31.23**	61.92
		6,643.61	5,562.20
SCHEDULE 20 : SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
Donations		**0.30**	2.50
Legal & Professional Fee		**1,082.85**	970.91
Travel & Conveyance		**1,016.98**	517.16
Repairs & Maintenance - Others		**141.29**	51.21
Rates & Taxes		**31.71**	29.37
Directors' Sitting Fees		**13.04**	18.10
Insurance		**118.87**	122.58
Rent (Refer note 6 (a) of Schedule 24)		**33.70**	43.53
Marketing & Business Promotion		**577.18**	376.16
Wealth Tax		**4.57**	4.18
Loss on Sale of Assets		**45.62**	47.68
Auditors' Remuneration (as auditors) (Refer note 20 of Schedule 24)			
– Audit Fee	**10.00**		10.00
– Limited Review Fees	**7.80**		7.80
– Fees for Audit of Consolidated Financial Statement	**3.00**		3.00
– Tax Audit Fee	**2.50**		2.50
– Certification Fee	**3.50**		2.76
– Out of Pocket Expenses	**1.76**	**28.56**	1.38
Bad Debts and Sundry Balances written off		**43.87**	17.46
Provision for Doubtful Debts		**372.28**	483.36
Miscellaneous Expenses		**393.83**	260.98
		3,904.65	2,972.62

SCHEDULES TO THE ACCOUNTS

(₹ in lacs)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 21 : FINANCIAL EXPENSES		
Interest		
– On Term Loans	**4,810.80**	1,765.84
– Others	**325.09**	337.29
Finance Charges	**162.53**	75.73
Arrangement Fees Written off	**44.86**	23.52
Bank Charges	**21.76**	25.20
	5,365.04	2,227.58

SCHEDULE 22 : PRIOR PERIOD ITEMS		
Prior period expenses		
Material Consumed	**0.18**	–
Legal & Professional Fee	**20.25**	–
Repairs & Maintenance - Plant & Machinery	**0.19**	–
Repairs & Maintenance - Others	**–**	26.67
	20.62	26.67
Prior period income		
Rates and taxes	**25.32**	–
	25.32	–
	(4.70)	26.67

SCHEDULE 23 : EARNINGS PER SHARE		
Net profit as per profit and loss account	**14,181.01**	3,014.65
Weighted average number of equity shares in calculating Basic EPS	**384,882,107**	265,413,205
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	**345,349**	408,314
Weighted average number of equity shares in calculating Diluted EPS	**385,227,456**	265,821,519

SCHEDULES TO THE ACCOUNTS

SCHEDULE 24: NOTES TO THE ACCOUNTS

1. Nature of Operations

Fortis Healthcare (India) Limited (the 'Company' or 'FHL') (formerly known as Fortis Healthcare Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with the flagship of Multi-Specialty Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country. As part of its business activities, the Company holds interests in its subsidiary and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. During the year, the Company issued Foreign Currency Convertible Bonds which are listed on the Euro MTF market of the Luxembourg Stock Exchange.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(d) Depreciation

i) 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.

ii) Depreciation on all other fixed assets is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher.

iii) Individual assets not exceeding ₹ 5,000 are depreciated fully in the year of purchase.

(e) Intangibles

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 years.

Software

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimate.

(f) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

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

(g) Leases

Where the Company is the lessee

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

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss account on a straight-line basis over the lease term. Costs, including depreciation are recognised as expense in the Profit and Loss account.

(h) Investments

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

(i) Inventories

Inventory of Medical Consumables, Drugs, Stores and Spares are valued at Lower of cost and net realizable value. Cost is determined on Weighted Average basis.

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

(j) Revenue Recognition

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

Operating Income

Operating Income is recognised as and when the services are rendered / pharmacy items are sold. Management fee from hospitals and income from medical services is recognised as per the terms of the agreement with respective hospitals.

Rehabilitation Centre Income

Revenue is recognised as and when the services are rendered.

Income from Academic Services

Revenue is recognized on pro-rata basis over the duration of the program.

Equipment Lease Rentals

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognised if the right to dividend is established by the balance sheet date.

(k) Miscellaneous Expenditure (not written off)

Cost incurred in raising funds (Arrangement fees on term loan) is amortised over the period for which the funds are obtained.

(l) Foreign Currency Transactions

i) Initial recognition

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(m) Employee benefits:

i) Contributions to Provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the Profit and Loss account of the year when the contributions to the respective funds are due. For other employees, the provident fund is defined benefit scheme contribution of which is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

ii) Gratuity

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

iii) Compensated Absences

Long term compensated absences are provided for based on actuarial valuation made at the end of the year using projected unit credit method. Short term compensated absences are provided for based on estimates.

iv) Actuarial gains/losses

Actuarial gains/losses are recognised in the Profit and Loss Account as they occur.

(n) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

At each balance sheet date, the Company re-assesses and recognises unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

(0) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

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

(r) Cash and cash equivalents

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

3. Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

4. Related Party Transactions

Names of Related parties (as certified by the management)

Ultimate Holding Company	RHC Holding Private Limited* (Holding Company of FHHL with effect from December 22, 2010)
Holding Company	Fortis Healthcare Holdings Limited ('FHHL')
Subsidiary Companies	a) International Hospital Limited ('IHL') b) Fortis Hospotel Limited ('FHTL') c) Escorts Heart Institute and Research Centre Limited ('EHIRCL') d) Lalitha Healthcare Private Limited ('LHPL') e) Escorts Hospital and Research Centre Limited ('EHRCL') f) Escorts Heart and Super Speciality Institute Limited ('EHSSIL') g) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL') h) Escorts Heart Centre Limited ('EHCL') (upto March 3, 2011) i) Fortis Health Management Limited ('FHML') j) Fortis Healthcare International Limited ('FHIL') k) Fortis Malar Hospitals Limited ('FMHL') with effect from October 1, 2009 l) Fortis Hospitals Limited ('FHsL') with effect from June 18, 2009 m) Fortis Global Healthcare (Mauritius) Limited with effect from October 7, 2009 n) Kanishka Housing Development Company Limited with effect from December 17, 2009 o) Fortis Hospital Management Limited, (upto March 25, 2010) p) Fortis Emergency Services Limited (with effect from April 30, 2009) q) Malar Stars Medicare Limited (with effect from October 1, 2009) r) Fortis C-Doc Healthcare Limited (with effect from September 17, 2010) s) Fortis Asia Healthcare Pte. Limited (with effect from January 7, 2011) t) Fortis Global Healthcare Infrastructure Pte. Limited (with effect from March 31, 2011) u) Fortis Healthstaff Limited (with effect from March 18, 2011) Companies (f), (h), (s) and (u) above are subsidiaries of EHIRCL; Companies (d), (e), (g), (j), (k), (o), (p) and (r) above are subsidiaries of IHL and Company (i) above is the subsidiary of FHTL; Companies (m) and (t) above are subsidiaries of FHIL; Company (n) is the subsidiary of FHsL; Company (q) is the subsidiary of FMHL.
Fellow Subsidiaries	Hiranandani Healthcare Private Limited Fortis HealthStaff Limited (upto March 17, 2011) Escorts Heart Center Limited (with effect from March 4, 2011) Fortis Hospital Management Limited (with effect from March 26, 2010) Religare Wellness Limited Hospitalia Eastern Private Limited Medsource Healthcare Private Limited Fortis Global Healthcare Limited ** A-1 Book Company Private Limited ** RHC Finance Private Limited ** Maple Leaf Buildcon Private Limited ** Todays Holdings Private Limited ** Religare Infotech Private Limited ** RHC Financial Services (Mauritius) Limited ** Fortis Global Healthcare Holdings Pte. Limited (Singapore) ** Religare Infotech Pty Limited ** Altai Investments Limited ** Quality Healthcare Limited ** Quality Healthcare Medical Services Limited ** Quality Healthcare Medical Holdings Limited ** Portex Limited ** Quality Healthcare Services Limited ** Green Apple Associates Limited **

	Quality HealthCare Hongkong Limited ** Quality HealthCare Medical Services (Macau)Limited ** Berkshire Group Limited ** HealthCare Opportunities Limited ** GlobalRX Limited ** SmartLab Limited ** Quality HealthCare Medical Centre Limited ** Universal Lane Limited ** Quality HealthCare Chinese Medicine Limited ** Quality HealthCare Psychological Services Limited ** Quality HealthCare Dental Services Limited ** Quality HealthCare Nursing Agency Limited ** Quality HealthCare Physiotherapy Services Limited ** Dynamic People Group Limited ** Normandy (Hongkong) Limited ** Quality EAP (Macau) Limited ** TCM Prodicts Limited ** Great Option Limited ** Marvellous Way Limited ** Poltallock Limited ** Summerset Green Limited ** Allied Medical Practices Guild Limited ** Quality HealthCare Professional Services Limited ** DB Health Services Limited ** GHC Holding Limited ** CASE Specialist Limited ** Jadeast Limited ** Jadefairs International Limited ** Jadison Investment Limited ** Jadway International Limited ** Megafaith International Limited ** Fortis Healthcare Singapore Pte. Limited **
Associates	a) Sunrise Medicare Private Limited b) Fortis Hospital Management Limited with effect from March 26, 2010 (subsidiary upto March 25, 2010) c) Hiranandani Healthcare Private Limited d) Fortis Malar Hospitals Limited ('FMHL') till September 30, 2009 e) Medical and Surgical Centre Limited, Mauritius (Associate of Fortis Healthcare International Limited) f) Parkways Holdings Limited from March 19, 2010 to August 20, 2010 g) Fortis Medicare International Limited with effect from June 22, 2010 Companies (b) and (d) are associates of International Hospital Limited. Company (e) and (g) are associates of Fortis Healthcare International Limited. Company (f) is an associate of Fortis Global Healthcare Mauritius Limited.
Key Management Personnel ('KMP')	Mr. Malvinder Mohan Singh - Chairman Mr. Shivinder Mohan Singh - Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	a) Super Religare Laboratories Limited b) Ranbaxy Laboratories Limited c) RHC Holding Private Limited d) Fortis Nursing and Education Society e) Religare Securities Limited f) Religare Commodities Limited g) Religare Finvest Limited h) Religare Travels (India) Limited i) Religare Technova IT Services Limited j) Oscar Investments Limited k) Religare Aviation Limited l) Malav Holdings Limited

The schedule of Related Party Transactions is as follows:

(₹ in lacs)

Transactions details	Year Ended March 31, 2011	Year Ended March 31, 2010
Transactions during the year		
Expenses allocated to related parties		
Fortis Hospotel Limited (Subsidiary)	**271.07**	179.52
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation centre, Rental and Pharmacy income)		
International Hospital Limited (Subsidiary)	**864.00**	910.00
Escorts Hospital and Research Centre Limited (Subsidiary)	**605.66**	622.83
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	**339.94**	0.44
Sunrise Medicare Private Limited (Associate)	**–**	276.03
Others	**257.31**	144.81
Interest income on loans and advances to		
International Hospital Limited (Subsidiary)	**7,923.06**	1,738.34
Fortis Hospitals Limited (Subsidiary)	**2,875.99**	941.32
Fortis Hospotel Limited (Subsidiary)	**2,306.87**	221.16
Fortis Healthcare International Limited (Subsidiary)	**1,673.57**	–
Hiranandani Healthcare Private Limited (Associate)	**217.78**	448.02
Others	**141.77**	51.54
Consultation fees to doctors		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**–**	3.36
Interest expense on loan taken from		
Fortis Healthcare Holdings Limited (Holding Company)	**295.61**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**–**	270.74
RHC Holding Private Limited (Ultimate holding company)*	**–**	49.43
Sale of fixed assets		
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**34.29**	–
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**–**	91.06
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	**–**	14.00
Others	**–**	9.47
Loans/ advances given		
International Hospital Limited (Subsidiary)	**337,622.32**	101,608.35
Fortis Hospotel Limited (Subsidiary)	**104,700.00**	2,064.11
Fortis Hospitals Limited (Subsidiary)	**3,900.01**	13,039.50
Others	**51,103.17**	-
Loans/ advances received back		
International Hospital Limited (Subsidiary)	**345,488.27**	2,600.00
Fortis Hospotel Limited (Subsidiary)	**104,700.00**	6,007.00
Hiranandani Healthcare Private Limited (Associate)	**660.00**	2,500.00
Others	**10,214.00**	135.00
Loans taken		
Fortis Healthcare Holdings Limited (Holding Company)	**50,300.00**	–
Loans repaid		
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**–**	6,100.00
RHC Holding Private Limited (Ultimate holding company)*	**–**	1,000.00
Fortis Healthcare Holdings Limited (Holding Company)	**50,300.00**	–
Pathology laboratory expenses		
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**454.53**	169.96
Travel and conveyance expenses		
Religare Travel (India) Limited (Owned/significantly influenced by KMP/their relatives)	**161.66**	30.09
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	**67.25**	38.92
Religare Voyages Business Services Pvt Limited (Owned/significantly influenced by KMP/their relatives)	**16.84**	–

(₹ in lacs)

Transactions details	Year Ended March 31, 2011	Year Ended March 31, 2010
Purchase of fixed assets		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**16.27**	74.52
Fortis HealthStaff Limited (Fellow Subsidiary)	**–**	22.08
Fortis Hospotel Limited (subsidiary)	**50.61**	–
Repairs and maintenance expenses		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**7.18**	7.82
Managerial remuneration		
Shivinder Mohan Singh (KMP) (refer note b below)	**539.28**	816.20
Directors' sitting fees		
Malvinder Mohan Singh (KMP)	**1.50**	2.10
Legal and professional fee		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**5.23**	7.96
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**923.92**	–
Religare Capital Market Plc. (Owned/significantly influenced by KMP/their relatives)	**1.58**	–
Subscription of share capital (including premium)		
Malvinder Mohan Singh (KMP)	**3.91**	2.81
Shivinder Mohan Singh (KMP)	**3.91**	2.81
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**81.86**	58.85
Fortis Healthcare Holdings Limited (Holding Company)	**133,719.23**	96,138.01
RHC Holding Private Limited (Ultimate holding company)*	**74.21**	53.35
Issue of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**–**	26,000.00
Redemption of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**–**	27,438.39
RHC Holding Private Limited (Ultimate holding company)*	**–**	3,452.86
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**–**	4,927.25
Issue of non convertible debentures		
RHC Holding Private Limited (Ultimate holding company)*	**–**	26,000.00
Redemption of non convertible debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)*	**29,534.97**	–
Corporate Guarantees given to banks for loans availed by		
Fortis Hospotel Limited (Subsidiary)	**–**	6,000.00
Fortis Hospitals Limited (Subsidiary)	**–**	55,000.00
International Hospital Limited (Subsidiary)	**–**	40,000.00
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	**–**	104,092.63
Corporate guarantee withdrawn for loans taken by		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**–**	981.94
Fortis Hospitals Limited (Subsidiary)	**5,000.00**	–
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**2,500.00**	–
International Hospital Limited (Subsidiary)	**40,000.00**	–
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	**104,092.63**	–
Investments made in equity		
Fortis Hospotel Limited (Subsidiary)	**40,666.09**	23,290.89
Fortis Healthcare International Limited (Subsidiary)	**4,694.49**	–
Fortis Hospitals Limited (Subsidiary)	**40,205.58**	20,005.00
Fortis Medicare International Limited (Associate)	**4.75**	–
Investment made in Compulsorily Convertible Debentures		
Fortis Hospitals Limited (Subsidiary)	**–**	15,000.00
License user agreement fees		
RHC Holding Private Limited (Ultimate holding company)*	**1.00**	1.00

(₹ in lacs)

Balance outstanding at the year end	As at March 31, 2011	As at March 31, 2010
Loans / advances recoverable		
International Hospital Limited (Subsidiary)	**114,518.82**	114,844.68
Fortis Healthcare International Limited (Subsidiary)	**39,534.49**	–
Fortis Hospitals Limited (Subsidiary)	**19,079.81**	14,088.77
Others	**9,836.62**	7,665.52
Sundry debtors		
International Hospital Limited (Subsidiary)	**1,714.56**	910.00
Escorts Hospital and Research Centre Limited (Subsidiary)	**112.00**	621.00
Sunrise Medicare Private Limited (Associate)	**–**	197.39
Others	**216.39**	155.25
Sundry creditors		
Fortis Health Staff Limited (Fellow Subsidiary)	**21.45**	21.89
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	**13.41**	–
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**–**	39.90
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**–**	10.26
Unsecured loans		
RHC Holding Private Limited (Ultimate holding company)*	**–**	26,000.00
Investments		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**58,894.80**	58,894.80
International Hospital Limited (Subsidiary)	**4,021.09**	4,021.09
Fortis Hospotel Limited (Subsidiary)	**40,666.09**	35,093.00
Fortis Hospitals Limited (Subsidiary)	**40,205.58**	35,005.00
Sunrise Medicare Private Limited (Associate)	**0.31**	440.04
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	**439.73**	–
Hiranandani Healthcare Private Limited (Associate)	**40.00**	40.00
Fortis Healthcare International Limited (Subsidiary)	**4,694.49**	–
Fortis Medicare International Limited (Associate)	**4.75**	–
Corporate guarantee for loans taken		
RHC Holding Private Limited (Ultimate holding company)*	**–**	750.00
Guarantee given to IndusInd Bank (refer note c below)	**10,000.00**	10,000.00
Corporate guarantee given for loans availed by		
Fortis Hospotel Limited (Subsidiary)	**8,000.00**	8,000.00
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**–**	2,500.00
Guarantee given to IndusInd Bank (Refer note c below)	**10,000.00**	10,000.00
Hiranandani Healthcare Private Limited (Associate)	**6,000.00**	6,000.00
Fortis Hospitals Limited (Subsidiary)	**50,000.00**	55,000.00
International Hospital Limited (Subsidiary)	**–**	40,000.00
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	**–**	104,092.63

Notes:

* Entity Owned/significantly influenced by KMP/their relatives till December 21, 2010, and Ultimate holding company thereafter

** Fellow subsidiaries with effect from December 22, 2010.

a) Expenses incurred on behalf of / by related parties, and later reimbursed by / to them have not been considered above.

b) Amount for the previous year ended March 31, 2010 includes ₹637.80 lacs provided at the year end which is subject to Central Government approval.

c) Includes Guarantee given by the Company and EHRCL to IndusInd Bank for loan jointly availed by the Company, EHIRCL, EHRCL, EHSSIL, EHSSHL and IHL.

5. The following current investments have been purchased and sold during the year:

a. During the Current year:

Mutual Fund Scheme	No. of units purchased	Purchase price (₹ in lacs)	No. of units sold/ redeemed	Sales/ Redemption value (₹ in lacs)
Religare Liquid fund - Super Institutional Growth	2,275,066,615.77	293,418.02	2,275,066,615.77	293,481.41
Religare Ultra short term fund - Institutional Growth	1,475,345,961.94	194,997.49	1,475,345,961.94	195,419.63
UTI Liquid fund - Cash Plan	30,408,651.00	465.00	30,408,651.00	465.07
Axis Liquid fund - Institutional Weekly Dividend Reinvestment	99,698.19	1,000.00	99,698.19	999.93
Axis Treasury Advantage fund - Institutional Daily Div Reinvestment	30,608,342.03	2,464.93	30,608,342.03	2,468.05
Religare Credit Opportunities fund - Institutional Growth	377,679,161.55	40,000.00	377,679,161.55	40,371.50
Religare Active Income fund - Institutional - Growth	221,132,403.64	22,500.00	221,132,403.64	22,893.55
Religare Short Term Plan - Institutional Growth	58,158,019.22	7,500.00	58,158,019.22	7,550.83
Birla Sun Life Saving fund - DD Reinvestment	6,995,243.24	700.00	7,012,396.65	701.72
J M Financial Mutual fund	5,066,347.04	510.00	5,066,347.04	512.27
Canara Robecco Floating Rate ST Daily Dividend fund	4,873,294.35	500.00	4,904,536.75	503.21
IDFC Fixed Maturity Plan Monthly Series 25	18,150,639.93	1,946.55	18,150,639.93	1,957.30

b. During the previous year:

Mutual Fund Scheme	No. of units purchased	Purchase price (₹ in lacs)	No. of units sold/ redeemed	Sales/ Redemption value (₹ in lacs)
DSP Black Rock Cash Manager funds - Institutional Plan - Daily Dividend	363,134.41	3,900.00	363,152.43	3,900.35
DSP Black Rock Floating rate funds - Institutional Plan - Daily Dividend	73,505.04	735.05	73,513.50	738.27
DSP Black Rock Money Manager funds - Institutional Plan - Daily Dividend	189,866.13	1,900.18	190,053.00	1,902.05
DSP Black Rock Mutual funds - Institutional Plan - Growth	153,774.81	2,000.17	153,774.81	2,000.43
Kotak Flexi Debt scheme Institutional - Growth	65,888,939.53	7,315.32	65,888,939.53	7,315.98
Kotak Liquid (Institutional Premium) - Growth	78,240,492.11	14,267.41	78,240,492.11	14,315.60
LICMF Income Plus fund - Daily dividend plan	25,075,311.46	2,500.00	25,075,311.46	2,507.53
LICMF Income Plus fund - Growth Plan	241,030,963.54	29,203.79	241,030,963.54	29,225.33
LICMF Liquid fund - Growth Plan	165,417,224.65	27,400.00	165,417,224.65	27,403.49
Religare Liquid fund - Super Institutional Growth	903,412,454.81	112,928.36	903,412,454.81	112,944.50
Religare Ultra short term fund - Institutional Growth	702,795,034.99	87,689.70	702,795,034.99	88,089.22
UTI Liquid Cash Plan - Institutional Growth Option	336,309.56	5,000.00	336,309.56	5,000.55
UTI Treasury Advantage fund - Institutional Plan (Growth Option)	412,231.76	5,000.55	412,231.76	5,001.25
Religare Short Term Plan-Institutional Growth	302,729,272.83	37,855.71	302,729,272.83	37,981.85

6. Leases

(a) Assets taken on Operating Lease:

Hospital/ Office premises and few medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payments in respect of such leases recognised in the profit and loss account for the year are ₹ 2,008.62 lacs (Previous Year ₹ 2,046.15 lacs).

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

(₹ in lacs)

Particulars	**As at March 31, 2011**	As at March 31, 2010
Minimum lease payments :		
Not later than one year	**1,921.35**	1,951.23
Later than one year but not later than five years	**7,680.42**	7,681.77
Later than five years	**5,280.00**	7,200.00

(b) Assets given on Operating Lease

i) The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are ₹ 83.99 lacs (Previous Year ₹ 38.64 lacs).

ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its Associates. The lease term is for 3 years and thereafter renewable at the option of the lessor. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. The details of the capital assets given on operating lease are as under:

(₹ in lacs)

Particulars	**As at March 31, 2011**			As at March 31, 2010		
	Gross Block	**Accumulated Depreciation**	**Net Block**	Gross Block	Accumulated Depreciation	Net Block
Software	3.46	2.40	1.06	3.46	2.07	1.39
Plant & Machinery	96.66	47.19	49.47	96.66	37.21	59.45
Medical Equipments	3,486.15	1,226.33	2,259.81	2,650.07	721.50	1,928.57
Furniture & Fittings	154.75	85.10	69.65	154.75	78.39	76.36
Computers	116.34	88.88	27.46	116.34	71.57	44.77
Office Equipments	27.38	6.48	20.90	27.38	5.22	22.16
Vehicles	37.25	18.24	19.01	37.25	14.03	23.22
Total	**3,921.99**	**1,474.62**	**2,447.36**	**3,085.91**	**929.99**	**2,155.92**

The total lease payments received in respect of such leases recognised in the profit and loss account for the year are ₹ 749.31 lacs (Previous Year ₹ 702.77 lacs).

The totals of future minimum lease payments receivable under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	**As at March 31, 2011**	As at March 31, 2010
Minimum lease payments :		
Not later than one year	**865.73**	725.71
Later than one year but not later than five years	**216.43**	907.13

7. Deferred Tax Assets / (Liability):

The Company has deferred tax liability of ₹ 464.70 lacs and deferred tax assets of ₹ 1,175.73 lacs as per details below. The deferred tax liability being less than the deferred tax assets, in the context of block of assets, has not been provided for in the books as at the year end. Also, in accordance with Accounting Standard 22 'Accounting for Taxes on Income', as notified under Companies (Accounting Standard) Rules, 2006, in view of the large amount of accumulated losses carried forward at the close of the year, deferred tax assets on timing differences, on carried-forward losses and unabsorbed depreciation have not been accounted for in the books since it is not virtually certain whether the Company will be able to use such losses/depreciation.

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred tax liability arising on account of:		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**464.70**	752.70
Others	**–**	–
	464.70	752.70
Deferred tax asset arising on account of:		
Effect of expenditure debited to profit and loss account in the current year but not allowed for tax purposes	**474.94**	453.98
On carry forward business losses and unabsorbed depreciation	**700.79**	4,170.61
Others	**–**	–
	1,175.73	4,624.59
Deferred Tax Assets (Net)	**711.03**	3,871.89

8. Secured Loans

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Term Loan from a Body Corporate secured by :-		
– first charge by way of hypothecation of specific equipments of the Company	**342.49**	679.81
– way of subservient charge on present and future fixed assets of the Company	**–**	4,285.71

9. Capital Commitment (₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advances of ₹ 20.53 lacs (Previous Year ₹ 20.11 lacs))	**210.50**	591.88

10. Contingent liabilities (not provided for) in respect of: (₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	**397.06**	378.06
Bank Guarantee executed in favour of National Stock Exchange ('NSE') towards listing of the shares of the Company with the exchange. The NSE has discharged the bank guarantee during the year as all the obligations relating to the same were compiled by the Company.	**–**	700.00
Provision for redemption premium of US$100 million 5% foreign currency convertible bonds due 2015 (Refer note 20 below)	**244.58**	–
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company. None of the corporate guarantee have been evoked by the Banks/ Financial institutions during the year as the subsidiaries and associates of the Company have complied with the loan covenants.		
– IDBI Bank	**4,500.00**	4,500.00
– Yes Bank	**–**	2,500.00
– IndusInd Bank	**20,000.00**	20,000.00
– Axis Bank	**2,000.00**	2,000.00
– Royal Bank of Scotland	**1,500.00**	1,500.00
– HDFC Bank Limited	**20,000.00**	20,000.00
– Central Bank of India	**20,000.00**	20,000.00
– Hongkong and Shanghai Banking Corporation Limited	**–**	5,000.00
– Housing Development Finance Corporation Limited	**6,000.00**	36,000.00
– ING Vysa Bank Limited	**–**	10,000.00
– The Royal Bank of Scotland Plc.	**–**	104,092.63
Others	**6.47**	11.80

11. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) in the previous year and 1,302,250 options (Grant IV) were granted during the current year. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year is ₹ 155.87. As at March 31, 2011, the following scheme was in operation:

Particulars	**Grant I**	**Grant II**	**Grant III**	**Grant IV**
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07
Number of options granted	458,500	33,500	763,700	1,302,250
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20

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

Particulars	**March 31, 2011**		March 31, 2010	
	Number of options	**Weighted Average Exercise Price (₹)**	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**918,660**	**75.05**	380,500	69.34
Granted during the year	**1,302,250**	**158.00**	763,700	77.00
Forfeited during the year	**140,900**	**85.55**	215,400	72.09
Exercised during the year	**67,880**	**73.51**	10,140	71.00
Expired during the year	**–**	**–**	–	–
Outstanding at the end of the year	**2,012,130**	**128.05**	918,660	75.05
Exercisable at the end of the year	**248,260**	**73.65**	113,160	70.78
Weighted average remaining contractual life (in years)	**8.93**	**–**	8.87	–
Weighted average fair value of options granted (in ₹)	**50.01**	**–**	35.19	–

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	**As at March 31, 2011**	As at March 31, 2010
Range of exercise prices	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 77.00
Number of options outstanding	**2,012,130**	918,660
Weighted average remaining contractual life of options (in years)	**8.93**	8.87
Weighted average exercise price (in ₹)	**128.05**	75.05

Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ 58.30 (Previous Year ₹ 39.04). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	**As at March 31, 2011**	As at March 31, 2010
Exercise Price	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 77.00
Expected Volatility	**32.89% to 34%**	34%
Life of the options granted (Vesting and exercise period) in years	**6.5 years**	6.5 years
Expected dividends	**–**	–
Average risk-free interest rate	**7.50% to 8.70%**	7.50% to 8.70%
Expected dividend rate	**–**	–

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

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Profit as reported	**14,181.01**	3,014.65
Add: Employee stock compensation under intrinsic value method	**–**	–
Less: Employee stock compensation under fair value method	**(125.71)**	(51.68)
Proforma profit	**14,055.30**	2,962.97
Earnings Per Share (In ₹)		
Basic		
– As reported	**3.68**	1.14
– Pro forma	**3.65**	1.12
Diluted		
– As reported	**3.68**	1.13
– Pro forma	**3.65**	1.11

The fair value of total option outstanding at the year end is ₹ 1,006.26 lacs (Previous Year ₹ 323.26 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹ 125.71 lacs (Previous Year ₹ 51.68 lacs).

12. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

Defined Benefit Plan

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 salary) for each completed year of service.

The Company also provides leave encashment benefit to its employees which is unfunded.

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

(₹ in lacs)

Particulars	Gratuity (Unfunded) March 31, 2011	Gratuity (Unfunded) March 31, 2010
Net employee benefit expenses (recognized in Personnel Expenses)		
Current service cost	**62.84**	60.42
Interest cost on benefit obligation	**18.35**	17.66
Expected return on plan assets	**NA**	NA
Actuarial loss/(gain) recognised during the year	**75.29**	(54.95)
Past service cost	**–**	–
Net benefit expense (refer note c)	**156.48**	23.13
Balance Sheet		
Details of Provision for Gratuity at March 31, 2011		
Present value of defined benefit obligation	**369.47**	245.93
Fair value of plan assets	**NA**	NA
Deficit of funds	**(369.47)**	(245.93)
Net liability	**(369.47)**	(245.93)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**245.93**	229.91
Current Service cost	**62.84**	60.42
Interest Cost on benefit obligation	**18.35**	17.66
Benefits paid	**(32.94)**	(7.11)
Actuarial loss/ (gain) recognised during the year	**75.29**	(54.95)
Closing defined benefit obligation	**369.47**	245.93

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

(₹ in lacs)

Particulars	**Gratuity (Unfunded) March 31, 2011**	Gratuity (Unfunded) March 31, 2010
Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**NA**	NA
Expected rate of salary increase	**7.50%**	7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal / Employee Turnover Rate		
Age upto 30 years	**18%**	18%
Age from 31 to 44 years	**6%**	6%
Age above 44 years	**2%**	2%
Experience loss adjustment on plan assets/ liabilities	**(75.69)**	49.94

Notes:

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

b) The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.

c) ₹ 5.47 lacs (Previous Year ₹ 0.94 lacs) out of the net benefit expenses, as above, has been allocated to a subsidiary.

13. The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

14. The Company raised ₹ 49,676.15 lacs and ₹ 99,711. 60 lacs from the Initial Public Offer (IPO) in April 2007 and Rights Issue in October 2009 respectively. The status of fund utilization out of Public Offer proceeds as at the end of March 31, 2011 is as follows:

(₹ in lacs)

S No.	**Expenditure Program**	**Amount expended till March 31, 2011 out of**		Amount expended till March 31, 2010 out of	
		IPO Proceeds	**Rights Issue Proceeds**	IPO Proceeds	Rights Issue Proceeds
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	**11,166.09**	**–**	10,593.00	–
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	**35,231.15**	**–**	35,231.15	–
3	IPO Issue Expenses	**3,278.91**	**–**	3,278.91	–
4	Investment in wholly owned subsidiary (Fortis Hospotel Limited) to finance the construction and development of a greenfield hospital project in Gurgaon, Haryana	**–**	**20,000.00**	–	20,000.00
5	Acquisitions and other strategic initiatives	**–**	**20,000.00**	–	20,000.00
6	Redemption of Preference Shares (Class C), along with the premium on such redemption	**–**	**26,000.00**	–	26,000.00
7	Repayment and prepayment of existing short term loans of the Company	**–**	**17,099.90**	–	17,099.90
8	General corporate purpose	**–**	**15,311.70**	–	15,000.00
9	Rights Issue expenses	**–**	**1,300.00**	–	1,265.18
	Total	**49,676.15**	**99,711.60**	49,103.06	99,365.08

The Company has utilized entire money raised through Initial Public Offer and Rights Issue.

15. During the previous year the Company has redeemed 8,304,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each, to the extent of balance of ₹ 9 each at a premium of ₹ 98.50 per share. The redemption premium of ₹ 8,179.44 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

16. During the previous year, the Company has fully redeemed 150,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 11,931.78 per share. The redemption premium of ₹ 17,897.67 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

17. During the previous year, the Company has issued 260,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 9,990 per share, which have been redeemed at a premium of ₹ 10,291.37 per share. The total redemption premium of ₹ 26,757.26 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

18. During the previous year, the Company has issued 260, Zero Percent Unsecured Non- Convertible Debentures of ₹ 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of ₹ 14,879.14 lacs. During the year Company has redeemed all of the above Zero Percent Unsecured Non- Convertible Debentures at a premium of ₹ 13.60 lacs per debenture. The total redemption premium of ₹ 3,534.97 lacs have been adjusted against the liability for the premium on redemption of Non Convertible Debenture and the Securities Premium.

19. On October 27, 2009, pursuant to the Letter of offer ('LOF') dated September 22, 2009 the Company allotted on Rights Basis 90,646,936 Equity Shares of ₹10 each at a premium of ₹100 per Equity Share aggregating to ₹99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder was entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued could be freely and separately traded until they are tendered for exercise. As per the LOF, the warrant exercise period was between six months to eighteen months from the date of allotment of the Equity Shares.

The Warrant Exercise Price for the Detachable Warrants was the average of (i) average of the weekly closing prices of the Equity Shares on the NSE in the 26 weeks immediately preceding the date fixed by the Company for the determination of the Warrant Exercise Price of the Detachable Warrants (the "Relevant Date") and (ii) average of the weekly closing prices of the Equity Shares on the NSE in the two weeks immediately preceding the Relevant Date.

During the current year, the Company has, in terms of the LOF, issued 87,711,986 equity shares of ₹10 each, against conversion of detachable warrants to the entitled warrant holders, at an exercise price of ₹153 per detachable warrant, aggregating to ₹134,199.34 lacs.

20. During the current year, the Company has issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹10.00 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the Closing Price of the Shares on each Trading Day with respect to the Shares for a period of at least 30 consecutive such Trading Days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain Early Redemption Amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2011 amounting to ₹244.58 lacs (Previous Year ₹Nil). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2011 considered for restatement of the Bonds at the year end was ₹44.5872= US Dollar 1.

The Company has incurred expenses aggregating to ₹1,223.09 lacs (including ₹25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same have been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

21. Pursuant to filing of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, which was approved by the Hon'ble High Court of Delhi vide its order dated April 4, 2011, Sunrise Medicare Private Limited ('SMPL' and an associate of the Company) has been demerged into Hospital and Consultancy Divisions. The Hospital Division of the demerged SMPL entity has been merged with one of the subsidiaries of the Company, Escorts Heart and Super Speciality Hospital Limited with effect from April 1, 2010, being the appointed date as per the Scheme and the Company has been allotted 1,392,520 Preference Shares of ₹ 79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. The Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.

22. The Company is liable to pay Income tax for the year under the provisions of Section 115 JB of the Income Tax Act, 1961. As per the provisions of the Section 115JAA of the Income Tax Act, 1961, MAT credit is available to the Company in subsequent assessment years in respect of the minimum alternate tax paid in current year. Accordingly, MAT credit of ₹ 1,837.32 lacs has been recognized in the current year.

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

Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

24. Particulars of Un-hedged Foreign Currency Exposure:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Liabilities		
– 5% Foreign Currency Convertible Bonds including interest accrued but not due	**46,546.74**	–
Assets		
– Loan to Fortis Healthcare International Limited including interest accrued but not due	**46,222.57**	–
– Deposits with Bank	**2,006.42**	–

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

(₹ in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
Dues from Associates				
Hiranandani Healthcare Private Limited	**2,027.75**	4,102.94	**1,367.75**	2,049.90
Dues from Subsidiaries				
Escorts Heart Institute and Research Centre Limited	**10,500.00**	100.11	**486.00**	–
International Hospital Limited	**230,831.01**	114,837.42	**106,116.05**	114,837.42
Fortis Hospotel Limited	**98,500.00**	9,479.93	**4,699.94**	5,517.00
Fortis Hospitals Limited	**17,516.02**	14,088.77	**17,516.02**	14,088.77

26. Supplementary Statutory Information

26.1 Directors' Remuneration

(₹ in lacs)

	2010-11	2009-10
Salaries, Wages & Bonus	**522.00**	800.00
Contribution to Provident & Other Funds	**17.28**	16.20
Total	**539.28**	816.20

a) Total remuneration of Mr. Shivinder Mohan Singh, Managing Director of the Company, for the year 2009-10 includes provision of ₹ 637.80 lacs for which the Company has applied for re consideration of remuneration to Central Government, which was pending for approval.

b) As the liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and, therefore, not included above.

26.2 Expenditure in Foreign Currency (on accrual basis)

(₹ in lacs)

	2010-11	2009-10
Marketing & Business Promotion	**41.00**	14.17
Travel & Conveyance	**72.95**	1.60
Legal & Professional Fees	**43.93**	–
Interest	**2,007.56**	10.36
Miscellaneous Expenses	**–**	8.86
Recruitment & Training Expenses	**17.78**	–
Total	**2,183.22**	34.99

26.3 Value of imports calculated on CIF basis

(₹ in lacs)

	2010-11	2009-10
Capital goods	**104.35**	106.21

26.4 Material Consumed (including consumables)

	% of Total Consumption		**Value (₹ in lacs)**	
	2010-11	2009-10	**2010-11**	2009-10
Indigenous*	**100**	100	**7,161.00**	5,545.86
Imported	**–**	–	**–**	–
Total	**100**	100	**7,161.00**	5,545.86

*Including consumables of ₹ 68.84 lacs (Previous Year ₹ 54.77 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

26.5 The Company is a Service Company and is in the business of providing healthcare services to people at large. Hence, no disclosures are required to be given for quantitative information as per the requirements of Part II of Schedule VI of the Companies Act, 1956.

27. Subsequent events

a) Subsequent to March 31, 2011, the Company has acquired remaining 10% stake in Escorts Heart Institute and Research Centre Limited ('EHIRCL') on April 27, 2011, for ₹ 13,000 lacs from Fortis Healthcare Holdings Limited, resulting in EHIRCL becoming wholly owned subsidiary of the Company.

b) Subsequent to the March 31, 2011, the Company has acquired 74.59% stake in Super Religare Laboratories Limited ('SRL') on May 12, 2011, for ₹ 80,368.53 lacs, resulting, SRL becoming subsidiary of the Company.

28. Previous Year Comparatives

Previous Year's figures have been regrouped, wherever necessary to conform to current year's classification.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No. 76704 State Code 55

Balance Sheet Date 31 03 2011

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue: NIL	Right Issue: NIL
Bonus Issue: NIL	Private Placement: 877799

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities: 34685453	Total Assets: 34685453

Sources of Funds

Paid-up Capital: 4094299	Reserve & Surplus: 26097264
Secured Loans: 34249	Unsecured Loans: 4458720
Share Application Money: 921	

Application of Funds

Net Fixed Assets: 791742	Investments: 15308191
Net Current Assets: 18585520	Misc. Expenditure: NIL
Accumulated Losses: NIL	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover/Income: 4407360	Total Expenditure: 2989259
Profit/(Loss) Before Tax: + √ 1418101	Profit/(Loss) After Tax: + √ 1418101
Earning per share in Rs.: 3.68	Dividend Rate%: NIL

V. Generic Names of Three Principal Products/Service of Company - Healthcare Services

(As per monetary terms)

Item Code No. (ITC Code)	Not Applicable
Product Description	Not Applicable

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which Accounts Relate	Holding Company's interest as at Relate close of Financial Year of Subsidiary Company		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice–versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice–versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interst as at 31/03/2010 incorporating Changes Since Close of Financial year/ Period of Subsidiary Company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %	For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial Year (₹ in Lacs)	
International Hospital Limited	31/03/2011	4,025,130	100.00	2,561.29	(249.40)	–		
Fortis Hospotel Limited	31/03/2011	146,885,080	100.00	(848.04)	(235.46)	–	–	
Escorts Heart Institute and Research Centre Limited	31/03/2011	1,800,260	90.00	2,997.88	3,062.26	–	–	
Fortis Hospitals Limited	31/03/2011	40,250,577	100.00	(4,631.05)	(1,417.63)	–	–	
Escorts Hospital and Research Centre Limited**	31/03/2011	Step Subsidiary	100.00	(431.83)	(127.37)	–	–	
Escorts Heart and Super Specialty Institute Limited*	31/03/2011	Step Subsidiary	90.00	1,466.83	847.53	–	–	
Escorts Heart & Super Specialty								
Hospital Limited**	31/03/2011	Step Subsidiary	100.00	812.91	120.63	–	–	
Lalitha Healthcare Pvt Ltd**	31/03/2011	Step Subsidiary	67.23	(93.57)	(129.79)	–	–	
Fortis Health Management Limited******	31/03/2011	Step Subsidiary	100.00	(24.38)	(29.76)	–	–	
Fortis Healthcare International Limited**	31/03/2011	Step Subsidiary	100.00	(4,731.99)	(675.46)	–	–	
Fortis Global Healthcare (Mauritius) Limited***	31/03/2011	Step Subsidiary	100.00	10,443.55	608.50	–	–	
Fortis Emergency Services Limited**	31/03/2011	Step Subsidiary	51.00	(303.03)	(132.35)	–	–	
Fortis Malar Hospitals Limited**	31/03/2011	Step Subsidiary	63.20	271.59	85.98	–	–	
Malar Star Medicare Limited****	31/03/2011	Step Subsidiary	63.20	0.67	0.07	–	–	
Kanishka Healthcare Limited*****	31/03/2011	Step Subsidiary	100.00	2.08	(0.32)	–	–	
Fortis Health Staff Limited*	31/03/2011	Step Subsidiary	26.10	(0.24)	–	–	–	
Fortis C–Doc Healthcare Limited**	31/03/2011	Step Subsidiary	60.00	(18.58)	–	–	–	
Fortis Asia Healthcare Pte Limited*	31/03/2011	Step Subsidiary	90.00	(16.88)	–	–	–	
Fortis Global Healthcare Infrastructure Pte Limited***	31/03/2011	Step Subsidiary	100.00	(2.31)	–	–	–	

Notes :

- * Held through Escorts Heart Institute and Research Centre Limited
- ** Held through International Hospital Limited
- *** Held through Fortis Healthcare International Limited
- **** Held through Fortis Malar Hospitals Limited
- ***** Held through Fortis Hospitals Limited
- ****** Held through Kanishka Healthcare Limited, Fortis Global Healthcare Infrastructure Pte. Limited and Escorts Heart Institute and Research Centre Limited

On behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Date : May 27, 2011
Place : Gurgaon

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2011

(₹ In Lacs)

		International Hospital Limited	Escorts Heart Institute and Research Centre Limited	Escorts Heart and Super Speciality Institute Limited*	Escorts Hospital and Research Centre Limited**	Escorts Heart and Super Speciality Institute Limited**	Fortis Hospotel Limited	Fortis Healthcare International Limited**	Lalitha Heathcare Private Limited**	Fortis Health Management Limited******	Fortis Global Healthcare (Mauritius) Limited***	Fortis Emergency Services Limited**	Fortis Malar Hospitals Limited**	Malar Star Medicare Limited****	Fortis Hospitals Limited	Kanishka Healthcare Limited*****	Fortis Health Staff Limited*	Fortis C-Doc Health-Care Limited**	Fortis Asia Healthcare Ptd Limited*	Fortis Global Healthcare Infrastructure Pte Limited***
a)	Capital	4,045.12	200.03	2,970.11	2,200.00	1794.52#	14,688.51	14,155.67	81.16	240.10	1,025.35	5.00	1,860.95	5.00	4,025.06	10.25	490.00	60.00	1,764.80	0.04
b)	Reserves & Surplus (adjusted for debit balance of profit & loss account)	4,667.20	28,023.57	2,331.32	6,835.10	2,618.79	46,363.75	(5,094.74)	(70.25)	2,033.53	5,369.82	(853.68)	725.91	1.63	30,106.30	5,919.78	(1,426.51)	149.04	3,414.57	(2.39)
c)	Total Assets	131,739.75	35,569.02	7,194.47	13,004.27	11,836.71	75,992.51	48,635.85	2,156.64	4,886.13	48,841.08	1,329.68	5,133.69	7.47	110,133.19	7,164.16	206.42	315.87	9,614.60	3,538.39
d)	Total Liabilities	123,027.43	7,345.42	1,893.04	3,969.17	7,423.40	14,940.25	39,574.91	2,145.73	2,563.51	42,445.91	2,178.36	2,546.83	0.84	76,001.84	1,234.13	801.43	106.83	4,435.23	3,540.74
e)	Details of Investment (except in case of investment in subsidiaries)	2,000.00	2,144.12	-	-	-	2,131.57	1,383.18	0.25	-	-	-	-	-	-	1,156.88	-	-	-	1,206.29
f)	Turnover	27,684.94	32,302.13	6,206.86	7,709.53	11,747.92	3,217.82	1,985.36	1,514.24	4.26	44,013.01	3.45	8,369.49	45.60	41,938.26	40.20	0.32	52.92	-	-
g)	Profit/(Loss) before Taxation	3,261.61	4,254.96	1,288.89	(465.77)	812.91	(848.04)	(4,731.99)	(139.19)	(24.38)	10,443.55	(594.18)	816.03	1.93	(4,631.05)	2.85	(0.93)	(30.96)	(18.76)	(2.31)
h)	Provision for Taxation	700.32	923.99	(340.92)	(33.94)	-	-	-	-	-	-	(0.01)	273.06	0.60	-	0.77	-	-	-	-
i)	Profit/(Loss) after Taxation	2,561.29	3,330.97	1,629.81	(431.83)	812.91	(848.04)	(4,731.99)	(139.19)	(24.38)	10,443.55	(594.17)	542.97	1.33	(4,631.05)	2.08	(0.93)	(30.96)	(18.76)	(2.31)

* Held through Escorts Heart Institute and Research Centre Limited

** Held through International Hospital Limited

*** Held through Fortis Healthcare International Limited

**** Held through Fortis Malar Hospitals Limited

***** Held through Fortis Hospitals Limited

****** Held through Kanishka Healthcare Limited, Fortis Global Healthcare Infrastructure Pte. Limited and Escorts Heart Institute and Research Centre Limited

Includes Share Suspense Account

On behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : Gurgaon
Date : May 27, 2011

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE (INDIA) LIMITED (FORMERLY FORTIS HEALTHCARE LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FORTIS HEALTHCARE (INDIA) LIMITED (FORMERLY FORTIS HEALTHCARE LIMITED), ITS SUBSIDIARIES AND ASSOCIATES

1. We have audited the attached consolidated balance sheet of Fortis Healthcare (India) Limited (formerly Fortis Healthcare Limited) ("FHL" or the "Company"), its subsidiaries and associates (collectively, the "Fortis Group") as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹195,150.90 lacs as at March 31, 2011, the total revenue of ₹54,135.33 lacs and cash outflows amounting to ₹5,759.51 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We also did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹3,538.39 lacs as at March 31, 2011, the revenue of ₹ Nil and cash outflows amounting to ₹2.31 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2011. These financial statements and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.

   b) We did not audit the financial statements of certain associates, whose financial statements reflect net loss of ₹751 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. Without qualifying our opinion, we draw attention to the note no 24 of schedule 25 of financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹244.58 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no provision has been considered in the accounts.

6. (a) *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently. Further, in a related case filed against Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for provision of services from hospitals operated from these lands, no provisions are made by the subsidiary company as the amounts are currently unascertainable (also refer Note 8 of Schedule 25).*

   (b) *Certain tax demands aggregating to ₹9,604.30 lacs (without considering the demand of ₹10,101.01 lacs raised twice in respect of certain years and after adjusting ₹13,364.86 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters as discussed in detail in Note 9 of Schedule 25), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

   Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the consolidated financial statements. The same were also the subject matter of qualification by us in the previous year as well.

7. Subject to our comments in paragraph 6 above and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Fortis Group as at March 31, 2011;

   (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **S.R. Batliboi & Co.**
Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 27, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(₹ in lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**40,942.99**	32,165.00
Share Application Money Pending Allotment		**350.71**	–
Share Suspense Account (Refer note 26 of Schedule 25)		**306.25**	–
Reserves & Surplus	2	**294,583.78**	174,376.69
		336,183.73	206,541.69
Minority Interest		**3,035.99**	3,449.19
Loan Funds			
Secured Loans	3	**61,703.08**	304,537.34
Unsecured Loans	4	**47,130.04**	242,526.85
		108,833.12	547,064.19
Deferred Tax Liabilities (net)	5	**863.26**	33.98
TOTAL		**448,916.10**	757,089.05
APPLICATION OF FUNDS			
Goodwill arising on Consolidation (Refer note 29 of Schedule 25)		**43,988.38**	41,637.64
Goodwill on acquisition (Refer note 25 of Schedule 25)		**44,467.07**	44,624.19
Fixed Assets			
Gross Block	6	**213,157.38**	164,036.43
Less : accumulated depreciation and amortisation		**49,237.20**	40,105.49
Net Block		**163,920.18**	123,930.94
Capital Work-in-progress including capital advances		**27,080.32**	42,560.62
		191,000.50	166,491.56
Investments	7	**9,015.26**	344,848.62
Deferred Tax Assets (net)	5	**1,442.49**	1,236.37
Current Assets, Loans & Advances			
Inventories	8	**2,633.43**	2,377.84
Sundry Debtors	9	**19,523.39**	15,667.03
Cash and Bank Balances	10	**16,362.98**	131,133.68
Other Current Assets	11	**2,839.74**	2,215.01
Loans and Advances	12	**145,248.48**	14,238.29
(A)		**186,608.02**	165,631.85
Less : Current Liabilities & Provisions			
Current Liabilities	13	**31,959.84**	29,214.95
Provisions	14	**3,541.43**	2,658.56
(B)		**35,501.27**	31,873.51
Net Current Assets (A-B)		**151,106.75**	133,758.34
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	**249.72**	6,645.18
Profit and Loss Account		**7,645.93**	17,847.15
TOTAL		**448,916.10**	757,089.05
Notes to Accounts	25		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Schedules		For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
INCOME				
Operating Income	16		**148,297.06**	93,806.25
Other Income	17		**45,875.29**	4,918.80
TOTAL			**194,172.35**	98,725.05
EXPENDITURE				
Materials Consumed	18		**39,298.36**	26,267.21
Personnel Expenses	19		**27,311.51**	19,500.08
Operating Expenses	20		**44,845.46**	24,130.13
Selling, General and Administrative Expenses	21		**32,012.01**	9,765.31
TOTAL			**143,467.34**	79,662.73
Profit before Financial Expenses, Depreciation and Amortisation			**50,705.01**	19,062.33
Financial Expenses	22		**24,999.18**	5,729.18
Profit before Depreciation and Amortisation			**25,705.83**	13,333.15
Depreciation and Amortisation		**10,612.30**		6,162.19
Less: Transferred from Revaluation Reserve	6	**163.07**		168.17
Net Depreciation and Amortisation			**10,449.23**	5,994.02
Profit before Tax and Prior Period Items			**15,256.60**	7,339.13
Current Income Tax (including MAT of ₹ 753.54 lacs (previous year ₹ 1,119.97 lacs)		**1,654.05**		1,532.58
Less : MAT Credit Entitlement		**753.34**		77.53
Net current tax expense			**900.71**	1,455.05
Deferred Tax charge/ (credit)			**623.15**	(1,119.97)
Fringe Benefit Tax (includes ₹ Nil (Previous Year ₹ 0.55 lacs) for earlier years)			**–**	0.55
Net Profit after Tax and before Prior Period Items			**13,732.74**	7,003.49
Prior Period Items	23		**103.13**	2.96
Net Profit before Minority Interest and Share in profits of Associate Companies			**13,629.61**	7,000.53
Profits attributable to Minority Interest			**442.27**	208.53
Share in current year (losses)/ profits of Associate Companies			**(751.00)**	156.14
Net Profit for the year			**12,436.34**	6,948.14
Balance brought forward from previous year			**(17,847.15)**	(24,795.29)
Net Profit attributable to the shareholders			**(5,410.81)**	(17,847.15)
Appropriations:				
Premium paid on redemption of Preference Share Capital			**2,235.12**	–
Loss carried over to the Balance Sheet			**(7,645.93)**	(17,847.15)
Earnings Per Share [Nominal value of shares ₹ 10 each (Previous Year ₹ 10)]	24			
Basic			**3.23**	2.62
Diluted			**3.23**	2.61
Notes to Accounts	25			

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

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

(₹ in lacs)

		Year Ended March 31, 2011	Year Ended March 31, 2010
A.	**Cash flow from operating activities**		
	Net profit / (loss) before tax and prior period items	**14,063.34**	7,286.74
	Less: Prior period items	**(103.10)**	(2.96)
	Adjustments for:		
	Depreciation and Amortisation	**10,449.21**	5,994.02
	Loss on sale of fixed assets	**217.29**	161.49
	Profit on sale of investments	**(36,029.14)**	(1,382.37)
	Provision for doubtful debts	**2,076.19**	1,184.18
	Provision for contingencies	**221.73**	77.91
	Bad debts / sundry balances written off	**118.40**	185.24
	Arrangement fee written off	**6,357.16**	60.24
	Foreign exchange fluctuation (gain)/ loss	**(2,101.51)**	(2,875.11)
	Unclaimed balances and excess provisions written back	**(765.43)**	(76.55)
	Wealth tax	**6.29**	5.85
	Interest income	**(8,463.44)**	(1,212.95)
	Interest expense	**15,423.46**	5,216.92
	Profits transferred to Minority Interest	**442.27**	208.53
	Share in (profits)/ losses of associate companies	**751.00**	(156.14)
	Operating profit before working capital changes	**2,663.72**	14,675.04
	Movements in working capital :		
	Increase in sundry debtors	**(6,229.66)**	(4,723.99)
	Increase in inventories	**(250.87)**	(1,051.78)
	(Increase) / Decrease in loans and advances	**509.11**	(3,173.22)
	Increase in other current assets	**(512.28)**	(906.40)
	Increase / (decrease) in current liabilities and provisions	**3,119.11**	9,834.98
	Cash generated from /(used in) operations	**(700.87)**	14,654.63
	Direct taxes paid (including Fringe Benefit Tax)	**(7,480.48)**	(1,404.26)
	Net cash from/ (used in) operating activities (A)	**(8,181.35)**	13,250.37
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	**(35,360.43)**	(104,523.52)
	Proceeds from sale of fixed assets	**140.79**	122.99
	Fixed deposits with banks (net)	**(424.10)**	(606.71)
	Deposits with bodies corporate and others (net)	**(124,636.43)**	2,105.01
	Purchase of investments in subsidiaries and associates	**(1,834.56)**	(338,021.20)
	(Purchase)/ proceeds of investments in mutual funds	**5,396.76**	(9,785.63)
	Proceeds from sale of investments of subsidiaries and associates	**365,605.28**	5.03
	Interest received	**8,076.40**	470.46
	Net cash from / (used in) investing activities (B)	**216,963.71**	(450,233.57)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital including premium (net of issue expenses)	**134,214.42**	98,454.45
	Proceeds from issuance of preference share capital including premium	**–**	26,000.00
	Proceeds from receipt of share application money (net of refunds)	**9.21**	–
	Redemption of non-cumulative redeemable preference shares including premium	**–**	(53,731.18)
	Proceeds from issuance of foreign currency convertible bonds	**43,364.11**	–
	Proceeds from issuance of non convertible debentures	**–**	26,000.00
	Redemption of non convertible debentures including premium	**(29,864.52)**	–
	Proceeds from issuance of equity shares of subsidiaries to minorities	**152.05**	77.45
	Proceeds from long-term borrowings	**13,294.38**	284,634.08
	Repayment of long-term borrowings	**(277,752.83)**	(37,230.57)
	Proceeds / (Repayments) of short-term borrowings (net)	**(193,003.24)**	226,831.02
	Loan arrangement fees paid	**–**	(6,531.62)
	Interest paid	**(14,399.72)**	(2,905.92)
	Net cash from /(used in) financing activities (C)	**(323,986.14)**	561,597.71
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(115,203.78)**	124,614.51
	Total cash and cash equivalents at the beginning of the year	**130,459.77**	5,727.72
	Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	**8.99**	117.54
	Cash and cash equivalents at the end of the year	**15,264.98**	130,459.77
	Components of cash and cash equivalents:		
	Cash in hand	**169.10**	148.34
	Cheques in hand	**205.62**	164.04
	Balances with banks on current and cash credit accounts	**8,409.42**	4,502.94
	Balances with banks on deposit accounts	**6,480.84**	125,644.45
	Total	**15,264.98**	130,459.77

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

		As at March 31, 2011	As at March 31, 2010
SCHEDULE 1 : SHARE CAPITAL			
Authorised:			
600,000,000	(Previous Year 600,000,000) Equity Shares of ₹ 10 each	**60,000.00**	60,000.00
200	(Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each	**200.00**	200.00
11,498,846	(Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of ₹ 10 each	**1,149.88**	1,149.88
64,501,154	(Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	**6,450.12**	6,450.12
		67,800.00	67,800.00
Issued:			
405,103,475	(Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up	**40,510.35**	31,732.36
1,600,000	(Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**160.00**	160.00
3,196,000	(Previous Year 3,196,000**) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
		40,957.99	32,180.00
Subscribed and Paid up:			
405,103,475	(Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up	**40,510.35**	31,732.36
1,450,000	(Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**145.00**	145.00
3,196,000	(Previous Year 3,196,000**) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
Of the above:			
i)	329,591,530 (Previous Year 242,193,340) Equity Shares are held by Fortis Healthcare Holdings Limited, the Holding Company	**40,942.99**	32,165.00
ii)	520,000 (Previous Year 520,000) Equity Shares of ₹ 10 each are allotted as fully paid up pursuant to the order of Hon'ble High Court of Delhi dated October 7, 2005, for consideration other than cash		

* Excludes 90,646,936 detachable warrants issued and outstanding as at March 31, 2010 (Refer note 23 of Schdule 25)
** Refer note 18 of Schedule 25
For details of outstanding Stock options, refer note 13 of Schedule 25.

		As at March 31, 2011	As at March 31, 2010
SCHEDULE 2 : RESERVES & SURPLUS			
Amalgamation Reserve (Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)		**156.00**	156.00
Revaluation Reserve			
Balance as per last account	37,380.33		
Less : Utilised during the year (refer note 26 of Schedule 25)	2,019.83		
Less : Transferred to Profit and Loss Account	163.07	**35,197.43**	37,380.33
Securities Premium Account			
Balance as per last account	136,840.36		
Add : Premium received during the year on issue of Equity Shares (Refer note 23 of Schedule 25)	125,471.25		
Less: Applied for premium on redemption of Non-Convertible Debentures (Refer note 21 of Schedule 25)	2,610.42		
Less: Accrual for premium payable on redemption of Redeemable Preference Shares	886.52		

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

		As at March 31, 2011	As at March 31, 2010
SCHEDULE 2 : RESERVES & SURPLUS (Contd...)			
Less : Expenses incurred for issue of 5% Foreign Currency Convertible Bonds (Refer note 24 of Schedule 25)	1,223.09		
Less : Expenses incurred for issue of equity shares	34.82	**257,556.76**	136,840.36
Securities premium suspense account (refer note 26 of Schedule 25)		**2,113.11**	–
Foreign Currency Transalation Reserve			
Balance as per last account	–		
Add: Created during the year	(439.52)	**(439.52)**	–
		294,583.78	174,376.69
SCHEDULE 3 : SECURED LOANS*			
Term Loans from Banks		**52,870.42**	293,222.48
Term Loans from Bodies Corporate		**6,482.02**	10,515.71
Short Term Loans From Bank			
Bank Overdraft		**2,044.06**	580.99
Buyers Credit		**–**	72.14
Loans For Vehicles		**55.16**	–
Interest Accrued & due		**251.42**	146.02
		61,703.08	304,537.34

*For details of Secured Loans, refer note 5 of Schedule 25

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 4 : UNSECURED LOANS		
Optionally Convertible Debentures (Refer note 22 of Schedule 25)	**1,000.00**	1,000.00
Foreign Currency Convertible Bonds (Refer note 24 of Schedule 25)	**44,587.20**	–
Non Convertible Debentures (Refer note 21 of Schedule 25)	**–**	26,000.00
From Bodies Corporate	**1,542.43**	215,014.71
(Amount repayable within one year ₹ 1,542.23 lacs (Previous Year ₹ 165,014.71 lacs))		
Interest Accrued and Due	**0.41**	512.14
	47,130.04	242,526.85
SCHEDULE 5 : DEFERRED TAX ASSETS / LIABILITIES (NET)		
Deferred tax liability arising on account of:		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**1,140.91**	123.83
Others	**0.05**	7.30
	1,140.96	131.13
Deferred tax asset arising on account of:		
Effect of expenditure debited to profit and loss account in the current year but not allowed for tax purposes	**964.39**	1,172.61
On carry forward business losses and unabsorbed depreciation	**433.21**	160.91
Others	**322.59**	–
	1,720.19	1,333.52
Deferred Tax Assets / (Liabilities) (Net)	**579.23**	1,202.39

SCHEDULE 6 : FIXED ASSETS

(₹ in lacs)

	Gross Block						Depreciation & Amortisation						Net Block	
	As at April 1, 2010	Addition during the year	Addition on Acquisition*	Delitions on sale of Subsidiary during the Year**	Deletion during the year	As at March 31, 2011	As at April 1, 2010	For the year	Addition on Acquisition*	Delitions on sale of Subsidiary during the Year**	Deletion during the year	As at March 31, 2011	As at March 31, 2011	As at April 1, 2010
Intangible Assets														
Technical Know How Fees	742.56	–	–	–	–	**742.56**	389.71	108.23	–	–	–	**497.94**	**244.62**	352.85
Non Compete Fees	1,550.00	–	–	–	–	**1,550.00**	148.63	516.67	–	–	–	**665.30**	**884.70**	1,401.37
License Fee	3,792.59	2,373.27	–	–	–	**6,165.86**	1,416.25	635.44	–	–	–	**2,051.69**	**4,114.17**	2,376.34
Right of use of Land***	5,137.11	–	–	–	–	**5,137.11**	–	–	–	–	–	**–**	**5,137.11**	5,137.11
Software	920.81	154.85	–	–	–	**1,075.66**	535.06	102.67	–	–	–	**637.73**	**437.93**	385.75
Tangible Assets														
Building	29,766.49	26,679.52	–	–	–	**56,446.01**	6,793.40	1,580.46	–	–	–	**8,373.86**	**48,072.15**	22,973.09
Leasehold Land	16,458.95	207.99	–	–	–	**16,666.94**	215.88	109.03	–	–	–	**324.91**	**16,342.03**	16,243.07
Freehold Land	35,828.72	–	–	–	–	**35,828.72**	–	–	–	–	–	**–**	**35,828.72**	35,828.72
Leasehold Improvements	3,804.25	219.90	820.89	–	11.03	**4,834.01**	1,368.13	285.50	619.73	–	1.75	**2,271.60**	**2,562.40**	2,436.12
Plant & Machinery	13,517.57	3,902.98	1,124.30	–	257.80	**18,287.05**	6,492.83	1,086.75	382.10	–	165.62	**7,796.06**	**10,490.99**	7,024.74
Medical Equipments	44,974.63	13,061.13	–	60.90	2,320.93	**55,653.93**	19,901.39	4,932.96	–	23.60	2,134.40	**22,676.35**	**32,977.58**	25,073.24
Furniture & Fittings	3,074.24	1,011.19	64.88	0.23	54.24	**4,095.84**	1,031.48	339.33	26.87	0.23	41.75	**1,355.70**	**2,740.14**	2,042.76
Computers	1,858.52	956.44	–	0.27	89.36	**2,725.33**	1,119.56	308.11	–	0.14	72.35	**1,355.18**	**1,370.15**	738.96
Office Equipments	645.52	324.07	–	–	26.56	**943.03**	182.46	158.00	–	–	23.46	**317.00**	**626.03**	463.06
Vehicles	1,964.47	1,120.33	14.74	–	94.21	**3,005.33**	510.71	449.15	10.71	–	56.70	**913.87**	**2,091.46**	1,453.76
Total	**164,036.43**	**50,011.67**	**2,024.81**	**61.40**	**2,854.13**	**213,157.38**	**40,105.49**	**10,612.30**	**1,039.41**	**23.97**	**2,496.03**	**49,237.20**	**163,920.18**	**123,930.94**
Previous Year	115,576.28	12,837.56	37,523.85	10.17	1,891.09	164,036.43	33,494.88	6,162.19	2,017.07	0.14	1,568.70	40,105.30	123,931.13	
Capital Work in Progress													27,080.32	42,560.62
(including Capital Advances of ₹ 1,327.83 lacs (Previous Year ₹ 1,567.38 lacs))													**191,000.50**	**166,491.56**

* Refer note 26 of Schedule 25

** Refer note C (1) (a) of Schedule 25

*** Right of use of Land in respect of a subsidiary, is under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years, at the option of the subsidiary. Building constructed on this land amounts to ₹ 2,358.22 lacs.

Notes:

1. Leasehold Land includes ₹ 398.22 lacs (Previous Year ₹ 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005–06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (Refer note 8 (b) of Schedule 25).
2. Freehold land includes ₹ 19,486.67 lacs (Previous Year ₹ 19,486.67 lacs) in respect of a subsidiary which is yet to be registered in the name of the subsidiary.
3. Equitable charge has been created on hospital property at Noida of a subsidiary for the loan of ₹ 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.
4. Mortgage has been created on land, building and immovable fixed assets of a subsidiary for the loan of ₹ 10,000 lacs jointly availed by the Company and its five subsidiaries.
5. Plant and Machinery includes ₹ 19.24 lacs (Previous Year ₹ 19.24 lacs) and accumulated depreciation of ₹ 19.24 lacs (Previous Year ₹ 19.24 lacs) in respect of a subsidiary, being the cost of independent feeder installed by Punjab State Electricity Board (PSEB), ownership of which vests with PSEB.
6. The above assets includes certain fixed assets leased pursuant to operating lease agreements (Refer note No. 4 (b) (ii) of Schedule 25).
7. Capital Work in progress includes ₹ 3,357.90 lacs (Previous Year ₹ 3,938.86 lacs) relating to expenses incurred during the construction period, pending capitalisation/ allocation as per Schedule 6A.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6A : EXPENDITURE DURING CONSTRUCTION PERIOD (Pending Capitalization/Allocation)		
Opening Balance	**3,938.86**	2,542.38
Personnel Expenses		
Salaries, Wages and Bonus	**487.46**	453.88
Gratuity	**18.81**	(1.14)
Leave Encashment	**8.75**	1.73
Contribution to Provident & Other Funds	**12.85**	14.37
Staff Welfare Expenses	**2.95**	–
	530.82	468.84
Selling, General and Administrative Expenses		
Legal & Professional Fee	**117.54**	2.02
Travel & Conveyance	**13.55**	3.41
Repairs & Maintenance - Others	**0.85**	–
Rates & Taxes	**19.02**	2.55
Rent	**4.23**	6.00
Ground Rent	**15.17**	33.91
Miscellaneous Expenses	**14.80**	25.75
	185.16	73.64
Financial Expenses		
Interest	**309.44**	838.86
Arrangement Fees Written off	**47.89**	9.16
Finance Charges	**–**	5.98
	357.33	854.00
Less: Expenses allocated to Fixed Assets during the year	**1,654.27**	–
Balance carried forward to Capital Work in Progress	**3,357.90**	3,938.86

SCHEDULE 7 : INVESTMENTS

		As at March 31, 2011	As at March 31, 2010
Long Term Investments (At cost)			
Investment in Associates			
Quoted, fully paid-up			
Trade			
164,670,801 (Previous Year 164,670,801) Ordinary Shares of Medical Surgical and Centre Limited (including capital reserve of ₹ 4,224.26 lacs)	1,340.25		1,312.69
Add: Share in post acquisition profits upto the beginning of the year	131.13		36.01
Add: Share in profits for the current year	106.69	**1,578.07**	95.12
Nil (Previous Year 279,148,996) Ordinary Shares of Parkway Holdings Limited (including goodwill of ₹ 169,022.02 lacs) (Refer note 27 of Schedule 25)		**–**	330,942.42
Unquoted, fully paid-up			
Trade			
3,126 (Previous Year 4,400,364) Equity Shares of Sunrise Medicare Private Limited of ₹ 10 each (including goodwill of ₹ Nil (previous year ₹ 307.91 lacs)) (Refer note 26 of Schedule 25)	0.31		440.04
Add: Share in post acquisition losses upto the beginning of the year	–		(4.19)
Add: Share in profits / (losses) for the current year	–	**0.31**	(28.57)
400,000 (Previous Year 400,000) Equity Shares of Hiranandani Healthcare Private Limited of ₹ 10 each	40.00		40.00
(Of the above, 3 shares are jointly held with nominee shareholders)			
200,000 (Previous Year 150,000) Zero Percent Redeemable Preference Shares of Hiranandani Healthcare Private Limited of ₹ 10 each	2,000.00		1,500.00
Add: Share in post acquisition losses upto the beginning of the year	(40.00)		(40.00)
Add: Share in losses for the current year	–	**2,000.00**	–

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

		As at March 31, 2011	As at March 31, 2010
SCHEDULE 7 : INVESTMENTS (Contd...)			
Nil (Previous Year 70,970) Equity Shares of Fortis Hospital Management Limited of ₹ 10 each	–		25.97
Add: Share in losses for the current year	–	**–**	(25.97)
Fortis Medicare International Limited (98,000 (Previous Year Nil) Ordinary Shares of US$ 1/- each)	47.68		
Add: Share in losses for the current year	(857.69)	**(810.01)**	–
Current Investments (At lower of cost or fair value)			
Unquoted			
Non-Trade			
National Savings Certificate		**0.25**	0.25
Mutual Funds		**6,246.64**	10,554.85
		9,015.26	344,848.62
Aggregate amount of quoted investments (Market value ₹ 7,002.09 lacs (previous year ₹ 307,506.58 lacs))		**1,578.07**	332,386.24
Aggregate amount of unquoted investments		**7,437.18**	12,462.38
SCHEDULE 8 : INVENTORIES			
(at lower of cost and net realisable value)			
Medical Consumables and Drugs		**2,409.61**	2,194.46
Stores and spares		**223.82**	183.38
		2,633.43	2,377.84
SCHEDULE 9 : SUNDRY DEBTORS			
Debts outstanding for a period exceeding Six Months			
Unsecured, Considered Good		**6,456.07**	4,432.37
Considered Doubtful		**3,070.35**	2,898.47
Other Debts			
Unsecured, Considered Good		**13,067.32**	11,234.66
Considered Doubtful		**263.77**	78.54
		22,857.51	18,644.04
Less : Provision for Doubtful Debts		**3,344.12**	2,977.01
		19,523.39	15,667.03
SCHEDULE 10 : CASH AND BANK BALANCES			
Cash in hand		**169.10**	148.34
Cheques in hand		**205.62**	164.04
Balances with Scheduled Banks			
– On Current Accounts		**8,323.00**	2,943.88
– On Deposit Accounts*		**7,176.82**	126,128.86
– On Special disbursement account		**3.90**	3.90
Balance with Other Banks			
– On Current Accounts		**82.52**	1,555.17
– On Deposit Accounts		**402.02**	189.49
		16,362.98	131,133.68

* includes deposit of ₹ Nil (Previous Year ₹ 120,000 lacs) pledged against loan taken from bank; ₹ 74.39 lacs (Previous Year ₹ 31.80 lacs) under lien against bank guarantees and ₹ 81.21 lacs (Previous Year ₹ 100.28 lacs) under lien against letters of credit. The amount also includes unutilized IPO proceeds of ₹ Nil (Previous Year ₹ 573.09 lacs) (Refer note 17 of Schedule 25).

Bank Balances with other banks include

	Balance outstanding		**Maximum Outstanding during the year**	
	March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
Bank One Limited, Mauritius				
– On Current Accounts	**82.52**	81.53	**151.76**	20,243.46
– On Deposit Accounts	**402.02**	189.49	**402.02**	189.49
Pictet Investment Company Limited, London				
– On Current Accounts	**–**	1473.87	**1500.98**	11235.13

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 11 : OTHER CURRENT ASSETS		
Interest Accrued but Not Due on Loans and Deposits	**486.90**	388.00
Accrued Operating Income	**2,342.27**	1,827.01
Assets Held for Sale	**10.57**	–
	2,839.74	2,215.01
SCHEDULE 12 : LOANS AND ADVANCES		
Secured, Considered Good		
Loans to Bodies Corporate & Others	**200.59**	159.41
Unsecured, Considered good		
Loans to Fellow Subsidiaries	**1,309.92**	1,155.81
Loans to Bodies Corporate and Others	**127,167.51**	2,726.39
Loans to Employees	**20.93**	17.22
Advances Recoverable in cash or in kind or for value to be received	**4,071.98**	4,731.95
Gratuity Fund	**–**	16.56
Advance Tax and Tax Deducted at Source	**4,599.80**	1,720.70
Deposits with Income Tax Authorities	**2,137.37**	1,137.37
Balances with Customs, Excise and Other Authorities	**804.28**	839.58
Security Deposits	**1,670.45**	1,405.00
MAT Credit Entitlement	**2,986.82**	327.31
Interest Due but Not Received	**278.83**	0.99
Unsecured, Considered Doubtful		
Advances Recoverable in cash or in kind or for value to be received	**27.06**	30.44
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	145,296.16	14,289.35
Less : Provision for Doubtful Advances	**47.68**	51.06
	145,248.48	14,238.29
SCHEDULE 13 : CURRENT LIABILITIES		
Acceptances	**–**	30.15
Sundry Creditors		
(a) total outstanding dues of Micro and Small Enterprises	**23.01**	–
(b) total outstanding dues of creditors other than Micro and Small Enterprises	**18,924.74**	19,772.96
Book Overdraft	**868.21**	1,002.02
Advances from Patients	**2,171.47**	1,573.50
Security Deposits	**193.78**	203.99
Interest Accrued but Not Due on Loans	**2,104.25**	674.18
Premium Payable on Redemption of Redeemable Preference Shares	**5,228.41**	3,394.08
Premium Payable on Redemption of Unsecured Non Convertible Debentures	**–**	1,254.09
Other Liabilities	**2,445.97**	1,309.98
	31,959.84	29,214.95
SCHEDULE 14 : PROVISIONS		
Wealth Tax	**6.45**	5.87
Fringe Benefit Tax	**2.87**	2.87
Income Tax	**290.51**	184.52
Contingencies	**131.50**	77.91
Litigations under Customs Act, 1962 (refer note 11 of Schedule 25)	**330.39**	330.39
Gratuity (refer note 15 of Schedule 25)	**1,558.09**	1,222.02
Leave Encashment	**1,221.62**	834.98
	3,541.43	2,658.56
Provisions for contingency		
Opening balance	**77.91**	–
Provisions made during the year	**53.59**	77.91
Utilised during the year	**–**	–
Closing balance	**131.50**	77.91

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 15 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance Brought Forward	**6,645.18**	122.96
Incurred/ reversed during the year	**(60.00)**	6,591.62
	6,585.18	6,714.58
Less : Written off during the year	**6,335.46**	69.40
	249.72	6,645.18

(₹ in lacs)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 16 : OPERATING INCOME		
In Patient	**125,871.06**	79,752.42
Out Patient	**18,475.63**	10,968.47
Income From Medical Services	**1,510.97**	1,403.34
Management Fees from Hospitals	**633.55**	673.65
Income from Satellite Centers	**474.87**	473.45
Income from Rehabilitation Centre	**144.42**	123.04
Income from Clinical Research	**271.90**	180.95
Income from Academic Services	**54.11**	23.03
Income from Rent	**593.40**	354.31
Equipment Lease Rental	**758.12**	706.14
Pharmacy	**2,319.44**	932.31
	151,107.47	95,591.11
Less: Discounts	**2,810.41**	1,784.86
	148,297.06	93,806.25
SCHEDULE 17 : OTHER INCOME		
Profit on Redemption of Mutual Funds	**1,488.85**	949.22
Interest		
– Bank Deposits	**3,997.88**	550.11
– Others	**4,465.56**	662.84
Unclaimed Balances and Excess Provisions Written Back	**765.43**	76.55
Gain on Foreign Exchange Fluctuation (net)	**–**	1,919.03
Profit on sale of Investment (net)	**34,540.29**	433.15
Miscellaneous Income	**617.28**	327.90
	45,875.29	4,918.80
SCHEDULE 18 : MATERIALS CONSUMED		
Medical Consumables and Drugs:		
Opening Stock as at beginning of the year	**2,194.46**	1,173.14
Add: Purchases	**39,508.80**	27,288.53
Add: Acquisition of Demerged division of an Associate (refer note 26 of Schedule 25)	**18.85**	–
Less: Deletion on sale of subsidiary (refer note C(1) (a) of Schedule 25)	**14.14**	–
Less: Closing Stock as at end of the year	**2,409.61**	2,194.46
	39,298.36	26,267.21

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 19 : PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**23,366.12**	16,899.98
Contribution to Provident & Other Funds	**1,321.60**	914.96
Gratuity (refer note 15 of Schedule 25)	**508.03**	285.56
Leave Encashment	**612.40**	408.10
Staff Welfare Expenses	**1,108.76**	811.71
Recruitment & Training	**394.60**	179.77
	27,311.51	19,500.08
SCHEDULE 20 : OPERATING EXPENSES		
Contractual Manpower	**1,515.63**	992.80
Power & Fuel	**4,139.13**	2,576.07
Housekeeping Expenses including Consumables	**2,135.15**	1,298.36
Patient Food and Beverages	**1,770.79**	1,076.18
Pathology Laboratory Expenses	**3,973.46**	1,940.61
Radiology Expenses	**2,219.96**	1,577.22
Consultation Fees to Doctors	**6,534.13**	3,100.57
Professional Charges to Doctors	**17,340.98**	7,642.91
Cost of Medical Services	**172.68**	119.85
Repairs & Maintenance		
– Building	**222.22**	251.78
– Plant & Machinery	**1,837.62**	1,316.16
Rent		
– Hospital Building	**2,644.85**	2,047.01
– Equipments	**177.28**	102.69
Other Expenses	**161.58**	87.92
	44,845.46	24,130.13
SCHEDULE 21 : SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Donations	**2.96**	8.09
Legal & Professional Fee	**15,002.83**	1,822.65
Travel & Conveyance	**2,398.45**	1,195.55
Repairs & Maintenance - Others	**1,154.56**	569.91
Rates & Taxes	**445.05**	206.01
Directors' Sitting Fees	**18.80**	20.56
Insurance	**608.57**	524.46
Rent - Others	**621.84**	717.91
Ground Rent	**12.45**	12.50
Marketing & Business Promotion	**3,705.87**	1,480.13
Wealth Tax	**6.29**	5.85
Loss on Sale of Assets	**217.28**	161.49
Auditors' Remuneration (as auditors)	**169.82**	138.62
Loss on Foreign Exchange Fluctuation (net)	**2,670.58**	–
Bad Debts and Sundry Balances written off	**118.40**	185.24
Provision for Doubtful Debts	**2,076.19**	1,184.18
Provision for Contingencies	**221.73**	77.91
Miscellaneous Expenses	**2,560.34**	1,454.25
	32,012.01	9,765.31

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
SCHEDULE 22 : FINANCIAL EXPENSES		
Interest		
– On Term Loans	**14,455.38**	4,272.55
– Others	**968.08**	944.37
Finance Charges	**2,568.69**	260.80
Arrangement Fees Written off	**6,357.16**	60.24
Bank Charges	**649.87**	191.22
	24,999.18	5,729.18
SCHEDULE 23 : PRIOR PERIOD ITEMS		
Prior Period expenses		
Rates & Taxes	**69.90**	–
Insurance	**2.10**	–
Repairs & Maintenance - Others	**0.04**	27.63
Professional & Consultancy Charges	**22.75**	–
Marketing & Business Promotion	**3.12**	–
Power and Fuel	**1.43**	1.16
Repairs & Maintenance - Building	**21.54**	–
Material Consumed	**0.68**	–
Housekeeping Expenses including Consumables	**0.33**	–
Miscellaneous Expenses	**1.65**	–
Rent - Equipment	**1.60**	–
Rent - Others	**–**	45.00
Repairs & Maintenance - Plant and Machinery	**4.25**	9.81
Travel & Conveyance	**6.19**	–
Pathology Laboratory Expenses	**2.18**	–
Consultation Fees to Doctors	**0.22**	–
	137.98	83.60
Prior Period income		
Rent Income	**2.53**	–
Rates & Taxes	**–**	19.95
Miscellaneous Income	**32.32**	60.69
	34.85	80.64
	103.13	2.96
SCHEDULE 24 : EARNINGS / (LOSS) PER SHARE		
Net profit/(loss) as per profit and loss account	**12,436.33**	6,948.14
Weighted average number of equity shares in calculating Basic EPS	**384,882,107**	265,413,205
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	**345,349**	408,314
Weighted average number of equity shares in calculating Diluted EPS	**385,227,456**	265,821,518

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE 25: NOTES TO THE ACCOUNTS

A. BACKGROUND

Fortis Healthcare (India) Limited (the 'Company' or 'FHL') (formerly known as Fortis Healthcare Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with the flagship of Multi-Specialty Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country. As part of its business activities, the Company holds interests in its subsidiary and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. During the year, the Company issued Foreign Currency Convertible Bonds which are listed on the Euro MTF market of the Luxembourg Stock Exchange.

B. SIGINIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements ("CFS") have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 1 below under 'Other Significant Notes') and are consistent with those used in the previous year.

(b) Principles of Consolidation

The CFS relates to FHL and its subsidiaries and associates ('Fortis Group'). In the preparation of the CFS, investments in subsidiaries and associates are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements) and AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements), notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.

ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.

iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.

iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or the capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by FHL) are recouped.

v) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies are disclosed separately.

vi) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2011.

(c) Use of Estimates

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

(d) Fixed Assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(e) Depreciation

i) Except as stated in para (ii) , (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956.

ii) 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.

iii) Leasehold land is amortised over the period of lease except in respect of two subsidiaries where the same is available on perpetual lease basis [(44.48% (previous year 44.99%) of net block of leasehold land of the Fortis Group aggregating to ₹16,430.92 lacs (previous year ₹16,243.07 lacs) as at March 31, 2011].

iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [16.25% (previous year 23.94%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Fortis Group aggregating to ₹ 111,679.67 lacs (previous year ₹71,859.29 lacs) as at March 31, 2011].

v) Individual assets with cost not exceeding ₹ 5,000 are depreciated fully in the year of purchase.

vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account, however in case of one of the subsidiary, the Revaluation reserve has been used for acquisition of demerged division of one of the associate as per the order of Hon'ble High Court of Delhi (refer note 26 below).

(f) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit and Loss Account.

All direct capital expenditure on expansion are capitalised. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

(g) Intangibles

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 - 5 years from the date of commencement of commercial operation by the respective entity.

Softwares

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates, except in respect of four of the subsidiaries of the Company, where software is amortized over a period of 5 years [19.98% (previous year 14.68%) of net block of software of the Fortis Group aggregating to ₹ 438.03 lacs (previous year ₹386.62 lacs) as at March 31, 2011].

License Fee

License fee capitalized as an intangible asset is amortised over a period of 10 years, being the management estimate of the useful life of the asset.

Right of Use of Land

Right of use of land is recognized based on the fee paid by a subsidiary to operate and manage the hospitals acquired under slump sale and is not amortised, considering that the right is available to the subsidiary on perpetual basis.

Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalised and amortised over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

(h) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

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

(i) Leases

Where a group entity is the lessee

a) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

Where a group entity is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss account on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the Profit and Loss account.

(j) Investments

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

(k) Inventories

Inventory of Medical Consumables, Drugs and Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for three of the subsidiaries where it is determined on First-in First-out basis [46.66 % (previous year 42.08%) of total inventories of Fortis Group aggregating ₹ 2,633.43 lacs (previous year ₹2,377.84 lacs) as at March 31, 2011].

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

(l) Revenue Recognition

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

Operating Income

Operating Income is recognised as and when the services are rendered / pharmacy items are sold. Management fee from hospitals and income from medical services is recognised as per the terms of the agreement with respective hospitals.

Income from Rehabilitation Centre

Revenue is recognised as and when the services are rendered at the centre.

Rental Income and Equipment Lease Rentals

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees.

Income from Academic Services

Revenue is recognized on pro-rata basis over the duration of the program.

Income from Clinical Research

Revenue is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Interest

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

Income from Satellite Centre

Income from satellite centre is recognized on an accrual basis in accordance with the terms of respective agreements entered into in respect thereof.

Dividends

Dividend is recognised if the right to dividend is established by the balance sheet date.

(m) Miscellaneous Expenditure (not written off)

Costs incurred in raising funds (Arrangement Fees on Term Loans) is amortised on straight line basis over the period for which the funds are obtained.

(n) Foreign Currency Transactions

i) Initial Recognition

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change.

v) Translation of Integral Foreign Operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself. Exchange differences arising on such translation are recognised as income or expense in the year in which they arise.

vi) Translation of Non-Integral Foreign Operations

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation should be accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment, at which time they should be recognised as income or as expenses.

(o) Employee Benefits

i) Contributions to Provident Fund

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" and "Escorts Heart Institute and Research Centre Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligation other than the contribution payable to the fund.

ii) Gratuity

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

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the Profit and Loss account every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the Profit and Loss Account.

iii) Compensated Absences

Long term compensated absences are provided for based on actuarial valuation made at the end of the year using projected unit credit method. Short term compensated absences are provided for based on estimates.

iv) Actuarial Gains/Losses

Actuarial gains/losses are recognised in the Profit and Loss Account as they occur.

(p) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

At each balance sheet date, the Company re-assesses and recognises unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no legal enforceable right are not set off against each other as the Company does not have a legal right to do so.

(q) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(r) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(s) Provisions

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

(t) Cash and Cash Equivalents

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

C. OTHER SIGNIFICANT NOTES

1. Composition of the Group

The list of Subsidiaries and Associates considered in the preparation of the consolidated financial statements of Fortis Healthcare (India) Limited is as under-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2011	Proportion of ownership interest as at March 31, 2010
a) Subsidiaries			
Fortis Hospotel Limited	India	100.00%	100.00%
Fortis Health Management Limited	India	100.00%	100.00%
International Hospital Limited	India	100.00%	100.00%
Fortis Healthcare International Limited	Mauritius	100.00%	100.00%
Escorts Heart Institute and Research Centre Limited	India	90.00%	90.00%
Escorts Heart Centre Limited (Refer note (a) below)	India	–	90.00%
Escorts Heart and Super Speciality Institute Limited	India	90.00%	90.00%
Escorts Hospital and Research Centre Limited	India	100.00%	100.00%
Escorts Heart and Super Speciality Hospital Limited	India	100.00%	100.00%

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2011	Proportion of ownership interest as at March 31, 2010
Lalitha Healthcare Private Limited	India	67.23%	67.23%
Fortis Malar Hospitals Limited (Refer note (b) below)	India	63.20%	50.02%
Fortis Hospitals Limited	India	100.00%	100.00%
Fortis Global Healthcare (Mauritius) Limited	Mauritius	100.00%	100.00%
Kanishka Housing Development Company Limited	India	100.00%	100.00%
Fortis Emergency Services Limited	India	51.00%	51.00%
Malar Stars Medicare Limited (Refer note (b) below)	India	63.20%	50.02%
Fortis Asia Healthcare Pte. Limited (Refer note (c) below)	Singapore	90.00%	–
Fortis C-Doc Healthcare Limited (Refer note (d) below)	India	60.00%	–
Fortis Global Healthcare Infrastructure Pte. Limited (Refer note (e) below)	Singapore	100.00%	–
Fortis Health Staff Limited (Refer note (f) below)	India	29.00%	–
b) Associates			
Sunrise Medicare Private Limited (Refer note (g) below)	India	31.26%	31.26%
Hiranandani Healthcare Private Limited	India	39.99%	39.99%
Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
Fortis Hospital Management Limited (Refer note (h) below)	India	–	47.00%
Parkways Holdings Limited (Refer note (i) below)	Singapore	–	24.69%
Fortis Medicare International Limited (Refer note (j) below)	Mauritius	49.00%	–

a) During the current year Escorts Heart Institute and Research Centre Limited ('EHIRCL') has sold its entire stake in Escorts Heart Centre Limited ('EHCL') on March 4, 2011. Thus effective March 4, 2011, EHCL ceased to be a subsidiary of the Company.

b) During the current year International Hospital Limited ('IHL') has acquired additional stake in Fortis Malar Hospitals Limited ('FMHL') through purchase in Open Market on March 15, 2011. Thus, through this acquisition FMHL and Malar Stars Medicare Limited have become 63.20% subsidiary of the Company.

c) During the current year the Company has promoted a wholly owned subsidiary in Singapore Fortis Asia Healthcare Pte. Limited ('FAHPL') on January 7, 2011 through its subsidiary EHIRCL, making it a 90% subsidiary of the Company.

d) During the current year IHL has promoted a subsidiary Fortis C-Doc Healthcare Limited ('Fortis C-Doc') on November 7, 2010. Thus, Fortis C-Doc has become 60% subsidiary of the Company.

e) During the current year the Company has promoted a wholly owned subsidiary in Singapore Fortis Global Healthcare Infrastructure Pte. Limited ('FGHIPL') on March 31, 2011.

f) During the current year, pursuant to the Share Subscription agreement between EHIRCL and Fortis Health Staff Limited entered on February 1, 2011, EHIRCL has subscribed 29% stake in Fortis Health Staff Limited ('FHSL') on March 18, 2011. EHIRCL also controls the composition of Board of Directors of FHSL. Thus, FHSL has become a board controlled subsidiary of the Company.

g) On April 4, 2011, Delhi High Court has approved the demerger of Hospital undertaking of Sunrise Medicare Private Limited ('SMPL') as associate of the Company and merger of the same in to Escorts Heart and Super Speciality Hospital Limited ('EHSSHL').

h) During the current year IHL has diluted its 47% stake in Fortis Hospital Management Limited ('FHoML') on March 4, 2011. Thus effective March 4, 2011 FHoML ceased to be an Associate of the Company.

i) During the current year FGHL has sold its entire stake of 24.88% in Parkways Holdings Limited ('PHL') at the price of SG$ 3.95 per share to the Integrated Healthcare Holdings Limited on August 20, 2010. Thus effective August 20, 2010, PHL has ceased to be an Associate of the Company.

j) During the current year the Company and FHIL has acquired 5% and 44% respectively stake in Fortis Medicare International Limited ('FMIL') and through this acquisition FMIL has become an associate of the Company.

k) Subsequent to March 31, 2011, IHL has sold its stake in FESL, LHPL and Fortis C-Doc Healthcare Limited to Fortis Hospitals Limited, Fortis Health Management (South) Limited and Fortis Health Management (North) Limited.

l) On April 8, 2011, the name of Kanishka Housing Development Company Limited has changed to Kanishka Healthcare Limited.

2. Segment Reporting

The Group is primarily engaged in the business of healthcare services, which as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India is considered to be the only reportable business segment. The Group's operating locations are based in India which is considered as a single geographical segment.

3. Related Party Disclosures

Names of Related parties (As certified by the management)

Ultimate Holding Company	RHC Holding Private Limited* (Holding Company of FHHL with effect from December 22, 2010)
Holding Company	Fortis Healthcare Holdings Limited (FHHL)
Fellow Subsidiaries (parties with whom transactions have taken place)	Escorts Heart Centre Limited (subsidiary upto March 4, 2011, Fellow Subsidiary thereafter) Religare Wellness Limited Medsource Healthcare Private Limited Fortis Health Staff Limited (fellow subsidiary upto March 17, 2011, subsidiary thereafter)
Associates	Sunrise Medicare Private Limited Hiranandani Healthcare Private Limited Medical and Surgical Centre Limited, Mauritius (with effect from January 28, 2009) Fortis Hospital Management Limited (subsidiary upto March 25, 2010, Associate thereafter) Parkway Holdings Limited, Singapore (with effect from March 19, 2010)
Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh - Chairman of FHL and EHIRCL Mr. Shivinder Mohan Singh -Managing Director of FHL and EHIRCL Mr. Sukhmeet Singh Sandhu - Wholetime Director at EHRCL (with effect from July 1, 2009) Mr. Surender Kumar - Wholetime Director at FHTL (from August 6, 2009) Dr. Ashok V Chordiya - Manager at IHL (with effect from March 28, 2009) Mr. Sunil Kapoor - Executive Director at EHSSIL (from April 1, 2008 upto February 1, 2009) and Wholetime Director at EHSSHL (from December 24, 2009) Mr. Jasdeep Singh - Manager at EHSSIL (from March 30, 2009 to July 14, 2009) and Wholetime Director at EHSSIL (from July 15, 2009) Mr. Ashish Bhatia - Wholetime Director at EHIRCL Dr. Ashok Seth - Wholetime Director at EHIRCL Mr. Krish Ramesh- Wholetime Director at FMHL (with effect from October 1, 2009) Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited (with effect from January 10, 2011) Dr. Lakshminarayana Raju - Wholetime Director at LHPL Dr. Mohan Keshavamurthy - Wholetime Director at LHPL Mr. Venkatramana Raju (Relative of Dr. Lakshminarayana Raju) Dr. Seetha Beladevi (Relative of Dr. Mohan Keshavamurthy)
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	Super Religare Laboratories Limited Ranbaxy Laboratories Limited Fortis Nursing and Education Society Religare Securities Limited Religare Commodities Limited Religare Finvest Limited Religare Travels (India) Limited Religare Technova IT Services Limited Oscar Investments Limited Religare Enterprises Limited Malav Holdings Limited RMCRS Health Management Limited Aarushi Lithotripsy Private Limited Srinivasa Education Society R. M. Educational Trust R M Pharmacy Balaji School of Nursing Ranibennur College of Nursing Indira Priyadarshani School of Nursing RMCRS Shri Narasi Enterprises RHC Financial Services (Mauritius) Limited Religare Capital Market Limited Religare Capital Market Plc.

The schedule of Related Party Transactions is as follows:

(₹ in lacs)

Transactions details	Year Ended March 31, 2011	Year Ended March 31, 2010
Transactions during the year		
Operating Income (In Patient Income, Out Patient Income, Income from Medical Services, Management Fees and Income from Rent)		
Medical and Surgical Centre Limited (Associate)	**322.29**	155.64
Sunrise Medicare Private Limited (Associate)	**–**	276.03
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**192.77**	–
Fortis Hospital Management Limited (Associate)**	**75.45**	–
Medsource Healthcare Private Limited (Fellow Subsidiary)	**35.79**	55.62
Others	**138.69**	86.57
Interest Income		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**1,624.77**	–
Hiranandani Healthcare Private Limited (Associate)	**348.60**	486.76
Others	**340.10**	101.64
Interest Expense		
Fortis Healthcare Holdings Limited (Holding Company)	**295.61**	–
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**274.75**	392.62
RHC Holding Private Limited (Ultimate holding company)***	**18.05**	93.88
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	458.25
Sale of Fixed Assets		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**100.88**	–
Fortis Nursing and Educational Society	**23.81**	–
Loans/ Advances Given		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**97,500.00**	–
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	**16,000.00**	–
Religare Housing Development Finance Company Limited (owned/significantly influenced by KMP/their relatives)	**6,000.00**	–
Hiranandani Healthcare Private Limited (Associate)	**450.00**	700.00
Others	**1,178.00**	2.43
Loans/ Advances Received Back		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**77,535.00**	–
Hiranandani Healthcare Private Limited (Associate)	**660.00**	2,500.00
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	**–**	405.00
Others	**5,098.92**	1.75
Loans/Advances Taken		
RHC Holding Private Limited (Ultimate holding company)***	**65.00**	1,100.00
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**–**	87,545.70
Fortis Healthcare Holdings Limited (Holding Company)	**50,300.00**	–
Loans/Advances Paid Back		
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**87,545.70**	–
Fortis Healthcare Holdings Limited (Holding Company)	**50,300.00**	–
RHC Holding Private Limited (Ultimate holding company)***	**–**	2,335.00
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	10,100.00
Others	**81.74**	–

(₹ in lacs)

Transactions details	Year Ended March 31, 2011	Year Ended March 31, 2010
Repair and Maintenance Expenses		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**32.77**	61.10
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	**6.62**	–
Pathology Expenses		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**2,975.20**	1,466.63
Travel and conveyance expenses		
Religare Travels India Limited (owned/significantly influenced by KMP/their relatives)	**174.89**	33.86
Religare Voyages Business Services Pvt Limited (Owned/significantly influenced by KMP/their relatives)	**16.84**	–
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	**67.25**	108.15
Purchase of Fixed Assets		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**334.76**	400.67
Fortis Health Staff Limited (Subsidiary)*****	**–**	22.08
Hiranandani Healthcare Private Limited (Associate)	**8.49**	–
Purchases of Medical Consumables and Pharmacy Items		
Religare Wellness Limited (Fellow Subsidiary)	**–**	24.24
Medsource Healthcare Private Limited (Fellow Subsidiary)	**375.94**	770.56
Managerial Remuneration		
Mr. Shivinder Mohan Singh (KMP)	**539.28**	816.20
Mr. Sunil Kapoor (KMP)	**10.60**	13.80
Mr. Sanjeev Vashishta (KMP)	**31.68**	-
Dr. Ashok Chordiya (KMP)	**44.82**	23.13
Mr. Ashish Bhatia (KMP)	**93.05**	72.13
Dr. Ashok Seth (KMP)	**329.80**	333.30
Mr. Jasdeep Singh (KMP)	**28.98**	20.89
Mr. Surender Kumar (KMP)	**36.72**	18.09
Mr. Krish Ramesh (KMP)	**53.85**	50.31
Mr. Sukhmeet Singh Sandhu (KMP)	**35.60**	22.51
Dr. Anoop Misra (KMP)	**32.50**	–
Directors' Sitting Fees		
Mr. Malvinder Mohan Singh (KMP)	**1.50**	2.10
Legal and Professional Fees		
Religare Capital Market Plc. (Owned/significantly influenced by KMP/their relatives)	**3,445.36**	–
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**3,277.16**	11,860.67
Others	**40.78**	50.58
Arrangement Fees on Term loans		
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**–**	1,824.66
Upfront Fees paid on loans taken		
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**–**	161.62
Subscription of share capital (including premium)		
Malvinder Mohan Singh (KMP)	**3.91**	2.81
Shivinder Mohan Singh (KMP)	**3.91**	2.81
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**81.86**	58.85
Fortis Healthcare Holdings Limited (Holding Company)	**133,719.23**	96,138.01
RHC Holding Private Limited (Ultimate holding company)***	**74.21**	53.35
Issue of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**–**	26,000.00

(₹ in lacs)

Transactions details	Year Ended March 31, 2011	Year Ended March 31, 2010
Redemption of Preference Share Capital (including premium)		
RHC Holding Private Limited (Ultimate holding company)***	**–**	3,452.86
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	4,927.25
Fortis Healthcare Holdings Limited (Holding Company)	**–**	27,438.39
Issuance of Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	**–**	96,000.00
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	29,000.00
Redemption of Non Convertible Debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)***	**29,534.97**	70,258.90
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	29,107.26
Issuance of Optional Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	**–**	1,000.00
Corporate guarantee withdrawn for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**–**	981.94
Investment Made		
Fortis Malar Hospitals Limited (Associate)*	**–**	50.49
Hiranandani Healthcare Private Limited (Associate)	**500.00**	700.00
Fortis Medicare International Limited (Associate)	**47.68**	–
Investments Sold		
Fortis Healthcare Holdings Limited (Holding Company)	**7.10**	5.03
Personal Guarantee withdrawn for Loans Taken		
Dr. Lakshmi Narayan Raju (KMP), Dr. Seetha Beladevi (relative of KMP), Dr. Mohan Keshavmurthy (KMP)	**–**	1,114.04
Dr. Lakshmi Narayan Raju (KMP), Dr. Mohan Keshavmurthy (KMP)	**–**	153.24
License User Agreement fees		
RHC Holding Private Limited (Ultimate holding company)***	**1.00**	1.00

(₹ in lacs)

Balance outstanding at the year end	Year Ended March 31, 2011	Year Ended March 31, 2010
Loans / Advances Recoverable		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**19,965.00**	–
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	**16,000.00**	–
Hiranandani Healthcare Private Limited (Associate)	**2,905.75**	2,947.79
Others	**1,924.91**	405.43
Other Current Assets		
Hiranandani Healthcare Private Limited (Associate)	**160.10**	–
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	**124.27**	–
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**38.33**	–
Sundry Debtors		
Medical and Surgical Centre Limited (Associate)	**233.49**	80.32
Hiranandani Healthcare Private Limited (Associate)	**73.60**	39.00
Religare Wellness Limited (Fellow Subsidiary)	**37.67**	–
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	**6.90**	–
Sunrise Medicare Private Limited (Associate)	**–**	197.39

(₹ in lacs)

Balance outstanding at the year end	**Year Ended March 31, 2011**	Year Ended March 31, 2010
Unsecured Loan		
RHC Holding Private Limited (Ultimate holding company)***	**165.00**	100.00
Dr. Lakshmi Narayan Raju (KMP)	**54.56**	90.66
Dr. Mohan Keshavmurthy (KMP)	**4.21**	37.40
Dr. Seetha Beladevi (relative of KMP)	**2.70**	2.70
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**–**	87,545.70
Optionally Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	**1,000.00**	1,000.00
Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	**–**	26,000.00
Sundry Creditors		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**452.37**	34.61
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**66.70**	92.98
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**–**	1,824.66
Others	**36.27**	463.13
Investment		
Sunrise Medicare Private Limited (Associate)	**0.31**	440.04
Hiranandani Healthcare Private Limited (Associate)	**2,040.00**	1,540.00
Fortis Hospital Management Limited (Associate)	**–**	25.97
Medical and Surgical Centre Limited (Associate)	**1,340.25**	1,312.69
Fortis Medicare International Limited (Associate)	**47.68**	–
Parkways Holdings Limited (Associate)	**–**	33,094.24
Premium on redemption of Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	**–**	96.53
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**–**	233.01
Corporate Guarantee received for Loans Taken		
RHC Holding Private Limited (Ultimate holding company)***	**–**	750.00
Corporate Guarantee given for Loans Availed by Others		
Hiranandani Healthcare Private Limited (Associate)	**6,000.00**	6,000.00

* As an Associate till September 30, 2009, and Subsidiary thereafter

** As an Associate till March 26, 2011, fellow subsidiary thereafter

*** Entity owned/ significantly influenced by KMP/ their relatives, Ultimate holding company thereafter

**** Subsidiary till March 4, 2011, fellow subsidiary thereafter

***** Fellow subsidiary upto March 17, 2011, subsidiary thereafter

^ Amount for the year ended March 31, 2010 includes ₹637.80 lacs provided at the year end which is subject to Central Government approval

Note: Expenses incurred on behalf of / by related parties, and later reimbursed by / to them have not been considered above.

4. (a) **Assets taken on Operating Lease**

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are cancelable or non- cancelable in nature and the total lease payments in respect of such leases recognised in the profit and loss account for the year are ₹ 3,443.97 lacs

(Previous Year ₹ 2,867.61 lacs) and capitalized during the year ₹ 429.59 lacs (Previous Year ₹ Nil). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum lease payments :		
Not later than one year	**2,357.86**	2,333.03
Later than one year but not later than five years	**9,145.50**	9,192.35
Later than five years	**6,630.00**	8,550.00

(b) Assets given on Operating Lease

(i) The Fortis Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are further renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are ₹ 349.84 lacs (Previous Year ₹ 167.41 lacs).

A subsidiary of the Company (IHL) has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the company. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year is ₹ 252.37 lacs (Previous Year ₹ 190.27 lacs).

(ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its associate. The lease term is for 3 years and thereafter renewable at the option of the Company. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)

Particulars	As at March 31, 2011			As at March 31, 2010		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	**3.46**	**2.40**	**1.06**	3.46	2.07	1.39
Plant & Machinery	**96.66**	**47.19**	**49.47**	96.66	37.21	59.45
Medical Equipments	**3,486.15**	**1,226.33**	**2,259.81**	2,650.07	721.50	1,928.57
Furniture & Fittings	**154.75**	**85.10**	**69.65**	154.75	78.39	76.36
Computers	**116.34**	**88.88**	**27.46**	116.34	71.57	44.77
Office Equipments	**27.38**	**6.48**	**20.90**	27.38	5.22	22.16
Vehicles	**37.25**	**18.24**	**19.01**	37.25	14.03	23.22
Total	**3,921.99**	**1,474.62**	**2,447.36**	3,085.91	929.99	2,155.92

The total lease payments received in respect of such leases recognized in the profit and loss account for the year are ₹ 749.31 lacs (Previous Year ₹ 702.77 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum Lease Payments receivable-		
Not later than one year	**865.73**	725.71
Later than one year but not later than five years	**216.43**	907.13

5. Secured Loans

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
A) Term Loans from Banks secured by :-		
– first charge by way of hypothecation of assets financed	**43.21**	58.99
– first equitable mortgage charge on land, building and immoveable fixed assets of Escorts Hospital and Research Centre Limited (EHRCL), a subsidiary of the Company	**8,750.00**	19,500.00
– first and exclusive hypothecation/ mortgage charge on the existing and future moveable and immoveable fixed assets of International Hospital Limited (IHL), a subsidiary of the Company	**1,528.99**	2,608.99
– pari passu first charge on current assets, moveable and immoveable fixed assets of FHTL, situated at Shalimar Bagh including deposit of original title deeds of land at Shalimar Bagh with an intent to create mortgage and pledge of 30% shares of FHTL held by the Company. The loan is further secured by extension of equitable charge on hospital property at Noida belonging to IHL	**1,200.00**	1,200.00
– first charge on moveable and immoveable fixed assets and current assets of Escorts Heart and Super Speciality Institute Limited (EHSSIL), a subsidiary of the Company	**–**	543.75
– subservient charge on fixed assets and current assets of IHL	**–**	10,000.00
– exclusive charge on all fixed assets and current assets both present and future of Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company	**800.60**	1,305.06
– exclusive charge on current assets and fixed assets (moveable and immoveable) of LHPL	**1,500.00**	1,500.00
– first pari passu charge on the moveable fixed assets of certain owned hospitals and leased hospitals and equitable mortgage of those owned hospitals, of Fortis Hospitals Limited (FHsL), a subsidiary of the Company	**19,047.62**	15,000.00
– first pari passu charge on the assets (tangible and intangible, moveable and immoveable) acquired out of acquisition by FHsL	**20,000.00**	20,000.00
– first charge over land and buildings, moveable fixed assets by way of equitable mortgage of FHsL	**–**	5,000.00
– pledge of 269,499,996 Ordinary Shares of Parkways Holdings Limited held by Fortis Global Healthcare (Mauritius) Limited (FGHML), a subsidiary of the Company	**–**	104,268.14
– pledge of fixed deposit of ₹ 120,000.00 lacs by IHL	**–**	112,237.55
Total	**52,870.42**	293,222.48
B) Bank overdraft secured by :-		
– exclusive charge on current assets and second pari passu charge on the fixed assets of IHL	**–**	349.51
– exclusive charge on all fixed assets and current assets both present and future of FMHL	**105.25**	147.20
– exclusive charge on current assets and fixed assets (moveable and immoveable) of LHPL	**150.91**	84.28
– first exclusive charge by way of Hypothecation of the FHsL's entire stock, consumable stores and spares and such other movables including book debts, receivables both present and future	**409.31**	–
– first equitable mortgage charge on land, building and immoveable fixed assets of Escorts Hospital and Research Centre Limited (EHRCL), a subsidiary of the Company	**1,378.59**	–
Total	**2,044.06**	580.99
C) Buyers credit from bank secured by exclusive charge over the current assets and second pari passu charge over the fixed assets of the EHSSHL	**–**	72.14
D) Loans for Vehicles secured by hypothecation of respective vehicles	**55.16**	–
E) Term Loan from a Body Corporate secured by:-		
– first charge by way of hypothecation of assets financed	**921.18**	2,230.00
– subservient charge on present and future fixed assets of the Company	**–**	4,285.71
– pari passu charge on moveable property, cash flow, receivable and book debts of FHTL	**5,000.00**	4,000.00
– way of mortgage, hypothecation and charge of the movable and immovable properties including all intangible properties by deposit of lease deed of S-549, Greater Kailash-II, New Delhi-110048 of the Greater Kailash Hospital of EHSSHL	**560.84**	–
Total	**6,482.02**	10,515.71

6. Capital Commitments

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 1,327.83 lacs (Previous Year ₹ 1,567.38 lacs))	**7,494.34**	11,741.44

7. Contingent Liabilities (not provided for) in respect of :

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients/ their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on the analysis of in house legal team, the management believes that the Fortis Group has a good chance of success in these cases. Hence, no provision thereagainst is considered necessary.	**2,460.85**	3,220.50
Bank Guarantee executed in favour of National Stock Exchange by the Company towards listing of the shares of the Company with the exchange.	**–**	700.00
Provision for redemption premium of US$100 million 5% foreign currency convertible bonds due 2015	**244.58**	–
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending, as further explained in detail in note 9 below. The amounts are without considering the demand of ₹ 10,101.10 lacs (Previous Year ₹ 10,101.10 lacs) raised twice in respect of certain years and after adjusting ₹ 13,364.86 lacs (Previous Year ₹ 13,282.40 lacs) for which the company has a legal right to claim from erstwhile promote. This further excludes demands aggregating to ₹ 828.42 lacs (Previous Year ₹ 828.42 lacs), relating to AY 2003-04 and 2004-05, ₹ 587.03 lacs (Previous Year ₹ 587.03 lacs) , relating to AY 2005-06 and 2006-07, which have been allowed by Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal in favour of the company, but the Income Tax Department has filed an appeal before Hon'ble High Court of Delhi against such orders.	**10,131.94**	9,823.57
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 10 below).	**770.27**	770.27
In respect of a subsidiary (FHsL), Customs duty on import of medical equipments	**–**	166.49
Corporate guarantee given to banks in respect of financial assistance availed by an associate of the Company:-		
- IDBI Bank	**4,500.00**	4,500.00
- Royal Bank of Scotland	**1,500.00**	1,500.00
Others	**12.53**	17.86

8. (a) A Civil suit ('Civil Suit') had been filed for declaration and permanent injunction against a subsidiary of the Company (EHIRCL) in the Hon'ble High Court of Delhi seeking amongst others:

(i) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh), a society registered under Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a company under Part IX of Companies Act, 1956 (i.e. EHIRCL) is void,

(ii) seeking a restoration of charitable status of EHIRC Delhi Society.

The Hon'ble High Court of Delhi, vide its order dated September 30, 2005, had ordered the parties to maintain status quo and thereafter on July 3, 2008 dismissed the suit for want of cause of action and procedural grounds. On a regular first appeal preferred by the appellant, the Division Bench of Hon'ble High Court of Delhi, vide its order dated January 16, 2009, has allowed the appeal and restored the suit.

The appellant further amended the appeal seeking to declare the share purchase agreement between Escorts Limited and the Company and the initial public offering of the Company to be void.

Subsequently during the year, the appellant withdrew the aforesaid suit against the defendants and the Hon'ble High Court of Delhi, vide its decision dated October 29, 2010, permitted the appellant to unconditionally withdraw the suit and pending application. Accordingly, the aforesaid suit stands dismissed as withdrawn.

(b) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is still pending with the Hon'ble High Court of Delhi.

(c) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the company for resuming the proceedings under the said Act. The company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

(d) The Delhi High Court in March 2004, amongst other hospitals, made EHIRCL a party to Public Interest Litigation ('PIL') filed in July 2002 (Social Jurist matter), concerning the applicability of certain free bed conditions on certain plots of land allotted to the EHIRCL by DDA. Subsequent to the judgement by the Hon'ble High Court on March 22, 2007, a separate Special Leave petition ('SLP') and applications for condonation of delay had been filed by EHIRC on November 28, 2007 against the Social Jurist judgement. In the hearing on January 4, 2008, the Hon'ble Supreme Court had issued a notice and directed the stay. The proceedings are pending with the court of law.

9. Income Tax Matters

(a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Deputy Commissioner of Income Tax, Delhi has completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of ₹ 10,101.11 lacs (including interest of ₹ 5,511.11 lacs). The Deputy Commissioner of Income Tax had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years have again been brought to tax, raising a further demand of ₹ 12,437.00 lacs (including interest of ₹ 6,946.00 lacs). The company is of the view that the demand raised for the assessment year 2001-02 includes duplication on account of demands raised in the assessment years 1997-98 to 2000-01 and, further, the events taking place in the year 2000 cannot relate back to earlier years.

The company challenged the reopening of assessment for the assessment year 1997-98 before the Hon'ble High Court of Delhi in a Writ Petition filed on July 27, 2005. The Hon'ble Court in its interim order dated September 20, 2005 had directed the Assessing Officer to complete the assessments for all these years and had also directed that the operation of the assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till the matter is heard and decided by the Court. The company had filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

(b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRCL for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs and interest thereon amounting to ₹ 2,915.80 lacs by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. The company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. During the year, the Assistant Commissioner of Income Tax, Delhi has completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (including interest of ₹ 5,465.27 lacs). The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer, which is pending disposal.

Pursuant to the share purchase agreement, where company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 6,499.00 lacs, for which necessary funds have been deposited in an escrow account. Interest of ₹ 2,095.08 lacs upto March 31, 2011 has accrued in the escrow account and available for aforesaid set off. In the event these demands exceed this amount, one third of such excess would be borne by the said erstwhile promoters and the rest by the company, if any.

(c) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment years 2003-04 and 2004-05 whereby the assessing officer had raised demands of ₹ 424.20 lacs (including interest of ₹ 54.20 lacs) and ₹ 404.22 lacs (including interest of ₹ 97.55 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143 (3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ₹ 22.77 lacs (including interest of ₹ 3.95 lacs) has been raised on to the company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

(d) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of ₹ 282.03 lacs (including interest of ₹ 56.80 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

(e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the assessing officer had raised a demand of ₹ 305.00 lacs (including interest of ₹ 35.05 lacs) on the company by disallowing the claim of keyman insurance premium. The company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

(f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of ₹ 96.90 lacs (including interest of ₹ 0.75 lacs) on the company by disallowing the claim of keyman insurance premium and software development charges. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending for disposal.

g) The Deputy Commissioner of Income Tax has passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, whereby the assessing officer has raised demands of ₹ 16.74 lacs and ₹ 0.37 lacs respectively on account of non deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Healthworld Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. The company has filed an appeal with the Commissioner of Income Tax (Appeals), Jaipur against the order of the assessing officer. Appeal in respect of assessment years 2008-09 has been decided vide order dated January 4, 2011 thereby giving partial relief of the Company and it has been brought down to ₹ 11.38 lacs as against ₹ 16.74 lacs. The Company has been filed an appeal before the Income Tax Appellate Tribunal, Jaipur against the order of Commissioner of Income Tax (Appeals) which is pending disposal. Appeal in respect of assessment years 2009-10, is pending disposal.

In view of the management, the eventual outcome of the above matters cannot presently be estimated.

10. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ₹ 770.27 lacs (including ₹ 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. The company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs under protest. The matter is pending for decision with the Tribunal.

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the company, the management believes that the company has a good chance of success in the case and hence, no provision there against is considered necessary.

11. The Assistant Collector of Customs had issued an assessment order in earlier year on a subsidiary of the Company (EHIRCL), raising a demand of ₹ 330.39 lacs holding EHIRCL to be a commercial establishment in relation to the import of medical equipments, spares and consumables. The company had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of

Customs, which has been rejected. The company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked the company to deposit a sum of ₹ 150.00 lacs with the customs authority. The company had deposited the amount with the customs authority and had also made a provision of ₹ 330.39 lacs in the books of accounts. The matter is still pending with the Tribunal.

12. The Company had procured 76 Ambulances under the Public private partnership ('PPP') agreement on behalf of the Principal Secretary, Department of Health and Family Welfare, Government of Delhi. After inspection of the ambulances, the Government of Delhi raised the issues relating to the quality of the ambulances and refused to accept the ambulances. The matter went into Meditation process and the matter was unresolved in meditation. With the mutual consent of the Company and the Government of Delhi, an application was made to Hon'ble High Court of Delhi for the nomination of the Arbitrator in the case. The application is still pending with the Hon'able High Court of Delhi. The management is hopeful of recovering the amount incurred on behalf of the Delhi Government; therefore, no provision has been made so far.

13. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) in the previous year and 1,302,250 options (Grant IV) were granted during the current year. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year is ₹ 155.87. As at March 31, 2011, the following scheme was in operation:

Particulars	**Grant I**	**Grant II**	**Grant III**	**Grant IV**
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07
Number of options granted	458,500	33,500	763,700	1,302,250
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20

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

Particulars	**March 31, 2011**		March 31, 2010	
	Number of options	**Weighted Average Exercise Price (₹)**	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**918,660**	**75.05**	380,500	69.34
Granted during the year	**1,302,250**	**158.00**	763,700	77.00
Forfeited during the year	**140,900**	**85.55**	215,400	72.09
Exercised during the year	**67,880**	**73.51**	10,140	71.00
Expired during the year	**–**	**–**	–	–
Outstanding at the end of the year	**2,012,130**	**128.05**	918,660	75.05
Exercisable at the end of the year	**218,360**	**73.30**	113,160	70.78
Weighted average remaining contractual life (in years)	**8.93**	**–**	8.87	–
Weighted average fair value of options granted (in ₹)	**50.01**	**–**	35.19	–

The details of exercise price for stock options outstanding at the end of the year are as under:

Particulars	**As at March 31, 2011**	As at March 31, 2010
Range of exercise prices	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 77.00
Number of options outstanding	**2,012,130**	918,660
Weighted average remaining contractual life of options (in years)	**8.93**	8.87
Weighted average exercise price (in ₹)	**128.05**	75.05

Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ 58.30 (Previous Year ₹ 39.04). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	**As at March 31, 2011**	As at March 31, 2010
Exercise Price	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 77.00
Expected Volatility	32.89% to 34%	34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	–	–
Average risk-free interest rate	7.50% to 8.70%	7.50% to 8.70%
Expected dividend rate	–	–

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

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	**As at March 31, 2011**	As at March 31, 2010
Profit as reported	**12,436.39**	6,948.15
Add: Employee stock compensation under intrinsic value method	**–**	–
Less: Employee stock compensation under fair value method	**(125.71)**	(51.68)
Proforma profit	**12,310.69**	6,896.47
Earnings Per Share (In ₹)		
Basic		
– As reported	**3.23**	2.62
– Pro forma	**3.20**	2.60
Diluted		
– As reported	**3.23**	2.61
– Pro forma	**3.20**	2.59

The fair value of total option outstanding at the year end is ₹ 1,006.26 lacs (Previous Year ₹ 323.26 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹ 125.71 lacs (Previous Year ₹ 51.68 lacs).

14. a) A subsidiary of the Company, Fortis Health Management Limited ('FHML'), has incurred losses of ₹ 24.37 lacs during the current year and has accumulated losses of ₹ 82.37 lacs as at March 31, 2011, which has resulted in complete erosion of FHML's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHML have been prepared on a going concern basis.

b) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ₹ 139.19 lacs during the current year and has accumulated losses of ₹ 1,018.39 lacs as at March 31, 2011, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.

c) A subsidiary of the Company Fortis Emergency Services Limited ('FESL'), has incurred losses of ₹ 594.17 lacs during the current year and has accumulated losses of ₹ 853.68 lacs as at March 31, 2011, which has resulted in complete erosion of FESL's net worth. In view of the fact that current year is the second year of incorporation of FESL and the commitment of continued financial support by the shareholders, the accounts of FESL have been prepared on a going concern basis.

15. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits' :

The Group has a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The Group also provides leave encashment benefit to its employees, which is unfunded.

The following table summaries the components of net employee benefit expenses recognised in the consolidated profit and loss account :

(₹ in lacs)

Particulars	**Gratuity (Unfunded) 2010-2011**	**Gratuity (Funded) 2010-2011**	Gratuity (Unfunded) 2009-2010	Gratuity (Funded) 2009-2010
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses /Expenditure during Construction Period)				
Current Service cost	**250.09**	**25.32**	182.70	21.15
Interest Cost on benefit obligation	**121.59**	**12.90**	64.13	12.83
Expected return on plan assets	**–**	**(14.24)**	–	(11.85)
Actuarial loss/(gain) recognised during the year	**96.92**	**33.51**	19.94	(4.48)
Past Service Cost	**–**	**–**	–	–
Net benefit expense	**468.60**	**57.49**	266.77	17.65
Actual return on plan assets	**–**	**14.52**	–	12.71
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	**1,529.04**	**210.96**	1,168.50	183.48
Fair value of plan assets	**–**	**181.91**	–	146.52
Surplus/(deficit) of funds	**(1,529.04)**	**(29.05)**	(1,168.50)	(36.96)
Net asset/ (liability)	**(1,529.04)**	**(29.05)**	(1,168.50)	(36.96)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	**1,168.50**	**183.48**	794.98	117.93
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries*	**7.08**	**–**	193.33	68.19
Current Service cost	**250.09**	**25.32**	182.70	21.15
Interest Cost on benefit obligation	**121.59**	**12.90**	64.13	12.83
Benefits paid	**(119.05)**	**(44.53)**	(86.58)	(33.00)
Actuarial (loss)/ gain recognised during the year	**96.92**	**33.79**	19.94	(3.62)
Closing defined benefit obligation	**1,525.13**	**210.96**	1,168.50	183.48
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	**–**	**146.52**	–	109.96
Assets assumed on acquisition of Subsidiary*	**–**	**–**	–	13.29
Expected return	**–**	**14.24**	–	11.85
Contributions by employer	**–**	**65.40**	–	43.56
Benefits paid	**–**	**(44.53)**	–	(33.00)
Actuarial gains / (losses)	**–**	**0.28**	–	0.86
Closing fair value of plan assets	**–**	**181.91**	–	146.52
Experience loss adjustment on plan assets/ liabilities	**(103.67)**	**(33.51)**	(38.13)	1.28

*Refer note C (1) (f) above

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

In case of FHL, FHTL, IHL, EHSSHL and LHPL

	2010-11	2009-10
Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**–**	–
Expected rate of salary increase	**7.50%**	7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**18%**	18%
From 31 to 44 years	**6%**	6%
Above 44 years	**2%**	2%

In case of EHIRCL and EHSSIL

	2010-11	2009-10
Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**–**	–
Expected rate of salary increase	**3.75%**	3.75%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**6%**	6%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%

In case of EHRCL

Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**9.25%**	9.25%
Expected rate of salary increase	**3.75%**	3.75%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**6%**	6%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%

In case of FHML

Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**–**	–
Expected rate of salary increase	**7.50%**	7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**6%**	6%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%

In case of FMHL

Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**9.25%**	8.50%
Expected rate of salary increase	**7.50%**	7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**18%**	18%
From 31 to 44 years	**6%**	6%
Above 44 years	**2%**	2%

In case of FHsL

Discount rate	**8.10%**	8.00%
Expected rate of return on plan assets	**–**	–
Expected rate of salary increase	**10% for first 4 years & 8% thereafter**	10% for first 5 years & 8% thereafter
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	**10%**	10%
From 31 to 44 years	**5%**	5%
Above 44 years	**3%**	3%
Experience loss adjustments on plan liabilities	**2%**	2%

In case of FESL

	2010-11	2009-10
Discount rate	**8.00%**	8.00%
Expected rate of return on plan assets	**–**	–
Expected rate of salary increase	**5.00%**	5.00%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Age from 20 - 30 years	**12.50%**	12.50%
Age from 31 - 58 years	**15.00%**	15.00%

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.

16. a) The Company and few of its subsidiaries have entered into 'Operation and Management' agreements with entities which are into hospital operations, in terms of which, they are responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

b) A subsidiary of the Company (EHCL) has entered into an operating and profit sharing agreement with a hospital to operate cardiac care facility at Gurgaon. As per the arrangement, the Company has considered amounts of ₹ 218.64 lacs (Previous Year ₹ 157.81 lacs) as expenditure in its books of accounts based on debit notes received from the hospital and has paid / accrued ₹ 68.97 lacs (Previous Year ₹ 86.39 lacs) as profit share to that hospital.

c) During the year a subsidiary of the Company ('IHL') has entered into 'Operation and Management' agreement with a registered trust, which is into Hospital Operation, in terms of which, the IHL has rights to control, operate, run and manage the Hospital and ancillary facilities. In consideration of the operation and management services and obligations assumed by the Trust, the IHL will pay facility fees as per the terms of the agreement.

17. The Company raised ₹ 49,676.15 lacs and ₹ 99,711. 60 lacs from the Initial Public Offer (IPO) in April 2007 and Rights Issue in October 2009 respectively. The status of fund utilization out of Public Offer proceeds as at the end of March 31, 2011 is as follows:

(₹ in lacs)

S No.	**Expenditure Program**	**Amount expended till March 31, 2011 out of**		**Amount expended till March 31, 2010 out of**	
		IPO Proceeds	**Rights Issue Proceeds**	**IPO Proceeds**	**Rights Issue Proceeds**
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	**11,166.09**	**–**	10,593.00	–
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	**35,231.15**	**–**	35,231.15	–
3	IPO Issue Expenses	**3,278.91**	**–**	3,278.91	–
4	Investment in wholly owned subsidiary (Fortis Hospotel Limited) to finance the construction and development of a greenfield hospital project in Gurgaon, Haryana	**–**	**20,000.00**	–	20,000.00
5	Acquisitions and other strategic initiatives	**–**	**20,000.00**	–	20,000.00
6	Redemption of Preference Shares (Class C), along with the premium on such redemption	**–**	**26,000.00**	–	26,000.00
7	Repayment and prepayment of existing short term loans of the Company	**–**	**17,099.90**	–	17,099.90
8	General corporate purpose	**–**	**15,311.70**	–	15,000.00
9	Rights Issue expenses	**–**	**1,300.00**	–	1,265.18
	Total	**49,676.15**	**99,711.60**	49,103.06	99,365.08

The Company has utilized entire money raised through Initial Public Offer and Rights Issue.

18. During the previous year the Company has redeemed 8,304,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each, to the extent of balance of ₹ 9 each at a premium of ₹ 98.50 per share. The redemption premium of ₹ 8,179.44 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

19. During the previous year, the Company has fully redeemed 150,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 11,931.78 per share. The redemption premium of ₹ 17,897.67 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

20. During the previous year, the Company has issued 260,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 9,990 per share, which have been redeemed at a premium of ₹ 10,291.37 per share. The total redemption premium of ₹ 26,757.26 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

21. During the previous year, the Company has issued 260, Zero Percent Unsecured Non- Convertible Debentures of ₹ 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of ₹ 14,879.14 lacs.

During the year Company has redeemed all of the above Zero Percent Unsecured Non- Convertible Debentures at a premium of ₹ 13.60 lacs per debenture. The total redemption premium of ₹ 3,534.97 lacs have been adjusted against the liability for the premium on redemption of Non Convertible Debenture and the Securities Premium.

During the previous year, a subsidiary of the Company (IHL) has issued 990, Zero Percent Unsecured Non- Convertible Debentures of ₹ 10,000,000 each which have been redeemed at a premium of ₹ 36,986 per debenture. The total redemption premium of ₹ 366.16 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

22. During the previous year, a subsidiary of the Company (FESL) has issued 1,000,000, Zero Percent Optionally Convertible Debentures of ₹ 100 each as per following terms and conditions:-

a) The Debentures (until redeemed or until option for conversion into Equity Shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into Equity Shares before the expiry of five years from the date of allotment, FESL shall pay simple interest @ 8% p.a. from the date of allotment till the date of redemption.

b) The Debenture holder will have an option to seek conversion of each fully paid Debenture into 10 fully paid Equity Shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment.

c) Each Debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual installment of ₹ 25 each beginning from the end of 5th year, from the date of allotment.

23. On October 27, 2009, pursuant to the Letter of offer ('LOF') dated September 22, 2009 the Company allotted on Rights Basis 90,646,936 Equity Shares of ₹10 each at a premium of ₹100 per Equity Share aggregating to ₹99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder was entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued could be freely and separately traded until they are tendered for exercise. As per the LOF, the warrant exercise period was between six months to eighteen months from the date of allotment of the Equity Shares.

The Warrant Exercise Price for the Detachable Warrants was the average of (i) average of the weekly closing prices of the Equity Shares on the NSE in the 26 weeks immediately preceding the date fixed by the Company for the determination of the Warrant Exercise Price of the Detachable Warrants (the "Relevant Date") and (ii) average of the weekly closing prices of the Equity Shares on the NSE in the two weeks immediately preceding the Relevant Date.

During the current year, the Company has, in terms of the LOF, issued 87,711,986 equity shares of ₹10 each, against conversion of detachable warrants to the entitled warrant holders, at an exercise price of ₹153 per detachable warrant, aggregating to ₹134,199.34 lacs.

24. During the current year, the Company has issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹10.00 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the Closing Price of the Shares on each Trading Day with respect to the Shares for a period of at least 30 consecutive such Trading Days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain Early Redemption Amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2011 amounting to ₹244.58 lacs (Previous Year ₹Nil). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2011 considered for restatement of the Bonds at the year end was ₹44.5872= US Dollar 1.

The Company has incurred expenses aggregating to ₹1,223.09 lacs (including ₹25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same have been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

25. During the previous year, the Company through its wholly owned subsidiary, Fortis Hospitals Limited, has acquired 10 Hospitals (including 2 under construction) ("Business Division") and Kanishka Housing Development Company Limited ('KHDCL') from Wockhardt Hospitals Limited vide Business Transfer Agreement executed on August 24, 2009, such acquisition being effected on December 17, 2009 on a going concern basis. The purchase consideration paid for the acquisition of the above Business Division and KHDCL amounted to ₹ 88,948.24 lacs.

The goodwill arising out of such acquisition has been determined as follows:

Description				₹ in lacs	₹in lacs
IA	Purchase consideration paid*				**88,948.24**
IB	Acquisition and other related costs				**4,574.09**
I	**Total purchase consideration and acquisition related costs**				**93,522.33**
II	**Assets acquired:**				
	A)	Fixed assets			**37,690.68**
	B)	Intangible assets			**6,687.11**
	C)	Investment in subsidiary (relate to net asset value as on the date of acquisition)			**5,928.31**
	D)	Net current liabilities			
		a)	Current assets** #	5,766.48	
		b)	Current liabilities	(7,012.81)	**(1,246.33)**
	Total assets acquired (net) (A+B+C+D)				**49,059.77**
III	**Goodwill (I - II)**				**44,462.56**
IV	**Less : Goodwill transferred on sale of undertaking during the year**				**4.51**
V	**Balance goodwill**				**44,467.07**

*The total amount of purchase consideration paid includes amount paid to the Wockhardt Limited, the subsidiaries and other companies related to Wockhardt Limited, banks and financial institutions to extinguish the liability of the Wockhardt Limited's Hospital Business Division.

Out of the purchase consideration, an amount of ₹ 1,500.00 lacs is deposited in an escrow account with a Scheduled bank, for any future contingencies and for any rightful legal claim. As this is not the company's account, the escrow account is not disclosed in the financial statements.

**Included in the current assets under loans and advances, an estimated amount of ₹ 282.00 lacs, which is 50% share of provision for doubtful debts recoverable from Wockhardt Hospitals Limited.

During the year Company has recorded Rental Security Deposits of ₹ 161.64 lacs by adjusting opening goodwill on acquisitions as on April 1, 2010, as same were in existence from the date of acquisition.

26. Merger of Hospital Operation ('HO') division of Sunrise Medicare Private Limited ('SMPL') with Escorts Heart and Super Speciality Hospital Limited ('EHSSHL'):

(a) In terms of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by order dated April 4, 2011 of the Hon'ble High Court of New Delhi which became effective, on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies of the concerned state, on April 1, 2010 following became effective:

i. SMPL was demerged into HO division and Consultancy Division,

ii. Hospital Division of SMPL is merged with EHSSHL from April 1, 2010 being the appointment date, as per the order of Hon'ble High Court. The Scheme has, accordingly, been given effect to in these financial statements.

(b) The operations of SMPL include owning and operating a Hospital business comprising of a 45 bedded hospital in New Delhi and business of rendering consultancy services for Setting up hospitals and healthcare ventures.

(c) In accordance with the Scheme:

The HO division is demerged and transferred to and vested in the EHSSHL, with effect from the appointed date. Accordingly, the EHSSHL has recorded all assets and liabilities, including provisions, of the HO division of SMPL transferred to and vested in the EHSSHL pursuant to this Scheme, at the respective book values thereof as appearing in the books of account of SMPL at the close of business of the day immediately preceding the appointed date based on special purpose audited balance sheet of the HO division of SMPL.

EHSSHL allotted 4,455,166 0.01% Preference Shares at ₹ 79 each including premium of ₹ 69 each to the shareholders of SMPL, on May 16, 2011 as a consideration for net assets acquired. Since such allotment was made after the year-end, the equivalent amount of ₹ 445.52 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 3,074.06 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus in the financial statements of EHSSHL.

In the consolidated financial statement the amount equivalent to ₹ 306.25 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 2,113.11 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus, being the share of external shareholders of SMPL.

The Company has been allotted 1,392,520 Preference Shares of ₹ 79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. The Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.

As per the Scheme, the difference between the book value of net assets and purchase consideration, has been adjusted first against Revaluation Reserve Account, then to Capital Reserve Account and then to Securities Premium Account and the remaining balance was to be transferred to Profit and Loss Account in the books of the EHSSHL. The adjustment has been done as follows:

(₹ in lacs)

Purchase Consideration Paid	
4,455,166, 0.01% Preference Shares of ₹ 10 each	445.52
Securities Premium for ₹ 69 each on above shares	3,074.06
Total Purchase Consideration (A)	**3,519.58**
Less: Net Assets of HO division of SMPL Acquired	
Inventories	18.85
Sundry Debtors	95.39
Cash and Bank Balances	24.76
Fixed Assets	984.44
Loans and Advances	72.89
Total Assets (B)	**1,196.33**
Liabilities Assumed	
Secured Loans	733.36
Unsecured Loans	433.14
Current Liabilities	600.62
Provisions	14.11
Total Liabilities (C)	**1,781.23**
Net Assets Acquired (D) = (B-C)	**(584.90)**
Balance to be recognised (E) = (A-D)	**4,104.48**
Adjustment in the books of the EHSSHL:	
Revaluation Reserve	2,019.84
Capital Reserve	567.79
Securities Premium	1,516.85
Total	**4,104.48**

(d) The authorized share capital of SMPL amounting to ₹ 1,498.93 lacs stand transferred to the EHSSHL and be treated as part of the authorized share capital of the EHSSHL, without any obligation to pay any further filing fee or other charges.

27. During the previous year, on March 19, 2010, Fortis Group acquired 23.84% stake in Parkway Holdings Limited ('PHL') through Fortis Global Healthcare (Mauritius) Limited, a wholly owned subsidiary, which has since been increased to 24.69% at the year-end. For the purposes of the consolidation of financial statements, the financial statements of PHL have been consolidated using equity method of accounting with a three-month time lag to that of the Company.

During the current year through purchase in open market the Company has increased its stake to 24.88%. Company has sold its entire stake in PHL to Integrated Healthcare Holdings Limited at the price of SG$ 3.95 per share on August 20, 2010. Considering the investment in PHL as temporary the financial results of PHL has not been consolidated into Consolidated Financial Statement of the Fortis Group.

28. During the year, on March 4, 2011, pursuant to the Shareholders agreement between Fortis Healthcare Holdings Limited, Escorts Heart Institute & Research Centre Limited and Escorts Heart Centre Limited, EHIRCL has sold its entire stake in EHCL to FHHL.

29. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 103.12 lacs arising on the acquisition of a subsidiary (FHTL) of the Company.

30. Particulars of Unhedged Foreign Currency Exposure:

(₹ in lacs)

Particulars	**As at March 31, 2011**	As at March 31, 2010
Import Creditors	**278.20**	128.83
Deposits with bank	**2,006.42**	–
Foreign Currency Loans		
– Loans taken	**46,546.74**	303,875.82
– Loans given	**42,429.33**	–

31. Subsequent to year end, with a view to streamline and focus on Group's resources and energies on the divisions and undertakings pertaining to provision of hospital infrastructure, out patient consultation services, daycare services, radiology, imaging, diagnostic services and as a matter of strategic business opportunity, Company has decided to sell and transfer the business undertaking of some of its subsidiaries comprising of-

a) hospital Operation & Management;

b) In-patient healthcare services; and

c) emergency healthcare services

on a going concern basis by way of a slump sale in favor of any of its Subsidiary Company/its Affiliates/Group Company/Companies under the same management/ other body corporate. Since Company is still in the process of finalising agreement, no impact is being considered in the financial statement.

32. Subsequent Events

a) Subsequent to March 31, 2011, the Company has acquired remaining 10% stake in Escorts Heart Institute and Research Centre Limited ('EHIRCL') on April 27, 2011, for ₹ 13,000 lacs from Fortis Healthcare Holdings Limited, resulting in EHIRCL becoming wholly owned subsidiary of the Company.

b) Subsequent to the March 31, 2011, the Company has acquired 74.59% stake in Super Religare Laboratories Limited ('SRL') on May 12, 2011, for ₹ 80,368.53 lacs, resulting, SRL becoming subsidiary of the Company.

c) Subsequent to March 31, 2011, Fortis Hospitals Limited has incorporated three wholly owned subsidiaries Fortis Health Management (East) Limited, Fortis Health Management (West) Limited, Fortis Health Management (South) Limited.

d) Subsequent to March 31, 2011, Escorts Heart Institute and Research Centre Limited has incorporated a wholly owned subsidiary Fortis Health Management (North) Limited.

33. Previous Year Comparatives

Previous year figures have been regrouped wherever necessary to confirm to current year's classification. Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in line with the Company's financial statements.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 27, 2011

For and on behalf of the Board of Directors

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

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