
Fortis Malar Hospitals Limited

**Auditor's Report and
Standalone Financial Statements**

Year Ended March 31, 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTIS MALAR HOSPITALS LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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



Regd. Office: 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India

Deloitte Haskins & Sells (Registration No. BA 97449) a partnership firm was converted into Deloitte Haskins & Sells LLP (LLP Identification No. AAB-8737) a limited liability partnership with effect from 20th November 2013.

Deloitte Haskins & Sells LLP

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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



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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



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

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

A handwritten signature in blue ink, appearing to read "S. Parthasarathy".

Sriraman Parthasarathy
Partner
(Membership No. 206834)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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


Opinion

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



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

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


Sriraman Parthasarathy
Partner
(Membership No. 206834)

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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



- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, which have not been deposited as on 31 March 2016 on account of disputes are given below:

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

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




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- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.



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

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


Sriraman Parthasarathy
Partner
(Membership No. 206834)

Fortis Malar Hospitals Limited
Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	186,207,590	186,095,090
(b) Reserves and Surplus	4	769,600,030	718,474,715
		955,807,620	904,569,805
2. Non-Current Liabilities			
Deferred Tax Liabilities (net)	5	3,307,207	2,264,966
		3,307,207	2,264,966
3. Current Liabilities			
(a) Trade Payables	6		
(i) total outstanding dues of micro enterprises and small enterprises		343,000	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		206,769,489	127,720,958
(b) Other Current Liabilities	7	102,272,480	50,042,439
(c) Short-Term Provisions	8	18,155,456	14,805,524
		327,540,425	192,568,921
TOTAL		1,286,655,252	1,099,403,692
B. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9A	214,042,456	175,601,973
(ii) Intangible Assets	9B	30,980,285	1,470,804
(iii) Capital Work-In-Progress		3,595,516	6,422,636
(b) Non-Current Investments	10	500,000	500,000
(c) Long Term Loans and Advances	11	14,178,631	4,140,110
		263,296,888	188,135,523
2. Current Assets			
(a) Inventories	12	26,114,509	10,021,258
(b) Trade Receivables	13	60,205,634	42,133,983
(c) Cash and Bank Balances	14	250,837,879	183,108,232
(d) Short-Term Loans and Advances	15	627,305,612	627,505,549
(e) Other Current Assets	16	58,894,730	48,499,147
		1,023,358,364	911,268,169
TOTAL		1,286,655,252	1,099,403,692
See accompanying notes forming part of the standalone financial statements			

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



Sriraman Parthasarathy
Partner




Place: Chennai
Date: 24 May, 2016

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



Daljit Singh
Chairman


Akshaya Kumar Singh
Chief Financial Officer

Place: Chennai
Date: 24 May, 2016



Raghunath P
Whole Time Director


Sumit Goel
Company Secretary

Fortis Malar Hospitals Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No.	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
I. Income			
(a) Revenue From Operations	17	1,296,135,107	1,179,256,828
Total (I)		1,296,135,107	1,179,256,828
II. Expenditure			
(a) Purchase of Medical Consumables and Drugs	18	285,307,577	282,864,035
(b) Changes in Inventories of Medical Consumables and Drugs	19	(16,093,251)	(7,328,655)
(c) Employee Benefits Expense	20	175,591,498	154,741,923
(d) Other Expenses	21	791,296,179	673,706,377
Total (II)		1,236,102,003	1,103,983,680
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) - (II)		60,033,104	75,273,148
(a) Finance Costs	22	4,033,597	5,087,692
(b) Depreciation and Amortisation Expense	9A & 9B	31,577,976	27,117,598
(c) Interest Income	23	(77,207,545)	(73,640,823)
IV. Profit before Exceptional Items and Tax		101,629,076	116,708,681
V. Less: Exceptional Item	24	5,115,031	-
VI. Profit Before Tax		96,514,045	116,708,681
VII. Tax Expense:			
(a) Current Tax		33,300,000	43,648,921
(b) Deferred Tax		1,042,241	(3,534,843)
Net Tax Expense		34,342,241	40,114,078
VIII. Profit for the Year		62,171,804	76,594,603
Earnings per Share	31		
- Basic [Nominal value of shares Rs. 10/- each]		3.34	4.12
- Diluted [Nominal value of shares Rs. 10/- each]		3.32	4.10

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

P. Sriraman

Sriraman Parthasarathy

Partner



Place: Chennai

Date: 24 May, 2016

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

Darjit Singh
Darjit Singh
Chairman

Akshaya Kumar Singh
Akshaya Kumar Singh
Chief Financial Officer

Place: Chennai

Date: 24 May, 2016

Raghunath P
Raghunath P
Whole Time Director

Sumit Goel
Sumit Goel
Company Secretary

Fortis Malar Hospitals Limited
Cash Flow Statement for the Year Ended March 31, 2016

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

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants



Sriraman Parthasarathy
Partner

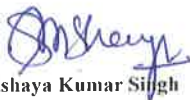


Place: Chennai
Date: 24 May, 2016

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



Daljit Singh
Chairman



Akshaya Kumar Singh
Chief Financial Officer

Place: Chennai
Date: 24 May, 2016



Raghunath P
Whole Time Director



Sumit Goel
Company Secretary

1 CORPORATE INFORMATION

Fortis Malar Hospitals Limited ('the Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and it commenced its commercial operations in Chennai in the year 1992. The Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company.

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

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

2.2 Use of Estimates

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

2.3 Inventories

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

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

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

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

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

2.5 Cash Flow Statement

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

2.6 Depreciation and Amortisation

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

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

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

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

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

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

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



2.7 Revenue Recognition

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

Inpatient and Outpatient revenue

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

Sale of traded goods – pharmacy items

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

Interest

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

Income from Served From India Scheme (SFIS)

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

2.8 Fixed Assets - Tangible and Intangible

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

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

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

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

2.9 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

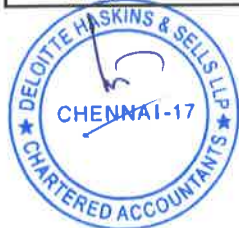
Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of Exchange differences

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

2.10 Investments

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



2.11 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

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

Defined benefit plans:

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

Short-term employee benefits:

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

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

Long-term employee benefits:

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

2.12 Employee stock compensation cost

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

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2015 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

2.13 Borrowing Costs

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

2.14 Segment reporting

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

2.15 Leases

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



2.16 Earnings per Share

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

2.17 Taxes on Income

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

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

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

2.18 Impairment of Assets

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

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

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

2.19 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes to the Financial Statements.

2.20 Insurance Claims

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

2.21 Measurement of EBITDA

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

2.22 Operating Cycle

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



3 SHARE CAPITAL

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

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

Notes:

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

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

(ii) Shares issued during the year

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

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

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

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

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

(v) Terms/ rights attached to equity shares

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

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

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

4 RESERVES AND SURPLUS

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

5 DEFERRED TAX LIABILITIES (NET)

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

6 TRADE PAYABLES

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



7 OTHER CURRENT LIABILITIES

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

8 SHORT-TERM PROVISIONS

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



9 FIXED ASSETS

CURRENT YEAR

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Amount in Rs.		
	Balance as at 1 April 2015	Additions	Disposals	Reclassified as held for sale	Balance as at 31 March 2016	Balance as at 1 April 2015	For the year	Eliminated on Disposal of Assets	Eliminated on reclassification as held for sale	Balance as at 31 March 2016	Balance as at 31 March 2015
A. Tangible Assets - Owned / Acquired											
(a) Plant and Equipments	21,834,572	755,452	-	-	22,590,024	7,823,805	1,305,962	-	-	13,460,257	14,010,767
(b) Medical Equipments	242,943,976	66,048,491	-	27,311,570	281,680,897	97,020,806	19,658,543	-	18,164,782	183,166,330	145,923,170
(c) Furnitures and Fixtures	18,017,101	7,305,128	-	-	25,322,229	8,305,262	1,787,976	-	-	15,228,991	9,711,839
(d) Computers	14,718,412	501,984	-	-	15,220,396	9,677,280	5,297,360	-	-	245,756	5,041,132
(e) Office Equipments	-	2,005,156	-	-	2,005,156	-	64,034	-	-	1,941,122	-
(f) Vehicles	1,089,157	-	1,089,157	-	-	174,092	213,919	388,011	-	-	915,065
Sub-Total	298,603,218	76,616,211	1,089,157	27,311,570	346,818,702	123,001,245	28,327,794	388,011	18,164,782	214,042,456	175,601,973
B. Intangible Assets - Owned / Acquired											
(a) Software	5,313,472	32,759,663	-	-	38,073,135	3,842,668	3,250,182	-	-	30,980,285	1,470,804
Sub-Total	5,313,472	32,759,663	-	-	38,073,135	3,842,668	3,250,182	-	-	30,980,285	1,470,804
Grand Total	303,916,690	109,375,874	1,089,157	27,311,570	384,891,837	126,843,913	31,577,976	388,011	18,164,782	245,022,741	177,072,777

PREVIOUS YEAR

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Amount in Rs.	
	Balance as at 1 April 2014	Additions	Disposals	Balance as at 31 March 2015	Balance as at 1 April 2014	For the year (Refer Note Below)	Eliminated on Disposal of Assets	Balance as at 31 March 2015	Balance as at 31 March 2014	Balance as at 31 March 2014
A. Tangible Assets - Owned / Acquired										
(a) Plant and Equipment	20,864,474	1,295,132	325,034	21,834,572	6,150,449	1,857,669	184,313	7,823,805	14,010,767	14,714,025
(b) Medical Equipments	222,031,277	21,428,167	515,468	242,943,976	75,114,335	22,397,597	491,126	97,020,806	145,923,170	146,916,942
(c) Furniture and Fixtures	11,043,118	7,371,904	397,921	18,017,101	5,417,346	3,173,111	285,195	8,305,262	9,711,839	5,625,772
(d) Computers	12,883,897	2,843,714	1,009,199	14,718,412	6,852,743	3,829,830	1,005,293	9,677,280	5,041,132	6,031,154
(e) Vehicles	1,089,157	-	-	1,089,157	43,372	130,720	-	174,092	915,065	1,045,785
Sub-Total	267,911,923	32,938,917	2,247,622	298,603,218	93,578,245	31,388,927	1,965,927	123,001,245	175,601,973	174,333,678
B. Intangible Assets - Owned / Acquired										
(a) Software	5,313,472	-	-	5,313,472	3,330,210	512,458	-	3,842,668	1,470,804	1,983,262
Sub-Total	5,313,472	-	-	5,313,472	3,330,210	512,458	-	3,842,668	1,470,804	1,983,262
Grand Total	273,225,395	32,938,917	2,247,622	303,916,690	96,908,455	31,901,385	1,965,927	126,843,913	177,072,777	176,316,940

Fortis Malar Hospitals Limited

Notes forming part of the standalone financial statements for the year ended March 31, 2016 (Contd.)

10 NON-CURRENT INVESTMENTS

(Valued at Cost)

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

11 LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

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



12 INVENTORIES

(Valued at Lower of Cost and Net Realisable Value)

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

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

13 TRADE RECEIVABLES

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

14 CASH AND BANK BALANCES

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

Note:

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



15 SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

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

Note:

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

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

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

16 OTHER CURRENT ASSETS

(Unsecured, Considered Good)

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



17 REVENUE FROM OPERATIONS

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

18 PURCHASES OF MEDICAL CONSUMABLES AND DRUGS

(Refer Note 12.1)

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

19 CHANGES IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS

(Refer Note 12.1)

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

20 EMPLOYEE BENEFITS EXPENSE

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



21 OTHER EXPENSES

Particulars	For the Year Ended March 31, 2016 Amount in Rs.	For the Year Ended March 31, 2015 Amount in Rs.
(a) Contractual Manpower	15,001,691	5,733,967
(b) Power, Fuel and Water	27,559,843	21,718,938
(c) Clinical Establishment Fee (Refer Note (i) below)	188,403,554	176,233,740
(d) Housekeeping Expenses	6,584,526	5,560,042
(e) Patient Food and Beverages	14,982,110	14,831,410
(f) Pathology Laboratory and Radiology Expenses	60,853,593	42,410,174
(g) Consultation Fees to Doctors	127,329,942	96,588,959
(h) Professional Charges to Doctors	222,484,328	198,848,703
(i) Repairs & Maintenance		
- Building	1,057,460	1,290,265
- Plant & Machinery	19,007,878	12,788,274
- Others	8,630,570	5,427,216
(j) Rent		
- Equipments	4,229,919	4,068,395
- Others	7,917,128	3,499,026
(k) Legal & Professional	6,702,214	4,499,497
(l) Subscription Fee	622,873	1,077,817
(m) Travel & Conveyance	13,500,103	13,846,723
(n) Rates & Taxes	213,188	156,495
(o) Printing & Stationery	8,362,006	5,328,413
(p) Communication Expenses	5,276,682	3,166,309
(q) Directors' Sitting Fees	1,335,135	753,180
(r) Insurance	4,884,923	4,130,525
(s) Marketing & Business Promotion	30,558,453	37,596,578
(t) Loss on Sale / Discarding of Fixed Assets (Net)	3,051,550	137,936
(u) Payment to Auditors		
- Statutory Audit	750,000	750,000
- Tax Audit	50,000	50,000
- Other Services	200,000	225,000
- Service Tax	144,625	140,069
- Reimbursement of Expenses	18,936	108,248
(v) Provision for Doubtful Receivables	6,903,291	5,810,438
(w) Bad Receivables/advances written off	8,147,899	346,691
Less: Release from Provision for Doubtful Receivables	(8,147,899)	-
Bad Receivables/ advances written off (net)	-	346,691
(x) Expenditure on Corporate Social Responsibility (Refer Note 38)	2,739,439	118,328
(y) Miscellaneous Expenses	1,940,219	6,465,021
TOTAL	791,296,179	673,706,377

Note:

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



Notes:

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

Amount in Rs.

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

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

- d) The fund is 100% administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- e) Actual Return on Plan Assets for the year ended 31 March 2016 - Rs. 988,000 (Previous Year: Rs. 807,000)
- f) Estimated amount of contribution to the funds during the year ended 31 March, 2017 as estimated by the management is Rs. 5,416,000 (Previous Year: Rs. 3,672,000).

26.1 Compensated Absences

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

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

27 Segment Reporting

The Company is engaged in providing health care services, which in the context of Accounting Standard 17 (Segmental Information) is considered as the only business segment and the amounts appearing in the financial statements relate to this single primary business segment. As such there are no separate business and geographic reportable segments as per AS-17 "Segment Reporting".



28 Related Party Transactions

28.1 Names of Related Parties and Nature of Relationship

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

Note:

Related party relationships are as identified by the Management.

28.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2016 Amount in Rs.	For the Year Ended 31 March 2015 Amount in Rs.
INCOME			
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	619,62,654	617,93,357
Sale of Medical Consumables & Drugs	Fortis Health Management Limited	7,56,324	6,19,247
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	572,23,438	400,16,728
Professional Charges to Doctors	Malar Stars Medicare Limited	35,88,000	36,57,000
Clinical Establishment Fee	Fortis Health Management Limited	1884,03,554	1762,33,740
Purchase of Medical Consumable and Drugs	Fortis Hospitals Limited	21,12,626	19,43,207
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited Fortis Hospitals Limited Lalitha Healthcare Private Limited Fortis Health Management Limited Malar Stars Medicare Limited	160,13,659 25,937 67,567 10,71,676 83,31,178	56,80,198 5,35,852 1,55,528 - 62,90,751
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited Fortis Hospitals Limited Fortis Health Management Limited	13,60,553 14,03,341 269,66,004	4,55,342 10,35,037 208,67,387
Managerial Remuneration	Mr. Raghunath P Mr. Akshaya Kumar Singh Mr. Vijayarathna	41,10,344 16,54,245 -	36,40,477 9,51,059 17,30,340
OTHERS			
Purchase of Medical Equipments	Fortis Healthcare Limited	268,29,457	-
Purchase of Intangible Assets - Software	Fortis Healthcare Limited	252,56,438	-
BALANCES AT THE END OF THE YEAR			
Trade Payable	Fortis Healthcare Limited SRL Limited Fortis Health Management Limited Malar Stars Medicare Limited	426,70,754 41,94,302 577,40,524 8,32,571	- 37,89,162 323,14,650 -
Capital Work-in-Progress	Healthfore Technologies Ltd.	35,95,516	-
Advances Recoverable	Fortis Healthcare Limited Fortis Hospitals Limited	- 28,000	9,34,296 -
Inter Corporate Deposits Placed	Malar Stars Medicare Limited	6179,33,576	6179,33,576
Contractually Reimbursable Expenses	Fortis Healthcare Limited	21,16,800	19,44,300
Interest Accrued But not Due	Malar Stars Medicare Limited	138,65,413	137,13,047

Note:

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



29 Employee stock option plans

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

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

Vesting Plan

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

Exercise Plan

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

Effective Date

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

The details of activity under the Scheme are summarized below:

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

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

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

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)	0.00%	0.00%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (Rs.)	Nil	Nil
Exercise price (Rs.)	26.2	26.2
Expected life of options granted in years	5	5

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

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

Particulars	March 31, 2016	March 31, 2015
	(Rs)	(Rs)
Profit after tax as reported	62,171,804	76,594,603
Add: ESOP cost using the intrinsic value method	Nil	Nil
Less: ESOP cost using the fair value method	Nil	Nil
Proforma Profit after Tax	62,171,804	76,594,603
Earnings Per Share		
Basic		
- As reported	3.34	4.12
- Proforma	3.34	4.12
Diluted		
- As reported	3.32	4.10
- Proforma	3.32	4.10

34 CIF Value of Imports

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

35 Earnings in Foreign Exchange (On Accrual Basis)

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

36 Expenditure incurred in Foreign Currency (On Accrual Basis)

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

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

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

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

- (i) Gross amount required to be spent by the Company during the year: Rs. 5,668,543
(ii) Amount spent by the Company during the year:

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

39 Order / Notice Received from CMDA

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

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

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

40 Previous Year Figures

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



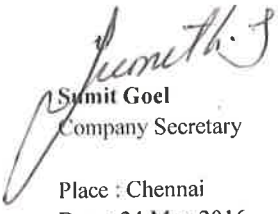
41 Approval of Standalone Financial Statements

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


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





Daljit Singh
Chairman


Sumit Goel
Company Secretary

Place : Chennai
Date : 24 May 2016


Raghunath P
Whole Time Director


Akshaya Kumar Singh
Chief Financial Officer