

INDEPENDENT AUDITOR'S REPORT

To the Members of Malar Stars Medicare Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Malar Stars Medicare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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

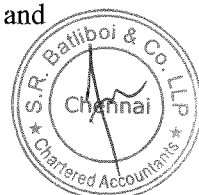
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013; and
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E



per Aniruddh Sankaran

Partner

Membership Number: 211107

Place: Chennai

Date: April 28, 2014



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Annexure referred to in our report of even date

Re: Malar Stars Medicare Limited ('the Company')

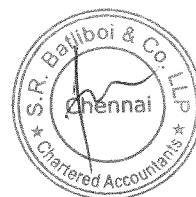
- i. The Company has no fixed assets and accordingly clause 4(i) of the Order is not applicable.
- ii. Having regard to the nature of the Company's business, clause 4(ii) of the Order is not applicable to the Company.
- iii. (a) According to the information and explanations given to us, the Company has 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) to (d) of the Order are not applicable to the Company and hence not commented upon

(b) The Company has renewed a loan of Rs 553.60 million and taken further loan of Rs.64.33 million from one company covered in the register maintained under section 301 of the Companies Act, 1956. The year-end balance of the loan taken from such party stands at Rs 631.65 million.

(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 loan taken, repayment of principal amount is as stipulated and payment of interest has been regular.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of services. The Company's operations does not involve purchase of inventories, fixed assets and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of this area.
- v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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

vii. The provisions relating to internal audit are not applicable to the Company.

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 Company.

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

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, 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.

(c) According to the information and explanations given to us, there are no dues of income tax and cess which have not been deposited on account of any dispute.

x. The Company 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. The Company has not availed any loans from financial institutions and banks or issued any debentures during the year.

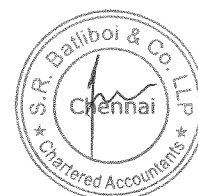
xii. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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 Order 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 Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. The Company did not have any term loans outstanding during the year.



S.R. BATLIBOI & Co. LLP

Chartered Accountants
xvii.

According to the information and explanations given to us and on an 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 did not have any outstanding debentures during the year.

xx. The Company has not raised any monies through public issues during the year.

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 year.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E



per Aniruddh Sankaran

Partner

Membership Number: 211107

Place: Chennai

Date: April 28, 2014



Malar Stars Medicare Limited
Balance Sheet as at March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2014	As at March 31, 2013
I. Equity and Liabilities			
Shareholders' funds			
Share capital	3 (i)	500,000	500,000
Reserves and surplus	3 (ii)	5,811,719	3,633,292
		<u>6,311,719</u>	<u>4,133,292</u>
Current liabilities			
Short-term borrowings	3 (iii)	617,933,577	553,600,000
Trade payables	3 (iv)	208,163	154,802
Other current liabilities	3 (v)	15,811,215	70,531,345
Short-term Provisions	3(vi)	203,118	175,008
		<u>634,156,073</u>	<u>624,461,155</u>
Total		<u><u>640,467,792</u></u>	<u><u>628,594,447</u></u>
II. Assets			
Non-current assets			
Deferred Tax Asset	3 (vii)	95,838	70,664
Other non-current assets	3 (viii)	11,408,568	6,785,547
		<u>11,504,406</u>	<u>6,856,211</u>
Current assets			
Cash and cash equivalents	3 (ix)	144,694	827,854
Short Term Loans and Advances	3 (x)	614,500,000	561,677,534
Other current assets	3 (xi)	14,318,692	59,232,848
		<u>628,963,386</u>	<u>621,738,236</u>
Total		<u><u>640,467,792</u></u>	<u><u>628,594,447</u></u>

Summary of significant accounting policies 2.1

The notes referred to above form an integral part of the Balance Sheet.
As per our report of even date

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

Aniruddh Sankaran
per Aniruddh Sankaran
Partner
Membership No: 211107

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

Ashish Bhatia
Ashish Bhatia
Director

Sandeep Puri
Sandeep Puri
Director

Place: Chennai
Date: April 28, 2014



Place: Gurgaon
Date: April 28, 2014

Place: Gurgaon
Date: April 28, 2014

Malar Stars Medicare Limited

Statement of Profit and Loss for the year ended March 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income			
Revenue from operations	3 (xii)	3,657,000	3,933,000
Other Income		90,136	-
Total revenue		3,747,136	3,933,000
Expenditure			
Employee benefits expense	3 (xiii)	3,181,952	3,413,716
Other expenses	3 (xiv)	204,493	145,232
Total expenses		3,386,445	3,558,948
Earnings before interest, tax, depreciation and amortization (EBITDA)		360,691	374,052
Profit before exceptional items and tax		360,691	374,052
Exceptional items:			
Interest expense on intercorporate deposit received	4	(61,793,357)	(61,865,315)
Interest income on intercorporate deposit placed	4	64,585,239	65,814,276
Profit before Tax		3,152,573	4,323,013
Tax expense			
Current income tax		999,319	1,354,207
Deferred Tax		(25,173)	(18,397)
		974,146	1,335,810
Profit for the year carried over to the balance sheet		2,178,427	2,987,203
Earnings per share before exceptional item			
Basic & diluted [Nominal value of shares Rs. 10/- each]		4.98	5.17
Earnings per share after exceptional item		43.57	59.74
Basic & diluted [Nominal value of shares Rs. 10/- each]			

Summary of significant accounting policies

2.1

The notes referred to above form an integral part of the Statement of Profit and Loss.
As per our report of even date

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

Aniruddh Sankaran
per Aniruddh Sankaran
Partner
Membership No: 211107



Place: Chennai
Date: April 28, 2014

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

Ashish Bhatia
Ashish Bhatia
Director

Sandeep Puri
Sandeep Puri
Director

Place: Gurgaon
Date: April 28, 2014

Place: Gurgaon
Date: April 28, 2014

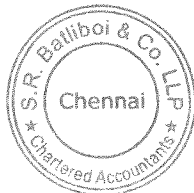
Malar Stars Medicare Limited
Cash flow statement for the year ended March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. Cash flow from operating activities		
Net profit before tax	3,152,573	4,323,013
Interest income	(64,585,239)	(65,814,276)
Interest expense	61,793,357	61,865,315
Operating profit before working capital changes	360,691	374,052
Movements in working capital :		
Increase/(decrease) in trade payables	53,361	-
Increase/(decrease) in short term provisions	28,110	59,536
Increase/(decrease) in other current liabilities	(4,099,599)	5,224,888
Cash generated from/ (used in) operations	(3,657,437)	5,658,476
Direct taxes paid	(5,622,341)	(6,584,948)
Net cash from / (used in) operating activities (A)	(9,279,778)	(926,472)
B. Cash flows from investing activities		
Inter Corporate deposit placed	(614,500,000)	(60,500,000)
Inter Corporate deposit refund received	561,677,534	157,910,000
Interest received on Inter Corporate deposit	109,499,395	6,581,427
Net cash from /(used in) investing activities (B)	56,676,929	103,991,427
C. Cash flows from financing activities		
Inter Corporate deposit received	64,333,577	60,500,000
Inter Corporate deposit repaid	-	(156,900,000)
Interest on ICD received	(112,413,888)	(6,186,532)
Net cash from/ (used in) financing activities (C)	(48,080,311)	(102,586,532)
Net increase in cash and cash equivalents (A + B + C)	(683,160)	478,423
Total cash and cash equivalents at the beginning of the year	827,854	349,431
Cash and cash equivalents at the end of the year	144,694	827,854
Components of cash and cash equivalents:		
Cash in hand	-	2,000
Balances with scheduled banks on current accounts	144,694	825,854
Total	144,694	827,854

As per our report of even date

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

Aniruddh Sankaran
per Aniruddh Sankaran
Partner
Membership No: 211107



Place: Chennai
Date: April 28, 2014

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

Ashish Bhatia
Ashish Bhatia
Director

Sandeep Puri
Sandeep Puri
Director

Place: Gurgaon
Date: April 28, 2014

Place: Gurgaon
Date: April 28, 2014

Malar Stars Medicare Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts are Indian Rupees, unless otherwise stated)

1. Corporate information

Malar Stars Medicare Limited ('Malar Stars' or 'the Company') was incorporated in the year 2009. The Company is a 100% subsidiary of Fortis Malar Hospitals Limited. The Company is engaged in the business of providing medical and surgical consultancy to its holding Company on a cost plus model.

2. Basis of preparation, presentation and disclosure of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

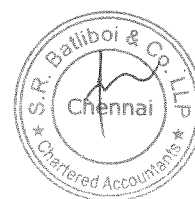
2.1 Summary of significant accounting policies

a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b Impairment of Assets

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 recognized 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 at the weighted average cost of capital.



c 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. The following specific recognition criteria must also be met before revenue is recognized.

Operating Income

Income from medical services represents medical and surgical consultancy provided to its holding company based on an agreed cost plus formula.

Interest Income

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

d Retirement and other employee benefits

i. 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.

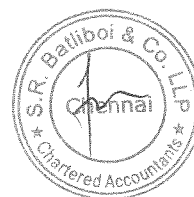
ii. Actuarial gains/losses

Actuarial gains/ losses are recognized in the statement of profit and loss as they occur.

e Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount and expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects 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 recognized 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 realized.



Malar Stars Medicare Limited

Notes to financial statements for the year ended March 31, 2014

(All amounts are Indian Rupees, unless otherwise stated)

f Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the 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.

g 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 values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

h Contingent liabilities

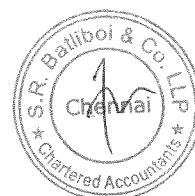
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an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

i Cash and cash equivalents

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

j Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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 continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs and tax expense.



Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2014	As at March 31, 2013
Note 3(i) : Share Capital		
Authorised:		
50,000 (Previous year: 50,000) Equity shares of Rs.10/- each	500,000	500,000
	500,000	500,000
Issued, Subscribed and Paid up:		
50,000 (Previous year: 50,000) Equity shares of Rs.10/- each	500,000	500,000
	500,000	500,000

Note A: Reconciliation of Equity Shares outstanding

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	500,000	50,000	500,000

Note B:

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

Of the above :

50,000 Equity Shares (Previous year: 50,000) are held by Fortis Malar Hospitals Limited, the holding company.

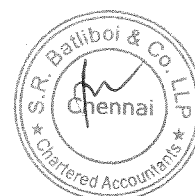
Note C: Details of shareholders having more than 5% interest in the Company

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Fortis Malar Hospitals Limited	50,000	100%	50,000	100%

Note D : Terms/ rights attached to equity shares

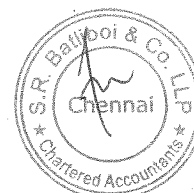
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

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.



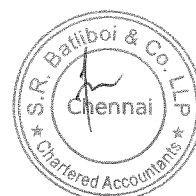
Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2014	As at March 31, 2013
Note 3(ii) : Reserves and Surplus		
a. Surplus		
Opening balance	3,633,292	646,089
Net Profit for the year	2,178,427	2,987,203
Closing balance	<u>5,811,719</u>	<u>3,633,292</u>
Note 3 (iii) : Short Term Borrowings		
Loans and advances from related party		
Inter corporate deposit from holding company (Unsecured)	617,933,577	553,600,000
	<u>617,933,577</u>	<u>553,600,000</u>
Note 3 (iv) : Trade Payables		
Trade Payables (Refer Note 8)	208,163	154,802
	<u>208,163</u>	<u>154,802</u>
Note 3 (v) : Other Current Liabilities		
Interest accrued but not due on Inter corporate deposit	13,713,046	64,333,577
Statutory payables	1,534,908	6,197,768
Advance received from Customer	563,261	-
	<u>15,811,215</u>	<u>70,531,345</u>
Note 3 (vi) : Short Term Provisions		
Provision for gratuity (refer Note 6)	203,118	175,008
	<u>203,118</u>	<u>175,008</u>
Note 3 (vii) : Deferred Tax Assets		
Deferred tax asset arising on account of:		
Effect of expenditure debited to the statement of profit and loss in the current year but not allowed for tax purposes	95,838	70,664
	<u>95,838</u>	<u>70,664</u>
Note 3 (viii) : Other Non Current Assets		
Unsecured, Considered good		
Advance tax and tax deducted at source	11,408,568	6,785,547
	<u>11,408,568</u>	<u>6,785,547</u>
Note 3 (ix) : Cash and Bank Balances		
Cash and cash equivalents		
Balances with banks		
- On current accounts	144,694	825,854
Cash in hand	-	2,000
	<u>144,694</u>	<u>827,854</u>
Note 3 (x) : Short Term Loans and Advances		
Unsecured, Considered good		
Inter corporate Deposit	614,500,000	561,677,534
(Maximum amount outstanding during the year Rs. 628,818,692 (Previous year Rs. 650,000,000))	<u>614,500,000</u>	<u>561,677,534</u>
Note 3 (xi) : Other Current Assets		
Unsecured, Considered good		
Interest accrued but not due on Inter corporate deposits	14,318,692	59,232,848
	<u>14,318,692</u>	<u>59,232,848</u>



Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Note 3 (xii) : Revenue from Operations		
Sales of Services		
Income from medical services	3,657,000	3,933,000
	3,657,000	3,933,000
Note 3 (xiii) : Employee Benefits expense		
Salaries, wages and bonus	3,153,842	3,354,180
Gratuity (refer Note 6)	28,110	59,536
	3,181,952	3,413,716
Note 3 (xiv) : Other Expenses		
<u>Auditors' remuneration</u>		
-Statutory Audit	84,270	84,270
-Tax Audit	28,090	28,090
-Out of pocket expenses	1,236	-
Rates and Taxes	5,226	2,804
Professional Charges	85,671	30,068
	204,493	145,232



Malar Stars Medicare Limited**Notes to financial statements for the year ended March 31, 2014***(All amounts are Indian Rupees, unless otherwise stated)***4 Inter corporate deposit**

Pursuant to restructuring at the group, the Company had received an amount of Rs. 617,933,577 as inter corporate deposit at 10% interest per annum during the previous year. Inter corporate deposits being excess funds with the Company have been placed as inter corporate deposit with one of its group companies at an interest rate of 10.50% p.a.

5 Segment reporting**Primary Segment**

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. Accordingly, no separate segmental information has been provided herein.

Secondary Segment – Geographical Segment.

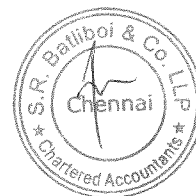
The Company only operates in India and therefore it caters to the needs of the domestic market. Therefore, there are no reportable geographical segments.

6 Gratuity

The Company 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 scheme is unfunded.

The following table summarizes the components of net benefit expense recognized in the profit and loss account and the fund status and amounts recognized in the balance sheet.

Statement of profit and loss		March 31, 2014	March 31, 2013
Net employee benefit expense (recognized in Personnel Costs)			
(i)	Current service cost	47,283	59,536
(ii)	Past Service Cost	-	-
(iii)	Interest cost on Benefit Obligations	14,123	-
(iv)	Expected return on plan assets	-	-
(v)	Past Service Cost (Non Vested Benefits)	-	-
(vi)	Net actuarial (gains)/ losses recognised in the year	(33,296)	-
(vii)	Net (benefit) / expense	28,110	59,536
(viii)	Actual return on plan assets	-	-



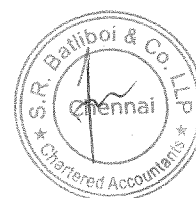
Malar Stars Medicare Limited**Notes to financial statements for the year ended March 31, 2014***(All amounts are Indian Rupees, unless otherwise stated)*

Balance Sheet		March 31, 2014	March 31, 2013
Details of Provision for gratuity			
(i)	Defined benefit obligation	203,118	175,008
(ii)	Fair value of plan assets	-	-
(iii)	Unrecognized past service cost	-	-
(iv)	Plan Liability /(Asset)	203,118	175,008
(i)	Opening defined benefit obligation	175,008	115,472
(ii)	Current service cost	47,283	59,536
(iii)	Past Service Cost	-	-
(iv)	Interest cost	14,123	-
(v)	Actuarial (gains) / losses on obligation	(33,296)	-
(vi)	Benefits paid		
(vii)	Closing defined benefit obligation	203,118	175,008
(i)	Opening fair value of plan assets	-	-
(ii)	Expected return	-	-
(iii)	Actuarial gains / (losses)	-	-
(iv)	Contributions by employer	-	-
(v)	Benefits paid	-	-
(vi)	Closing fair value of plan assets	-	-

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

Particulars	March 31, 2014	March 31, 2013
Discount rate	9.25% p.a.	8.07% p.a.
Mortality rate	LIC (1994-96) Ultimate mortality table	LIC (1994-96) Ultimate mortality table
Withdrawal rate	4.00% p.a	4.00% p.a
Salary escalation rate	4.00% p.a	4.00% p.a

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



Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2014
(All amounts are Indian Rupees, unless otherwise stated)

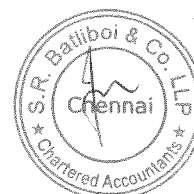
7 Related Party Disclosures

7.1. List of related parties

Relationship	Name of the related Party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Malar Hospitals Limited
Enterprises under common control	Fortis Health Management (North) Limited Escorts Heart and Research Institute Limited Fortis Hospitals Limited

7.2. Transactions during the year with related parties

Particulars	March 31, 2014		March 31, 2013	
	Holding Company	Entities under Common Control	Holding Company	Entities under Common Control
Transactions during the year				
Income from services rendered				
Fortis Malar Hospitals Limited	3,657,000	-	3,933,000	-
Inter corporate deposit Received				
Fortis Malar Hospitals Limited	64,333,577	-	60,500,000	-
Inter corporate deposit repaid				
Fortis Malar Hospitals Limited	-		156,900,000	
Interest Expense				
Fortis Malar Hospitals Limited	61,793,357	-	61,865,315	-
Inter corporate deposit placed				
Fortis Health Management (North) Limited	-	-	-	60,500,000
Escorts Heart and Research Institute Limited		614,500,000		
Reimbursement of expenses				
Fortis Malar Hospitals Limited	-	-	1,462	-
Inter corporate deposit repaid				
Fortis Health Management (North) Limited	-	561,677,534	-	157,910,000
Interest Earned				
Fortis Health Management (North) Limited	-	32,235,602	-	65,814,276
Escorts Heart and Research Institute Limited	-	32,349,637		-
Balance outstanding at the end of the year				
Short term borrowings - Inter corporate deposit payable				
Fortis Malar Hospitals Limited	617,933,577	-	553,600,000	-




Malar Stars Medicare Limited**Notes to financial statements for the year ended March 31, 2014***(All amounts are Indian Rupees, unless otherwise stated)*

Particulars	March 31, 2014		March 31, 2013	
	Holding Company	Entities under Common Control	Holding Company	Entities under Common Control
Interest accrued on Inter corporate deposit payable but not due				
Fortis Malar Hospitals Limited	13,713,046	-	64,333,577	-
Inter Corporate deposit receivable				
Fortis Health Management (North) Limited	-	-	-	561,677,534
Escorts Heart and Research Institute Limited		614,500,000		-
Interest accrued on Inter corporate deposit receivable but not due				
Fortis Health Management (North) Limited	-	-	-	59,232,848
Escorts Heart and Research Institute Limited	-	14,318,692		-
Advance received from customer				
Fortis Malar Hospitals Limited	5,63,261	-	-	-

- 8 There are no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2014 and year ended March 31, 2013.
- 9 Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date

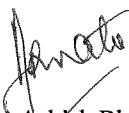
For S R Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E


per Aniruddh Sankaran
Partner
Membership No.: 211107

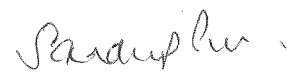
Place: Chennai
Date: April 28, 2014



For and on behalf of the Board of Directors of
Malar Stars Medicare Limited


Ashish Bhatia
Director

Place: Gurgaon
Date: April 28, 2014


Sandeep Puri
Director

Place: Gurgaon
Date: April 28, 2014