Fortis Malar Hospital

Your good health **is our reward**

ANNUAL REPORT 2019-2020

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CORPORATE **INFORMATION**

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

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Mayank Jain

CHIEF FINANCIAL OFFICER
Mr. Yogendra Kumar Kabra (w.e.f. June 13, 2020)

STATUTORY AUDITORS
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REGISTRAR AND TRANSFER AGENT
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E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

BOARD OF **DIRECTORS**

Mr. Daljit Singh
(Non-Executive Director and Chairman)

Mr. C.K. Nageswaran
(Whole-Time Director)

Mr. Murari Pejavar
(Independent Director)

Dr. Nithya Ramamurthy
(Non-Executive Director)

Mr. Ramesh L Adige
(Independent Director)

Mr. Ravi Rajagopal
(Independent Director)

FORTIS MALAR, CHENNAI, IS TODAY RECOGNISED AS A WORLD-CLASS INSTITUTION IN THE HEALTHCARE SPACE, THANKS TO THE PAINSTAKING EFFORTS OF A WONDERFUL TEAM COMPRISING OF DEDICATED DOCTORS, NURSES, PARAMEDICS, SUPPORT STAFF AND HOSPITAL ADMINISTRATORS.

Daljit Singh
Chairman

CHAIRMAN'S **MESSAGE**

DEAR SHAREHOLDERS,

It gives me great pleasure to present the results of your Company for the year ended March 31, 2020.

Founded in 1989, Fortis Malar Hospitals (earlier known as Malar Hospitals), became a part of the Fortis family in early 2008. Fortis Malar, Chennai, is today recognised as a world-class institution in the healthcare space, thanks to the painstaking efforts of a wonderful team comprising of dedicated doctors, nurses, paramedics, support staff and hospital administrators. Every day, these highly committed people give their best, ensuring excellent clinical outcomes and delivering compassionate patient care. At the very outset, I thank all staff members of Fortis Malar for their contribution towards building this remarkable institution.

During the year under consideration, Fortis Malar rolled out a comprehensive Seniors First programme, targeted at the city's growing population of elders. The programme was well received and led to a 45% growth in business from senior citizens. A special 'Delivery' package was also introduced for would-be mothers, which led to a 6% growth in the number of deliveries and 9% growth in value terms. Other highlights during the year were the addition of many senior consultants in major specialities, such as Orthopaedics, Neuro Sciences, Cardiology and Cardio Thoracic & Vascular Surgery (CTVS). The new consultants have already performed some outstanding cases, which have been featured in the local media.

Our team of doctors garnered several clinical successes during the year. A team led by Dr Nandkumar Sundaram, Senior Consultant Orthopaedic Surgeon, performed Chennai's first All Autologous Cartilage Transplant (AACT) on a 72-year-old woman with articular cartilage defect of the knee and the minimally invasive Proximal Femoral Nail (PFN) procedure on 93-year-old, who walked on the same day, merely six hours after the procedure. A team of senior CTVS consultants led by Dr Madhu Sankar and Dr Anto Sahayaraj performed a technically challenging minimally invasive cardiac surgical procedure on a 35-year-old woman under Tamil Nadu Chief Minister's Comprehensive Health Insurance Scheme. This is extremely creditable and reflective of the high-end multi-speciality expertise available at the hospital. Other specialities at your hospital, such as Neurology, Obstetrics & Gynaecology, Orthopaedics and Gastroenterology, to name a few, also delivered very encouraging results.

The year under consideration was an extremely challenging one for your Company. The business was adversely impacted by non-availability of organs for international patients since Q3 of the previous year. This trend continued in the first two quarters of this financial year. Additionally, your hospital also witnessed the exit of a few senior clinicians. This, coupled with the discontinuation of heart and lung transplants programme from November 2019, has severely impacted both top-line as well as bottom line of the Company.

During the year, your Company achieved Consolidated Annual Revenue of ₹ 123.06 Crores as against ₹ 154.70 Crores in the previous corresponding financial year. Profit / (Loss) before tax was ₹ (11.93) Crores compared to ₹ 2.79 Crores in the previous financial year. Profit / (Loss) for the year was ₹ (8.89) Crores compared to ₹ 2.06 Crores in the previous financial year. The average revenue per occupied bed (ARPOB) stood at ₹ 171 Lakhs in FY 2020 as against ₹ 169 Lakhs in FY 2019. The average length of stay (ALOS) was 4.02 days in FY 2020 compared to 4.25 days in FY 2019. In the last two weeks of the year, the hospital saw a significant drop in patient footfalls and occupancy, owing to the lockdown declared by the Government owing to the COVID-19 pandemic.

Your hospital put up a brave performance in spite of very challenging circumstances. Nevertheless, our unflinching commitment towards all our patients and the society at large remains as strong as ever. As a responsible corporate citizen, Fortis Malar contributed to the society by undertaking several corporate social responsibility activities. These included cleanliness and hygiene maintenance activities, offering Basic Life Support training to citizens and conducting health camps. With the spread of COVID-19 pandemic towards the end of the Financial Year, your hospital made a CSR fund contribution to the 'Prime Minister's National Relief Fund' (PMNRF Fund) towards supporting the Government's efforts to mitigate the spread and impact of the infection.

Before I conclude, I would like to thank all our shareholders and other stakeholders for their continued support through the year. I am sure that with your guidance, we will continue to serve our patients with renewed vigour and zeal in the years to come.

With Best Wishes and Warm Regards,

Daljit Singh
Chairman
Fortis Malar Hospitals Limited

BOARD **REPORT**

Dear Members,

Your Directors have pleasure in presenting here the Twenty Ninth Annual Report of your Company along with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2020.

FINANCIAL RESULTS

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

(₹ In Lakhs)

Particulars	Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	11,187.20	14,459.39
Other Income	1,118.58	1,011.08
Total Income	**12,305.78**	**15,470.47**
Total Expenses	11,465.38	14,702.19
Profit before Finance Charges, Taxes, Depreciation & Amortisation (EBITDA)	**840.40**	**768.28**
Less: Finance Charges, Depreciation & Amortization	2,033.90	489.21
Profit / (Loss) before tax	**(1,193.50)**	**279.07**
Less: Tax Expenses	(304.14)	73.52
Profit / (Loss) for the year	**(889.36)**	**205.55**
Other Comprehensive Income (Net of Taxes)	(7.32)	12.32
Total Comprehensive Income for the year	(896.68)	217.87

(₹ In Lakhs)

Particulars	Standalone	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	11,187.20	14,459.39
Other Income	1,092.34	968.44
Total Income	**12,279.54**	**15,427.83**
Total Expenses	11,461.21	14,702.63
Profit before Finance Charges, Taxes, Depreciation & Amortisation (EBITDA)	**818.33**	**725.20**
Less: Finance Charges, Depreciation & Amortisation	2,033.90	489.21
Profit / (loss) before tax	**(1,215.57)**	**235.99**
Less: Tax Expenses	(309.88)	62.32
Profit / (Loss) for the year	**(905.69)**	**173.67**
Other Comprehensive Income (Net of Taxes)	(11.16)	11.12
Total Comprehensive Income for the year	(916.85)	184.79

STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

Fortis Malar Hospital (formerly known as Malar Hospital) was acquired by Fortis Group in early 2008. The hospital founded in 1989, has established itself as one of the largest corporate hospitals in Chennai, providing quality super specialty and multi-specialty healthcare services. With a total bed-strength of 141, including 53 ICU beds, the hospital focuses on providing comprehensive medical care in the areas of Cardiology and Cardiac Surgery, Neuro Surgery, Gynecology, Orthopedics, Gastroenterology, Neurology, Pediatrics, Diabetics, Nephrology and Internal Medicine.

Fortis Malar Hospital has a state of the art Cath Lab and multiple dedicated cardiac operation theatres and intensive coronary care units. Several rare and complex Adult and Pediatric, Cardiac surgeries, Orthopedic and Joint replacements, Neurosurgeries and Plastic reconstruction surgeries have been performed at this hospital. The hospital's Obstetrics and Gynecology services are among the busiest in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

The year under consideration was an extremely challenging one for your company. Already, the business had been adversely impacted by non-availability of organs for international patients since Q3 of the previous year. This trend continued in the first two quarters of this financial year. Added to this, your hospital saw a few senior clinicians leave in the first quarter. In November 2019, the CTVS team which had done more than 300 transplants in your hospital in the last 5 years left to join another city hospital.

Towards the end of the year, your company also got severely impacted by the COVID-19 pandemic. The occupancy in your hospital dropped to its lowest level of 35% owing to the lockdown announced by the Government, decline in OPDs and elective surgeries. We expect the situation to get worse in the first quarter of the year 2020-21 – and normalcy to return by the third quarter of the year 2020-21.

SIGNIFICANT MATTERS DURING THE YEAR UNDER REVIEW

OPEN OFFER

Pursuant to execution of Share Subscription Agreement on July 13, 2018 ("SSA"), Northern TK Venture Pte Ltd ("NTK" or the "Acquirer"), a wholly owned subsidiary of IHH Berhard, subscribed to 235,294,117 new equity shares of Fortis Healthcare Limited ("FHL") with a face value of ₹ 10 each ("Subscription Shares"), constituting approximately 31.1% of the total voting equity share capital of FHL on a fully diluted basis ("Expanded Voting Share Capital") for a total consideration of ₹ 4,000 crore and FHL issued and allotted the Subscription Shares by way of preferential allotment in accordance with the terms of the SSA ("Subscription"). As a consequence of the Subscription, the Acquirer together with IHH Healthcare Berhad ("PAC 1") and Parkway Pantai Limited ("PAC 2"), (collectively referred to as the "PACs") made a mandatory open offer, by filing a public announcement dated July 13, 2018. The Subscription was completed in accordance with the terms of the SSA on November 13, 2018 and NTK became the controlling shareholder of FHL.

As a consequence of the Subscription, NTK was required to carry out the following:

(i) a mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of ₹ 10 each in FHL, representing additional 26% of the Expanded Voting Share Capital of FHL, at a price of not less than ₹ 170 per share ("Fortis Open Offer") or such higher price as required under the Securities and Exchange Board of India ("SEBI") (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations"); and

(ii) in light of the acquisition of the controlling stake of FHL, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of ₹ 10 each in Fortis Malar Hospitals Limited ("Malar"), representing 26% of the paid-up equity shares of Malar at a price of ₹ 58 per share ("Malar Open Offer"). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

On December 14, 2018, Hon'ble Supreme Court of India passed an order in the matter of "Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors.", directing "status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained" ("Order"). Pursuant thereto, decision was taken not to proceed with the Fortis Open Offer and Malar Open Offer until further order(s)/ clarification(s)/ direction(s) are issued by the Hon'ble Supreme Court of India."

RECLASSIFICATION OF PROMOTERS

The Company received a request letter ("FHsL Letter") from Fortis Hospitals Limited ("FHsL") (immediate holding company and one of the Promoters) stating that FHsL is a wholly owned subsidiary of Fortis Healthcare Limited ("FHL") and FHL, vide its letter FHL/SEC/2019-20 dated June 03, 2019 captioned "Reclassification of Promoters", intimated to stock exchanges [viz. BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")] regarding the approval granted by the stock exchanges viz. BSE & NSE for reclassification of the following promoters as public shareholders: Malvinder Mohan Singh – Trust, Harpal Singh, Abhishek Singh, Malvinder Mohan Singh, Shivinder Mohan Singh, Fortis Healthcare Holdings Private Limited, Malav Holdings Private Ltd, RHC Holding Private Limited ("Erstwhile Promoters of FHL") and that the only remaining promoter of FHL is Northern TK Venture Pte. Limited ("NTK"). Further, Securities and Exchange Board of India ("SEBI"), had on October 17, 2018, December 21, 2018, March 19, 2019 and June 28, 2019 ("SEBI Orders"), directed that Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh shall not associate themselves with the affairs of FHL and FHsL in any manner whatsoever, till further directions. FHsL, being Promoter and largest shareholder of the Company, is holding 11,752,402 equity shares representing 62.71% stake. Further, other than FHsL, following entities are Promoter / Promoter Group Companies ("Identified Promoter / Promoter Group") of the Company:

Sl. No.	Name	PAN	Number of shares held on March 31, 2020
1	PS Trust (Acting and Represented by its trustees, Mr. Malvinder Mohan Singh and Dr. Shivinder Mohan Singh)	AACTP6651N	100
2	Fortis Healthcare Holdings Private Limited	AAACF6715A	100
3	Oscar Investments Ltd	AAACO1722C	0
4	Shivi Holdings (P) Ltd	AAACO2664H	100
5	RHC Finance Private Limited	AAACW7196C	100
6	Todays Holdings Private Limited	AACCT7136K	100
7	Malav Holdings Private Limited	AADCM1170B	0
8	RHC Holding Private Limited	AAKCS7686P	0

In view of the letter received from FHsL and the facts stated herein above, the Board considered the same and empowered certain officials to issue letters to Identified Promoter / Promoter Group for intimating the decision of the Company with respect to reclassification of status of said members as public shareholders. Identified Promoters did not respond to the letters and emails sent by the Company on August 5, 2019 seeking their respective consent with respect to their reclassification. Therefore, the Board accorded its approval for proceeding with reclassification of said Identified Promoters and the said proposal was also approved by the shareholders of the Company. Further, the Company has made an application with said effect with BSE Limited for its approval and such application is pending for approval as on date of this Board Report.

OPERATIONAL AND FINANCIAL PERFORMANCE

Your company achieved a consolidated total income of ₹ 123.06 Crores during the current year as against ₹ 154.70 Crores in the corresponding financial year ended 31st March 2019. EBITDA for the year stood at ₹ 8.40 Crore compared to ₹ 7.68 Crore for the previous corresponding year. The Profit / (Loss) before tax for the period stood at ₹ (11.93) Crores as against ₹ 2.79 Crores during the corresponding period. Profit / (Loss) for the year stood at ₹ (8.89) Crores in the current financial year compared to ₹ 2.06 Crores in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) for the current year stood at ₹ 171 lacs as against ₹ 169 lacs in the previous year. The average length of stay (ALOS) was at 4.02 days in Financial Year 2020 compared to 4.25 days in Financial Year 2019. Occupancy of the hospital during the year was at 48% as compared to 58% in the previous year. There has been no change in the nature of business of the Company during the year under review.

DIVIDEND AND TRANSFER TO RESERVES

The Board of Directors of your Company has not recommended any dividend for the FY 2019-20. Accordingly, there has been no transfer to General Reserves.

LOANS/ADVANCES/INVESTMENTS/GUARANTEES

Particulars of Loans/Advances/Investments/Guarantees given & outstanding during the Financial Year 2019-20 are mentioned in notes to financial statements.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 2019-20 AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2019-20 and the date of the report.

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

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

DETAILS OF SUBSIDIARY

During the year under review, the Company has only one subsidiary Company i.e. Malar Stars Medicare Limited. The main object of the said wholly-owned subsidiary company include setting up, managing / administering hospital(s) and to provide Medicare and Healthcare services.

Further note that the Board of Directors has adopted a policy for determining "material subsidiary" pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available at https://www.fortismalar.com/frontend/investorrelations/Policy%20on%20Material%20Subsidiary%20Company-1559121470.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2019-20, the Company has no "material non-listed subsidiary" in terms of policy and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

The consolidated financial statements of the Company and its subsidiary, prepared in accordance with applicable Indian Accounting Standards, issued by the Institute of Chartered Accountants of India, forms part of the Annual Report. In terms of the Section 136 of the Companies Act, 2013, financial statements of the subsidiary company will be provided to any shareholder of the Company who asks for it and said annual accounts will also be kept open for inspection at the registered office of the Company and that of subsidiary. Performance and financial position along with contribution of the subsidiary to the overall performance of your Company which also included in the Consolidated Financial Statements of the Company is mentioned below:-

FORM NO. AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
Part A: Subsidiaries

(Amount in ₹)

S. No.	Particulars	Year ended March 31, 2020
1	Name of the subsidiary	MALAR STARS MEDICARE LIMITED
2	The date since when subsidiary was acquired	N.A.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
5	Share Capital	500,000
6	Reserves & Surplus	19,835,949
7	Total Assets	22,074,085
8	Total Liabilities	1,738,136
9	Investments	Nil
10	Turnover	1,035,000
11	Profit before Taxation	2,207,144
12	Provision for Taxation	573,605
13	Profit after Taxation	1,633,539
14	Proposed Dividend	None
15	Extent of Shareholding (in percentage)	100%

Notes:

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

Part B: Associates and Joint Ventures

As on March 31, 2020, the Company does not have any associate Company and/or Joint Venture.

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

Daljit Singh
Chairman
DIN 00135414

C K Nageswaran
Whole Time Director
DIN 08236347

Saravanan V.
Chief Financial Officer
Membership No. 216567

Mayank Jain
Company Secretary & Compliance Officer
Membership No. A 26620

AUDITORS

1. STATUTORY AUDITOR

The Board of Directors, considering the size and requirement of the Company, approved the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), upon recommendations of Audit and Risk Management Committee, for a period of five years to conduct the statutory audit for the financial years commencing from April 1, 2019 to March 31, 2024. The said appointment also approved by the shareholders at Twenty Eighth (28^{th}) Annual General Meeting and they hold the office of statutory auditor from the Twenty Eighth (28^{th}) Annual General Meeting until the conclusion of thirty third (33^{rd}) Annual General Meeting to be held in year 2024.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

2. COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with the relevant rules made thereunder or any amendments thereof, the Company is required to maintain cost records and accordingly such accounts and records are made and maintained by the Company in respect of its hospital activity and the same is required to be audited. Your Board had, upon the recommendation of the Audit & Risk Management Committee, appointed M/s Jitender, Navneet & Co., Cost Accountants to audit the cost accounts of the Company for the Financial Year 2019-20 at a remuneration of upto ₹ 75,000 (Rupees Seventy Five Thousand) plus taxes and out-of-pocket expenses. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s Jitender, Navneet & Co., Cost Auditors is included in Notice convening the Annual General Meeting.

The Notes referred to in the Cost Auditors' Report are self-explanatory and do not call for any further comments. The Cost Auditors' Report does not contain any qualification, reservation or adverse remark.

3. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Mukesh Agarwal & Co., Practicing Company Secretary to undertake the Secretarial Audit of the Company. It is hereby confirmed that the Company has complied with the provisions of SS-1 i.e. Secretarial Standard on meetings of Board of Directors and SS-2 i.e. Secretarial Standard on General Meetings. The Report of the Secretarial Audit Report is annexed herewith as "**Annexure I**".

4. INTERNAL AUDITOR

Upon the recommendation of the Audit and Risk Management Committee, the Board of Directors had appointed Mr. Rajiv Puri, Head Risk and Internal Audit of the Holding Company, as the Chief Internal Auditor of the Company and authorized him to engage independent firms for conducting the internal audit. Accordingly, EY was engaged to perform Internal Audit for the Company for financial year 2019-20.

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

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During FY 2019-20, there was no significant material order passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

STOCK OPTIONS AND CAPITAL STRUCTURE

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the ESOP Scheme of the Company in accordance with the applicable SEBI Guidelines. Each option when exercised would be converted into one fully paid up equity share of ₹ 10 each of the Company.

The Company has not made any provision of money for purchase of, or subscription for, its own shares or of its holding Company.

Pursuant to the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, the details of stock options as on March 31, 2020 under the "Malar Employees Stock Option Plan 2008" are set out in the "**Annexure-II**" to this Board' Report.

The certificate from the Statutory Auditors of the Company stating that the Schemes have been implemented in accordance with the SEBI Guidelines would be placed at the Annual General Meeting for inspection by members.

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

EXTRACT OF ANNUAL RETURN

Extract of Annual Return is annexed herewith as "**Annexure III**".

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of The Companies (Accounts) Rules, 2014, regarding Conservation of Energy, Technology Absorption and Foreign Exchange is given in "**Annexure IV**", forming part of the Board Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Management has the overall responsibility to design, implement and monitor an effective control environment that is aligned to the operating environment and inherent business risks. The internal control system has been designed to commensurate with the nature of business, size and complexity of operations and is monitored by the management to provide reasonable assurance on the achievement of objectives, effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

An entity level control framework sets the control philosophy and principles which guide the organization policy and operating processes. Your Company has institutionalized a robust process and internal control system commensurate with its size and operations. The organizational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment. Review and oversight procedures are designed to monitor effective adherence to design.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and through its observations provides an input to the management to support continuous improvement program. The internal audit program is managed by an Internal Audit function directly reporting to the Audit & Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology.

The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively. For the identified observations, management provides an action plan to address the process and control deficiencies noted in the internal audit reviews and action plans are monitored for compliance by the Internal Audit Function under the supervision and guidance of the Audit and Risk Management Committee.

CORPORATE SOCIAL RESPONSIBILITY –JOURNEY THROUGH THE YEAR (2019-20)

As a responsible corporate citizen and a member of the Indian healthcare ecosystem, we at Fortis Malar Hospitals Ltd. strongly believe that we can meaningfully alleviate the problem of inequitable access to quality healthcare. By creating and supporting social sector programmes linked to health and well-being, we seek to leverage our skills, experience, capabilities, technologies and facilities to address a critical social need for the vulnerable sections of society. We have continuously enabled programmes and initiatives, based on rigorous needs assessment, leading creating social awareness and change in the communities.

The CSR initiatives for Fortis Malar Hospitals Limited are focussed on contributing to need based program either through Fortis CSR Foundation, a special Purpose vehicle designated to carry out CSR activities or through Trust/NGO/Society focussed on need based programs for the community. Fortis CSR Foundation ("FCSRF") is wholly owned subsidiary of Fortis Healthcare Ltd. (ultimate Indian parent of Fortis Malar) and Company limited by shares not for profit registered under section 8 of the Companies Act, 2013.

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

Working with a dedicated team of employees and Volunteers, FCSRF focuses on four programs namely: AANCHAL, CHHAYA, SAVERA, SEWA. These programs work towards:

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

Fortis Malar Hospitals Limited has chosen to support Preventive health, health education and disaster relief initiatives under Section 135 of Companies Act, 2013.

CSR Initiative

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy population live longer and are more productive. The key to a healthy life is awareness/knowledge of how to stay healthy which is in line with India's Sustainable Development Goal of Good health and well-being.

Fortis Malar Hospitals Ltd. in FY 19-20 supported the following under the Savera Program

Keeping in view the spread of Novel Corona Virus (COVID-19) in India, its declaration as pandemic by World Health Organisation (WHO) and notification of it as a 'Disaster' by Government of India, the CSR funds was contributed to support the efforts of the government to tackle the coronavirus pandemic. The CSR funds were contributed to Prime Minister's National Relief Fund.

Fortis Group has always been committed to support the government's efforts in providing relief during disasters. Earlier through program SEWA, a Disaster Relief Initiative Fortis has provided medical relief services in an organised manner to people affected by Disasters.

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Daljit Singh, Non-Executive Non-Independent Director of the Board of Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposes his re-appointment to the shareholders of the Company.

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

During the period under review, Mr. Ravi Rajagopal, Independent Director, appointed with effect from October 23, 2019.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and the SEBI (Listing Agreement and Disclosure Requirements) Regulations, 2015.

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

During the year 2019-20, seven meetings were held by the Board of Directors. The details of board/committee meetings and the attendance of Directors are provided in the Corporate Governance Report.

Disclosures regarding the following are also mentioned in report on Corporate Governance forming part of this report:

1. Composition of Committee(s) of the Board of Directors and other details;
2. Details of establishment of Vigil Mechanism;
3. Details of remuneration paid to all the Directors including Stock Options; and
4. Commission received by Managing Director and/or Whole Time Director, if any.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Nomination & Remuneration Committee (**NRC**) is required to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the NRC or by an independent external agency (**IEA**). For the financial year 2019-20, NRC has appointed Strengths Masters (OPC) Private Limited (**SMPL**), independent external agency, to carry out board evaluation process and monitor and present final report thereon. SMPL carried out performance evaluation of Board of Directors, Chairman as well as the evaluation of the working of its Committees viz. Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The following process of evaluation was followed:

S. No.	Process	Remarks	Criteria for Evaluation (including Independent Directors)
1.	Kick Off Board Evaluation Program	The Chairperson kick start the process. Appointed and designated independent external agency as Process Coordinator.	NA
2.	Evaluation forms and One to One discussion	Process Coordinator interacted with the Board members to assess performance, invite direct feedback and seek inputs to identify opportunities for improvement. Process Coordinator circulated the feedback questionnaire to the board members and invited feedback from individuals, after collecting the key findings, one to one discussions were conducted to seek further clarity.	This includes Board focus (Strategic inputs), Board Meeting Management, KPI's, suggestions to improve Board performance, Board Effectiveness, Management Engagement, governance, risk management and addressing of follow up requests.
3.	Evaluation by the Board and of Independent Directors	A compilation of the individual self-assessments and one to one discussions were placed at the meetings of the Independent Director's (ID's) and the Board of Directors (BoD) for them to review collectively.	This includes demonstration of integrity, commitment, attendance at the meetings, contribution and participation, professionalism, contribution while developing Annual Operating Plans, demonstration of roles and responsibilities, review of high risk issues & grievance redressed mechanism, succession planning, working of Board Committees etc.
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation 2019-20 was presented at a meeting of the Board of Directors.	NA

MANAGERIAL REMUNERATION

Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under: -

a) **Comparison and ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20**

(Amount in ₹)

Name of the Director*	Remuneration of Director	Median Remuneration of employees	Ratio
Mr. C K Nageswaran	51,45,708	3,20,000	1:16

b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year under review

Name of Director/ KMP	Designation	% increase in Remuneration
Mr. C K Nageswaran	Whole Time Director	4%
Mr. Saravanan V	Chief Financial Officer	NA

c) The percentage increase in the median remuneration of employees in the financial year 2019-20 is 14% (4% in the last year)

d) The number of permanent employees on the rolls of Company is 538 as on March 31, 2020.

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration

Particulars		For the Financial Year 2019-20
(A)	Average percentile increases already made in the salaries of employees other than the managerial personnel	6%
(B)	Percentile increases in the managerial remuneration	6%
Comparison of (A) and (B)		0%
Justification		NA
Any exceptional circumstances for increase in the managerial remuneration		N/A

f) Salary details along with the variable component and other benefits of the remuneration being paid to directors are detailed below:

(Amount in ₹)

Name of the Director*	Salary, Allowances & Perquisites	Performance Incentives	Retiral Benefits	Service Contract (As Whole Time Director)	
				Tenure	Notice Period
Mr. C K Nageswaran	51,45,708	6,00,000	3,24,394	3 years w.e.f. October 02, 2018	3 Months

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

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

h) Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a remuneration policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director etc. and the same is also available on the website of the Company at the link https://www.fortismalar.com/frontend/investorrelations/Governance%20Document-1571650694.pdf.

PARTICULARS OF EMPLOYEES

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

RELATED PARTY TRANSACTIONS

There are a few significant Related Party Transactions made by the Company with other related parties. Disclosures as required under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in **"Annexure VI"** in Form AOC 2 as specified under the Companies Act, 2013.

All Related Party Transactions are placed before the Audit and Risk Management Committee for approval as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Prior omnibus approval of the Audit and Risk Management Committee is obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to such omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit and Risk Management Committee on a quarterly basis.

The Company has developed a Related Party Transactions Policy / Framework and Standard Operating Procedures for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the link: https://www.fortismalar.com/frontend/investorrelations/Related-Party-Transactions-Framework-Document-1557140823.pdf.

None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company, except to the extent of sitting fees and the fees paid for services rendered in the professional capacity and remuneration approved by the Board of Directors and as disclosed in this Annual Report.

RISK MANAGEMENT POLICY

The Company has designed a risk management policy and framework for risk identification, assessment, mitigation plan development and monitoring of action to mitigate the risks. The key objective of the Enterprise Risk Management ("ERM") policy is to provide a formalized framework to enable judicious allocation of resources on the critical areas which can adversely impact the Company's ability to achieve its objectives. The policy is applicable to the Company and its subsidiaries. This framework enables the management to develop and sustain a risk-conscious culture, wherein, there is a high degree of organization-wide awareness and understanding of external and internal risks associated with the business. The policy defines an architecture and oversight structure to assist effective implementation. By clearly defining terms and outlining roles and responsibilities, ERM promotes risk ownership, accountability, self-assessment and continuous improvement to minimize adverse impact on achievement of business objectives and enhance the Company's competitive advantage. The details thereof are covered under the Management and Discussion Analysis Report which forms part of the Annual Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT

Your Company has adopted a Policy for Prevention, Prohibition and Redressal of sexual harassment. We have not received any complaint relating to sexual harassment during the year hence no complaint is pending as on March 31, 2020. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same may also be read in terms of Companies (Accounts) Rules, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to place greatest emphasis on managing its affairs with diligence, transparency, responsibility and accountability. Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

The report of Board of Directors of the Company on Corporate Governance is given in the section titled "Report on Corporate Governance" forming part of this Annual Report.

Certificate of M/s. Mukesh Agarwal & Co., Company Secretary in Whole-time Practice, regarding compliance with the Corporate Governance requirements as stipulated in Clause F, Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with the Corporate Governance Report.

CODE OF CONDUCT

Declaration by Mr. C K Nageswaran, Whole-time Director, confirming compliance with the 'Code of Conduct' is enclosed with Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards has been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for financial year ended March 31, 2020 and of the loss of the Company for the said period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

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

By the Order of the Board
For Fortis Malar Hospitals Limited

Date: June 12, 2020 — **Daljit Singh**
Place: Gurugram — **Chairman**

ANNEXURE I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

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

We, **Mukesh Agarwal & Co.,** have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fortis Malar Hospitals Limited** (hereinafter referred to as the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Fortis Malar Hospitals Limited** for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable Clauses/Regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (where the shares of the Companies are listed) and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Secretarial Standards etc. mentioned above.

We further report that

During the period under review, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the above-mentioned provisions.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent reasonably in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through requisite majority and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

(i) Appointed Mr. Ravi Rajagopal as independent Director on the Board of the Company.

for **Mukesh Agarwal & Company**

Mukesh Kumar Agarwal
M No-F5991
C P No.3851
UDIN: F005991B000331107

Place: Delhi
Date: June 10, 2020

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

Annexure-A

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Due to COVID 19 Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for **Mukesh Agarwal & Company**

Mukesh Kumar Agarwal
M No-F5991
C P No.3851
UDIN: F005991B000331107

Place: Delhi
Date: June 10, 2020

ANNEXURE II

Employee Stock Option Schemes (ESOSs)

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

1. **GENERAL DISCLOSURES**

a. Relevant disclosure under 'Guidance note on Accounting for employee share based payments' issued by Institute of Chartered Accountants of India or any other relevant accounting standards as prescribed from time to time - For details please refer to notes to Standalone Financial Statements mentioned in the Annual Report 2019-20;

b. Diluted Earnings Per Share in accordance with "AS-20-Earning Per Share" for the year ended March 31, 2020 stood at ₹ (4.83)

2. **SCHEME SPECIFIC DISCLOSURES**

i. **General Disclosures**

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

S. No.	Particulars	Disclosures		
9 (a)	Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options	The effect on the profit and earning per share had the fair value method been adopted, is presented below: (Amount is ₹)		
		Profit / (Loss) after Tax as reported	(905.69) Lacs	
		Add: Intrinsic Value Compensation Cost	Nil	
		Less: Fair Value Compensation Cost	Nil	
		Adjusted Profit / (Loss)	(905.69) Lacs	
		Earnings Per Share	Basic	Diluted
		As reported	(4.83)	(4.83)
		As adjusted	(4.83)	(4.83)
9(b)	Impact on the profits of the Company and on the earnings per share ("EPS") arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Nil		
10	a) Weighted average exercise price,	₹ 26.20		
	b) Weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock	Nil		

ii. Options Movement during the FY 2019 – 20

S. No.	Particulars	Disclosures
1	Number of options outstanding at the beginning of the period	78,750
2	Number of options granted during the year	-
3	Number of options forfeited / lapsed during the year	56,250
4	Number of options vested during the year	-
5	Number of options exercised during the year	-
6	Number of shares arising as a result of exercise of options	-
7	Money realized by exercise of options (₹), if scheme is implemented directly by the company	-
8	Loan repaid by the Trust during the year from exercise price received	-
9	Number of options outstanding at the end of the year	22,500
10	Number of options exercisable at the end of the year	22,500

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

S. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
1	Key Managerial Personnel and Senior Managerial Personnel	NIL			
2	Employee who received grant in any one year equal to or more than 5% of Options granted during the Year				
3	Identified Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant				

iv. **Accounting Method and Assumptions**

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

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

Date: June 12, 2020
Place : Gurugram

Daljit Singh
Chairman

ANNEXURE III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

S. No.	Particulars	Details
1	CIN	L85110PB1989PLC045948
2	Registration Date	April 13, 1989
3	Name of the Company	Fortis Malar Hospitals Limited
4	Category/Sub-category of the Company	Public Company / Limited by Shares
5	Address of the Registered office & contact details	Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab – 160062 **Tel. No.:** +91 172 5096001 **Fax No.** +91 172 5096002 **Email Id:** secretarial.malar@malarhospitals.in **Website:** www.fortismalar.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	KFin Technologies Private Limited Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Seilingampally Mandal Hyderabad-500032 Phone No. - +91 40 6716 2222 Fax No. - +91 40 23431551. E-mail: einward.ris@kfintech.com Website: www.kfintech.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product / service*	% to total turnover of the Company
1	To establish hospitals and clinics and to conduct the same to provide comprehensive healthcare for the society in the various branches of medicine such as General Surgery, General Medicine, Pediatrics, Neurology, Cardiology, ENT, Ophthalmology, Radiology, Pathology, Gastro-entrology, Urology, Thoracic Surgery, Plastic surgery, Ortliapaedics and other allied specialties and to provide facilities for post graduate medical education/medical research.	861	100

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	IHH Healthcare Berhad* Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia	-	Holding Company	-	2(46)
2	Integrated Healthcare Holdings Limited* Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia	-	Holding Company	-	2(46)
3	Parkway Pantai Limited* 111 Somerset Road, #15-01 Triple One Somerset, Singapore 238164	-	Holding Company	-	2(46)
4	Northern TK Venture Pte. Ltd.* 111 Somerset Road, #15-01 Triple One Somerset, Singapore 238164	-	Holding Company	-	2(46)
5	Fortis Healthcare Limited* Fortis Hospital, Sector-62, Phase-VIII, Mohali, Punjab – 160062	L85110PB1996PLC045933	Holding Company	–	2(46)
6	Fortis Hospitals Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi – 110025	U93000DL2009PLC222166	Holding Company	62.71	2(46)
7	Malar Stars Medicare Limited No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai, Tamil Nadu – 600020	U93000TN2009PLC072209	Subsidiary Company	100.00	2(87)

* No direct shareholding in the Company.

There is no associate company of Fortis Malar Hospitals Limited.

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

(i) Category-wise Share Holding

S. No.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 30/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	100	0	100	0.00	100	0	100	0.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	11752802	0	11752802	62.71	11752802	0	11752802	62.71	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**11752902**	**0**	**11752902**	**62.71**	**11752902**	**0**	**11752902**	**62.71**	**0.00**

S. No.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 30/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**11752902**	**0**	**11752902**	**62.71**	**11752902**	**0**	**11752902**	**62.71**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	36000	36000	0.19	0	36000	36000	0.19	0.00
(b)	Financial Institutions /Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**0**	**36000**	**36000**	**0.19**	**0**	**36000**	**36000**	**0.19**	**0.00**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	568930	24701	593631	3.17	839236	24701	863937	4.61	1.44
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	1877689	1066307	2943996	15.71	1663960	1040246	2704206	14.43	-1.28
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1894592	107600	2002192	10.68	1903804	236840	2140644	11.42	0.74
(c)	Others									
	Clearing Members	4021	0	4021	0.02	3284	0	3284	0.02	0.00
	Directors	859377	0	859377	4.59	859377	0	859377	4.59	0.00
	Directors and their Relatives	0	*152740	152740	0.81	*0	0	0	0.00	0.00
	NBFC	1300	0	1300	0.01	0	0	0	0.00	-0.01
	Non Resident Indians	209176	126900	336076	1.79	198111	126500	324611	1.73	-0.06
	NRI Non-Repatriation	**57424**	**0**	**57424**	**0.31**	**54698**	**0**	**54698**	**0.29**	**-0.01**
	Trusts	2100	0	2100	0.01	2100	0	2100	0.01	0.00

* As on 30/3/2020, category of 152,740 share has been changed from 'Directors and their relatives' to 'Public'.

S. No.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 30/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	**5474609**	**1478248**	**6952857**	**37.10**	**5524570**	**1428287**	**6952857**	**37.10**	**0.00**
	Total B=B(1)+B(2) :	**5474609**	**1514248**	**6988857**	**37.29**	**5524570**	**1464287**	**6988857**	**37.29**	**0.00**
	Total (A+B) :	**17227511**	**1514248**	**18741759**	**100.00**	**17277472**	**1464287**	**18741759**	**100.00**	**0.00**
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	**17227511**	**1514248**	**18741759**	**100.00**	**17277472**	**1464287**	**18741759**	**100.00**	**0.00**

(ii) Shareholding of Promoters

SI. No.	Shareholder's Name	Shareholding as on March 31, 2019			Shareholding as on March 31, 2020			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Fortis Hospitals Limited	11752402	62.71	62.90	11752402	62.71	0.00	0.00
2.	Fortis Healthcare Holdings Pvt Ltd	100	0.00	0.00	100	0.00	0.00	0.00
3.	Oscar Investments Ltd	0	0.00	0.00	0	0.00	0.00	0.00
4.	Shivi Holdings (P) Ltd	100	0.00	0.00	100	0.00	0.00	0.00
5.	RHC Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
6.	Today's Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
7.	Malav Holdings Private Limited	0	0.00	0.00	0	0.00	0.00	0.00
8.	RHC Holdings Private Limited	0	0.00	0.00	0	0.00	0.00	0.00
9.	PS Trust (Acting and Represented by its trustees, Mr. Malvinder Mohan Singh and Dr. Shivinder Mohan Singh)	100	0.00	0.00	100	0.00	0.00	0.00

(iii) Change in Promoters' Shareholding: Nil

(iv) Shareholding Pattern if top 10 public between 01/04/2019 AND 31/03/2020

Sl. no.	Date	Type	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	01/04/2019	Opening Balance	RUCKMANI NATARAJAN	546960	2.92	546960	2.92
	31/03/2020	Closing Balance				546960	2.92
2	01/04/2019	Opening Balance	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	360590	1.92	360590	1.92
	19/04/2019	Purchase		1000	0.01	361590	1.93
	26/04/2019	Purchase		9632	0.05	371222	1.98
	03/05/2019	Purchase		6135	0.03	377357	2.01
	10/05/2019	Purchase		984	0.01	378341	2.02
	19/07/2019	Purchase		50	0.00	378391	2.02
	23/08/2019	Purchase		31534	0.17	409925	2.19
	30/08/2019	Purchase		103	0.00	410028	2.19
	06/09/2019	Purchase		181	0.00	410209	2.19
	13/09/2019	Purchase		859	0.00	411068	2.19
	20/09/2019	Purchase		965	0.01	412033	2.20
	27/09/2019	Purchase		41900	0.22	453933	2.42
	30/09/2019	Purchase		8512	0.05	462445	2.47
	04/10/2019	Purchase		110	0.00	462555	2.47
	11/10/2019	Purchase		200	0.00	462755	2.47
	18/10/2019	Purchase		11644	0.06	474399	2.53
	25/10/2019	Purchase		4446	0.02	478845	2.55
	01/11/2019	Purchase		5740	0.03	484585	2.59
	08/11/2019	Purchase		6397	0.03	490982	2.62
	15/11/2019	Purchase		12580	0.07	503562	2.69
	22/11/2019	Sale		374	0.00	503188	2.68
	31/01/2020	Purchase		18166	0.10	521354	2.78
	07/02/2020	Purchase		7014	0.04	528368	2.82
	14/02/2020	Purchase		8515	0.05	536883	2.86
	21/02/2020	Purchase		6020	0.03	542903	2.90
	28/02/2020	Purchase		14897	0.08	557800	2.98
	06/03/2020	Purchase		4575	0.02	562375	3.00
	20/03/2020	Purchase		18146	0.10	580521	3.10
	31/03/2020	Closing Balance				580521	3.10
3	01/04/2019	Opening Balance	A M GOPALAN	231028	1.23	231028	1.23
	31/03/2020	Closing Balance				231028	1.23
4	01/04/2019	Opening Balance	SUNITA KANTILAL VARDHAN	204142	1.09	204142	1.09
	14/06/2019	Purchase		100	0.00	204242	1.09
	05/07/2019	Purchase		5313	0.03	209555	1.12

Sl. no.	Date	Type	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	12/07/2019	Purchase		200	0.00	209755	1.12
	19/07/2019	Purchase		3981	0.02	213736	1.14
	26/07/2019	Purchase		1375	0.01	215111	1.15
	23/08/2019	Purchase		512	0.00	215623	1.15
	20/09/2019	Purchase		200	0.00	215823	1.15
	04/10/2019	Purchase		50	0.00	215873	1.15
	18/10/2019	Purchase		100	0.00	215973	1.15
	22/11/2019	Purchase		1445	0.01	217418	1.16
	06/12/2019	Purchase		237	0.00	217655	1.16
	13/12/2019	Purchase		710	0.00	218365	1.17
	20/12/2019	Purchase		1459	0.01	219824	1.17
	27/12/2019	Purchase		9471	0.05	229295	1.22
	31/12/2019	Purchase		6080	0.03	235375	1.26
	03/01/2020	Purchase		3085	0.02	238460	1.27
	10/01/2020	Purchase		2998	0.02	241458	1.29
	17/01/2020	Purchase		2515	0.01	243973	1.30
	24/01/2020	Purchase		2755	0.01	246728	1.32
	28/02/2020	Purchase		566	0.00	247294	1.32
	31/03/2020	Closing Balance				247294	1.32
5	01/04/2019	Opening Balance	KUMUNTA MUNISAMY	170000	0.91	170000	0.91
	31/03/2020	Closing Balance				170000	0.91
6	01/04/2019	Opening Balance	T SENTHIL KUMARAN	124741	0.67	124741	0.67
	07/02/2020	Purchase		124741	0.67	249482	1.33
	07/02/2020	Sale		124741	0.67	124741	0.67
	31/03/2020	Closing Balance				124741	0.67
7	01/04/2019	Opening Balance	SHREYANS V MEHTA (HUF)	68348	0.36	68348	0.36
	27/03/2020	Purchase		833	0.00	69181	0.37
	31/03/2020	Closing Balance				69181	0.37
8	01/04/2019	Opening Balance	T SHANMUGAPRIYA	60300	0.32	60300	0.32
	20/03/2020	Purchase		60300	0.32	120600	0.64
	20/03/2020	Sale		60300	0.32	60300	0.32
	31/03/2020	Closing Balance				60300	0.32
9	01/04/2019	Opening Balance	ATUL GOEL	51875	0.28	51875	0.28
	05/04/2019	Purchase		9511	0.05	61386	0.33
	12/04/2019	Purchase		8597	0.05	69983	0.37
	19/04/2019	Purchase		500	0.00	70483	0.38
	31/03/2020	Closing Balance				70483	0.38
10	01/04/2019	Opening Balance	TEJAL SHREYANS MEHTA	42864	0.23	42864	0.23
	31/03/2020	Closing Balance				42864	0.23

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mr. Daljit Singh, Chairman (Non-Executive Non-Independent Director)	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–
2.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–
3.	Dr. Nithya Ramamurthy (Non-Executive Non-Independent Director)	859377	4.60	April 1, 2019	0	NA	859377	4.60
		859377	4.60	March 31, 2020	0	NA	859377	4.60
4.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–
5.	Mr. Ravi Rajagopal#	Nil	–	October 23, 2019	0	NA	Nil	–
				March 31, 2020				
6.	Mr. C K Nageswaran (Whole Time Director)	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–
7.	*Mr. Shashank Porwal, Company Secretary & Compliance Officer	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–
8.	Mr. Saravanan V., Chief Financial Officer	Nil	–	April 1, 2019	0	NA	Nil	–
		Nil	–	March 31, 2020	0	NA	Nil	–

*Resigned w.e.f. April 3, 2020
#Appointed w.e.f. October 23, 2019

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration		Name of ~~MD /~~ WTD ~~/ Manager~~ Mr. C K Nageswaran# (01-Apr-2019 to 31-Mar-2020) (Amount in ₹)
1	**Gross salary**		
	(a)	**Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961**	57,45,708
	(b)	**Value of perquisites u/s 17(2) Income-tax Act, 1961**	NIL
	(c)	**Profits in lieu of salary under section 17(3) Income- tax Act, 1961**	NIL
2	***Stock Option**		NIL
3	**Sweat Equity**		NIL
4	**Commission**		NIL
	-	**as % of profit**	
	-	**others, specify**	
5	**Others (Leave encashment and other benefits as per the Company's Policy)**		NIL
6	**Total**		**57,45,708**
7	**Ceiling as per the Act**		The aggregate remuneration shall be in accordance with Section 197 and Schedule V of Companies Act, 2013.

*No stock option has been granted.

B. Remuneration to other Directors –

Sl. No.	Name of Directors	*Particulars of Remuneration - Sitting Fees (in ₹)
1	**Independent Directors**	
	Mr. Pejavar Murari	2,50,000
	Mr. Ramesh L. Adige	6,25,000
	Mr. Ravi Rajagopal	1,50,000
2.	**Other Non-Executive Directors**	
	Mr. Daljit Singh	3,50,000
	Dr. Nithya Ramamurthy	2,00,000
	Overall Ceiling as per the Act	Sitting fees is payable as per the provisions specified under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

*No commission was paid to any of the Directors for the Financial Year 2019-20.

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

Sl. No.	Particulars of Remuneration	Saravanan V, Chief Financial Officer (Key managerial personnel)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,07,700
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL
2	*Stock Option	NIL
3	Sweat Equity	NIL
4	Commission	NIL
	- as % of profit	NIL
	Others specify	NIL
5	Others (Leave encashment and other benefits as per the Company's Policy)	NIL
	Total	**25,07,700**

* No stock option has been granted.

VII. Neither any penalty / punishment was levied against the Company nor there was any case of Compounding of Offences made against the Company, in terms of Companies Act, 2013, during the Financial Year 2019-20.

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

Date : June 12, 2020
Place : Gurugram

Daljit Singh
Chairman

ANNEXURE – IV

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

Information as per Section 134(3)(m) read with Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020 is as given below:

A. Conservation of Energy

a) Energy conservation measures taken:

Due to increase in the load, we have strengthened the Rising Main which resulted in better distribution of power Installation of energy efficient LED light fittings.

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

c) Impact of measures at (a) & (b): - Energy conservation measures taken by the Company from time to time including utilization of Biomass energy have resulted in considerable reduction of energy consumption and thereby reducing the power and fuel cost.

B. Technology Absorption

1. Research & Development (R & D): - Nil

2. Technology Absorption, Adaptation & Innovation:

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

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

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

C. Foreign Exchange Earnings and Outgo

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

b) Total foreign exchange earned and used:

   (i) Earnings: ₹ 870.37 Lacs

   (ii) Expenditure: CIF Value of Imports ₹ 9.74 Lacs

   Others ₹ 202.30 lacs

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

Date : June 12, 2020
Place : Gurugram

Daljit Singh
Chairman

ANNEXURE V TO THE DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY

1. **A brief outline of the Company CSR Policy**

Under the guiding principles detailed in the Code of Conduct including amongst others:

- Conducting our operation in an honest and fair manner with integrity and openness.
- Respecting the human rights, dignity and legitimate interest of all individuals directly or indirectly associated with us.
- Providing a safe, healthy work and business environment directly or indirectly associated with us.
- Ensuring conduct which sustains and enhances the global reputation and image of the organization.
- The initiatives will be targeted to the needs of the 'disadvantaged, vulnerable and marginalized' sections of society.

The Board of Director has approved the CSR policy for the Company. The said policy approaches this area under the philosophy that the company efforts should strive towards building and sustaining a healthier humanity. The policy elucidates the concept of growing our business in a socially and environmentally responsible manner through an active role in empowering communities and driving social development and positive change.

With the above in mind the policy seeks as an objective to bring focus, leveraging its inherent skills, experience and knowledge.

The policy holds itself out as a forward-looking aspirational charter which recommends liberal interpretation, promotes activity under the spirit of partnership and recommends that initiatives be targeted to the needs of the disadvantaged, vulnerable and marginalized sections of society. While the underlying guidance is to bring alignment of varied activities under the focus umbrella, it recognizes the need to record presence and contribution in such weak links in society where its mere presence and support could drive significant social benefit. In keeping with such themes, program/s such as supporting charitable healthcare infrastructure, disaster relief, preventive healthcare awareness through different channels of communication, remain well within the range of the policy objectives.

In fulfilment of these objectives the Company supported the efforts of the government in fight against COVID-19 by contributing to Prime Minister's National Relief Fund

The policy seeks to define the specific roles and responsibilities associated with administration, program design and execution. It further clarifies the governance, monitoring, reporting and disclosure requirements.

As an enterprise in the critical domain of healthcare, the Company has participated and implemented various socially responsive programs since its inception. While some or many of these programs may not meet the strict interpretation of the new CSR rules, thereby impacting the assessment and eligibility of the 2% spent, these programs remain significant Fortis contributions to society and the Board, the Policy and Senior Management remain committed to continuing with them in the wider interests. The cumulative spend over such initiatives and programs would far exceed the strict CSR rules. Even so the Company remains committed to ensuring compliance to applicable regulation requirement.

The policy as approved by the Board is available on the Company's web site at https://www.fortismalar.com/frontend/investorrelations/CSR%20Policy-1559121868.pdf

2. **Composition of the CSR Committee**

The Board has approved the constitution of a standalone CSR Committee with a delegated mandate. The current composition and mandate of the committee are available and updated on the Company's website at https://www.fortismalar.com/investor-relations/investorcatdetails/corporate-social-responsibility-committee1

The composition of the CSR committee as on March 31, 2020 was as follows:

i. Mr. Daljit Singh, Chairman

ii. Mr. Ramesh L Adige, Member

iii. Dr. Nithya Ramamurthy, Member

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

Year	Avg Net Profit	Prescribed CSR expenditure @ 2%
2019-20	474.80 Lacs	9.50 Lacs

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

In alignment with CSR policy with core commitment of our philosophy that the company efforts should strive towards building and sustaining a healthier humanity, the company supported the efforts of the government in fight against COVID-19 by contributing to Prime Minister's National Relief Fund

5. Details of CSR spend during the Financial Year (Total Amount Spent, Details of amount committed, manner in which the amounts were spent during the Financial Year including details of implementing agency/ vehicle):

Chart I: CSR spend measured under Section 135 of the Act (FY 2019-20)

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

1	2	3	4	5	6	7	8	9
S. No	**CSR Project or activity identified**	**Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)**	**Contributing Entity**	**Projects or program Local Area or other Specify the State and District where projects and programs were undertaken**	**Amount Outlay (budget) project or programs wise**	**Amount spent on the Projects or Programs Sub Heads 1. Direct expenditure on Projects or Programs 2. Overheads**	**Cumulative Expenditure upto the Reporting Period**	**Amount Spent: Direct or through implementing agency**
1	**Savera**	i, ii	Fortis Malar Hospitals Limited	Pan India	-	-	111.96	Designated Special Purpose Vehicle
2	**COVID-19**	viii	Fortis Malar Hospitals Limited	Pan India	9.50	9.50	9.50	Direct to Prime Minister's National Relief Fund
	TOTAL			**Pan India**	**9.50**	**9.50**	**121.46**	

Chart II: CSR spend beyond the purview of Section 135 of Companies Act, 2013

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.-Nil

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

On behalf of the Board of Directors
Fortis Malar Hospitals Limited

C K Nageswaran
Whole Time Director

Daljit Singh
Chairman of Board and Chairman of CSR Committee

ANNEXURE VI
AOC-2

PARTICULARS OF CONTRACT / ARRANGEMENT MADE WITH RELATED PARTIES

[pursuant to Clause (h) of Sub Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This form pertains to the disclosure of particulars of contracts/ arrangement entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transaction not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which are not at arm's length basis, except for entering into Memorandum of Understanding for offering discounts to the employees / Directors of the Group Companies on certain healthcare services.

Details of material contracts or arrangements or transaction at arm's length basis

The details of material contracts or arrangements or transactions entered into during the year ended March 31, 2020, which are at arm's length basis

Name of Related Party	Nature of Relationship	Nature of Contract / arrangement / transaction	Duration of the Contract / arrangement / transaction	Salient terms of the Contract/ arrangement/ transaction including the value, if any	Date of approval by the Board / Committee, if any	Amount paid in advance
Fortis Health Management Ltd	Associate of Holding Company (till Jan 14, 2019) Fellow Subsidiary (w.e.f jan 15, 2019)	Availing of services	Continuing Agreement	Existing hospital service agreement is a continuous agreement; ₹ 2,73,93,900/- per quarter fixed + 7.5% on Operating Income	April 16, 2018	-
Malar Stars Medicare Ltd	Wholly owned subsidiary	Inter Corporate Loan given	Continuing arrangement	Loan Limit of ₹ 65,00,00,000 as per MoU. Loan closing balance as on 31st March 2020 - ₹ NIL Interest @ 10% PA Loan has been fully settled on June 27,2019	April 16, 2018	-
Escorts Heart Institute & Research Centre Limited	Fellow subsidiary	Inter Corporate Loan given	Continuing arrangement	Loan Limit of ₹ 35,00,00,000 as per MoU. Loan Closing Balance as on 31st March 2020 - ₹ NIL Interest @ 11.50% PA Loan has been fully settled on June 27,2019	April 16, 2018	-
Escorts Heart Institute & Research Centre Limited	Fellow subsidiary	Inter Corporate Loan given	Continuing arrangement	Loan Limit of ₹ 35,00,00,000 as per MoU. Loan Closing Balance as on 31st March 2020 - ₹ 35,00,00,000 Interest @ 10.50% PA	April 16, 2018	-

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

Date: June 12, 2020
Place: Gurugram

Daljit Singh
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Section I

(A) Overview of The Indian Healthcare Industry

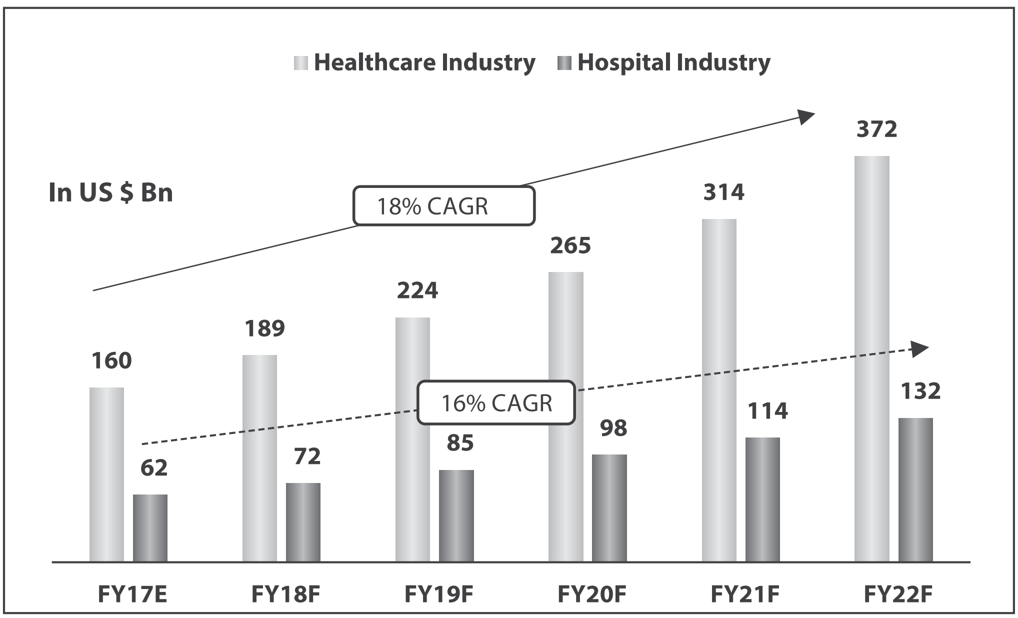
Healthcare is one of India's largest sectors both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, pharmaceutical, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and diagnostics. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, increasing gamut of services and a higher expenditure by public as well private players.

The Indian healthcare delivery system is categorised into two major components - public and private. The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centres (PHCs) in rural areas. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. India ranks 145th among 195 countries in terms of quality and accessibility of healthcare.

The overall Indian healthcare sector is expected to record a three-fold rise, at a CAGR of 18% during 2017-2022 to reach US$372 billion in 2022 from US$ 160 billion in 2017 (Source: IBEF.org). India's hospital industry stood at ₹ 4 trillion (US$ 62 billion) in FY17 and is expected to grow at a CAGR of 16-17% to reach ₹ 8.6 trillion (US$ 132 billion) by FY22.

Size of the Indian Healthcare and Hospital Industry



Source: IBEF, Frost and Sullivan, LSI Financial Services, Deloitte, TechSci Research

Indian medical tourism market is growing at the rate of 18 per cent year on year and is expected to reach US$ 9 billion by 2020 (Source: IBEF.org). There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. The government's expenditure on the health sector has grown to 1.4%in FY18E from 1.2% in FY14. The Government of India is planning to increase public health spending to 2.5% of the country's GDP by 2025.

Another important element of growth is of Health insurance which is gaining momentum in India. Gross direct premium income underwritten by health insurance grew 17% y-o-y to ₹ 32,683 Crore (US$ 4.68 billion) in FY20 (up to November 2019) (Source: IBEF.org).

The Indian Healthcare Industry in India continues to be characterised by strong growth drivers of our country such as rising income levels, ageing population, growing health awareness and changing attitude towards preventive healthcare; we believe these are compelling reasons for the increase in healthcare services demand in the future. Further, the low cost of medical services has resulted in the rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research. Additionally, India's favourable investment environment encouraging FDI, tax benefits, favourable government policies coupled with promising growth prospects have helped the industry attract private equity, venture capitals and foreign players.

(i) Change is the need of an hour for the Indian Healthcare Sector

The Indian healthcare delivery and services landscape has evolved significantly over the last few decades, with some remarkable success stories, namely, the eradication of polio, creation of world class tertiary/ quaternary care facilities, etc. even while it suffered from abysmally poor health statistics and an ineffective public health system. Most of the growth and advancement in India's healthcare industry has come from the private players, not as a result of encouraging policies but rather from the opportunity and priority given by the private sector. While the historically lower priority of the government towards healthcare led to the creation of a vibrant private sector in the urban areas, becoming the predominant provider of care for the community, the state of healthcare in rural areas where a majority of the population resides remained quite neglected. On the other hand, the burden of healthcare cost has started to become unaffordable for the masses in both urban and rural areas. This has disrupted the equilibrium that prevailed in the past, characterized by a lesser than desired governmental focus, public apathy and largely unregulated play by private providers.

The above becomes more apparent in light of the pandemic of Coronavirus that the world continues to witness as nations including India continue to grapple with infected patients and try as best possible to provide adequate medical care within the constraints of the existing medical infrastructure, medical manpower and resources and lack of healthcare facilities in rural and semi-urban areas. This unprecedented medical disaster will expectedly force a re-think on India's medical preparedness and push for higher budget allocations in all segments of healthcare in order to become more self-reliant to serve the country's large population. The current pandemic will also lead to short to medium term disruptions in some growth drivers of the industry while at the same time also provide more opportunities for growth as healthcare services and infrastructure will take higher precedence than before.

(ii) GOVERNMENT INITIATIVES

To promote the Indian healthcare Sector and to provide healthcare access to population of the country at large, the Government of India has rolled out some policies and taken some major initiatives.

- Under the Pradhan Mantri Jan Arogya Yojana (PMJAY), around 125.7 million families have been enrolled as beneficiaries (data as of July 2019). The scheme has enrolled over 16,000 hospitals, including approximately 8,000 private hospitals and 7,900 public hospitals. The government has announced ₹ 62,659 crore (US$ 8.97 billion) outlay for the health sector in FY20.
- The Government also provides certain tax incentives in the healthcare space. These include a) All healthcare education and training services are exempted from service tax, b) Increase in tax holiday under section 80-IB for private healthcare providers in non-metros for minimum of 50 bedded hospitals and c) The benefit of section 80-IB has been extended to new hospitals with 100 beds or more that are setup in rural areas; such hospitals are entitled to 100% deduction on profits for 5 years.
- The Union Cabinet approved setting up of National Nutrition Mission (NNM) with a three-year budget of ₹ 9,046 crore (US$ 1.29 billion) to monitor, supervise, fix targets and guide the nutrition related interventions across ministries. Over 100 million people are expected to be benefited by this programme; and all states and districts will be covered within the programme.

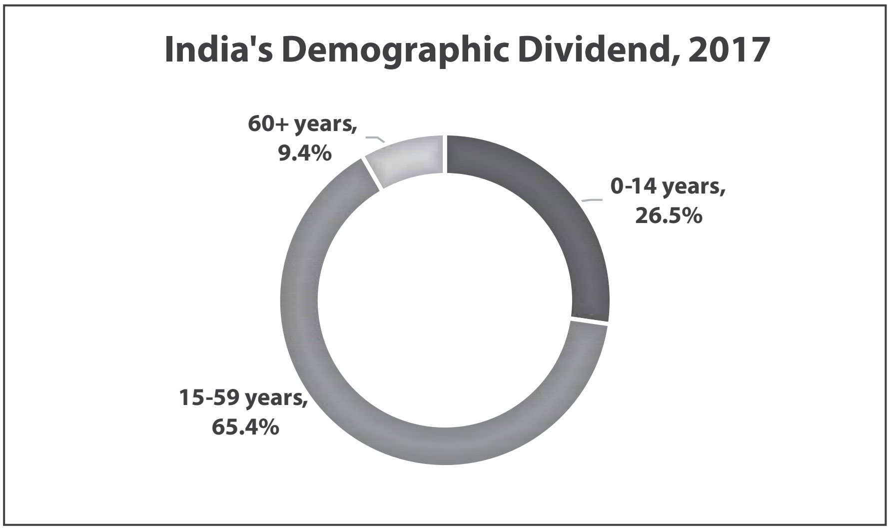
- The Government of India approved the continuation of National Health Mission with a budget of ₹ 31,745 crore (US$ 4.40 billion) under the Union Budget 2019-20.
- Drug Controller General of India (DCGI) has proposed to setup a single window system for start- ups and innovators seeking approvals, consents, and information regarding regulatory requirement.
- Given the inadequate doctor population ratio in the country, under the Union Budget 2019-20, the government allocated ₹ 800 crore (US$ 110.88 million) for the upgradation of state government medical colleges (PG seats) at the district hospitals and ₹ 1,361 crore (US$ 188.63 million) for government medical colleges (UG seats) and government health institutions. During FY17-FY19, the Government of India permitted start of 86 new colleges, which included 51 in FY17,14 in FY18 and 21 in FY19.

(iii) KEY GROWTH DRIVERS

Demand for healthcare services in India is expected to remain robust backed by various factors that have provided adequate opportunities to the industry for potential to further grow and expand. **While the longer-term prospects of growth remain linear, the current Covid-19 crisis will have short to medium term ramifications on growth. Simultaneously, the current situation will also see the need for healthcare services as being one of paramount importance in terms of coverage, preparedness and accessibility, providing a further impetus to growth and longer-term opportunity in the sector.** Some of the key factors that are expected to continue to drive demand for healthcare services are stated below:

- **Favorable demographics of India**

  India has one of the youngest populations in an aging world. In 2020, the median age in India would be just 28, compared to 37 in China and the US, 45 in Western Europe, and 49 in Japan. Since 2018, India's working-age population (people between 15 and 59 years of age) has grown larger than the dependant population — children aged 14 or below as well as people above 60 years of age. This bulge in the working-age population is going to last till 2055, or 37 years from its beginning. We believe India is on the right side of demographic transition that provides a golden opportunity for its rapid socio-economic development.



Source: Sample Registration Survey of India statistical report 2017

The higher proportion of working class would want to resort to modern and efficient healthcare services for treatments and preventive care instead of relying on under-equipped facilities which, in turn, would augment the need of healthcare services. Moreover, increasing income from this age group will also serve as one of the major drivers for demand of high-end healthcare facilities.

- **Increasing per capita income of India**

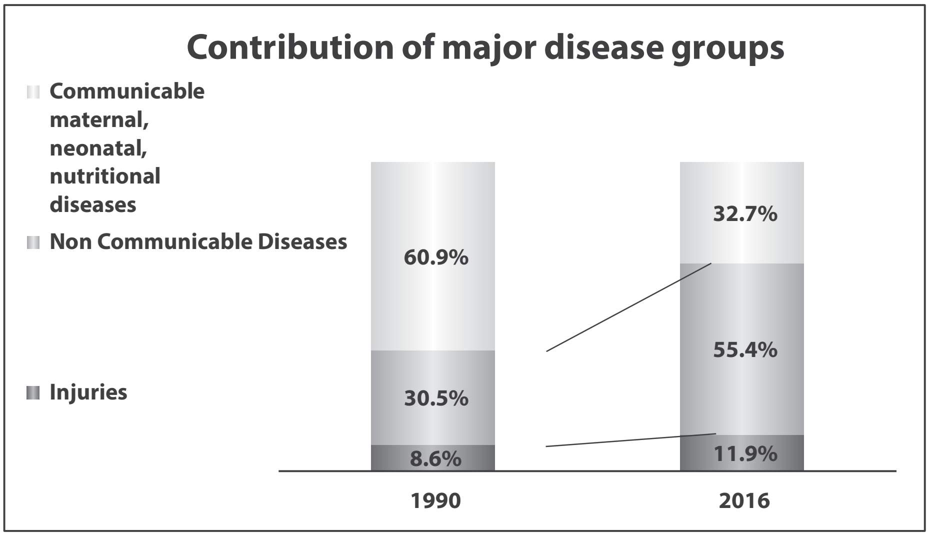
  According to the annual national income and GDP 2019-20 data released by the Ministry of Statistics and Programme Implementation (MoSPI), the per-capita net national income during 2019-20 was estimated at ₹ 1,35,050 showing a rise of 6.8% compared to ₹ 1,26,406 during 2018-19. The per-capita income is a broad indicator of the prosperity of a country.

  The increasing per capita income of the country is expected to create higher demand for healthcare services which would help facilitate and support the need of quality healthcare care that comes at a relatively higher price. However, an increase in per capita income does not necessarily imply that the growth and increase in healthcare expenditure will be influenced by population from a weaker economic background and is likely to be primarily led by households that have a spending capacity. This factor will also see an aberration of sorts in the next one to two years as the economic impact of the covid pandemic will take time to normalise but at the same time it would expectedly lead to healthcare becoming a priority spend for many relative to the pre-Covid scenario.

- **Transition in disease profile of India's population**

  India is currently undergoing major epidemiological transition, in addition to rapid social and economic development. The noncommunicable disease (NCD) burden has increased to 55% of the total disease burden in 2016, up from 30% in 1990. A study of hospitalizations for reported ailments as per the National Sample Survey Office (NSSO) survey between 2004 to 2014 highlights that the proportion of hospitalized cases because of NCD which can be predominantly classified as tertiary care procedures have increased to 37% from 28%. It is imperative to note that the average expenditure for a single hospitalization episode has been on the rise with ailments qualifying for tertiary care hospitalization costing 2 - 7 times of typical ailments that qualify for secondary care treatment.

  Contribution of major disease groups



  Source: NSSO 71st round Key Indicators of Social Consumption in India: Health, Jan-June 2014, NSSO 60th round Morbidity, Health Care and the Condition of the Aged, Jan.-June 2004, India: Health of the Nation's States 2017, EY analysis

  The rising incidence of NCDs such as diabetes, cardiovascular diseases, behavioural problems, high cholesterol and obesity is due to sedentary lifestyle and competitive living contributing to rising healthcare spending by individuals. Furthermore, increasing health awareness, precautionary treatments and preventive care are likely to result in higher healthcare spend.

- **Medical Tourism to continue to witness traction**

  Medical tourism continues to be one of the fastest growing segments of healthcare sector in India. The industry is expected to be US$ 9 billion in 2020, according to Ministry of Tourism figures. The Country's advanced facilities, skilled doctors and low-cost treatment are the reasons for India's becoming the most preferred destination for medical tourism.

In 2015, India ranked as the third most popular destination for medical tourism, when the industry was worth $3 billion. The number of foreign tourists coming into the country on medical visas sat at nearly 234,000 that year. By 2018, the number of arrivals increased to over 644,000, government figures show.

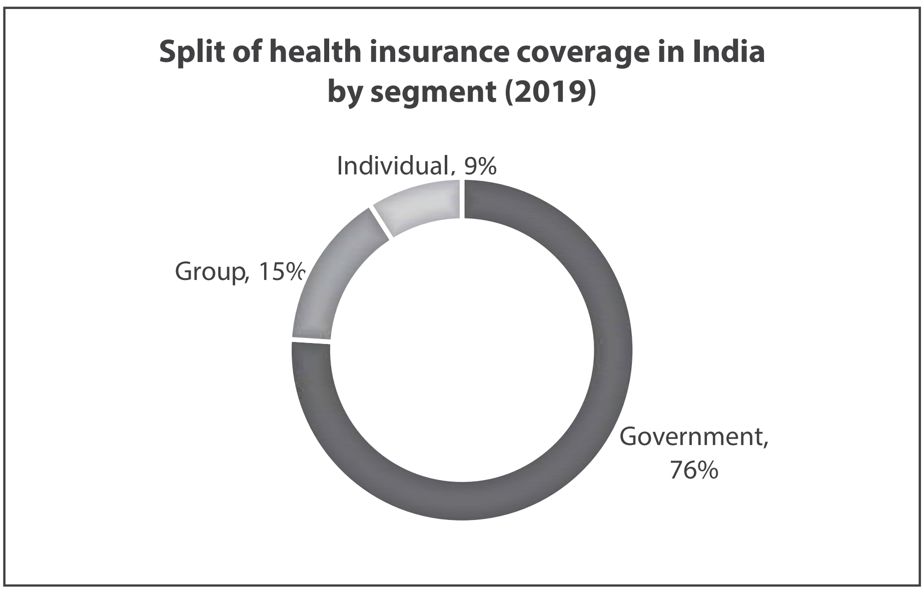
The Government changed the VISA rules for medical tourists to encourage applications. Furthermore, the e-tourist visa regime was expanded to include medical visits as well. Medical and medical attendant visas were also introduced to ease the travel process of medical tourists. The maximum duration of stay in India under the e-medical visa was also extended to a longer duration of six months.

While the longer-term prospects of the medical tourism opportunity should remain, it is important to note that Countries across the globe are re-looking at their healthcare infrastructure, expertise and medical skillsets in light of the current pandemic. Medical tourism has been one of the key areas of significant disruption in the current crisis for the country and will perhaps be the longest to recover. As the situation stabilizes and healthcare spending and providing access to healthcare to citizens of one's own country takes precedence, the medical tourism opportunity in the country may have to be re-calibrated so as to ensure that it remains an attractive value proposition for medical tourists looking to India for their healthcare needs.

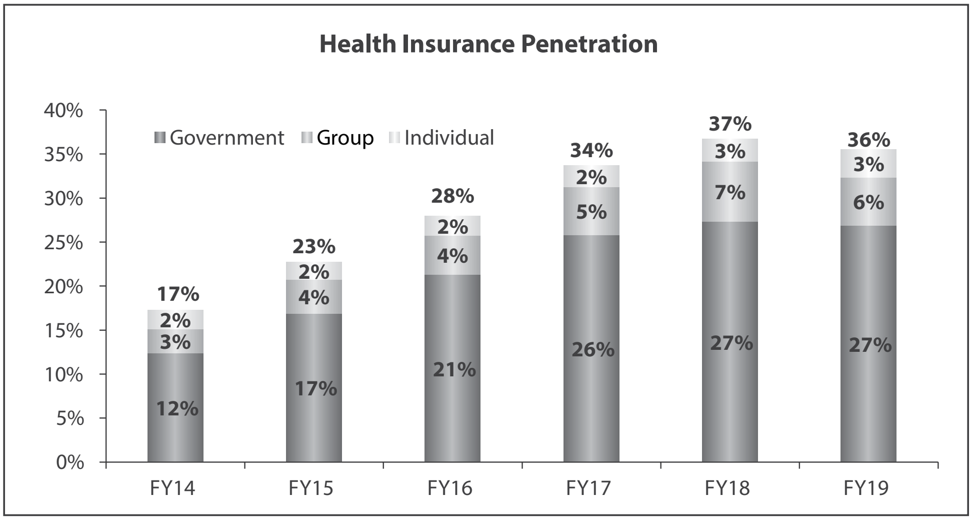
- **Increasing Insurance Coverage to make healthcare more accessible**

  In the private healthcare space, it is estimated that approximately 50% of the revenue is generated through cash i.e. from self-paying patients while 20-30% of the revenue is being generated through insurance i.e third party administrators (this could be individual insurance or group insurance). Over the last decade or so, the contribution to healthcare revenue from insurance has been on the rise with the increase in penetration of healthcare insurance. **With the Covid pandemic, it would be expected that the penetration of healthcare insurance would further accelerate and continue to cover a relatively larger section of the population both in the public and the private space.**

  Approximately 48 crore people in India have access to health insurance cover (Penetration level of ~36%). Government-sponsored schemes (Rashtriya Swasthya Bima Yojana or RSBY) targeting the below-poverty line population and unorganized workers in the rural areas while in urban areas this segment covers workers viz construction workers, porters, sanitation and cleanliness workers, rickshaw pullers, taxi/auto drivers, and MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) employment scheme members.



Source: IRDA, Goldman Sachs



Source: IRDA, Goldman Sachs

In the organized sector, it is estimated that 27-28% of Educated Urban Mass and above is covered by health insurance. Given the under-penetration of health insurance in India, a fast-growing private insurance market (e.g., annual growth in gross written premiums in the mid-twenties) has the capacity to support higher utilization of private healthcare facilities.

Combination of rising income and awareness, healthcare inflation, as well as higher incidence of chronic diseases is expected to lead to approx. over 50% of the target population (Educated Urban Mass and above) enrolling for either group or individual policies by FY21. It is being estimated that private health insurance penetration in India will nearly double from 6.6% in FY16 to 13% in FY21.

(B) Outlook of Healthcare Sector

In the short to medium term, the Covid-19 crisis, its ongoing impact and its aftermath will be the central focus for the entire healthcare industry. Clearly, the healthcare community is at the forefront in the battle against this pandemic and has gained much respect and admiration amongst all strata's of the society. The healthcare industry in times of such crisis has come together to ensure that whatever is possible to ensure patient safety as well the safety of the healthcare workforce is being done. At the same time across the medical value chain, be it in pharmaceuticals, diagnostics, hospitals, medical devices, clinical trials, vaccine development, drug manufacturing and allied medical services, all organizations are involved in some form or manner to help in managing this unmitigated disaster. While short term challenges will remain, the current crisis has also led to a recognition that the industry both public and private needs to work closely together to become more self-reliant during such times. Due to Covid-19 outbreak, the country witnessed increase in demand for isolation wards. Several creative approaches were explored, the most interesting of which is converting train coaches into isolation wards to make mobile hospitals which can be taken to locations throughout the country as per requirement. If the model is retained and further built upon, India would have the capability of supplementing the healthcare infrastructure substantially.

The Covid-19 pandemic, we believe will change the way the healthcare system was being operated in our country. The focus of the healthcare would shift from curative care to preventive care with change in hygiene and social etiquettes. Even the way healthcare delivery was being provided will witness a significant transition going forward and technology will be one of the biggest saviours. For example, the primary care could transition towards telemedicine where in OPD / doctor consultation would happen through phone chat, video chat or through interactive apps. The hospitals will have to take various precautionary measures for all the inpatients and attendants against communicable diseases which may have serious repercussions on the hospital staff as well as other patients. Therefore, as we face this humongous challenge and focus on sailing through with minimum damage to human lives, there are opportunities to be unravelled for improvement and betterment of the healthcare segment in the country.

Over the longer term, as normalization returns the fundamental growth drivers will continue to play an important role in driving the growth of the sector. The demand for healthcare services in India will continue to exist due to favourable demographics of the country coupled with increase in the geriatric population, expected increase in per capita income and increasing penetration of health insurance in the country. In addition, a transition of disease profile of the country from communicable diseases to non-communicable diseases would continue to support the demand for tertiary and quaternary healthcare services.

The private sector will continue to be the mainstay in terms of catering to the urban and semi-rural population and will continue to provide high quality medical care and advanced treatments to patients. However, the current pandemic will expectedly see temporary aberrations in performance of private players prompting them to look at ways and means to ensure the short-term sustainability of the business. At the same time, given the new realities in the emerging post Covid environment; there would be a renewed focus of private players to innovate and re-look at the various aspects of the business in terms technology , digitization, existing business models, patient servicing, clinical prowess and other key metrics that may act as differentiators and enablers for a robust longer term roadmap for business performance.

SECTION II

(A) The Company

Fortis Malar Hospital Limited (FMHL), formerly known as Malar Hospital, is one of the distinguished multi super-specialty corporate hospitals in Chennai providing comprehensive medical care in areas of Cardiology, Cardio-Thoracic Surgery, Neurology, Neurosurgery, Orthopedics, Nephrology, Gynecology, Gastroenterology, Urology, Pediatrics, Diabetics and so on.

Established in 1992, Malar Hospital, over the years became a household name for tertiary care hospital services in Chennai. In late 2007, Fortis Healthcare Limited (FHL) – India's fastest growing hospital network, acquired a majority stake in Malar Hospital Limited. Thus, paving the way for superlative healthcare services.

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

In November 2018, Northern TK Ventures Pte Ltd (a 100% subsidiary of IHH Healthcare Bhd) became the largest shareholder of FHL on account of acquisition of ~31% stake through preferential allotment for ₹ ~4000 crore. Subsequently, IHH / Northern TK Ventures Pte Ltd was classified as promoter of the FHL. IHH also plans to bring open offer for acquiring up to 26% stake in FHL as well as in FMHL, subject to the subscription by the minority shareholders to the open offer. Pursuant to order dated December 14, 2018 passed by the Court, the open offer has been put on hold.

CLINICAL EXCELLENCE

- **Two-Year-old donor donates heart to save life of a two-year-old -** Fortis Malar Hospital successfully conducted a unique heart transplant surgery to save the life of two-year-old from Villupuram. This became possible after the patient received the heart from the country's youngest organ donor – a two-year-old boy from Mumbai.
- **Septuagenarian Woman Walks after successfully treated for a Complex Hip Surgery at Fortis Malar Hospital -** A team of doctors at Fortis Malar Hospital successfully performed a successful complex Revision Total Hip Replacement surgery on a 76-year-old patient recently. The patient had developed periprosthetic hip fracture a few weeks after undergoing a partial hip replacement surgery at another private hospital in the city.
- **93-year-old man with hip fracture walks on the same day after a complex hip procedure -** A team of doctors at Fortis Malar Hospital successfully performed a minimally invasive Proximal Femoral Nail (PFN) procedure on 93-year-old, who walked on the same day, 6 hours after the procedure.
- **Fortis Malar Hospital successfully performed 3 organ transplants in 13 hours** - Fortis Malar hospital successfully performed three organ transplants within a time frame of 13 hours. This feat was achieved by the team of doctors at Fortis Malar Hospital. A 61-year-old man from Rajasthan who was suffering from Ischemic Cardiomyopathy and a 13-year-old girl from Chennai who was diagnosed with primary pulmonary hypertension underwent heart and bilateral lung transplant, respectively. The 28-year-old female from Guntur with dilated cardiomyopathy underwent a heart transplant.

- **Arunachal Pradesh's first ever successful Heart and Lung transplant performed by Fortis Malar team -** A team of senior doctors from Fortis Malar Hospital successfully conducted a heart and lung transplant on 23-year-old woman from Roing in Arunachal Pradesh. The patient was diagnosed with Eisenmenger's syndrome. She is the first person from Arunachal Pradesh to receive heart and lung transplant. This clinical feat was achieved by an enterprising team of expert doctors from Fortis Malar Hospital.
- **Doctors at Fortis Malar Hospital successfully implants World's Smallest Heartware Ventricular Device (HVAD) pump to save Pakistani Girl with Heart Failure** - Doctors at Fortis Malar Hospital successfully implanted world's smallest pump - Heartware Ventricular Device (HVAD) on a 14-year girl from Pakistan. This challenging and complex procedure was conducted by a team of expert doctors from Fortis Malar Hospital.
- **Fortis Malar hospital performs successful bilateral lung transplantation on India's youngest recipient -** A team of senior doctors from Fortis Malar Hospital successfully conducted a complex bilateral lung transplantation on 13-year-old patient from Tambaram, Chennai. The patient was diagnosed with pulmonary hypertension is the youngest patient in India to undergo bilateral lung transplant.
- **Doctors at Fortis Malar performs Chennai's First futuristic Orthopaedic procedure to make 72-year-old walk -** Doctors at Fortis Malar Hospital performed futuristic orthopaedic keyhole procedure –All Autologous Cartilage Transplant (AACT) – to treat articular cartilage defects of the knee of a 72-year-old woman recently. This is the first time that this procedure has been performed successfully in Chennai to transplant the cartilage.

(B) HUMAN RESOURCE

One of the primary objectives of any human resource management is to create and utilize an able and motivated workforce to accomplish the basic organisational goals. During the year, your company continued to source, train and retain competent employees. As part of company policy, all employees undergo a compulsory induction programme which enables them to understand "live the values" of the company. Your company has a robust performance management system which helps in identifying talent, gives them appropriate opportunities and rewards performance. The company enhanced its focus on training and development program that plays a key role in ensuring that staff continue to perform at the high standards expected of them and that they are well prepared to take on greater challenges

The total number of employees stood at 538 as on 31st March 2020

(C) OPERATIONAL AND FINANCIAL PERFORMANCE (based on unaudited numbers available as of now)

Your company achieved a consolidated total income of ₹ 123.06 Crores during the current year as against ₹ 154.70 Crores in the corresponding financial year ended 31st March 2019. EBITDA for the year stood at ₹ 8.40 Crore compared to ₹ 7.68 Crore for the previous corresponding year. The Profit / (Loss) before tax for the period stood at ₹ (11.93) Crores as against ₹ 2.79 Crores during the corresponding period. Profit / (Loss) for the year stood at ₹ (8.89) Crores in the current financial year compared to ₹ 2.06 Crores in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) for the current year increased from ₹ 169 lacs to ₹ 171 Lacs compared to previous year. Occupancy of the hospital during the year was at 48% as compared to 58% in the previous year. The average length of stay (ALOS) stood at 4.02 days in Financial Year 2020 compared to 4.25 days in Financial Year 2019.

Ratio	2019-20	2018-19	Change %
Debtors Turnover (x)	4.01	5.04	-21%
Inventory Turnover (x)	14.43	18.2	-21%
Interest Coverage Ratio (x)	Na	Na	
Current Ratio (x)	1.74	2.56	1%
Debt Equity Ratio (x)	Na	Na	
Operating Profit Margin (%)	-2%	-2%	0%
Net Profit Margin (%)	-8%	1%	-900%
Return on Networth (%)	-9%	2%	-550%

Return on Networth has changed from 2% to -9% and Net Profit Margin has reduced from 1% to -8% compared with previous corresponding year 31st March 2019. Revenue has declined mainly on account of increasing competition in the Chennai city. Further, the revenue decline was also due to departure of few of its specialist clinicians during the year. Consequently, the total number of inpatients treated by your hospital declined by 5.6% as compared to the previous year.

Return on Networth has changed from 2% to -9% due to reduction in the Net Profit Margin.

(D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

At Fortis, management has the overall responsibility to design, implement and monitor an effective control environment that is aligned to the operating environment and inherent business risks. The internal control system has been designed commensurate with the nature of business, size and complexity of operations and is monitored by the management to provide reasonable assurance on the achievement of objectives, effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

An entity level control framework sets the control philosophy and principles which guide the organization policy and operating processes. Your Company has institutionalized a robust process and internal control system commensurate with its size and operations. The organizational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment. Review and oversight procedures are designed to monitor effective adherence to design.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and through its observations provides an input to the management to support continuous improvement program. The internal audit program is managed by an Internal Audit function directly reporting to the Audit & Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology.

The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively. For the identified observations, management provides an action plan to address the process and control deficiencies noted in the internal audit reviews and action plans are monitored for compliance by the Internal Audit Function under the supervision and guidance of the Audit and Risk Management Committee.

FORWARD LOOKING STATEMENT

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

References

FICCI_Re-engineering-Indian-Healthcare-2.0

IBEF, Healthcare Update, December 2019

Goldman Sachs – India: Healthcare Services (Seeking the Specialist)

Market Research, Reports, Web Articles, Press & Media Reports and Others

REPORT ON **CORPORATE GOVERNANCE**

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

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder value while safeguarding the interest of all stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic in all its operations. The Company is led by distinguished Board, which includes Independent Directors. The Board provides a strong oversight and strategic counsel.

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

The Company is in compliance with the mandatory requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **[SEBI LODR]**, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS

A) Composition of the Board

The Board of Directors ("**the Board**") of the Company consists of an optimal combination of Executive, Non-Executive and Independent Directors which represent a mix of professionalism through knowledge and experience. The Directors have in depth knowledge of business in addition to the expertise in their respective areas of specialisation. The Board brings in strategic guidance, leadership and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on March 31, 2020, the Board comprises of 6 (Six) Directors, of whom, 1 (One) is an Executive Director and 5 (five) are Non-Executive Directors (which includes one Woman Director). Amongst the Non-Executive Directors, 3 (three) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions. The size and composition of the Board conforms to the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on March 31, 2020. Other details relating to the Directors as on March 31, 2020 are as follows:

S. No.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]	Names of the listed entities where the person is a director and the category of directorship
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Non-Independent Director	-	0	0	-
2	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	-	0	0	-
3	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	2	1	1	1. Aban Offshore Limited (Independent Director)

S. No.	Name of Director	Category	Directorships held in other companies[1]	Committees Membership in Other Companies[2]	Chairmanship in committees of other Companies[2]	Names of the listed entities where the person is a director and the category of directorship
4	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	2	2	0	1. Premier Limited (Independent Director)
5	Mr. C K Nageswaran DIN – 08236347	Whole Time Director	1	0	0	-
6	Mr. Ravi Rajagopal DIN – 00067073	Non-Executive Independent Director	3	2	0	1. Fortis Healthcare Limited (Independent Director)

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

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

In terms of SEBI LODR, no resignation was tendered by independent directors during the period under the review.

In accordance with Regulation 26 of the SEBI (LODR), none of the Directors on Board is a member in more than ten committees and/or as Chairperson of more than five committees across all the listed entities in which he/she is Director. Further, none of the Independent Directors serves in more than seven listed companies and also the Whole-time Director of the Company doesn't serve as an Independent Director in any other listed company. Also, none of our Directors are related to each other.

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

Particulars / Names	Mr. Daljit Singh	Mr. C K Nageswaran	Dr. Nithya Ramamurthy	Mr. Pejavar Murari	Mr. Ramesh L. Adige	Mr. Ravi Rajagopal
Educational Qualifications in respective functional domain.	✓	✓	✓	✓	✓	✓
Understanding of the corporate governance and stakeholder management frameworks.	✓	✓	✓	✓	✓	✓
Strong Financial Acumen and understanding of financial controls	✓	✓		✓	✓	✓

Particulars / Names	Mr. Daljit Singh	Mr. C K Nageswaran	Dr. Nithya Ramamurthy	Mr. Pejavar Murari	Mr. Ramesh L. Adige	Mr. Ravi Rajagopal
Able to provide prudent insights on issues of strategy, performance, risk management & standards of conduct.	✓	✓	✓	✓	✓	✓
Experience / Exposure / association with healthcare industry.	✓	✓	✓	✓	✓	
Understanding of a multi-faceted business operation.	✓	✓	✓	✓	✓	✓
Is well networked in the industry / Functional domain	✓	✓	✓	✓	✓	✓

B) Independent Directors

Independent Directors fulfil all the conditions for being Independent to the Company, as stipulated under Regulation 16 (1)(b) of the SEBI LODR and the Companies Act, 2013. The maximum tenure of Independent Directors is determined in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI LODR. The Company has issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013 and the terms and conditions of such appointment is disclosed on the website of the Company viz. https://www.fortismalar.com/frontend/investorrelations/Template for appointment of Non Executive Directors%20(3)-1557141588.pdf. Further, in compliance with Regulation 25(2) of the SEBI (LODR) Regulations, 2015, the Company has made familiarization programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at https://www.fortismalar.com/frontend/investorrelations/Familarisation%20Programme%202019-20-1595820770.pdf.

C) Disclosure regarding appointment or re-appointment of Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, all the Independent Directors hold office for tenure of five consecutive years and are not liable to retire by rotation. Every appointment made to the Board is recommended by the Nomination and Remuneration Committee after considering various factors such as qualification, positive attributes, area of expertise and other criteria as laid down in the "Board of Directors Governance Standards". The same is further taken for shareholders' approval, as and when required, under the provisions of applicable laws.

During the period under review, Mr. Ravi Rajagopal, Independent Director, appointed with effect from October 23, 2019.

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

Daljit Singh, aged about 67 years, is the Chairman of Fortis Malar Hospitals Limited. He has over 45 years of rich management experience in the Corporate sector. Mr Singh held the positions of CEO and President of Fortis Healthcare; he was a pivotal thought leader who helped to conceptualize, formulate and implement Fortis' growth strategy to position it as India's leading Healthcare delivery organization in a short span of 10 years. Prior to joining Fortis, Mr. Singh was on the Board of Directors of ICI India Limited, a subsidiary of the British Multinational, Imperial Chemicals Industry plc, as the Executive Director in charge of Human Resources, Manufacturing, External Relations and Communications. Amongst key responsibilities held at ICI India Limited, he was the Chief Executive for Pharmaceuticals, Specialties and Catalyst businesses. He was a member of the ICI Global Manufacturing Group, SSHE Excellence Group and the Global HR Forum. His key experience and achievements have been in the areas of developing progressive HR strategies and ensuring their implementation, organizational restructuring, building high performance culture and leading teams to deliver business value. He successfully planned and executed significant change programs.

Mr. Singh is an acknowledged expert and thought leader in the domain of Healthcare Delivery. He has represented Fortis at Industry forums like the CII and FICCI and led several healthcare related committees. He has been an active participant on the World Economic Forum's healthcare platform and was on the Steering Boards constituted by the Forum to guide a number of major Global projects: "Scenarios for Sustainable Health Systems", "The Healthy Living Charter", and "Health Systems Leapfrogging". He was on the Forum's Advisory Board on "The Economic Burden of Non Communicable Diseases in India". He has spoken on panels and presented to Indian and International audiences on themes related to Healthcare.

A certified Life and Executive Coach, he works with Top Management, across industry sectors, to enhance personal performance and fulfilment. He also leads and facilitates workshops on Strategy, Business Planning & Leadership. He has mentored and coached several leaders across sectors, including ICI, Mercedes Benz, Sapient, Ricoh, WNS, Carrier Midea, SI group, Schneider, PwC, M&M, CIPLA, Fractal Analytics etc. A graduate from the Indian Institute of Technology, Delhi, Mr. Singh was a Commonwealth Scholar to the Senior Management Programme at the Manchester Business School. With an outstanding track record in the field of athletics, his current interests include fitness, high altitude trekking, adventure sports, spirituality, music and reading.

Original date of appointment: December 24, 2014

Shareholding in the Company as on March 31, 2020: Nil

Mr. Singh is not related to any other Director and/or Key Managerial Personnel of the Company. During the financial year 2019-20, Mr. Singh attended Five Board meetings.

Directorships held in other Companies (excluding foreign companies) as on date along with Memberships/ Chairmanships of committees of other companies (only Audit Committee and Stakeholders Relationship Committee): None

Mr. Singh is a Non Executive Director liable to retire by rotation. Details of sitting fees paid to him has been disclosed in Form MGT-9 forming part of the Board Report.

Board Functioning & Procedure

The Board plays a pivotal role in ensuring good governance. In accordance with Regulation 17(2) of the SEBI LODR, the Board meets at least four times a year, with a maximum time gap of one hundred and twenty days between any two consecutive meetings. Whenever necessary additional meetings were held. The agenda for each Board meeting is drafted in consultation with the Chairman and Whole-time Director and circulated in advance to the Board Members to facilitate meaningful discussion at the meeting.

The provisions and procedures relating to Performance Evaluation of the Directors and Familiarization Program forms part of the Board Report.

During the year ended March 31, 2020, Seven Board Meetings were held on:

i) May 6, 2019
ii) June 26, 2019
iii) August 2, 2019
iv) September 11, 2019
v) September 26, 2019
vi) October 30, 2019
vii) February 3, 2020

The last Annual General Meeting of the Company was held on September 26, 2019. The attendance of each Director at the Board Meetings held during the year ended March 31, 2020 and at the last Annual General Meeting (AGM) is as under: -

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Daljit Singh	5	No
Mr. Murari Pejavar[1]	4	No
Dr. Nithya Ramamurthy[1]	5	No
Mr. Ramesh Lakshman Adige	7	Yes
Mr. C K Nageswaran[2]	7	Yes
Mr. Ravi Rajagopal	1	Not Applicable

1. Mr. Murari and Dr. Nithya attended a meeting held on June 26, 2019 through audio visual means and recording facility of the same was not available, hence not counted for the purpose of the quorum.

2. Mr. Nageswaran attended two meeting held on Jun 26, 2019 and September 11, 2019 through audio visual means and recording facility of the same was not available, hence not counted for the purpose of the quorum.

Availability of information to the members of Board:

As required under Schedule II- Part A of SEBI LODR, to the extent applicable, inter alia following information is placed before the Board:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of Audit and Risk Management Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Statutory Compliances

The Board periodically reviews the mechanism put in place by the Management to ensure the compliances with Laws and Regulations as may be applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has prescribed a Code of Conduct ("Code") for all employees of the Company including Senior Management and Board Members which covers the transparency, behavioural conduct, a gender friendly work-place, legal compliance and protection of the Company's property and information.

Further, in terms of Schedule IV of the Companies Act, 2013 the Company has adopted a separate Code of Conduct for the Independent Directors. In terms of Regulation 26 of the SEBI LODR, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2019-20. The aforesaid codes are also hosted on the website of the Company.

A declaration to this effect signed by the Whole-time Director of the Company, forms part of this Report.

3. COMMITTEES OF THE BOARD

In terms of provisions of SEBI LODR read with the Companies Act, 2013, the Board has formed four Committees viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

Keeping in view of the requirement of the Companies Act, 2013 as well as SEBI LODR the Board decides the terms of reference of these Committees and the assignment of the members of various Committees. The recommendation, if any, of these Committees are submitted to the Board for approval.

A) AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of the Committee

As on March 31, 2020, Audit and Risk Management Committee comprised of the following members, namely: -

S. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Non-Independent Director
3	Mr. Murari Pejavar	Member	Non-Executive Independent Director
4	Mr. Ravi Rajagopal	Member	Non-Executive Independent Director

The Members of the Committee are financially literate and also have requisite accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

The Committee shall inter alia have the accountabilities, roles and responsibilities as set out below, as well as any other matter that is specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform the duties required by an Audit and Risk Management Committee by applicable statute's, requirements of the Stock Exchange on which the securities are listed and all other applicable laws:-

- Oversight of the financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend appointment, remuneration and terms of appointment of auditors of the company;
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

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

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

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

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

vi) Disclosure of any related party transactions.

vii) Qualifications in the draft audit report.

- To review with the management, the quarterly financial statements before submission to the board for approval;
- To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve fresh or any subsequent modification of transactions of the company with related parties;
- To scrutinize inter-corporate loans and investments;
- To do valuation of undertakings or assets of the company, wherever it is necessary;
- To do evaluation of internal financial controls and risk management systems;
- To monitor the end use of funds raised through public offers and related matters;
- To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- To discuss with internal auditors for any significant findings and follow up there on;
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit and Risk Management Committee.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Audit and Risk Management Committee. However, the detailed and exhaustive mandate / terms of reference of the Audit and Risk Management Committee are also available on the website of the Company at https://www.fortismalar.com/frontend/investorrelations/Audit-Risk-Management-Committee-Mandate-1557140857.pdf.

Meetings and Attendance during the year

During the financial year ended March 31, 2020, four meetings of Audit and Risk Management Committee were held on:

i) May 6, 2019

ii) Aug 2, 2019

iii) Oct 30, 2019

iv) February 3, 2020

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

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Daljit Singh	3
3	Mr. Murari Pejavar	3
4	Mr. Ravi Rajagopal[1]	2

[1]Mr. Ravi Rajagopal appointed as member on the Committee w.e.f Oct 30, 2019 and attended meeting held on Feb 3, 2020 through audio means.

B) NOMINATION AND REMUNERATION COMMITTEE

Composition of the Committee

As on March 31, 2020, the Nomination and Remuneration Committee comprised of the following members: -

Sr. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Non-Independent Director
3	Mr. Murari Pejavar	Member	Non-Executive Independent Director
4	Dr. Nithya Ramamurthy	Member	Non-Executive Non-Independent Director

Accountabilities, Roles and Responsibilities

The Committee shall have the accountabilities, roles and responsibilities as set out below, as well as any other matter as may be specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform such duties as may be required by applicable laws.

Key responsibilities of the Nomination and Remuneration Committee inter alia include:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of every Director's performance;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of Independent Directors on the basis of the report of performance evaluation.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Nomination and Remuneration Committee. However, the detailed and exhaustive mandate / terms of reference of the said Committee are also available on the website of the Company at https://www.fortismalar.com/frontend/investorrelations/Nomination-&-Remuneration-Committee-Mandate-1576243459.pdf.

Meetings and Attendance

During the financial year ended March 31, 2020, two meetings of the Nomination and Remuneration Committee were held on:

i) May 6, 2019

ii) October 30, 2019

The attendance at the Nomination and Remuneration Committee Meetings held during the year under review is as under: -

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige	2
2	Mr. Daljit Singh	2
3	Mr. Murari Pejavar	1
4	Dr. Nithya Ramamurthy	0

The Company Secretary of the Company acts as the Secretary of the Committee.

Remuneration Policy & criteria of making payments to Executive and Non-Executive Directors

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The Directors' remuneration policy of your Company confirms to the provisions of the Companies Act, 2013 and this policy forms part of "Board Governance document" which is available at company website on https://www.fortismalar.com/frontend/investorrelations/Governance%20Document-1571650694.pdf. The remuneration paid/payable to the Executive Director i.e. Whole-time Director is, as recommended by the Nomination and Remuneration Committee, decided by the Board and approved by the Shareholders.

Presently, the Non-Executive Directors are being paid sitting fees for attending the meetings of Board of Directors and various Committees of the Board viz. Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Independent Directors are also being paid sitting fees for their separate meeting.

Remuneration to Directors

Executive Director(s)

The details of remuneration paid to Executive Directors during the financial year ended March 31, 2020 are as under:-

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. C K Nageswaran#	51,45,708	6,00,000	324,394	3 years w.e.f. October 02, 2018	3 Months

Notes:

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

2) No severance fees is payable on termination of contract.

3) As on March 31, 2020, Mr Nageswaran did not hold any equity shares in the Company.

4) No Stock options of the Company have been granted to Mr Nageswaran. Further, he was not paid any commission from the Company or its Holding/Subsidiary Company during the year.

Non – Executive Directors

Except the sitting fees being paid to Non-Executive Directors and the fees for services rendered in the professional capacity, there is no other pecuniary relationship or transaction between such Directors and the Company.

The sitting fees of ₹ 25,000 (till September 26, 2019) and ₹ 50,000 (post September 26, 2019) per meeting paid to the Non-Executive Directors for the financial year ended March 31, 2020 and their shareholding as on that date is as follows: -

Particulars of Director	Sitting Fee (Amount in ₹)	Shareholding in the Company as on March 31, 2020
Mr. Daljit Singh	3,50,000	–
Mr. Murari Pejavar	2,50,000	–
Dr. Nithya Ramamurthy	2,00,000	8,59,377
Mr. Ramesh Lakshman Adige	6,25,000	–
Mr. Ravi Rajagopal	1,50,000	–

Except for Dr. Nithya Ramamurthy, Non-Executive Director, to whom 20,000 Stock Options have been granted under ESOP 2008 Scheme of the Company, the Company has not granted any stock options to any other Director.

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

C) STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition of the Committee

As on March 31, 2020, the Stakeholders Relationship Committee comprised of the following members, namely:

Sr. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Non-Independent Director
3.	Mr. C K Nageswaran	Member	Executive Director (Whole-time Director)
4.	Dr. Nithya Ramamurthy	Member	Non-Executive Non-Independent Director

The Company Secretary acts as the Secretary of the Committee.

The Board of Directors has approved the following terms of reference for Stakeholders Relationship Committee:

- To approve / refuse / reject registration of transfer / transmission of Securities;
- To authorize issue of Share Certificates after split / Consolidation / Replacement and duplicate Share certificates;
- To authorize printing of Share Certificates;
- To affix or authorize affixation of the Common Seal of the Company on Share Certificates approved by the Committee on behalf of the Company.
- To authorize Managers / Officers / Signatories for signing Share Certificates as well as for endorsing share transfers.
- To monitor redressal of shareholders' and investors' complaints about transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- Such other functions as may be assigned by the Board.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Stakeholders Relationship Committee. However, the detailed and exhaustive mandate / terms of reference of the said Committee are also available on the website of the Company at https://www.fortismalar.com/frontend/investorrelations/Stakeholder-Relationship-Committee-Mandate-1557141106.pdf.

Name and Designation of Compliance Officer (as on date)

Mr. Mayank Jain

Company Secretary

Meeting and Attendance

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

i) May 6, 2019

ii) Aug 2, 2019

iii) Oct 30, 2019

iv) February 3, 2020

The attendance of the members of the Stakeholders Relationship Committee at the said meetings was as follows: -

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Daljit Singh	3
3	Dr. Nithya Ramamurthy	1
4	Mr. C K Nageswaran	4

Status of Shareholders' Complaints during Financial Year 2019-20

Number of complaints pending from last year	:	2
Number of shareholders' complaints received during the year	:	117
Number of complaints not resolved to the satisfaction of shareholders	:	0
Number of pending complaints as on March 31, 2020	:	0

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition of the Committee

The Committee as on March 31, 2020 comprised of the following members, namely: -

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

The Company Secretary acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

The salient roles and responsibilities associated with the Corporate Social Responsibility Committee inter alia include, but are not limited to, the following:

- To review and make recommendations, as appropriate, with regard to the Company's Corporate Social Responsibility (CSR) policy indicating the activities to be undertaken by the Company;
- To review the various proposals of CSR programmes / projects as submitted by CSR department of the Company and if thought fit, approval thereof, provided that the same is within the framework of CSR Policy;
- To identify and appoint various eligible agencies / entities for execution of CSR programmes or projects of the Company;

- To recommend the amount of expenditure to be incurred on the CSR activities as per the framework of CSR Policy.
- To fix the schedule of implementation of CSR projects and programmes and supervise and review the same;
- To liaise with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- To satisfy itself that management of the Company monitor trends and emerging issues in the corporate social responsibility field and evaluates the impact on the Company;
- To schedule regular reports from CSR Department(s) and / or various eligible agencies or entities on the Company's CSR performance to assess the effectiveness of the CSR program;
- To identify the principal areas of risks and impacts relating to corporate social responsibility and ensuring that sufficient resources are allocated to address these liabilities;
- To review the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate;
- To review the Company's CSR performance and to assess the effectiveness of the CSR program and to determine whether the Company is taking all appropriate actions in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, wherever appropriate; and
- To open various bank account(s) and authorize the bank signatories, as may be required, for execution of various CSR programmes or projects of the Company and change, if any, of said signatories and closure of said bank account(s).

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the Corporate Social Responsibility Committee. The detailed and exhaustive mandate of the Corporate Social Responsibility Committee is available on the website of the Company at https://www.fortismalar.com/frontend/investorrelations/Corporate-Social-Responsibility-Mandate-1557142145.pdf.

Meetings and Attendance during the year

The Corporate Social Responsibility Committee meets as and when required. During the year under review, one meeting was held on May 6, 2019.

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

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Daljit Singh, Chairman	1
2	Dr. Nithya Ramamurthy	0
3	Mr. Ramesh L Adige	1

INDEPENDENT DIRECTORS MEETING

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

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

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

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

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

4. SUBSIDIARY COMPANY

The Audit and Risk Management Committee of the Company reviews the financial statements and investments made by Malar Stars Medicare Limited, the unlisted subsidiary company. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by Malar Stars Medicare Limited were placed before the Board of Directors of the Company.

The Company has also formulated a policy for determining 'material' subsidiaries and such policy has also been disclosed on the company's website i.e. www.fortismalar.com and the web link of the same is https://www.fortismalar.com/frontend/investorrelations/Policy%20on%20Material%20Subsidiary%20Company-1559121470.pdf. Basis the Consolidated Audited Annual Accounts of the Company for the Financial Year 2019-20, the Company has no "material non-listed subsidiary" in terms of the provisions of SEBI LODR .

5. WHOLE TIME DIRECTOR / CHIEF FINANCIAL OFFICER CERTIFICATION

The Whole-time Director and Chief Financial Officer Certification as stipulated in Regulation 17(8) of the SEBI LODR was placed before the Board along with financial statements for the year ended March 31, 2020. The Board reviewed and took the same on record. The said certificate forms part of the Annual Report.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Address	Special resolution passed
2016-17	September 26, 2017	10:30 A.M.	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062	–
2017-18	September 28, 2018	10:30 A.M.	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062	• Approval of modification of terms and conditions of appointment of Mr. Meghraj A. Gore as Whole Time Director
2018-19	September 26, 2019	10:30 A.M.	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali – Punjab-160062	• Appointment of Mr. Coimbatore Kalyanraman Nageswaran as Whole Time Director of the Company • Approval of re-appointment of Mr. Ramesh L. Adige as Non-Executive and Independent Director for second term • Approval of re-appointment of Mr. Murari Pejavar as Non-Executive and Independent Director for second term

Details of resolution passed by way of Postal Ballot.

No special resolution was passed by way of postal ballot, except as per the details available in public domain.

Postal ballot notice dated January 4, 2020 (Result declared on February 11, 2020)

Approval for Reclassification of Members of the Promoter/Promoter Group to the Public Shareholder Category

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

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

Item	Net Valid Votes Polled (No. of Equity Shares)	Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes)	Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes)
Ordinary Resolution for Reclassification Of Members Of The Promoter/Promoter Group To The Public Shareholder Category	12784175	12782100 (99.9838%)	2075 (0.0162%)

Postal ballot notice dated May 7, 2020 (result shall be declared on June 13, 2020). Summary of postal ballot as follows: -

Sr. No.	Description	Type of resolution
1	Approval for entering into the Material Related Party Transaction under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.	Ordinary Resolution
2	Approval for entering into the Material Related Party Transaction under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011	Special Resolution
3	Approval for appointment of Mr. Ravi Rajagopal as Non-Executive Independent Director	Ordinary Resolution
4	Approval for waive off service fee payable to BT entity as described and amendment in any of the terms and conditions of Hospital and Medical Services Agreement (HMSA), including termination thereof.	Special Resolution

Further, for the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Ramit Rastogi, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

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

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

Further, resolution(s), if required, shall be passed by Postal Ballot during the year ending on 31st March 2021, as per the prescribed procedure under the Companies Act, 2013 and SEBI LODR.

Procedure for voting by Postal Ballot and E-voting

In compliance with the provisions of the SEBI LODR and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the Company provides E-voting facility to the members. The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts along with the Postal ballot form and the postage prepaid self-addressed envelope, are sent to all the members, whose name appear on the register of members as on the cut-off date, under secured mode of Posting/through e-mail. The members were given option to vote either through the Postal Ballot Forms or through e-voting facility. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached postage prepaid self-addressed envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose or post their assent or dissent through e-voting module. Postal Ballot Form received after this date, is strictly treated as if the form has not been received from the member.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against.

For the members who opted for e-voting facility, they casted their votes via electronic platform (https://evoting.karvy.com) of KFIN Technologies Private Limited (KFIN).

The scrutinizer appointed for the purpose scrutinizes the postal ballots and e-votes received and submits his consolidated report to the Company. The results are also displayed on the website of the Company i.e. www.fortismalar.com.

7. DISCLOSURES

Related party transactions

The details of transactions with related parties, as prescribed in the SEBI LODR, are placed before the Audit and Risk Management Committee periodically. Further, the details of all material transactions, if any, with related parties are also disclosed quarterly along with the compliance report on Corporate Governance. The Company has adopted a Policy on 'Materiality on Related Party Transactions' and the weblink for the same is https://www.fortismalar.com/frontend/investorrelations/Related-Party-Transactions-Framework-Document-1557140823.pdf.

During the period under review, no new material related party transaction(s) requiring Members' approval was entered with related parties of the Company. However, the Company approved enhancing of limit of the existing Material Related Party Transactions under the Companies Act, 2013 & SEBI LODR.

Accounting Treatment

While in the preparation of financial statements, the treatment that has been prescribed in the Accounting Standards, has been followed to represent the facts in the financial statements in a true and fair manner.

Compliances by the Company

The Company has complied with requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI and other statutory authorities relating to the above during the last three years.

Management

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

Code of Conduct and Prohibition of Insider Trading

Code of Conduct for Prevention of Insider Trading of Fortis Malar Hospitals Limited, as approved by the Board of Directors, *inter alia*, prohibits purchase or sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available on the Company's website https://www.fortismalar.com/frontend/investorrelations/Policy%20Code%20of%20Conduct%20for%20prevention%20of%20Insider%20Trading-1559121572.pdf.

Whistle Blower Policy / Vigil Mechanism

The Company strongly supports and strives to provide a structured platform via Whistle Blower Policy / Vigil Mechanism for reporting of instances of alleged wrongful conduct or gross waste or misappropriation of funds including instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct.

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

The Company has adopted a Whistle Blower Policy in line with the requirements laid down under the Companies Act, 2013 and the SEBI LODR. The same is available at the website of the Company at https://www.fortismalar.com/frontend/investorrelations/Whistle%20Blower%20Policy-1581315350.pdf.

8. MEANS OF COMMUNICATION

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

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

iii) News Release, Presentations: The press releases/ official news, detailed presentation made to media, analysts, institutional investors etc., if any, are displayed on the Company's website. Official Media Releases, if any, are also sent to the stock exchange before dissemination to the media.

iv) Intimation to the Stock Exchange: The Company also intimates the Stock Exchange all price sensitive information or such other matters, if any, which in its opinion are material and of relevance to the Shareholders.

v) BSE Corporate Compliance and the Listing Centre: BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others in accordance with the SEBI LODR are filed electronically.

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

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

9. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting on or before September 30, 2020 (Subject to change)

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

Financial Calendar 2020-2021 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2020	August 14, 2020
2.	Financial Reporting for the quarter ending September 30, 2020	November 14, 2020
3.	Financial Reporting for the quarter ending December 31, 2020	February 14, 2021
4.	Financial Reporting for the quarter ending March 31, 2021	May 30, 2021
5.	Annual General Meeting for the year ending March 31, 2021	On or before September 30, 2021

c) Listing on Stock Exchanges

The Equity shares of the Company are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Tower, Dalal, Street, Mumbai – 400001.

The Company has paid the listing fee of BSE Limited for the Financial Year 2019-20.

d) Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

e) Market Price Data

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

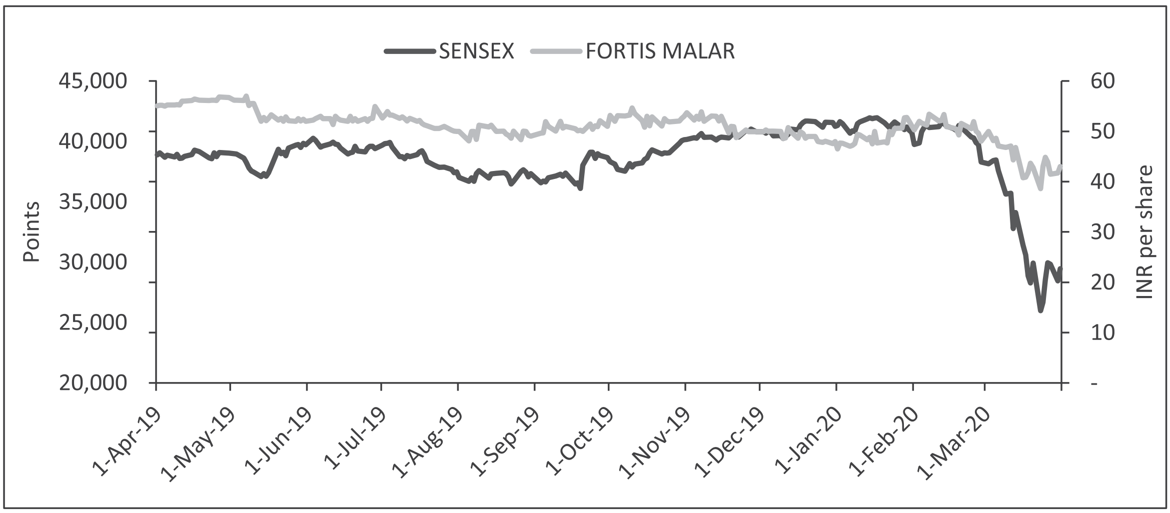
Monthly High and Low Quotations of Shares traded on BSE

	High	Low
Apr-19	56.8	55.0
May-19	57.0	52.0
Jun-19	55.0	51.4
Jul-19	54.0	50.0
Aug-19	51.2	48.1
Sep-19	52.1	49.6
Oct-19	54.7	50.8
Nov-19	53.9	48.8
Dec-19	50.8	47.6
Jan-20	52.8	46.5
Feb-20	53.4	48.1
Mar-20	50.0	38.6

Based on monthly closing data of Fortis Malar Stock Price (Rupee per share)

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

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



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

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

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

It is confirmed that at there was no instance during Financial Year 2019-20 when the Board had not accepted any recommendation of any committee of the Board

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

Particular of Services	Name of Auditor	Amount*
Statutory Audit Fees	B S R & Co. LLP	575,000
Tax Audit Fees	B S R & Co. LLP	130,000
Other Services Limited Review / OPE & GST	B S R & Co. LLP	1,138,234
TOTAL		1,843,234

*** On Accrual Basis.**

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

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

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

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

m) Registrar and Transfer Agent

KFin Technologies Private Limited
Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23431551.
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

n) Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Whole-time Director and/or Company Secretary. A summary of transfer / transmission of securities of the Company so approved by the Whole-time Director / Company Secretary is placed at every Board meeting / Stakeholders' Relationship Committee.

The Company has obtained half yearly certificate(s) of compliance from the Compliance Officer and the authorized representative of Registrar and share transfer Agent pertaining to compliance with share transfer formalities as required under SEBI LODR.

o) Distribution of Shareholding as on March 31, 2020

Sr. No.	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	22230	96.19	13544830.00	7.23
2	5001- 10000	424	1.83	3712430.00	1.98
3	10001- 20000	215	0.93	3335850.00	1.78
4	20001- 30000	71	0.31	1825070.00	0.97
5	30001- 40000	19	0.08	695050.00	0.37
6	40001- 50000	42	0.18	2036690.00	1.09
7	50001- 100000	50	0.22	4022730.00	2.15
8	100001& Above	60	0.26	158244940.00	84.43
	Total:	**23111**	**100.00**	**187417590.00**	**100.00**

p) Shareholding Pattern of Equity Shares as on March 31, 2020

S. No	Description	No. of Cases	Total Shares	% Equity
1	MUTUAL FUNDS	3	36000	0.19
2	TRUSTS	2	2100	0.01
3	RESIDENT INDIVIDUALS	22683	4567727	24.37
4	PROMOTERS	1	100	0.00
5	EMPLOYEES	10	105150	0.56
6	NON RESIDENT INDIANS	72	324611	1.73
7	PROMOTERS BODIES CORPORATE	5	11752802	62.71
8	CLEARING MEMBERS	5	3284	0.02
9	DIRECTORS	1	859377	4.59
10	NON RESIDENT INDIAN NON REPATRIABLE	31	54698	0.29
11	BODIES CORPORATES	90	863937	4.61
12	H U F	208	171973	0.92
	Total:	**23111**	**18741759**	**100.00**

q) Dematerialization of Shares and Liquidity

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

As on March 31, 2020, 172,77,472 Equity shares representing 92.19% of the paid-up Equity Capital of the Company had been dematerialized.

The Company's Equity shares have been allotted ISIN (INE842B01015) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only. Further, w.e.f April 1, 2019, as per the circular issued by SEBI, no transfer can be effected in physical form.

The Company's Equity Shares are actively traded on BSE Limited. Further, the relevant data for the average daily turnover for the financial year 2019-20 is given below:

Particulars		BSE
Average Shares Traded	Share (Nos.)	3,397
Average Annual Turnover	Value (In Crores)	0.0173

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

r) As on March 31, 2020, the Company has not issued any GDRs, ADRs, FCCBs, Warrants or any other convertible instruments.

s) Hospital Location

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

t) Lock-in of Equity shares

As on March 31, 2020 none of the shares of the Company are under Lock-in.

u) Address for Correspondence

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

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

KFin Technologies Private Limited
Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seilingampally Mandal
Hyderabad-500032
Phone No. - +91 40 6716 2222
Fax No. - +91 40 23431551.
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

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

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

w) Nomination Facility

Shareholders who hold shares in the physical form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit the nomination Form SH-13 of the Companies (Share Capital and Debentures) Rules, 2014, available with the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

x) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

y) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit Report as stipulated under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018) (erstwhile Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996) was carried out by a Practicing Company Secretary in each of the quarter in the financial year 2019-20, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Audit Report confirm that the total issued/paid up capital agrees with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Reconciliation of Share Capital Audit Reports for each quarter of the Financial Year ended March 31, 2020 has been filed with the Stock Exchange within one month of end of the respective quarter.

z) Demat Suspense Account

The Company has opened a Demat Suspense Account - "Fortis Malar Hospitals Limited - Unclaimed Shares Demat Suspense Account" and other information as required under SEBI LODR is as follows:

- Aggregate Number of the Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year (1st April, 2019): 25 Shareholders and 19,700 shares.
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year: Nil
- Number of shareholders to whom shares were transferred from suspense account during the year: Nil
- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2020: 25 Shareholders and 19,700 shares.

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

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

ab) Dividend payment date: Not applicable

ac) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; Not Applicable

ad) Adoption of Mandatory and Non-Mandatory Requirements

Apart from complying with all the mandatory requirements, the company has adopted following non-mandatory requirements as specified in Regulation 27(1) of SEBI LODR:

A. Reporting of Internal Auditor

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

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

For the Financial Year ended March 31, 2020, your Company published financial statements with unmodified audit opinion.

ac) GO GREEN INITIATIVE

- The shareholders having shares in physical form are requested to register their e-mail IDs with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication annual report, etc. through e-mail.
- The shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

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

Declaration as required under Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015	
All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2020.	
Date: June 12, 2020 Place: Gurugram	**C K Nageswaran** **Whole-time Director**

COMPLIANCE CERTIFICATE

[For Financial Year ended on March 31, 2020]
[Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015]

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

We, Mr. C K Nageswaran, Whole Time Director, and Mr. Saravanan V, Chief Financial Officer, of the Company, certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

For **Fortis Malar Hospitals Limited**

C K Nageswaran
Whole Time Director
DIN: 08236347

Place: Gurugram
Date: June 12, 2020

Saravanan V
Chief Financial Officer

Place: Chennai
Date: June 12, 2020

CORPORATE GOVERNANCE CERTIFICATE

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

We, **Mukesh Agarwal & Co.,** have examined the compliance of conditions of Corporate Governance by M/s Fortis Malar Hospitals Limited ("the Company") for the year ended March 31, 2020, as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C,D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of above-referred conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

for **Mukesh Agarwal & Company**

Mukesh Kumar Agarwal
M No-F5991
C P No.3851
UDIN: F005991B000331250

Place: Delhi
Date: June 10, 2020

INDEPENDENT **AUDITORS' REPORT**

To the Members of Fortis Malar Hospitals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Fortis Malar Hospitals Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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Description of Key Audit Matter

Impact of COVID 19 on Going concern (refer note 43, 45 and 46 to the standalone financial statements)

The Key Audit Matter	How the matter was addressed in our audit
On 11 March 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. The Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from 22 March 2020 onwards. The lockdowns and restrictions imposed on various activities due to COVID–19 pandemic have posed challenges and disruption to the businesses of the Company. COVID-19 in addition to the litigations specifically relating to hospital building and the proposed loan to the parent company has been identified as a triggering event that may cast significant doubt on entity's ability to continue as a going concern. The Company has assessed the impact of existing and anticipated effects of COVID-19 on the future cash flow projections. Management plan for future actions relating to its going concern assessment / cash flow projections may be unreasonable or insufficient, including plans relating to revenue / gross margin targets, reduce / delay expenditure, maintaining current ratio, exercising call option on the proposed loan, alternate business plan, adequate related disclosures in the standalone financial statements. In view of uncertainties outlined above, we identified going concern as a key audit matter due to the significant judgements involved in the cash flow projections.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtained understanding of the key controls relating to the Company's forecasting process. • Obtained and understood from the management, the impact of COVID-19 pandemic and the lockdown on the business and operations of the Company. • Obtained and understood from the management the key assumptions used by management in the cash flow projections. Assessed and challenged the key assumptions used by management in the cash flow projections (including forecast revenue, occupancy ratio, cash flows from loans to related parties, doctor fees, and rental expenses etc.) and evaluating whether there were any indicators of management bias by comparing the key assumptions, where possible, to budgets reviewed by management, historical trends and other externally available information. • Performed sensitivity analyses of the key assumptions (including forecast revenue, occupancy ratio, cash flows from loans to related parties, doctor fees, and rental expenses etc.) adopted in the cash flow forecast prepared by management and assessed the impact on the conclusions of the going concern assessment. • Assessed the related disclosures in the standalone financial statements with reference to adequacy and compliance in accordance with the requirements of relevant accounting standards in respect of management's assessment of going concern assumption.

Litigations and claims (refer note 34 and 45 to the standalone financial statements)

The Key Audit Matter	How the matter was addressed in our audit
The Company is involved in various litigations and claims including those relating to medical matters, taxation matters, deviations in the construction of the hospital building. We identified litigation and claims as a key audit matter due to the significance of these amounts, judgement and the assumptions made by the management in assessing the exposure on each case and relevant disclosures thereof in the standalone financial statements.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities. • Obtaining the details of legal and tax disputed/ claim matters and evaluation made by the management and assessed management's position through discussions on both the probability of success in significant cases, and the magnitude of any potential loss. • Obtained and read external legal opinions and other evidence / correspondence obtained by the management to corroborate management's assessment of the risk profile in respect of legal and tax disputed/ claim matters. • Considered the effect of new information in respect of litigation and claims post 1 April 2020 till the date of signing of the report to evaluate any change required in the Company's position on the litigation and claims as at 31 March 2020. • We involved our tax specialists to assist us in evaluating tax demands/ claims related positions taken by management. • Assessed the relevant disclosures made in the standalone financial statements for adequacy and compliance in accordance with the requirements of relevant accounting standards.

Related party transactions (refer note 32 and 43 to the standalone financial statements)

The Key Audit Matter	**How the matter was addressed in our audit**
Related party transactions are regulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Companies Act, 2013. In addition, the relevant accounting standards require specific compliance and disclosures of related parties and transactions with them to be made in the standalone financial statements. We have identified the related party transactions as a key audit matter due to the significance of the amounts given as loans to related parties, recoverability of such loans and risk of non-compliance with various regulations. Also, a substantial portion of the expenses (clinical establishment expenses etc.) are paid to related parties.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtain an understanding of the Company's related party relationships and transactions. • Obtained a list of related party relationships and significant related party transactions from the management. Made inquiries of management regarding the identity of the related parties including changes from the prior year and the nature of relationships and of the transactions with them. We also maintained alertness regarding related party information when examining records or documents regarding undisclosed related party relationships or transactions. • Evaluated the design, implementation and operating effectiveness of key controls over identification and authorization of significant related party transactions. • Obtained confirmation from related party with respect to transactions and balances and evaluated the management's assessment on the recoverability of the loans to related parties as and when they fall due. Performed substantive procedures to check the completeness of expenditure and interest income. • Evaluated compliance of such related party transactions with the relevant accounting standard and applicable laws and regulations. • Assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard and applicable laws and regulations.

Other Information

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

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

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 34 and Note 45 to the standalone financial statements

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

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

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Harsh Vardhan Lakhotia
Partner
Membership No. 222432
ICAI UDIN: 20222432AAAAAR6698

Place: Chennai
Date: 12 June 2020

Annexure A to the Independent Auditor's Report to the members of Fortis Malar Hospitals Limited for the year ended 31 March 2020

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

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

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

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

(ii) The inventories has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate to the size of the Company and the nature of its business. The discrepancies noticed on physical verification during the year were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans as applicable are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per applicable stipulations

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

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security, as applicable.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which amount relates to	Amount involved (₹)	Amount unpaid (₹)
Income Tax Act, 1961	Income Tax	Honourable High Court of Madras	FY 2009-10	2,267,402	2,267,402
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Honourable High Court of Madras	FY 2008-09 to FY 2011-12	25,493,296	25,493,296

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

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

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

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

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

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

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

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

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W / W-100022

Harsh Vardhan Lakhotia
Partner
Membership No. 222432
ICAI UDIN: 20222432AAAAAR6698

Place: Chennai
Date: 12 June 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2020.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fortis Malar Hospitals Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W / W-100022

Harsh Vardhan Lakhotia
Partner
Membership No. 222432
ICAI UDIN: 20222432AAAAAR6698

Place: Chennai
Date: 12 June 2020

STANDALONE BALANCE SHEET
AS AT 31 MARCH 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	1,783.68	2,062.26
Capital work-in-progress	4(b)	8.82	-
Right of use assets	37	6,047.76	-
Intangible assets	4(c)	276.20	122.43
Intangible assets under development	4(b)	-	72.97
Financial assets			
Investment in subsidiary	5	5.00	5.00
Loans receivables	13	3,500.00	-
Other financial assets	6	85.33	78.72
Deferred tax assets (net)	40	521.96	185.12
Income tax assets (net)	7	862.11	1,207.08
Other non-current assets	8	5.00	29.92
Total non-current assets		**13,095.86**	**3,763.50**
Current assets			
Inventories	9	130.65	164.81
Financial assets			
Trade receivables	10	372.79	966.22
Cash and cash equivalents	11	4,150.97	503.52
Bank balances other than above	12	20.69	160.78
Loans receivables	13	-	7,587.54
Other financial assets	14	387.16	1,561.73
Income tax assets (net)	7	773.32	-
Other current assets	15	209.58	141.66
Total current assets		**6,045.16**	**11,086.26**
Total assets		**19,141.02**	**14,849.76**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,875.70	1,875.70
Other equity	17	7,566.88	8,483.73
Total equity		**9,442.58**	**10,359.43**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	18	5,937.33	-
Provisions	21	214.57	155.34
Total non-current liabilities		**6,151.90**	**155.34**
Current liabilities			
Financial liabilities			
Lease liabilities	18	496.56	-
Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		66.82	46.47
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,821.10	2,284.68
Other financial liabilities	20	56.12	581.41
Provisions	21	101.94	112.53
Income tax liabilities	7	-	5.71
Other current liabilities	22	1,004.00	1,304.19
Total current liabilities		**3,546.54**	**4,334.99**
Total liabilities		**9,698.44**	**4,490.33**
Total equity and liabilities		**19,141.02**	**14,849.76**
Significant accounting policies	3		

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

As per our report of even date attached

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

STANDALONE STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	23	11,187.20	14,459.39
Other income	24	1,092.34	968.44
Total income		**12,279.54**	**15,427.83**
Expenses			
Purchases of medical consumables and drugs		2,097.21	3,302.36
Changes in of inventories of medical consumables and drugs	25	34.16	37.43
Employee benefits expense	26	2,145.54	2,314.50
Finance costs	27	780.79	50.90
Depreciation and amortisation expense	28	1,253.11	438.31
Other expenses	29	7,184.30	9,048.34
Total expenses		**13,495.11**	**15,191.84**
(Loss) / profit before tax		**(1,215.57)**	**235.99**
Tax expense	30		
Current tax		-	109.74
Earlier year income tax		22.67	-
Deferred tax expense / (credit)		(332.55)	(47.42)
Total tax expense		**(309.88)**	**62.32**
(Loss) / profit for the year		**(905.69)**	**173.67**
Other comprehensive income	31		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans		(15.46)	15.41
Income tax relating to items that will not be reclassified to profit or loss		4.30	(4.29)
Total other comprehensive income		**(11.16)**	**11.12**
Total comprehensive income for the year		**(916.85)**	**184.79**
Earnings per equity share	41		
Basic (in ₹)		(4.83)	0.93
Diluted (in ₹)		(4.83)	0.92
Significant accounting policies	3		

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

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
(Loss) / Profit before tax for the year		(1,215.57)	235.99
Adjustments for:			
Interest income		(747.72)	(853.83)
Loss on sale of property, plant and equipment		8.27	7.64
Depreciation and amortisation expense		1,253.11	438.31
Interest expense on lease liability		742.56	-
Allowance for credit losses		362.32	1.99
Advances written off		-	16.22
Liabilities no longer required written back		(344.62)	(114.61)
		58.35	**(268.29)**
Movements in working capital:			
Decrease / (increase) in other current and non current financial assets		1,017.64	(550.47)
(Increase) / decrease in other current and non-current assets		(64.62)	(24.66)
Decrease / (increase) in trade and other receivables		231.11	(367.85)
Decrease in inventories		34.16	37.43
Increase in provisions		37.48	37.16
Decrease in trade payables		(443.23)	(165.96)
Decrease in financial liabilities		(481.00)	(154.93)
Increase in other current liabilities		44.43	337.84
Cash generated / (used in) from operations		**434.32**	**(1,119.73)**
Income taxes paid (net)		(461.03)	(453.12)
Net cash used in operating activities		**(26.71)**	**(1,572.85)**
Cash flows from investing activities			
Payments to acquire property, plant and equipment and intangible assets		(330.82)	(270.59)
Proceeds on sale of property, plant and equipment		40.70	0.34
Interest received		893.15	476.95
Inter corporate deposits placed with related parties		(3,500.00)	-
Inter corporate deposits repaid by related parties		7,587.54	547.46
Fixed deposits not considered as cash and cash equivalents		140.09	(143.64)
Net cash generated by investing activities		**4,830.66**	**610.52**
Cash flows from financing activities			
Repayment of lease liabilities including interest on lease liabilities		(1,156.50)	-
Proceeds from issue of equity instruments of the Company		-	15.07
Net cash (used in) / from financing activities		**(1,156.50)**	**15.07**
Net increase / (decrease) in cash and cash equivalents		**3,647.45**	**(947.26)**
Cash and cash equivalents at the beginning of the year		503.52	1,450.78
Cash and cash equivalents at the end of the year	11	**4,150.97**	**503.52**
Significant accounting policies	3		

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

As per our report of even date attached

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

STANDALONE STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

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

		Note	As at 31 March 2020	As at 31 March 2019
A	**Equity share capital**	16		
	Balance at the beginning of the year		1,875.70	1,869.95
	Changes in equity share capital during the year			
	- Issue of share capital during the year (Employee Stock Option Plan)		-	5.75
	Closing balance		**1,875.70**	**1,875.70**

B Other equity 17

Particulars	Reserves and surplus		Other comprehensive income (OCI)	Total
	Securities Preimium	Retained Earnings	Remeasurement of defined benefit obligation	
Balance as at 1 April 2018	**947.91**	**7,356.09**	**(14.38)**	**8,289.62**
Profit for the financial year 2018-19	-	173.67	-	173.67
Premium on issue of Equity Shares	9.32	-	-	9.32
Other comprehensive income for the year, net of income tax	-	-	11.12	11.12
Total comprehensive income	**9.32**	**173.67**	**11.12**	**194.11**
Balance as at 31 March 2019	**957.23**	**7,529.76**	**(3.26)**	**8,483.73**
Loss for the financial year 2019-20	-	(905.69)	-	(905.69)
Premium on issue of Equity Shares	-	-	-	-
Other comprehensive income for the year, net of income tax			(11.16)	(11.16)
Total comprehensive income	-	**(905.69)**	**(11.16)**	**(916.85)**
Balance as at 31 March 2020	**957.23**	**6,624.07**	**(14.42)**	**7,566.88**
Significant accounting policies	3			

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

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1 Nature of operations

Fortis Malar Hospitals Limited (the 'Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and the Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company has its state of the art Hospital facility in Chennai.

2 Basis of preparation

a) Statement of compliance

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

The standalone financial statements were authorised for issue by the Company's Board of Directors on 12 June 2020.

b) Functional and presentation currency

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

c) Basis of measurement

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

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

d) Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes (Also refer note 46, relating to impact on Covid -19 Pandemic):

a. fair valuation of financial assets (refer note 39)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the following notes (Also refer note 46, relating to impact on Covid -19 Pandemic):

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

b. Measurement of defined benefit obligations: key actuarial assumptions; (refer note 3.7 and note 36)

c. Recognition and measurement of income taxes and deferred taxes (refer note 3.12 and note 40)

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

e. Expected credit loss: The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period. (refer note 3.6)

e) Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 38 and 39 – financial instruments.

3 Significant accounting polices

3.1 Foreign currency transactions

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

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

3.2 Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

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

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

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

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

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv) Offsetting

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

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

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

3.3 Property, plant and equipment

i. Recognition and measurement

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

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

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

ii. *Subsequent expenditure*

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

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

iii. *Depreciation*

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

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

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

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

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

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

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

3.4 Intangible assets

i. *Recognition and measurement*

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

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

ii. *Subsequent expenditure*

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

iii. Amortisation

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

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

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

3.5 Inventories

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

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

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

3.6 Impairment

i) Impairment of financial instruments

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

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

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

ii) Impairment of non-financial assets

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

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

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

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

3.7 Employee benefits

i) Short-term employee benefits

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

ii) Defined benefit plans - Gratuity

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

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

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

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

iii) Compensated absences

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

iv) Share-based compensation

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

v) Contributions to provident fund

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

3.8 Provisions (other than for employee benefits)

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

3.9 Revenue recognition

<u>*Sale of Services*</u>

The Company earns revenue primarily from providing healthcare services. The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

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

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

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

<u>*Sale of traded goods – pharmacy items*</u>

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when the Company satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains the control of that items.

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

Inpatient and Outpatient Revenue

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

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

Export benefits- Government grants

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

3.10 Recognition of dividend income, interest income or expense

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

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

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

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

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

3.11 Leases

The Company has applied Ind AS 116 using the modified retrospective approach from 1 April 2019 and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. Accordingly, the Company has recognized a lease liability at the date of initial application, at the present value of the remaining lease payments discounted using the incremental borrowings rate at the date of initial application, recognized right-of-use asset at the date of initial application equals to the lease liability recognized and the comparatives have not been retrospectively adjusted– i.e. it is presented, as previously reported, under Ind AS 17.

A. Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 1 April 2019.

(i) Company as a lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

The lease payments shall include:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in –substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities separately on the face of the balance sheet.

(ii) Short term leases

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

B. Policy applicable before 1 April 2019

i. Determining whether an arrangement contains a lease

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

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

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

ii. Lease payments

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

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

3.12 Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

3.13 Borrowing costs

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

3.14 Earnings per share

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

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

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

3.15 Contingent liabilities

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

3.16 Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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

4(a). Property, plant and equipment

Particulars	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments	Vehicles	Total
Gross block/Deemed cost							
As at 1 April 2018	**183.40**	**2,525.76**	**208.73**	**120.23**	**57.23**	**82.12**	**3,177.47**
Additions	-	207.15	23.86	3.94	3.06	-	238.01
Disposals	3.16	23.62	-	-	-	-	26.78
As at 31 March 2019	**180.24**	**2,709.29**	**232.59**	**124.17**	**60.29**	**82.12**	**3,388.70**
Additions	18.86	65.57	2.77	11.48	0.79	-	99.47
Disposals	6.12	-	2.72	-	-	82.12	90.96
As at 31 March 2020	**192.98**	**2,774.86**	**232.64**	**135.65**	**61.08**	**-**	**3,397.21**
Accumulated depreciation							
As at 1 April 2018	**41.44**	**739.48**	**59.77**	**93.93**	**13.74**	**19.16**	**967.52**
Charge for the year	16.27	301.78	24.00	13.64	11.76	10.27	377.72
Disposals	1.95	16.85	-	-	-	-	18.80
As at 31 March 2019	**55.76**	**1,024.41**	**83.77**	**107.57**	**25.50**	**29.43**	**1,326.44**
Charge for the year	16.19	258.16	24.50	11.27	12.13	6.83	329.08
Disposals	3.77	-	1.96	-	-	36.26	41.99
As at 31 March 2020	**68.18**	**1,282.57**	**106.31**	**118.84**	**37.63**	**-**	**1,613.53**
Net block							
As at 31 March 2019	**124.48**	**1,684.88**	**148.82**	**16.60**	**34.79**	**52.69**	**2,062.26**
As at 31 March 2020	**124.80**	**1,492.29**	**126.33**	**16.81**	**23.45**	**-**	**1,783.68**

4(b) Intangible assets under development and capital work-in-progress

Intangible assets under development includes cost of development of software amounting to ₹ Nil (Previous year ₹ 72.97 lakhs).

Capital work-in-progress includes installation of medical equipment in progress amounting to ₹ 8.82 lakhs (Previous year: Nil)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

4(c) Intangible assets

Particulars	Software
Gross block	
As at 1 April 2018	**329.33**
Additions	14.18
Deletions	-
As at 31 March 2019	**343.51**
Additions	253.04
Deletions	-
As at 31 March 2020	**596.55**
Accumulated amortisation	
As at 1 April 2018	**160.49**
Charge for the year	60.59
Deletions	-
As at 31 March 2019	**221.08**
Charge for the year	99.27
Deletions	-
As at 31 March 2020	**320.35**
Net block	
As at 31 March 2019	**122.43**
As at 31 March 2020	**276.20**

		As at 31 March 2020	As at 31 March 2019
5.	**Investments in subsidiary**		
	Non current		
	Unquoted investments (fully paid)		
	Investments in equity instruments		
	Malar Stars Medicare Limited [50,000 Equity Shares of Rupees 10 each]	5.00	5.00
	Total	**5.00**	**5.00**
	Aggregate value of unquoted investments	5.00	5.00
6.	**Other financial assets**		
	Non current		
	Unsecured, considered good		
	Security deposits	65.02	59.51
	Advance to related parties (Refer Note 32)	20.31	19.21
	Total	**85.33**	**78.72**

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

		As at 31 March 2020	As at 31 March 2019
7.	**Income tax assets and liabilities**		
	Non-current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	862.11	1,207.08
	Total	**862.11**	**1,207.08**
	Current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	773.32	-
	Total	**773.32**	**-**
	Income tax liabilities		
	Income tax payable (net of advance income tax)	-	5.71
	Total	**-**	**5.71**
8.	**Other non-current assets**		
	Unsecured		
	Capital advances	5.81	7.62
	Prepaid expenses	1.59	24.70
		7.40	**32.32**
	Provision for doubtful advances	(2.40)	(2.40)
	Total	**5.00**	**29.92**
	Note:		
	- Considered good	5.00	29.92
	- Considered doubtful	2.40	2.40
	Total	**7.40**	**32.32**
9.	**Inventories**		
	Medical consumables and drugs	130.65	164.81
	Total	**130.65**	**164.81**
10.	**Trade receivables**		
	Current		
	Unsecured, considered good	372.79	966.22
	Trade Receivables - credit impaired	524.22	419.33
	Less: Allowance for expected credit loss	(524.22)	(419.33)
	Total	**372.79**	**966.22**
	The movement in allownace for expected credit loss is as follow:		
	Balances at 1 April	419.33	417.34
	Provision for the year (net)	104.89	1.99
	Balance at 31 March	**524.22**	**419.33**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

		As at 31 March 2020	As at 31 March 2019
11.	**Cash and cash equivalents**		
	Cash on hand	6.41	8.04
	Balances with banks		
	- Current accounts	32.56	292.48
	- Deposits with original maturity of less than three months	4,105.53	203.00
	Cheques, demand drafts on hand	6.47	-
	Total	**4,150.97**	**503.52**
12.	**Bank balances other than above**		
	Unpaid dividend accounts	19.30	19.47
	Deposits with original maturity of more than 3 months but less than 12 months	1.14	140.06
	Held as margin money	0.25	1.25
	Total	**20.69**	**160.78**
13.	**Loans receivables**		
	Non Current		
	Unsecured, considered good		
	Intercorporate deposits to related parites (refer note 43)	3,500.00	-
	Total	**3,500.00**	**-**
	The above loan is backed by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited, the ultimate holding company.		
	Current		
	Unsecured, considered good		
	Intercorporate deposits to related parites (refer note 43)	-	7,587.54
	Total	**-**	**7,587.54**
	The above loans are backed by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited, the ultimate holding company.		
14.	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Security deposits	-	2.61
	Interest accrued		
	(i) Inter corporate deposits	184.24	366.96
	(ii) Fixed deposit with banks	38.89	6.49
	Advances to related parties (Refer Note No. 32)	115.20	639.13
	Loans and advances to employees	8.29	33.24
	Unbilled revenue from undischarged patients	40.54	513.30
	Total	**387.16**	**1,561.73**

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

		As at 31 March 2020	As at 31 March 2019
15.	**Other current assets**		
	Current		
	Unsecured, considered good		
	Advance to vendors	37.02	40.72
	Prepaid expenses	35.88	40.16
	Service Export from India scheme licenses and accrued income	136.68	60.78
		209.58	**141.66**

16. Share capital

	As at 31 March 2020	As at 31 March 2019
Authorised Shares		
30,000,000 (31 March 2019: 30,000,000) Equity shares of ₹ 10/- each	3,000.00	3,000.00
Total authorised share capital	**3,000.00**	**3,000.00**
Issued		
18,772,259 (31 March 2019: 18,772,259) Equity shares of ₹ 10/- each	1,874.17	1,874.17
	1,874.17	**1,874.17**
Subscribed and Paid Up		
18,741,759 (31 March 2019: 18,741,759) Equity Shares of ₹ 10/- each fully paid up*	1,875.70	1,875.70
	1,875.70	**1,875.70**

*Includes amount received on forfeited shares amounting to ₹ 1.53 lakhs

Notes :

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

Equity Shares

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,741,759	1,875.70	18,714,759	1,869.95
Issued during the year: Employee Stock Option Plan (ESOP)	-	-	57,500	5.75
Forefieted shares (refer note 16(f))	-	-	(30,500)	-
Outstanding at the end of the year	**18,741,759**	**1,875.70**	**18,741,759**	**1,875.70**

During the previous year ended 31 March 2019, 57,500 Equity Shares of ₹ 10 each at a premium of ₹ 16.20 each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). No shares were alloted during the current year. The balance outstanding employee stock options as at 31 March 2020 is 22,500. (Refer Note (e) below)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

(b) Terms/rights attached to equity shares

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

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

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

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹ 10/- each)	11,752,402	1,175.24	11,752,402	1,175.24

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

Equity Shares

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.71%	11,752,402	62.71%

(e) Shares reserved for issue under options

As at 31 March 2020, 22,500 equity shares (As at 31 March 2019 78,750 equity shares) of ₹ 10/- each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 35).

(f) Forfeited shares

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

17. Other equity

a

Reserve and surplus	As at 31 March 2020	As at 31 March 2019
Securities premium account		
Opening balance	957.23	947.91
Add : Premium on shares issued during the year	-	9.32
Closing balance	**957.23**	**957.23**
Surplus in the statement of profit and loss		
Opening balance	7,529.76	7,356.09
Add: (Loss) / profit for the year	(905.69)	173.67
	6,624.07	**7,529.76**

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

b

Other comprehensive income	As at 31 March 2020	As at 31 March 2019
Opening balance	(3.26)	(14.38)
Add: Remeasurement (loss) / gain of defined employee benefit plans (net of taxes)	(11.16)	11.12
	(14.42)	**(3.26)**
Total	**7,566.88**	**8,483.73**

Nature and purpose of the reserve

17.i. Securities premium

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

17.ii. Analysis of item of OCI (net of tax)

(i) Remeasurements of defined benefit liability (asset)

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

		As at 31 March 2020	As at 31 March 2019
18.	**Lease liabilities**		
	Non-current		
	Lease liabilities (refer note 3.11 and note 37)	5,937.33	-
	Total	**5,937.33**	**-**
	Current		
	Lease liability (refer note 3.11 and note 37)	496.56	-
	Total	**496.56**	-
19.	**Trade payables**		
	Current		
	Total outstanding dues of micro enterprises and small enterprises (refer note 42)	66.82	46.47
	Total outstanding dues of creditors other than micro enterprises and small enterprises	1,821.10	2,284.68
	Total	**1,887.92**	**2,331.15**
	Includes payable to related parties (refer note 32)	657.80	-
20.	**Other financial liabilities**		
	Currrent		
	Security deposits	4.14	4.73
	Unpaid equity dividend	19.30	19.47
	Capital creditors	32.68	76.95
	Payable to related parties (refer note no. 32)	-	480.26
	Total	**56.12**	**581.41**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

		As at 31 March 2020	As at 31 March 2019
21.	**Provisions**		
	Non-current		
	Provision for gratuity	214.57	155.34
	Total	**214.57**	**155.34**
	Current		
	Provision for compensated absences	101.94	112.53
	Total	**101.94**	**112.53**
22.	**Other current liabilities**		
	Advance from patients/Amounts unclaimed by patients	760.86	1,207.83
	Employee benefits payable	116.95	-
	Statutory payables	126.19	96.36
	Total	**1,004.00**	**1,304.19**

		Year ended 31 March 2020	Year ended 31 March 2019
23.	**Revenue from operations**		
	Sale of services (refer note below)		
	In-Patient	9,422.72	12,668.44
	Out-Patient	1,639.59	1,718.35
	Total	**11,062.31**	**14,386.79**
	Revenue disaggregation as per timing of transfer of service has been included above. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities.		
	Sales of medical consumables and drugs		
	Medical consumables and drugs	0.03	0.04
	Total	**0.03**	**0.04**
	Other operating revenue		
	Income from Service Export from India Scheme	104.31	30.00
	Other operating income	20.55	42.56
	Total	**124.86**	**72.56**
		11,187.20	**14,459.39**

Note:

Discounts and deductions amounting to ₹ 531.56 lakhs (31 March 2019 - ₹ 269.35 lakhs) are netted against Sale of In-Patient and Out-Patient Services.

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

		Year ended 31 March 2020	Year ended 31 March 2019
	Contract assets and liabilities		
	The following disclosure provide information about receivables, contract assets and liabilities from contract with customer:		
	Receivable which are included in trade receivable (refer note 10)	372.79	966.22
	Unbilled revenue from undischarged patients (refer note 14)	40.54	513.30
	Advance from patients/Amounts unclaimed by patients (refer note 22)	760.86	1,207.83
24.	**Other income**		
	Interest Income on		
	Bank deposits	194.34	18.53
	Inter corporate deposits	461.63	831.58
	Interest on income tax refund	86.86	-
	Interest on financial assets carried at amortised cost	4.89	3.72
	Total	**747.72**	**853.83**
	Other non-operating income		
	Liabilities no longer required written back	344.62	114.61
	Total	**344.62**	**114.61**
	Total	**1,092.34**	**968.44**
25.	**Change in inventories of medical consumables and drugs**		
	Inventory at the beginning of the year	164.81	202.24
	Inventory at the end of the year	130.65	164.81
	Total	**34.16**	**37.43**
26.	**Employee benefits expense**		
	Salaries, wages and bonus	1,860.43	2,005.17
	Contribution to provident and other funds (Refer Note 36)	147.51	141.16
	Staff welfare expenses	137.60	168.17
	Total	**2,145.54**	**2,314.50**
27.	**Finance costs**		
	Interest expense on		
	- Credit card / bank charges	38.23	44.20
	- on lease liabilities (refer note 37)	742.56	-
	- on others	-	6.70
	Total	**780.79**	**50.90**
28.	**Depreciation and amortisation expense**		
	Depreciation of tangible assets	329.08	377.72
	Amortization of intangible assets	99.27	60.59
	Amortization of right of use assets	824.76	-
	Total	**1,253.11**	**438.31**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

		Year ended 31 March 2020	Year ended 31 March 2019
29.	**Other expenses**		
	Contractual manpower	103.22	143.39
	Power, fuel and water	303.50	318.75
	Housekeeping expenses including consumables	65.25	66.40
	Patient food and beverages	96.23	116.44
	Pathology laboratory expenses	484.97	617.39
	Consultation fees to doctors	1,084.47	1,177.78
	Professional charges to doctors	2,474.89	2,838.61
	Clinical establishment fee (Refer Note 29.2 below)	823.06	2,114.99
	Repairs and maintenance		
	- Building	19.12	2.87
	- Plant and machinery	296.03	306.07
	- Others	55.04	52.48
	Rent		
	- Equipments	38.91	54.85
	- Hospital buildings, offices and labs	17.56	22.30
	- Others	-	75.10
	Legal and professional fee	113.38	100.73
	Subscription fee	13.54	12.00
	Travel and conveyance	75.48	81.24
	Rates and taxes	7.34	3.96
	Printing and stationery	46.83	53.61
	Communication expenses	22.89	74.05
	Directors' sitting fees	18.59	14.75
	Insurance	93.49	70.09
	Marketing and business promotion	524.78	668.60
	Loss on sale of assets	8.27	7.64
	Advances written off	-	16.22
	Auditors' remuneration (Refer Note 29.1 below)	16.55	14.50
	Allowance for credit losses (including bad debts written off)	362.32	1.99
	Corporate social resposibility expenses (Refer Note 44)	9.50	15.37
	Miscellaneous expenses	9.09	6.17
	Total	**7,184.30**	**9,048.34**
29.1	**Payments to auditors**		
	For Statutory audit	4.95	3.75
	For Tax audit	0.55	0.50
	For other services *	6.85	7.05
	For GST on professional services	2.22	2.19
	For reimbursement of expenses	1.98	1.00
	Total	**16.55**	**14.50**

* includes Nil (31 March 2019: ₹ 6.55 lakhs) paid to auditors other then B S R & Co. LLP

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

29.2 Clinical establishment fees:

Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement. Also refer Note 32

		Year ended 31 March 2020	Year ended 31 March 2019
30.	**Tax expense**		
	Current tax (including prior years)		
	In respect of the current year	-	109.74
	In respect of prior year	22.67	-
	Total	**22.67**	**109.74**
	Deferred tax		
	In respect of the current year	(332.55)	(47.42)
	Adjustments to deferred tax attributable to changes in tax rates and laws	-	-
	Total	**(332.55)**	**(47.42)**
	Total tax expense	**(309.88)**	**62.32**
31.	**Other comprehensive income**		
	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans [Refer Note 36(II)(a)]	(15.46)	15.41
	Total	**(15.46)**	**15.41**

32. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	
Ultimate Holding Company	IHH Healthcare Berhad, Malaysia (effective from 13 November 2018)
Intermediate Holding Company	Integrated Healthcare Holdings Limited, Malaysia (effective from 13 November 2018) Parkway Pantai Limited, Singapore (effective from 13 November 2018) Northern TK Venture Pte Ltd, Singapore (effective from 13 November 2018) Fortis Healthcare Limited, India
Holding Company	Fortis Hospitals Limited, India
Subsidiary Company	Malar Stars Medicare Limited, India
Associate of the Holding Company	Fortis Health Management Limited, India (up to 14 January 2019) International Hospital Limited, India (up to 14 January 2019)
Fellow Subsidiary or Entities Under Common Control	SRL Limited, India Escorts Heart Institute and Research Centre Limited, India International Hospital Limited, India (effective from 15 January 2019) Fortis Health Management Limited, India (effective from 15 January 2019) Fortis CSR Foundation, India

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Key Management Personnel	Mr. Coimbatore Kalyanraman Nageswaran (effective from 2 October 2018) Mr. Meghraj Arvindrao Gore, Wholetime Director (upto 1 October 2018) Mr. Ramesh L Adige, Independent Director Mrs. Nithya Ramamurthy, Non-Executive Director Mr. Murari Pejavar, Non-Executive Director Mr.L.T. Nanwani, Non-executive Director (up to 1 August 2018) Mr. R.K.Shetty, Non-executive Director (up to 9 August 2018) Mr Daljit Singh (Director) Mr Ravi Rajagopal (Director) (effective from 23 October 2019) Mr. Vijayasarathy Desikan, Chief Financial Officer (up to 15 January 2019) Mr. Saravanan Venkatesan, Chief Financial Officer (effective 6 February 2019) Mr.Shashank Porwal (Company Secretary) (up to 2 April 2020) Mr.Mayank Jain (Company Secretary) (effective from 3 April 2020)
Relatives of Key Management Personnel	Mrs. Radhi Malar Mr. M. Anand

The schedule of related party transactions:

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Sale of Service	Fortis Hospitals Limited	-	50.99
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	144.42	601.11
	Escorts Heart Institute and Research Centre Limited	317.21	230.47
Mediclaim reimbursement and transfer of accumulated balance in retirement benefit	Fortis Hospitals Limited	-	0.43
Expenses			
Clinical establishment fee	Fortis Health Management Limited	823.06	2,114.99
Interest expense on lease liabilities	Fortis Health Management Limited	696.00	-
Contractual manpower	SRL Limited	6.64	11.67
Finance costs - Interest - Others	Fortis Health Management Limited	-	6.70
Pathology laboratory expenses	SRL Limited	471.91	604.34
Professional charges to doctors	Malar Stars Medicare Limited	10.35	33.21
	SRL Limited	8.99	5.31
	Mrs. Nithya Ramamurthy	198.13	189.00
	Mrs. Radhi Malar	24.70	22.28
	Mr. M. Anand	41.51	36.22
Staff welfare expenses	SRL Limited	0.05	-
	Fortis Hospitals Limited	-	0.39

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

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Recovery of Expenses incurred on behalf of other companies	Fortis Healthcare Limited	-	1.76
	Malar Stars Medicare Limited	48.82	51.32
Reimbursement of expenses (Salaries, wages and bonus)	International Hospital Limited	-	0.36
Reimbursement of expenses incurred by other companies on behalf of the Company	Fortis Health Management Limited	290.11	305.83
Mediclaim reimbursement and transfer of accumulated balance in retirement benefits	Fortis Hospitals Limited	-	0.03
Managerial remuneration (including director sitting fees)	Mr. Meghraj Arvindrao Gore	-	70.63
	Mr. Ramesh L Adige	6.25	5.50
	Mrs. Nithya Ramamurthy	2.00	1.50
	Mr. Murari Pejavar	2.50	3.25
	Mr. L.T. Nanwani	-	2.50
	Mr. R.K. Shetty	-	2.00
	Mr. Coimbatore Kalyanraman Nageswaran	73.96	7.98
	Mr. Daljit Singh	3.50	-
	Mr. Ravi Rajagopal	1.50	-
	Mr. Vijayasarathy Desikan	-	20.30
	Mr. Saravanan Venkatesan	25.08	3.81
Collections done by related party on behalf of the Company	Fortis Healthcare Limited	19.65	4.61
	Fortis Hospitals Limited	571.15	769.75
Corporate social resposibility expenses	Fortis CSR Foundation	-	15.37
Purchase of intangible asset	Fortis Hospitals Limited	160.21	-
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	-	16.50
Loans and advances to employees (Recovery)	Mr. Coimbatore Kalyanraman Nageswaran	16.50	
Inter Corporate Deposits given	Escorts Heart Institute and Research Centre Limited	3,500.00	-
Inter Corporate Deposits repaid	Escorts Heart Institute and Research Centre Limited	1,577.54	547.46
	Malar Stars Medicare Limited	6,010.00	-
Other financial liabilities-non current	Fortis Health Management Limited	5,592.92	-
Trade payables / Other financial liabilities-current	SRL Limited	51.77	333.49
	Fortis Health Management Limited	902.96	146.78
	Fortis Hospitals Limited	144.88	-
	Malar Stars Medicare Limited	1.86	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Prepaid expense	Fortis Health Management Limited	-	6.10
Other financial assets - current	Malar Stars Medicare Limited	-	13.21
	Fortis Healthcare Limited	48.15	28.50
	Fortis Hospitals Limited	67.05	597.43
	Fortis Health Management Limited	-	5.00
Other financial assets - non-current	Fortis Health Management Limited	20.31	14.21
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	-	16.50
Inter corporate deposits placed	Malar Stars Medicare Limited	-	6,010.00
	Escorts Heart Institute and Research Centre Limited	3,500.00	1,577.54
Interest accrued but not due	Malar Stars Medicare Limited	-	269.81
	Escorts Heart Institute and Research Centre Limited	184.24	97.15

Notes:

1. The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2020 and 31 March 2019 there are no further amounts payable to / receivable from them, other than as disclosed above.

33. Commitments

	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to tangible and intangible assets	53.05	25.77
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	-	1.00

34. Claims against the Company not acknowledged as debts

Claims against the Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer note below)	1,088.79	1,098.94
Income tax liability that may arise in respect of matters for which the Company is under appeal (not provided for)	-	23.00
Sales tax related matters	254.93	-

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

Note:

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

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

35 Employee stock option plan

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

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

Vesting Plan:

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

Exercise plan:

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

Effective Date:

The plan was effective from 21 August 2009.

Particulars	31 March 2020		31 March 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	78,750	26.20	140,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	32,500	-	-	-
Exercised during the year	-	-	(57,500)	26.20
Expired during the year	23,750	-	3,750	-
Outstanding at the end of the year	22,500	26.20	78,750	26.20
Exercisable at the end of the year	22,500	26.20	78,750	26.20

Particulars	31 March 2020	31 March 2019
Grant date share price (in Rupees)	26.20	26.20
Exercise price (in Rupees)	26.20	26.20
Expected volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends	₹ 0.00	₹ 0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

36. Employee benefits

(I) Defined contribution plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating ₹ 94.36 lakhs (Previous year: ₹ 91.49 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined benefit plans

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service and is not subjected to limit in terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Service cost		
- Current service cost	34.36	32.48
Net interest expense	11.60	9.81
Components of defined benefit costs recognised in profit or loss	**45.96**	**42.29**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	1.91	1.92
Actuarial gains and loss arising form changes in financial assumptions	22.85	-
Actuarial gains and loss arising form experience adjustments	(9.30)	(17.33)
Components of defined benefit costs recognised in other comprehensive income	**15.46**	**(15.41)**
Total	**61.42**	**26.88**

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

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

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	359.15	315.94
2. Fair value of plan assets as at 31 March	144.58	160.60
3. Deficit	214.57	155.34
4. Current portion of the above	-	-
5. Non current portion of the above	214.57	155.34

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	315.94	287.82
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	34.36	32.48
- Interest Expense (Income)	22.69	21.27
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	22.85	-
ii. Experience Adjustments	(9.30)	(17.33)
Benefit payments	(27.39)	(8.55)
Acquisitions Credit/(Cost)	-	0.25
Benefits from plan Assets	-	-
Present value of defined benefit obligation at the end of the year	**359.15**	**315.94**

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	160.60	154.51
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	11.09	11.46
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Return on plan assets (excluding amount included in net interest expense)	(1.90)	(1.92)
Contributions by employer	1.48	5.10
Benefit payments	(26.69)	(8.55)
Fair value of plan assets at the end of the year	**144.58**	**160.60**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
Life Insurance Corporation of India	144.58	160.60

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

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.75%	7.50%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%
Withdrawal Rate		
Ages From 20 - 30	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%
Expected average remaining working life *	10 years	10 years
Mortality	IALM 2006-08(Ult)	IALM 2006-08(Ult)

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

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

(i) If the discount rate is 50 basis point higher / (lower) the defined benefit obligation would decrease by ₹ 15.50 lakhs (increase by ₹ 16.64 lakhs) (As at 31 March 2019; decrease by ₹ 14.30 lakhs (increase by ₹ 15.37 lakhs)).

(ii) If the expected salary growth rate increase / (decreases) by 1% the defined benefit obligation would increase by ₹ 33.95 akhs (decrease by ₹ 30.03 lakhs) (As at 31 March 2019 ; increase by ₹ 31.62 lakhs (decrease by ₹ 27.86 lakhs)).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by ₹ 9.31 lakhs (increase by ₹ 9.18 lakhs) (As at 31 March 2019 ; decrease by ₹ 2.82 lakhs (increase by ₹ 2.94 lakhs)).

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

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

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

37. Leases

37.1 Leases as lessee (Ind AS 116)

The leased assets of the Company include hospital building, nurse hostel building and medical equipments which are taken on lease for providing healthcare services to the patients. These leases are generally for a period of 1 to 15 years, with an option to renew certain leases after that date. Previously, these leases were classified as operating leases under Ind AS 17.

Effective 1 April 2019, the Company has adopted Ind AS 116 - Leases, with the date of initial application being 1 April 2019, using the modified retrospective approach. Accordingly, the Company has recognized a lease liability at the date of initial application, at the present value of the remaining lease payments discounted using the incremental borrowings rate at the date of initial application, recognized right-of-use asset at the date of initial application equals to the lease liability recognized and the comparatives have not been retrospectively adjusted. In the profit and loss for the current year, the lease rent which was hitherto accounted under clinical establishment expenses / other expenses in the previous year has now been accounted as depreciation charge for the right-of-use asset and finance cost for interest accrued on lease liability.

The summary of the movement of right-of-use assets for the year is given below:

	As at 31 March 2020	As at 31 March 2019
Right-of-use assets under Ind AS 116		
Balance as at 1 April	6,847.82	-
Add: Reclassification of prepaid expenses	24.70	-
Less: Depreciation charge for the year	(824.76)	-
Balance as at 31 March	**6,047.76**	**-**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	As at 31 March 2020	As at 31 March 2019
Lease liabilities under Ind AS 116		
Less than one year	496.56	-
One to five years	3,073.83	-
More than five years	2,863.50	-
Total lease liabilities as at 31 March	**6,433.89**	**-**

Amount of expense recognised in statement of profit and loss

During the current year, Interest on lease liabilities charged to statement of profit and loss account amounts to INR 742.56 lakhs.

37.2 Assets taken on operating lease (Ind AS 17)

The Company has operating lease agreements primarily for medical equipments and office accommodation, the lease terms of which are for a period less than 1 year. During the year ended 31 March 2020, an amount of ₹ 56.47 lakhs (31 March 2019 - ₹ 152.25 lakhs) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹ 823.06 lakhs (31 March 2019 - ₹ 2,114.99 lakhs) towards Clinical Establishment Fee.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

38. Financial instruments

(I) Capital management

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

(II) Categories of financial instruments

(a) Financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at cost		
Investment in subsidiary	5.00	5.00
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security deposits	65.02	59.51
- Advance to related parties	20.31	19.21
- Trade receivables	372.79	966.22
- Cash and bank balances	4,171.66	664.30
- Loans	3,500.00	7,587.54
- Other financial assets	387.16	1,561.73

(b) Financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade payables	1,887.92	2,331.15
- Lease liabilities	6,433.89	-
- Other financial liabilities	56.12	581.41

(III) Risk management framework

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

- Credit risk
- Liquidity risk

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

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

(IV) Credit risk

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

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

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

a. Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several patients that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about patients. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

The average credit period is ranging from 30 to 90 days. No overdue interest is charged. Out of the total trade receivables balance as at 31 March 2020, ₹ 410.27 lakhs is due from 1 third party service providers, 1 Government customers and 3 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2020

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	163.87	3%	4.54	No
1-30 days past due	60.07	17%	10.47	No
31-60 days past due	38.44	47%	18.05	No
61-90 days past due	37.58	32%	12.13	No
More than 90 days past due	597.05	80%	479.03	No
	897.01		**524.22**	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

As at 31 March 2019

Ageing	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	671.63	2%	15.85	No
1-30 days past due	81.84	7%	5.68	No
31-60 days past due	25.75	12%	3.11	No
61-90 days past due	40.58	13%	5.21	No
More than 90 days past due	565.75	69%	389.48	No
	1,385.55		**419.33**	

b. *Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)*

The Company holds cash and bank balances of ₹ 4,171.66 lakhs at 31 March 2020 (31 March 2019: ₹ 664.30 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. *Security deposits*

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

d. *Advance to employees*

This balance is primarily constituted by advances given to the employees. The Company does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

e. *SEIS receivable from Government*

This balance is primarily constituted by SEIS scrips and applications pending with authorities. The Company does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.

(V) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	(₹)	(₹)	(₹)	(₹)
As at 31 March 2020				
- Trade Payables	1,887.92	-	-	1,887.92
- Lease liabilities	496.56	1,297.56	4,639.77	6,433.89
- Other financial liabilities	56.12	-	-	56.12
Total	**2,440.60**	**1,297.56**	**4,639.77**	**8,377.93**
As at 31 March 2019				
- Trade Payables	2,331.15	-	-	2,331.15
- Other financial liabilities	581.41	-	-	581.41
Total	**2,912.56**	**-**	**-**	**2,912.56**

39. Fair value measurement

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

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the standalone financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets/liabilities.

40. Current tax and deferred tax

(i) Income tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax:		
Current income tax charge	-	109.74
Income tax relating to earlier years	22.67	-
Total	**22.67**	**109.74**
Deferred tax		
Difference between book balance and tax balance of fixed assets	(34.72)	(28.95)
Provision for compensated absences, gratuity and other employee benefits	10.98	(17.92)
In respect of current year origination and reversal of temporary differences	(26.65)	(0.55)
In respect of lease liability	(107.42)	-
In respect of carried forward of losses	(174.74)	-
Total	**(332.55)**	**(47.42)**
Total tax expense recognised in statement of profit and loss	**(309.88)**	**62.32**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Amount	Tax Amount	Amount	Tax Amount
(Loss) / Profit before tax from operations	(1,215.57)		235.99	
Income tax using the Company's domestic tax rate at 27.82% (31 March 2019 : 27.82%)		(338.17)		65.65
Tax effect of :				
Effect of expenses that are not deductible in determining taxable profit	7.64	5.62	15.33	(3.33)
Adjustments recognised in the current year in relation to the current tax of prior years.	-	22.67		-
Total tax expense	**(1,207.93)**	**(309.88)**	**251.32**	**62.32**

(iii) Income tax on other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax		
Remeasurements of defined benefit plans	4.30	(4.29)
Total	**4.30**	**(4.29)**

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

Particulars	Year ended 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	124.50	(10.99)	4.30	117.81
Allowance for credit losses/Others	118.16	26.65	-	144.81
Lease liability	-	107.42	-	107.42
Carried forward of losses	-	174.74	-	174.74
	242.66	**297.82**	**4.30**	**544.78**
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	57.54	(34.72)	-	22.82
	57.54	**(34.72)**	**-**	**22.82**
Net deferred tax asset / (liability)	**185.12**	**332.54**	**4.30**	**521.96**

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

Particulars	Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	110.87	17.92	(4.29)	124.50
Allowance for credit losses/Others	117.61	0.55	-	118.16
	228.48	**18.47**	**(4.29)**	**242.66**
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	86.49	(28.95)	-	57.54
	86.49	**(28.95)**	**-**	**57.54**
Net deferred tax asset / (liability)	**141.99**	**47.42**	**(4.29)**	**185.12**

41. Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(Loss) / profit after tax - ₹	(905.69)	173.67
Weighted average number of equity shares (No's.):		
Weighted average number of equity shares for calculating Basic EPS	18,741,759	18,718,958
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	-	53,993
WANES for calculating diluted EPS	18,741,759	18,772,951
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	(4.83)	0.93
- Diluted - in ₹	(4.83)	0.92
Face value per share - in ₹	10.00	10.00

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

As per the requirement of the MSMED Act, 2006, the following disclosure have been provided below. The disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the standalone financial statements based on information received and available with the Company.

Particulars		As at 31 March 2020	As at 31 March 2019
(a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	66.82	46.47
(b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Particulars		As at 31 March 2020	As at 31 March 2019
(d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

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

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2020	31 March 2019
Malar Stars Medicare Limited	10.00%	Half yearly	Unsecured	-	6,010.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Unsecured	-	1,577.54
Escorts Heart Institute and Research Centre Limited	10.50%	Half yearly	Unsecured	3,500.00	-

Particulars	Relation	Maximum amount outstanding during the year	
		31 March 2020	31 March 2019
Malar Stars Medicare Limited	Subsidiary	6,010.00	6,010.00
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	3,500.00	2,125.00
Total		**9,510.00**	**8,135.00**

* The above inter corporate deposits placed to Escorts Heart Institute and Research Centre Limited are backed by corporate guarantee issued by Fortis Healthcare Limited on 25 Apr 2020. As per Guarantee agreement executed, amount payable by Escorts Heart Institute and Research Centre Limited including interest if any till 31 January 2022, on default shall be repayable by Fortis Healthcare Limited to the Company. The Inter-Corporate Deposits were given for meeting the working capital requirements.

Subsequent to the balance sheet date, the Company has issued a notice of postal ballot, dated 7 May 2020, to the members of the Company. One of the resolution appended to the said notice which is proposed to be passed by the Members through a special resolution by giving their assent/dissent to grant an inter corporate loan upto a maximum amount of INR 35 crores to Fortis Healthcare Limited ("the Parent Company/ Promoter"). This loan will be given for a maximum tenure of 3 years from the day of drawdown. The said resolution is pending approval of the members as on the date of signing of these standalone financial statements. In case this resolution is approved by the members, the drawdown will be approved once the Company is convinced on the financial position / liquidity status of the Company taking into consideration the various litigations, the contingent liability and the impact of COVID 19 pandemic on the operations of the Company.

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

44. Corporate social responsibility

As per section 135 of the Companies Act, 2013, a Company, meeting the applicable threshold, needs to spend at least 2% of its average net profits for the immediately preceding three financial years on CSR activities. The details relating to the same are as follows:

		Year ended 31 March 2020	Year ended 31 March 2019
(a)	Gross amount required to be spent by the Company during the year	9.50	15.04
(b)	Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	9.50	15.37
		9.50	**15.37**

(c) Amount of contribution to a trust controlled by related party in relation to CSR expenditure (in cash):

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Fortis CSR Foundation	-	15.37
Total	**-**	**15.37**

45. Order / notice received from CMDA

The Company had in earlier years applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital building in which the Company operates. During the year ended 31 March 2016, CMDA issued an Order dated 18 March 2016 stating that the regularization application made by the Company has not been allowed. The Company had preferred an appeal dated 18 April 2016, before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority ("Authority") against the said Order.

On 3 May 2016, CMDA served a Lock & Seal Notice to the Company stating that in view of CMDA's Order dated 18 March 2016, the construction at the site of the Hospital premises is unauthorized and called upon the Company to restore the land to its original position within 30 days from the date of the Notice. The Company appealed to the High Court of Judicature at Madras and the Hon'ble High Court was pleased to stay the order on 2 June 2016 and the matter was disposed by High Court directing CMDA not to take any coercive steps till the disposal of the appeal before the Authority. The appeal is pending till date. Consequently, the application for renewal of fire license of the building has not been allowed as on date due to the building not having been regularized. However, the Company has taken safety measures and also obtained a certificate from an independent agency on the adequacy of measures taken for fire prevention and safety. The Company continues to follow up with the authorities for issuance of fire NOC.

The Company, based on legal advice, believes that the above Order / Notices issued by CMDA are contestable and that the possibility of negative outcome of the appeal dated 18 April 2016 is remote and accordingly, the Order / Notice issued by CMDA prima facie would not result in adverse impact on it's operations / going concern of the Company.

46. Impact of COVID-19 pandemic

In March 2020, World Health Organisation declared COVID 19 a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company has taken measures to protect the health of its employees and ensure business continuity with minimal disruption. The Company believes that the COVID 19 pandemic will only have a short term impact on its operations and post easing of the lockdown restrictions, the business is expected to be normal.. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions and use of the going concern basis for preparation of financial statements upto the date of approval of the financial statements by the Board of Directors. The Company has begun to witness signs of gradual improvement in operations Further, the Company has taken various measures to reduce its fixed cost for example, voluntary

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

salary reductions, optimization of administrative, sales and marketing costs, deferment of capex along with judicious resource allocation and requesting for the waiver of fixed clinical establishment fees for the first two quarters of the FY 2020-21. Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the financial position and liquidity (i.e. the net current assets etc.) as on the date of the balance sheet and as on date of signing of these standalone financial statements. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. However, the Company will continue to closely monitor any material changes to future economic conditions.

47. Status of composite scheme of arrangement and amalgamation

The Board of Directors of the Company at its meeting held on 19 August 2016 approved the proposal for the sale of its hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a Composite scheme of Arrangement and Amalgamation (the Scheme) between the Company, FHL and SRL Limited ("SRL"), which was then by way of Resolution Passed by Circulation on 14 December 2017 , was approved for the extension of the Long Stop Date to 30 June 2018 as per the Clause 61 of the Scheme. During the previous year, the Board of directors of the Company have approved the withdrawal of "the Composite Scheme of Arrangement and Amalgamation" (the Scheme) between the Company, Fortis Healthcare Limited and SRL Limited on 13 June 2018 and subsequently, the Company obtained necessary approval from the National Company Law Tribunal for withdrawal of the Scheme on 15 June 2018.

48. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Director to make decisions about resources to be allocated to the segments and assess their performance.

The Company is primarily engaged in only one business namely in the health care services. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these standalone financial statements are reflective of the information required by the Ind AS 108 . The Company's operations are entirely domiciled in India and as such all its noncurrent assets are located in India.

49. Subsequent events

There are no subsequent events other than those disclosed in the standalone financial statements that have occurred after the reporting period till the date of approval of these standalone financial statements.

50. Disclosure of specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

INDEPENDENT **AUDITORS' REPORT**

To the Members of Fortis Malar Hospitals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Fortis Malar Hospitals Limited** (hereinafter referred to as the "Holding Company") and its subsidiary company Malar Stars Medicare Limited (Holding Company and its subsidiary company together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Description of Key Audit Matter

Impact of COVID 19 on Going Concern (refer note 42, 44 and 45 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
On 11 March 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. The Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from 22 March 2020 onwards. The lockdowns and restrictions imposed on various activities due to COVID–19 pandemic have posed challenges and disruption to the businesses of the Group. COVID-19 in addition to the litigations specifically relating to hospital building and the proposed loan to the parent company of the Group has been identified as a triggering event that may cast significant doubt on entity's ability to continue as a going concern. The Company has assessed the impact of existing and anticipated effects of COVID-19 on the future cash flow projections. Management plan for future actions relating to its going concern assessment / cash flow projections may be unreasonable or insufficient, including plans relating to revenue / gross margin targets, reduce / delay expenditure, maintaining current ratio, exercising call option on the proposed loan, alternate business plan, adequate related disclosures in the consolidated financial statements. In view of uncertainties outlined above, we identified going concern as a key audit matter due to the significant judgements involved in the cash flow projections.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtained understanding of the key controls relating to the Group's forecasting process. • Obtained and understood from the management, the impact of COVID-19 pandemic and the lockdown on the business and operations of the Group. • Obtained and understood from the management the key assumptions used by management in the cash flow projections. Assessed and challenged the key assumptions used by management in the cash flow projections (including forecast revenue, occupancy ratio, cash flows from loans to related parties, doctor fees, and rental expenses etc.) and evaluating whether there were any indicators of management bias by comparing the key assumptions, where possible, to budgets reviewed by management, historical trends and other externally available information. • Performed sensitivity analyses of the key assumptions (including forecast revenue, occupancy ratio, cash flows from loans to related parties, doctor fees, and rental expenses etc.) adopted in the cash flow forecast prepared by management and assessed the impact on the conclusions of the going concern assessment. • Assessed the related disclosures in the consolidated financial statements with reference to adequacy and compliance in accordance with the requirements of relevant accounting standards in respect of management's assessment of going concern assumption.

Litigations and claims (refer note 33 and 44 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
The Group is involved in various litigations and claims including those relating to medical matters, taxation matters, deviations in the construction of the hospital building of Holding Company. We identified litigation and claims as a key audit matter due to the significance of these amounts, judgement and the assumptions made by the management in assessing the exposure on each case and relevant disclosures thereof in the consolidated financial statements.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities. • Obtaining the details of legal and tax disputed/ claim matters and evaluation made by the management and assessed management's position through discussions on both the probability of success in significant cases, and the magnitude of any potential loss. • Obtained and read external legal opinions and other evidence / correspondence obtained by the management to corroborate management's assessment of the risk profile in respect of legal and tax disputed/ claim matters. • Considered the effect of new information in respect of litigation and claims post 1 April 2020 till the date of signing of the report to evaluate any change required in the Group's position on the litigation and claims as at 31 March 2020. • We involved our tax specialists to assist us in evaluating tax demands/ claims related positions taken by management. • Assessed the relevant disclosures made in the consolidated financial statements for adequacy and compliance in accordance with the requirements of relevant accounting standards.

Related party transactions related to Inter-corporate deposits (refer note 31 and 42 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
Related party transactions are regulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Companies Act, 2013. In addition, the relevant accounting standards require specific compliance and disclosures of related parties and transactions with them to be made in the consolidated financial statements. We have identified the related party transactions as a key audit matter due to the significance of the amounts given as loans to related parties, recoverability of such loans and risk of non-compliance with various regulations. Also, a substantial portion of the expenses (clinical establishment expenses etc.) are paid to related parties.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtain an understanding of the Group's related party relationships and transactions. • Obtained a list of related party relationships and significant related party transactions from the management. Made inquiries of management regarding the identity of the related parties including changes from the prior year and the nature of relationships and of the transactions with them. We also maintained alertness regarding related party information when examining records or documents regarding undisclosed related party relationships or transactions. • Evaluated the design, implementation and operating effectiveness of key controls over identification and authorization of significant related party transactions. • Obtained confirmation from related party with respect to transactions and balances and evaluated the management's assessment on the recoverability of the loans to related parties as and when they fall due. Performed substantive procedures to check the completeness of expenditure and interest income. • Evaluated compliance of such related party transactions with the relevant accounting standard and applicable laws and regulations. • Assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard and applicable laws and regulations.

Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

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

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

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

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

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

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 33 and 44 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in consolidated the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W / W-100022

Harsh Vardhan Lakhotia
Partner
Membership No. 222432
ICAI UDIN: 20222432AAAAAS7156

Place: Chennai
Date: 12 June 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2020.

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Fortis Malar Hospitals Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is a subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W / W-100022

Harsh Vardhan Lakhotia
Partner
Membership No. 222432
ICAI UDIN: 20222432AAAAAS7156

Place: Chennai
Date: 12 June 2020

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	1,783.68	2,062.26
Capital work-in-progress	4(b)	8.82	-
Right of use assets	36	6,047.76	-
Intangible assets	4(c)	276.20	122.43
Intangible assets under development	4(b)	-	72.97
Financial assets			
Loans receivables	12	3,500.00	-
Other financial assets	5	85.33	78.72
Deferred tax assets (net)	39	522.37	186.59
Income tax assets (net)	6	925.29	1,319.96
Other non-current assets	7	5.00	29.92
Total non-current assets		**13,154.45**	**3,872.85**
Current assets			
Inventories	8	130.65	164.81
Financial assets			
Trade receivables	9	372.79	966.22
Cash and cash equivalents	10	4,304.92	503.67
Bank balances other than above	11	20.69	160.78
Loans receivables	12	-	7,707.54
Other financial assets	13	388.50	1,567.66
Income tax assets (net)	6	773.32	-
Other current assets	14	209.58	141.66
Total current assets		**6,200.45**	**11,212.34**
		19,354.90	**15,085.19**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,875.70	1,875.70
Other equity	16	7,765.24	8,661.91
Total equity		**9,640.94**	**10,537.61**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	5,937.33	-
Provisions	20	216.06	160.72
Total non-current liabilities		**6,153.39**	**160.72**
Current liabilities			
Financial liabilities			
Lease liabilities	17	496.56	-
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		66.82	46.47
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,823.44	2,306.27
Other financial liabilities	19	54.26	581.41
Provisions	20	102.03	112.83
Income tax liabilities	6	-	5.71
Other current liabilities	21	1,017.46	1,334.17
Total current liabilities		**3,560.57**	**4,386.86**
Total liabilities		**9,713.96**	**4,547.58**
Total equity and liabilities		**19,354.90**	**15,085.19**
Significant accounting policies	3		

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

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi
Date: 12 June 2020

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	22	11,187.20	14,459.39
Other income	23	1,118.58	1,011.08
Total income		**12,305.78**	**15,470.47**
Expenses			
Purchases of medical consumables and drugs		2,097.21	3,302.36
Changes in of inventories of medical consumables and drugs	24	34.16	37.43
Employee benefits expense	25	2,155.45	2,345.85
Finance costs	26	780.79	50.90
Depreciation and amortisation expense	27	1,253.11	438.31
Other expenses	28	7,178.56	9,016.55
Total expenses		**13,499.28**	**15,191.40**
(Loss) / profit before tax		**(1,193.50)**	**279.07**
Tax expense	29		
Current tax		6.02	121.41
Earlier year income tax		22.67	-
Deferred tax expense / (credit)		(332.83)	(47.89)
Total tax expense		**(304.14)**	**73.52**
(Loss) / profit for the year		**(889.36)**	**205.55**
Other comprehensive income	30		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans		(10.27)	17.03
Income tax relating to items that will not be reclassified to profit or loss		2.95	(4.71)
Total other comprehensive income		**(7.32)**	**12.32**
Total comprehensive income for the year		**(896.68)**	**217.87**
Earnings per equity share	40		
Basic (in ₹)		(4.75)	1.10
Diluted (in ₹)		(4.75)	1.09
Significant accounting policies	3		

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

As per our report of even date attached
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Chief Financial Officer
Place : Chennai

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
(Loss) / profit before tax for the year		(1,193.50)	279.07
Adjustments for:			
Interest income		(767.44)	(896.47)
Loss on sale of property, plant and equipment		8.27	7.64
Depreciation and amortisation expense		1,253.11	438.31
Interest expense on lease liability		742.56	-
Allowance for credit losses		362.32	1.99
Advances written off		-	16.22
Liabilities no longer required written back		(351.14)	(114.61)
		54.18	**(267.85)**
Movements in working capital:			
Decrease / (increase) in other current and non current financial assets		1,017.64	(537.26)
(Increase) / decrease in other current and non-current assets		(64.62)	(24.66)
Decrease / (increase) in trade and other receivables		231.11	(367.85)
Decrease in inventories		34.16	37.43
Increase in provisions		38.57	38.53
Decrease in trade payables		(455.96)	(160.50)
Decrease in financial liabilities		(496.07)	(146.70)
Increase in other current liabilities		27.91	352.48
Cash generated / (used in) from operations		**386.92**	**(1,076.38)**
Income taxes paid (net)		(417.35)	(520.40)
Net cash used in operating activities		**(30.43)**	**(1,596.78)**
Cash flows from investing activities			
Payments to acquire property, plant and equipment and intangible assets		(330.82)	(270.59)
Proceeds on sale of property, plant and equipment		40.70	0.34
Interest received		930.67	500.45
Inter corporate deposits placed with related parties		(3,500.00)	-
Inter corporate deposits repaid by related parties		7,707.54	547.46
Fixed deposits not considered as cash and cash equivalents		140.09	(143.64)
Net cash generated by investing activities		**4,988.18**	**634.02**
Cash flows from financing activities			
Repayment of lease liabilities including interest on lease liabilities		(1,156.50)	-
Proceeds from issue of equity instruments of the Parent Company		-	15.07
Net cash (used in) / from financing activities		**(1,156.50)**	**15.07**
Net increase / (decrease) in cash and cash equivalents		**3,801.25**	**(947.69)**
Cash and cash equivalents at the beginning of the year		503.67	1,451.36
Cash and cash equivalents at the end of the year	10	**4,304.92**	**503.67**
Significant accounting policies	3		

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

As per our report of even date attached

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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Company Secretary
M No: A26620
Place : Delhi
Date: 12 June 2020

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

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

		Note	As at 31 March 2020	As at 31 March 2019
A	**Equity share capital**	15		
	Balance at the beginning of the year		1,875.70	1,869.95
	Changes in equity share capital during the year			
	- Issue of share capital during the year (Employee Stock Option Plan)		-	5.75
	Closing balance		**1,875.70**	**1,875.70**

B Other equity 16

Particulars	Reserves and surplus		Other comprehensive income (OCI)	Total
	Securities Preimium	Retained Earnings	Remeasurement of defined benefit obligation	
Balance as at 1 April 2018	**947.91**	**7,498.54**	**(11.72)**	**8,434.73**
Profit for the financial year 2018-19	-	205.55	-	205.55
Premium on issue of Equity Shares	9.31	-	-	9.31
Other comprehensive income for the year, net of income tax	-	-	12.32	12.32
Total comprehensive income	**9.31**	**205.55**	**12.32**	**227.18**
Balance as at 31 March 2019	**957.22**	**7,704.09**	**0.60**	**8,661.91**
Loss for the financial year 2019-20	-	(889.36)	-	(889.36)
Premium on issue of Equity Shares	-	-	-	-
Other comprehensive income for the year, net of income tax			(7.32)	(7.32)
Total comprehensive income	-	**(889.36)**	**(7.32)**	**(896.68)**
Balance as at 31 March 2020	**957.22**	**6,814.73**	**(6.72)**	**7,765.24**
Significant accounting policies	3			

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

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
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Company Secretary
M No: A26620
Place : Delhi
Date: 12 June 2020

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

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

1 Nature of operations

Fortis Malar Hospitals Limited ('Fortis Malar' or the 'Parent Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and the Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company has its state of the art Hospital facility in Chennai.

The Parent Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Stars' or 'the subsidiary'), which was incorporated on July 7, 2009 in Chennai and is engaged in providing medical and surgical and consultancy services to the Parent Company. The Parent Company and the subsidiary are hereinafter collectively referred to as "the Group".

2 Basis of preparation

a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Parent Company's Board of Directors on 12 June 2020.

b) Functional and presentation currency

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

c) Basis of measurement

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

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

d) Principles of consolidation:

The consolidated financial statements relate to the Parent Company and its subsidiary. The consolidated financial statements have been prepared on the following basis:

The consolidated financial statements of the Parent Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating material intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

The details of the subsidiary considered in the preparation of these consolidated financial statements are given below:

Name of subsidiary	Country of incorporation	Relationship	Effective Ownership interest as at	
			31 March 2020	31 March 2020
Malar Stars Medicare Limited	India	Subsidiary	100%	100%

e) Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes (Also refer note 45, relating to impact on Covid -19 Pandemic):

a. fair valuation of financial assets (refer note 38)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the following notes (Also refer note 45, relating to impact on Covid -19 Pandemic):

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

b. Measurement of defined benefit obligations: key actuarial assumptions; (refer note 3.7 and note 35)

c. Recognition and measurement of income taxes and deferred taxes (refer note 3.12 and note 39)

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

e. Expected credit loss: The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Group's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period. (refer note 3.6)

f) Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 38 and 39 – financial instruments.

3. Significant accounting polices

3.1 Foreign currency transactions

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

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

3.2 Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv) Offsetting

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

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

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

3.3 Property, plant and equipment

i. Recognition and measurement

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

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

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

ii. Subsequent expenditure

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

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

iii. Depreciation

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

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

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

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

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

3.4 Intangible assets

i. *Recognition and measurement*

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

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

ii. *Subsequent expenditure*

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

iii. *Amortisation*

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

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

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

3.5 Inventories

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

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

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

3.6 Impairment

i) Impairment of financial instruments

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

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

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

ii) Impairment of non-financial assets

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

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

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

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

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carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

i) Short-term employee benefits

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

ii) Defined benefit plans - Gratuity

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

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

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

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

iii) Compensated absences

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

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

iv) Share-based compensation

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

v) Contributions to provident fund

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

3.8 Provisions (other than for employee benefits)

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

3.9 Revenue recognition

Sale of Services

The Group earns revenue primarily from providing healthcare services. The Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

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

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

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

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when the Group satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains the control of that items.

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

Inpatient and Outpatient Revenue

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

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

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Export benefits- Government grants

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

3.10 Recognition of dividend income, interest income or expense

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

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

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

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

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

3.11 Leases

The Group has applied Ind AS 116 using the modified retrospective approach from 1 April 2019 and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. Accordingly, the Group has recognized a lease liability at the date of initial application, at the present value of the remaining lease payments discounted using the incremental borrowings rate at the date of initial application, recognized right-of-use asset at the date of initial application equals to the lease liability recognized and the comparatives have not been retrospectively adjusted– i.e. it is presented, as previously reported, under Ind AS 17.

A. Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of an identified asset, the Group uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 1 April 2019.

(i) Group as a lessee:

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

The lease payments shall include:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in –substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets and lease liabilities separately on the face of the balance sheet.

(ii) Short term leases

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

B. Policy applicable before 1 April 2019

i. Determining whether an arrangement contains a lease

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

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

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

ii. Lease payments

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

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

3.12 Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

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

3.13 Borrowing costs

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

3.14 Earnings per share

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

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

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

3.15 Contingent liabilities

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

3.16 Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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4(a). Property, plant and equipment

Particulars	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments	Vehicles	Total
Gross block/Deemed cost							
As at 1 April 2018	**183.40**	**2,525.76**	**208.73**	**120.23**	**57.23**	**82.12**	**3,177.47**
Additions	-	207.15	23.86	3.94	3.06	-	238.01
Disposals	3.16	23.62	-	-	-	-	26.78
As at 31 March 2019	**180.24**	**2,709.29**	**232.59**	**124.17**	**60.29**	**82.12**	**3,388.70**
Additions	18.86	65.57	2.77	11.48	0.79	-	99.47
Disposals	6.12	-	2.72	-	-	82.12	90.96
As at 31 March 2020	**192.98**	**2,774.86**	**232.64**	**135.65**	**61.08**	**-**	**3,397.21**
Accumulated depreciation							
As at 1 April 2018	**41.44**	**739.48**	**59.77**	**93.93**	**13.74**	**19.16**	**967.52**
Charge for the year	16.27	301.78	24.00	13.64	11.76	10.27	377.72
Disposals	1.95	16.85	-	-	-	-	18.80
As at 31 March 2019	**55.76**	**1,024.41**	**83.77**	**107.57**	**25.50**	**29.43**	**1,326.44**
Charge for the year	16.19	258.16	24.50	11.27	12.13	6.83	329.08
Disposals	3.77	-	1.96	-	-	36.26	41.99
As at 31 March 2020	**68.18**	**1,282.57**	**106.31**	**118.84**	**37.63**	**-**	**1,613.53**
Net block							
As at 31 March 2019	**124.48**	**1,684.88**	**148.82**	**16.60**	**34.79**	**52.69**	**2,062.26**
As at 31 March 2020	**124.80**	**1,492.29**	**126.33**	**16.81**	**23.45**	**-**	**1,783.68**

4(b) Intangible assets under development and capital work-in-progress

Intangible assets under development includes cost of development of software amounting to ₹ Nil (Previous year ₹ 72.97 lakhs).

Capital work-in-progress includes installation of medical equipment in progress amounting to ₹ 8.82 lakhs (Previous year: Nil)

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

4(c) Intangible assets

Particulars	**Software**
Gross block	
As at 1 April 2018	**329.33**
Additions	14.18
Deletions	-
As at 31 March 2019	**343.51**
Additions	253.04
Deletions	-
As at 31 March 2020	**596.55**
Accumulated amortisation	
As at 1 April 2018	**160.49**
Charge for the year	60.59
Deletions	-
As at 31 March 2019	**221.08**
Charge for the year	99.27
Deletions	-
As at 31 March 2020	**320.35**
Net block	
As at 31 March 2019	**122.43**
As at 31 March 2020	**276.20**

		As at 31 March 2020	**As at 31 March 2019**
5.	**Other financial assets**		
	Non current		
	Unsecured, considered good		
	Security deposits	65.02	59.51
	Advance to related parties (Refer Note 31)	20.31	19.21
	Total	**85.33**	**78.72**
6.	**Income tax assets and liabilities**		
	Non-current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	925.29	1,319.96
	Total	**925.29**	**1,319.96**
	Current		
	Income tax assets		
	Advance income tax (net of provision for taxation)	773.32	-
	Total	**773.32**	**-**

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		As at 31 March 2020	As at 31 March 2019
	Income tax liabilities		
	Income tax payable (net of advance income tax)	-	5.71
	Total	**-**	**5.71**
7.	**Other non-current assets**		
	Unsecured		
	Capital advances	5.81	7.62
	Prepaid expenses	1.59	24.70
		7.40	**32.32**
	Provision for doubtful advances	(2.40)	(2.40)
	Total	**5.00**	**29.92**
	Note:		
	- Considered good	5.00	29.92
	- Considered doubtful	2.40	2.40
	Total	**7.40**	**32.32**
8.	**Inventories**		
	Medical consumables and drugs	130.65	164.81
	Total	**130.65**	**164.81**
9.	**Trade receivables**		
	Current		
	Unsecured, considered good	372.79	966.22
	Trade Receivables - credit impaired	524.22	419.33
	Less: Allowance for expected credit loss	(524.22)	(419.33)
	Total	**372.79**	**966.22**
	The movement in allownace for expected credit loss is as follow:		
	Balances at 1 April	419.33	417.34
	Provision for the year (net)	104.89	1.99
	Balance at 31 March	**524.22**	**419.33**
10.	**Cash and cash equivalents**		
	Cash on hand	6.41	8.04
	Balances with banks		
	- Current accounts	32.69	292.63
	- Deposits with original maturity of less than three months	4,259.35	203.00
	Cheques, demand drafts on hand	6.47	-
	Total	**4,304.92**	**503.67**

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

		As at 31 March 2020	As at 31 March 2019
11.	**Bank balances other than above**		
	Unpaid dividend accounts	19.30	19.47
	Deposits with original maturity of more than 3 months but less than 12 months	1.14	140.06
	Held as margin money	0.25	1.25
	Total	**20.69**	**160.78**
12.	**Loans receivables**		
	Non Current		
	Unsecured, considered good		
	Intercorporate deposits to related parites (refer note 42)	3,500.00	-
	Total	**3,500.00**	**-**
	The above loan is backed by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited, the ultimate holding company.		
	Current		
	Unsecured, considered good		
	Intercorporate deposits to related parites (refer note 42)	-	7,707.54
	Total	**-**	**7,707.54**
	The above loan is backed by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited, the ultimate holding company.		
13.	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Security deposits	-	2.61
	Interest accrued		
	(i) Inter corporate deposits	184.24	386.10
	(ii) Fixed deposit with banks	40.23	6.49
	Advances to related parties (Refer Note No. 31)	115.20	625.92
	Loans and advances to employees	8.29	33.24
	Unbilled revenue from undischarged patients	40.54	513.30
	Total	**388.50**	**1,567.66**
14.	**Other current assets**		
	Current		
	Unsecured, considered good		
	Advance to vendors	37.02	40.72
	Prepaid expenses	35.88	40.16
	Service Export from India scheme licenses and accrued income	136.68	60.78
		209.58	**141.66**

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		As at 31 March 2020	As at 31 March 2019
15.	**Share capital**		
	Authorised Shares		
	30,000,000 (31 March 2019: 30,000,000) Equity shares of ₹ 10/- each	3,000.00	3,000.00
	Total authorised share capital	**3,000.00**	**3,000.00**
	Issued		
	18,772,259 (31 March 2019: 18,772,259) Equity shares of ₹ 10/- each	1,874.17	1,874.17
		1,874.17	**1,874.17**
	Subscribed and Paid Up		
	18,741,759 (31 March 2019: 18,741,759) Equity Shares of ₹ 10/- each fully paid up*	1,875.70	1,875.70
		1,875.70	**1,875.70**
	*Includes amount received on forfeited shares amounting to ₹ 1.53 lakhs		

Notes :

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

Equity Shares

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,741,759	1,875.70	18,714,759	1,869.95
Issued during the year: Employee Stock Option Plan (ESOP)	-	-	57,500	5.75
Forefieted shares (refer note 15(f))	-	-	(30,500)	-
Outstanding at the end of the year	**18,741,759**	**1,875.70**	**18,741,759**	**1,875.70**

During the previous year ended 31 March 2019, 57,500 Equity Shares of ₹ 10 each at a premium of ₹ 16.20 each were allotted to eligible employees under the Parent Company's Employees Stock Option Scheme (ESOP). No shares were alloted during the current year. The balance outstanding employee stock options as at 31 March 2020 is 22,500. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

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

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

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

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

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹10/- each)	11,752,402	1,175.24	11,752,402	1,175.24

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

Equity Shares

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.71%	11,752,402	62.71%

(e) Shares reserved for issue under options

As at 31 March 2020, 22,500 equity shares (As at 31 March 2019 78,750 equity shares) of ₹ 10/- each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 34).

(f) Forfeited shares

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

16. Other equity

a

Reserve and surplus	As at 31 March 2020	As at 31 March 2019
Securities premium account		
Opening balance	957.22	947.91
Add : Premium on shares issued during the year	-	9.31
Closing balance	**957.22**	**957.22**
Surplus in the statement of profit and loss		
Opening balance	7,704.09	7,498.54
Add: (Loss) / profit for the year	(889.36)	205.55
	6,814.73	**7,704.09**

b

Other comprehensive income	As at 31 March 2020	As at 31 March 2019
Opening balance	0.60	(11.72)
Add: Remeasurement (loss) / gain of defined employee benefit plans (net of taxes)	(7.32)	12.32
	(6.72)	**0.60**
Total	**7,765.24**	**8,661.91**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Nature and purpose of the reserve

16.i. Securities premium

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

16.ii. Analysis of item of OCI (net of tax)

(i) Remeasurements of defined benefit liability (asset)

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

		As at 31 March 2020	As at 31 March 2019
17.	**Lease liabilities**		
	Non-current		
	Lease liabilities (refer note 3.11 and note 36)	5,937.33	-
	Total	**5,937.33**	**-**
	Current		
	Lease liability (refer note 3.11 and note 36)	496.56	-
	Total	**496.56**	-
18.	**Trade payables**		
	Current		
	Total outstanding dues of micro enterprises and small enterprises (refer note 41)	66.82	46.47
	Total outstanding dues of creditors other than micro enterprises and small enterprises	1,823.44	2,306.27
	Total	**1,890.26**	**2,352.74**
	Includes payable to related parties (refer note 31)	655.94	-
19.	**Other financial liabilities**		
	Currrent		
	Security deposits	4.14	4.73
	Unpaid equity dividend	19.30	19.47
	Capital creditors	30.82	76.95
	Payable to related parties (refer note no. 31)	-	480.26
	Total	**54.26**	**581.41**
20.	**Provisions**		
	Non-current		
	Provision for gratuity	216.06	160.72
	Total	**216.06**	**160.72**
	Current		
	Provision for gratuity	0.09	0.30
	Provision for compensated absences	101.94	112.53
	Total	**102.03**	**112.83**

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

		As at 31 March 2020	As at 31 March 2019
21.	**Other current liabilities**		
	Advance from patients/Amounts unclaimed by patients	760.86	1,207.83
	Employee benefits payable	130.30	-
	Statutory payables	126.30	126.34
	Total	**1,017.46**	**1,334.17**

		Year ended 31 March 2020	Year ended 31 March 2019
22.	**Revenue from operations**		
	Sale of services (refer note below)		
	In-Patient	9,422.72	12,668.44
	Out-Patient	1,639.59	1,718.35
	Total	**11,062.31**	**14,386.79**
	Revenue disaggregation as per timing of transfer of service has been included above. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities.		
	Sales of medical consumables and drugs		
	Medical consumables and drugs	0.03	0.04
	Total	**0.03**	**0.04**
	Other operating revenue		
	Income from Service Export from India Scheme	104.31	30.00
	Other operating income	20.55	42.56
	Total	**124.86**	**72.56**
		11,187.20	**14,459.39**

Note:

Discounts and deductions amounting to ₹ 531.56 lakhs (31 March 2019 - ₹ 269.35 lakhs) are netted against Sale of In-Patient and Out-Patient Services.

Contract assets and liabilities		
The following disclosure provide information about receivables, contract assets and liabilities from contract with customer:		
Receivable which are included in trade receivable (refer note 9)	372.79	966.22
Unbilled revenue from undischarged patients (refer note 13)	40.54	513.30
Advance from patients/Amounts unclaimed by patients (refer note 21)	760.86	1,207.83

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

		Year ended 31 March 2020	Year ended 31 March 2019
23.	**Other income**		
	Interest Income on		
	Bank deposits	199.92	18.53
	Inter corporate deposits	470.93	874.22
	Interest on income tax refund	91.70	-
	Interest on financial assets carried at amortised cost	4.89	3.72
	Total	**767.44**	**896.47**
	Other non-operating income		
	Liabilities no longer required written back	351.14	114.61
	Total	**351.14**	**114.61**
	Total	**1,118.58**	**1,011.08**
24.	**Change in inventories of medical consumables and drugs**		
	Inventory at the beginning of the year	164.81	202.24
	Inventory at the end of the year	130.65	164.81
	Total	**34.16**	**37.43**
25.	**Employee benefits expense**		
	Salaries, wages and bonus	1,869.26	2,034.72
	Contribution to provident and other funds (Refer Note 35)	148.59	142.96
	Staff welfare expenses	137.60	168.17
	Total	**2,155.45**	**2,345.85**
26.	**Finance costs**		
	Interest expense on		
	- Credit card / bank charges	38.23	44.20
	- on lease liabilities (refer note 36)	742.56	-
	- on others	-	6.70
	Total	**780.79**	**50.90**
27.	**Depreciation and amortisation expense**		
	Depreciation of tangible assets	329.08	377.72
	Amortization of intangible assets	99.27	60.59
	Amortization of right of use assets	824.76	-
	Total	**1,253.11**	**438.31**

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

		Year ended 31 March 2020	Year ended 31 March 2019
28.	**Other expenses**		
	Contractual manpower	103.22	143.39
	Power, fuel and water	303.50	318.75
	Housekeeping expenses including consumables	65.25	66.40
	Patient food and beverages	96.23	116.44
	Pathology laboratory expenses	484.97	617.39
	Consultation fees to doctors	1,084.47	1,167.34
	Professional charges to doctors	2,464.54	2,815.85
	Clinical establishment fee (Refer Note 28.2 below)	823.06	2,114.99
	Repairs and maintenance		
	- Building	19.12	2.87
	- Plant and machinery	296.03	306.07
	- Others	55.04	52.48
	Rent		
	- Equipments	38.91	54.85
	- Hospital buildings, offices and labs	17.56	22.30
	- Others	-	75.10
	Legal and professional fee	115.04	100.85
	Subscription fee	13.54	12.00
	Travel and conveyance	75.48	81.24
	Rates and taxes	7.34	4.07
	Printing and stationery	46.83	53.61
	Communication expenses	22.89	74.05
	Directors' sitting fees	19.19	14.76
	Insurance	93.49	70.09
	Marketing and business promotion	524.98	668.60
	Loss on sale of assets	8.27	7.64
	Advances written off	-	16.22
	Auditors' remuneration (Refer Note 28.1 below)	18.43	15.68
	Allowance for credit losses (including bad debts written off)	362.32	1.99
	Corporate social resposibility expenses (Refer Note 43)	9.50	15.37
	Miscellaneous expenses	9.36	6.17
	Total	**7,178.56**	**9,016.55**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

		Year ended 31 March 2020	Year ended 31 March 2019
28.1	**Payments to auditors**		
	For Statutory audit	5.76	4.75
	For Tax audit	1.30	0.50
	For other services *	6.85	7.06
	For GST on professional services	2.50	2.37
	For reimbursement of expenses	2.02	1.00
	Total	**18.43**	**15.68**

* includes Nil (March 31, 2019 : INR 6.55 lakhs) paid to auditors other then B S R & Co. LLP

28.2 Clinical establishment fees:

Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement. Also refer Note 31.

29.	**Tax expense**		
	Current tax (including prior years)		
	In respect of the current year	6.02	121.41
	In respect of prior year	22.67	-
	Total	**28.69**	**121.41**
	Deferred tax		
	In respect of the current year	(332.83)	(47.89)
	Total	**(332.83)**	**(47.89)**
	Total tax expense	**(304.14)**	**73.52**
30.	**Other comprehensive income**		
	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans [Refer Note 35(II)(a)]	(10.27)	17.03
	Total	**(10.27)**	**17.03**

31. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	
Ultimate Holding Company	IHH Healthcare Berhad, Malaysia (effective from 13 November 2018)
Intermediate Holding Company	Integrated Healthcare Holdings Limited, Malaysia (effective from 13 November 2018) Parkway Pantai Limited, Singapore (effective from 13 November 2018) Northern TK Venture Pte Ltd, Singapore (effective from 13 November 2018) Fortis Healthcare Limited, India
Holding Company	Fortis Hospitals Limited, India
Associate of the Holding Company	Fortis Health Management Limited, India (up to 14 January 2019) International Hospital Limited, India (up to 14 January 2019)

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

Fellow Subsidiary or Entities Under Common Control	SRL Limited, India Escorts Heart Institute and Research Centre Limited, India International Hospital Limited, India (effective from 15 January 2019) Fortis Health Management Limited, India (effective from 15 January 2019) Fortis CSR Foundation, India
Key Management Personnel	Mr. Coimbatore Kalyanraman Nageswaran (effective from 2 October 2018) Mr. Meghraj Arvindrao Gore, Wholetime Director (upto 1 October 2018) Mr. Ramesh L Adige, Independent Director Mrs. Nithya Ramamurthy, Non-Executive Director Mr. Murari Pejavar, Non-Executive Director Mr.L.T. Nanwani, Non-executive Director (up to 1 August 2018) Mr. R.K.Shetty, Non-executive Director (up to 9 August 2018) Mr Daljit Singh, Director Mr Ravi Rajagopal (Director) (effective from 23 October 2019) Mr. Vijayasarathy Desikan, Chief Financial Officer (up to 15 January 2019) Mr. Saravanan Venkatesan, Chief Financial Officer (effective 6 February 2019) Mr.Shashank Porwal (Company Secretary) (up to 2 April 2020) Mr.Mayank Jain (Company Secretary) (effective from 3 April 2020) Mr. Sanjay Pandey, Director Mr. Ranjan Bihari Pandey, Additional Director (effective from 30 October 2019) Mr. Ajey Maharaj, Director
Relatives of Key Management Personnel	Mrs. Radhi Malar Mr. M. Anand

The schedule of related party transactions:

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Sale of Service	Fortis Hospitals Limited	-	50.99
Interest on Inter Corporate Deposits	Escorts Heart Institute and Research Centre Limited	470.93	874.22
Mediclaim reimbursement and transfer of accumulated balance in retirement benefit	Fortis Hospitals Limited	-	0.43
Expenses			
Clinical establishment fee	Fortis Health Management Limited	823.06	2,114.99
Interest expense- ROU Assets	Fortis Health Management Limited	696.00	-
Contractual manpower	SRL Limited	6.64	11.67
Finance costs - Interest - Others	Fortis Health Management Limited	-	6.70
Pathology laboratory expenses	SRL Limited	471.91	604.34

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Professional charges to doctors	SRL Limited	8.99	5.31
	Mrs. Nithya Ramamurthy	198.13	189.00
	Mrs. Radhi Malar	24.70	22.28
	Mr. M. Anand	41.51	36.22
Staff welfare expenses	SRL Limited	0.05	-
	Fortis Hospitals Limited	-	0.39
Recovery of Expenses incurred on behalf of other companies	Fortis Healthcare Limited	-	1.76
Reimbursement of expenses (Salaries, wages and bonus)	International Hospital Limited	-	0.36
Reimbursement of expenses incurred by other companies on behalf of the Company	Fortis Health Management Limited	290.11	305.83
Mediclaim reimbursement and transfer of accumulated balance in retirement benefits	Fortis Hospitals Limited	-	0.03
Managerial remuneration (including director sitting fees)	Mr. Meghraj Arvindrao Gore	-	70.63
	Mr. Ramesh L Adige	6.25	5.50
	Mrs. Nithya Ramamurthy	2.00	1.50
	Mr. Murari Pejavar	2.50	3.25
	Mr. L.T. Nanwani	-	2.50
	Mr. R.K. Shetty	-	2.00
	Mr. Coimbatore Kalyanraman Nageswaran	74.26	7.98
	Mr. Sanjay Pandey	0.30	-
	Mr. Daljit Singh	3.50	-
	Mr. Ravi Rajagopal	1.50	-
	Mr. Vijayasarathy Desikan	-	20.30
	Mr. Saravanan Venkatesan	25.08	3.81
Collections done by related party on behalf of the Company	Fortis Healthcare Limited	19.65	4.61
	Fortis Hospitals Limited	571.15	769.75
Corporate social resposibility expenses	Fortis CSR Foundation	-	15.37
Purchase of intangible asset	Fortis Hospitals Limited	160.21	-
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	-	16.50
Loans and advances to employees (Recovery)	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-

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

Particulars	Name of the related party	Year ended 31 March 2020	Year ended 31 March 2019
Inter Corporate Deposits given	Escorts Heart Institute and Research Centre Limited	3,500.00	-
Inter Corporate Deposits repaid	Escorts Heart Institute and Research Centre Limited	7,707.54	547.46
Other financial liabilities-non current	Fortis Health Management Limited	5,592.92	-
Trade payables / Other financial liabilities-current	SRL Limited	51.77	333.49
	Fortis Health Management Limited	902.96	146.78
	Fortis Hospitals Limited	144.88	-
Prepaid expense	Fortis Health Management Limited	-	6.10
Other financial assets - current	Fortis Healthcare Limited	48.15	28.50
	Fortis Hospitals Limited	67.05	597.43
	Fortis Health Management Limited	-	5.00
Director sitting fees payable	Mr. Sanjay Pandey	0.30	-
	Mr. Daljit Singh	0.30	-
Other financial assets - non-current	Fortis Health Management Limited	20.31	14.21
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	-	16.50
Inter corporate deposits placed	Escorts Heart Institute and Research Centre Limited	3,500.00	7,707.54
Interest accrued but not due	Escorts Heart Institute and Research Centre Limited	184.24	386.10

Notes:

1. The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2020 and 31 March 2019 there are no further amounts payable to / receivable from them, other than as disclosed above.

	Commitments	As at 31 March 2020	As at 31 March 2019
32.	Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to tangible and intangible assets	53.05	25.77
	Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	-	1.00
33.	**Claims against the Group not acknowledged as debts**		
	Claims against the Parent Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer note below)	1,088.79	1,098.94
	Income tax liability that may arise in respect of matters for which the Parent Company is under appeal (not provided for)	-	23.00
	Sales tax related matters	254.93	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

Note:

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

34. Employee stock option plan

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

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the Parent Company and its Subsidiary Company on 31 July 2008 / 28 May 2009 and by shareholders in the annual general meeting held on 29 September 2008 / 21 August 2009. The following are some of the important conditions to the scheme: The details of activity under the Plan have been summarized below:

Vesting Plan:

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

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

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

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

Exercise plan:

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

Effective Date:

The plan was effective from 21 August 2009.

Particulars	31 March 2020		31 March 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	78,750	26.20	140,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	32,500	-	-	-
Exercised during the year	-	-	(57,500)	26.20
Expired during the year	23,750	-	3,750	-
Outstanding at the end of the year	22,500	26.20	78,750	26.20
Exercisable at the end of the year	22,500	26.20	78,750	26.20

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

Particulars	31 March 2020	31 March 2019
Grant date share price (in Rupees)	26.20	26.20
Exercise price (in Rupees)	26.20	26.20
Expected volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends	₹ 0.00	₹ 0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

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

35 Employee benefits

(I) Defined contribution plan

The Group makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme. The Group's contribution to Provident Fund aggregating ₹ 94.36 lakhs (Previous year: ₹ 91.49 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined benefit plans

The Group has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service and is not subjected to limit in terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:		
Service cost		
- Current service cost	35.02	33.86
Net interest expense	12.02	10.22
Components of defined benefit costs recognised in profit or loss	**47.04**	**44.08**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	1.91	1.92
Actuarial gains and loss arising form changes in financial assumptions	22.89	0.02
Actuarial gains and loss arising form experience adjustments	(14.53)	(18.97)
Components of defined benefit costs recognised in other comprehensive income	**10.27**	**(17.03)**
Total	**57.31**	**27.05**

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	360.72	321.61
2. Fair value of plan assets as at 31 March	144.57	160.59
3. Deficit	216.15	161.02
4. Current portion of the above	0.09	0.30
5. Non current portion of the above	216.06	160.72

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	321.61	293.32
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	35.02	33.86
- Interest Expense (Income)	23.12	21.68
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	22.89	0.02
ii. Experience Adjustments	(14.53)	(18.97)
Benefit payments	(27.39)	(8.55)
Acquisitions Credit/(Cost)	-	0.25
Benefits from plan Assets	-	-
Present value of defined benefit obligation at the end of the year	**360.72**	**321.61**

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	160.59	154.50
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	11.09	11.46
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Return on plan assets (excluding amount included in net interest expense)	(1.90)	(1.92)
Contributions by employer	1.48	5.10
Benefit payments	(26.69)	(8.55)
Fair value of plan assets at the end of the year	**144.57**	**160.59**

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

Particulars	As at 31 March 2020	As at 31 March 2019
Life Insurance Corporation of India	144.57	160.59

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

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.75%	7.50%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%
Withdrawal Rate		
Ages From 20 - 30	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%
Expected average remaining working life *	10 years	10 years
Mortality	IALM 2006-08(Ult)	IALM 2006-08(Ult)

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

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

(i) If the discount rate is 50 basis point higher / (lower) the defined benefit obligation would decrease by ₹ 15.50 lakhs (increase by ₹ 16.64 lakhs) (As at 31 March 2019; decrease by ₹ 14.30 lakhs (increase by ₹ 15.37 lakhs)).

(ii) If the expected salary growth rate increase / (decreases) by 1% the defined benefit obligation would increase by ₹ 33.95 lakhs (decrease by ₹ 30.03 lakhs) (As at 31 March 2019 ; increase by ₹ 31.62 lakhs (decrease by ₹ 27.86 lakhs)).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by ₹ 9.31 lakhs (increase by ₹ 9.18 lakhs) (As at 31 March 2019 ; decrease by ₹ 2.82 lakhs (increase by ₹ 2.94 lakhs)).

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

36 Leases

36.1 Leases as lessee (Ind AS 116)

The leased assets of the Group include hospital building, nurse hostel building and medical equipments which are taken on lease for providing healthcare services to the patients. These leases are generally for a period of 1 to 15 years, with an option to renew certain leases after that date. Previously, these leases were classified as operating leases under Ind AS 17.

Effective 1 April 2019, the Group has adopted Ind AS 116 - Leases, with the date of initial application being 1 April 2019, using the modified retrospective approach. Accordingly, the Group has recognized a lease liability at the date of initial application, at the present value of the remaining lease payments discounted using the incremental borrowings rate at the date of initial application, recognized right-of-use asset at the date of initial application equals to the lease liability recognized and the comparatives have not been retrospectively adjusted. In the profit and loss for the current year, the lease rent which was hitherto accounted under clinical establishment expenses / other expenses in the previous year has now been accounted as depreciation charge for the right-of-use asset and finance cost for interest accrued on lease liability.

The summary of the movement of right-of-use assets for the year is given below:

	As at 31 March 2020	As at 31 March 2019
Right-of-use assets under Ind AS 116		
Balance as at 1 April	6,847.82	-
Add: Reclassification of prepaid expenses	24.70	-
Less: Depreciation charge for the year	(824.76)	-
Balance as at 31 March	**6,047.76**	**-**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	As at 31 March 2020	As at 31 March 2019
Lease liabilities under Ind AS 116		
Less than one year	496.56	-
One to five years	3,073.83	-
More than five years	2,863.50	-
Total lease liabilities as at 31 March	**6,433.89**	**-**

Amount of expense recognised in statement of profit and loss

During the current year, Interest on lease liabilities charged to statement of profit and loss account amounts to INR 742.56 lakhs.

36.2 Assets taken on operating lease (Ind AS 17)

The Group has operating lease agreements primarily for medical equipments and office accommodation, the lease terms of which are for a period less than 1 year. During the year ended 31 March 2020, an amount of ₹ 56.47 lakhs (31 March 2019 - ₹ 152.25 lakhs) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹ 823.06 lakhs (31 March 2019 - ₹ 2,114.99 lakhs) towards Clinical Establishment Fee.

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

37 Financial instruments

(I) Capital management

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

(II) Categories of financial instruments

(a) Financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at cost		
Investment in subsidiary	-	-
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security deposits	65.02	59.51
- Advance to related parties	20.31	19.21
- Trade receivables	372.79	966.22
- Cash and bank balances	4,325.61	664.45
- Loans receivables	3,500.00	7,707.54
- Other financial assets	388.50	1,567.66

(b) Financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade payables	1,890.26	2,352.74
- Lease liabilities	6,433.89	-
- Other financial liabilities	54.26	581.41

(III) Risk management framework

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

- Credit risk

- Liquidity risk

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

(IV) Credit risk

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

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

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

a. *Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several patients that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Group determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about patients. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

The average credit period is ranging from 30 to 90 days. No overdue interest is charged. Out of the total trade receivables balance as at 31 March 2020, ₹ 410.27 lakhs is due from 1 third party service providers, 1 Government customers and 3 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2020

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	163.87	3%	4.54	No
1-30 days past due	60.07	17%	10.47	No
31-60 days past due	38.44	47%	18.05	No
61-90 days past due	37.58	32%	12.13	No
More than 90 days past due	597.05	80%	479.03	No
	897.01		**524.22**	

As at 31 March 2019

Ageing	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Within the credit period	671.63	2%	15.85	No
1-30 days past due	81.84	7%	5.68	No
31-60 days past due	25.75	12%	3.11	No
61-90 days past due	40.58	13%	5.21	No
More than 90 days past due	565.75	69%	389.48	No
	1,385.55		**419.33**	

b. *Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)*

The Group holds cash and bank balances of ₹ 4,325.61 lakhs at 31 March 2020 (31 March 2019: ₹ 664.45 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. *Security deposits*

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Group for carrying out its operations. The Group does not expect any losses from non-performance by these counter-parties.

d. *Advance to employees*

This balance is primarily constituted by advances given to the employees. The Group does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

e. *SEIS receivable from Government*

This balance is primarily constituted by SEIS scrips and applications pending with authorities. The Group does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.

(V) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	(₹)	(₹)	(₹)	(₹)
As at 31 March 2020				
- Trade Payables	1,890.26	-	-	1,890.26
- Lease liabilities	496.56	1,297.56	4,639.77	6,433.89
- Other financial liabilities	54.26	-	-	54.26
Total	**2,441.08**	**1,297.56**	**4,639.77**	**8,378.41**
As at 31 March 2019				
- Trade Payables	2,352.74	-	-	2,352.74
- Other financial liabilities	581.41	-	-	581.41
Total	**2,934.15**	**-**	**-**	**2,934.15**

38. Fair value measurement

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

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the consolidated financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets / liabilities.

39. Current tax and deferred tax

(i) Income tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax:		
Current income tax charge	6.02	121.41
Earlier year income tax	22.67	-
Total	**28.69**	**121.41**
Deferred tax		
Difference between book balance and tax balance of fixed assets	(34.72)	(28.95)
Provision for compensated absences, gratuity and other employee benefits	10.70	(18.39)
In respect of current year origination and reversal of temporary differences	(26.65)	(0.55)
In respect of lease liability	(107.42)	-
In respect of carried forward of losses	(174.74)	-
Total	**(332.83)**	**(47.89)**
Total tax expense recognised in statement of profit and loss	**(304.14)**	**73.52**

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

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Amount	Tax Amount	Amount	Tax Amount
(Loss) / Profit before tax from operations	(1,193.50)		279.07	
Income tax using the Group's domestic tax rate at 27.82% (31 March 2019 : 27.82%)		(332.43)		77.64
Tax effect of :				
Effect of expenses that are not deductible in determining taxable profit	7.64	5.62	15.33	(4.12)
Adjustments recognised in the current year in relation to the current tax of prior years.	-	22.67	-	-
Total tax expense	**(1,185.86)**	**(304.14)**	**294.40**	**73.52**

(iii) Income tax on other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax		
Remeasurements of defined benefit plans	2.95	(4.71)
Total	**2.95**	**(4.71)**

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

Particulars	Year ended 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	125.97	(10.70)	2.95	118.22
Allowance for credit losses/Others	118.16	26.65	-	144.81
Lease liability	-	107.42	-	107.42
Carried forward of losses	-	174.74	-	174.74
	244.13	**298.11**	**2.95**	**545.19**
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	57.54	(34.72)	-	22.82
	57.54	**(34.72)**	**-**	**22.82**
Net deferred tax asset / (liability)	**186.59**	**332.83**	**2.95**	**522.37**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Particulars	Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	112.30	18.38	(4.71)	125.97
Allowance for credit losses/Others	117.61	0.55	-	118.16
	229.91	**18.93**	**(4.71)**	**244.13**
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	86.49	(28.95)	-	57.54
	86.49	**(28.95)**	**-**	**57.54**
Net deferred tax asset / (liability)	**143.42**	**47.88**	**(4.71)**	**186.59**

40. Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(Loss) / profit after tax - ₹	(889.36)	205.55
Weighted average number of equity shares (No's.):		
Weighted average number of equity shares for calculating Basic EPS	18,741,759	18,718,958
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	-	53,993
WANES for calculating diluted EPS	18,741,759	18,772,951
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	(4.75)	1.10
- Diluted - in ₹	(4.75)	1.09
Face value per share - in ₹	10.00	10.00

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

As per the requirement of the MSMED Act, 2006, the following disclosure have been provided below. The disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the consolidated financial statements based on information received and available with the Parent Company.

Particulars	As at 31 March 2020	As at 31 March 2019
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	66.82	46.47
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-

Particulars	As at 31 March 2020	As at 31 March 2019
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

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

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2020	31 March 2019
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Unsecured	-	1,577.54
Escorts Heart Institute and Research Centre Limited	10.00%	Half yearly	Unsecured	-	6,130.00
Escorts Heart Institute and Research Centre Limited	10.50%	Half yearly	Unsecured	3,500.00	-

Particulars	Relation	Maximum amount outstanding during the year	
		31 March 2020	31 March 2019
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	6,130.00	6,130.00
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	3,500.00	2,125.00
Total		**9,630.00**	**8,255.00**

* The above inter corporate deposits placed to Escorts Heart Institute and Research Centre Limited are backed by corporate guarantee issued by Fortis Healthcare Limited on 25 Apr 2020. As per Guarantee agreement executed, amount payable by Escorts Heart Institute and Research Centre Limited including interest if any till 31 January 2022, on default shall be repayable by Fortis Healthcare Limited to the Group. The Inter-Corporate Deposits were given for meeting the working capital requirements.

Subsequent to the balance sheet date, the Parent Company has issued a notice of postal ballot, dated 7 May 2020, to the members of the Parent Company. One of the resolution appended to the said notice which is proposed to be passed by the Members through a special resolution by giving their assent/dissent to grant an inter corporate loan upto a maximum amount of INR 35 crores to Fortis Healthcare Limited ("the Ultimate Holding Company"). This loan will be given for a maximum tenure of 3 years from the day of drawdown. The said resolution is pending approval of the members as on the date of signing of these consolidated financial statements. In case this resolution is approved by the members, the drawdown will be approved once the Parent Company is convinced on the financial position / liquidity status of the Parent Company taking into consideration the various litigations, the contingent liability and the impact of COVID 19 pandemic on the operations of the Parent Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

43. Corporate social responsibility

As per section 135 of the Companies Act, 2013, a Company, meeting the applicable threshold, needs to spend at least 2% of its average net profits for the immediately preceding three financial years on CSR activities. The details relating to the same are as follows:

		Year ended 31 March 2020	Year ended 31 March 2019
(a)	Gross amount required to be spent by the Parent Company during the year	9.50	15.04
(b)	Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	9.50	15.37
		9.50	**15.37**

(c) Amount of contribution to a trust controlled by related party in relation to CSR expenditure (in cash):

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Fortis CSR Foundation	-	15.37
Total	**-**	**15.37**

44. Order / notice received from CMDA

The Parent Company had in earlier years applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital building in which the Parent Company operates. During the year ended 31 March 2016, CMDA issued an Order dated 18 March 2016 stating that the regularization application made by the Parent Company has not been allowed. The Parent Company had preferred an appeal dated 18 April 2016, before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority ("Authority") against the said Order.

On 3 May 2016, CMDA served a Lock & Seal Notice to the Parent Company stating that in view of CMDA's Order dated 18 March 2016, the construction at the site of the Hospital premises is unauthorized and called upon the Parent Company to restore the land to its original position within 30 days from the date of the Notice. The Parent Company appealed to the High Court of Judicature at Madras and the Hon'ble High Court was pleased to stay the order on 2 June 2016 and the matter was disposed by High Court directing CMDA not to take any coercive steps till the disposal of the appeal before the Authority. The appeal is pending till date. Consequently, the application for renewal of fire license of the building has not been allowed as on date due to the building not having been regularized. However, the Parent Company has taken safety measures and also obtained a certificate from an independent agency on the adequacy of measures taken for fire prevention and safety. The Parent Company continues to follow up with the authorities for issuance of fire NOC.

The Parent Company, based on legal advice, believes that the above Order / Notices issued by CMDA are contestable and that the possibility of negative outcome of the appeal dated 18 April 2016 is remote and accordingly, the Order / Notice issued by CMDA prima facie would not result in adverse impact on it's operations / going concern of the Parent Company.

45. Impact of COVID-19 pandemic

In March 2020, World Health Organisation declared COVID 19 a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Group has taken measures to protect the health of its employees and ensure business continuity with minimal disruption. The Group believes that the COVID 19 pandemic will only have a short term impact on its operations and post easing of the lockdown restrictions, the business is expected to be normal.. The Group has considered internal and external information while finalising various estimates in relation to its financial statement captions and use of the going concern basis for preparation of financial statements upto the date of approval of the financial statements by the Board of Directors of Parent Company. The Group has begun to witness signs of gradual improvement in operations. Further, the Group has taken various measures to reduce its fixed cost for example, voluntary salary reductions, optimization of administrative, sales and marketing costs, deferment of capex along with judicious resource allocation and requesting for the waiver of fixed clinical establishment fees for the first two quarters of the FY 2020-21. Accordingly, the Management believes that the Group will not have any challenge in meeting its financial obligations for the next 12 months based on the financial position and liquidity (i.e. the net current assets etc.) as on the date of the balance sheet and as on date of signing of these consolidated financial statements. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. However, the Group will continue to closely monitor any material changes to future economic conditions.

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

46. Status of composite scheme of arrangement and amalgamation

The Board of Directors of the Parent Company at its meeting held on 19 August 2016 approved the proposal for the sale of its hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a Composite scheme of Arrangement and Amalgamation (the Scheme) between the Parent Company, FHL and SRL Limited ("SRL"), which was then by way of Resolution Passed by Circulation on 14 December 2017, was approved for the extension of the Long Stop Date to 30 June 2018 as per the Clause 61 of the Scheme. During the previous year, the Board of directors of the Parent Company have approved the withdrawal of "the Composite Scheme of Arrangement and Amalgamation" (the Scheme) between the Parent Company, Fortis Healthcare Limited and SRL Limited on 13 June 2018 and subsequently, the Parent Company obtained necessary approval from the National Company Law Tribunal for withdrawal of the Scheme on 15 June 2018.

47. Information as required by Part III of General instructions for the preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

31 March 2020

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	98%	102%	152%	102%
Amount as at 31 March 2020	9,442.58	(905.69)	(11.16)	(916.85)
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	2.11%	-1.84%	-52.46%	-2.25%
Amount as at 31 March 2020	203.36	16.33	3.84	20.17
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2020	9,640.94	(889.36)	(7.32)	(896.68)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

31 March 2019

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	98%	84%	90%	85%
Amount as at 31 March 2019	10,359.43	173.67	11.12	184.79
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	1.74%	15.51%	9.74%	15.18%
Amount as at 31 March 2019	183.18	31.88	1.20	33.08
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2019	10,537.61	205.55	12.32	217.87

48. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group is primarily engaged in only one business namely in the health care services. The entity's chief operating decision maker considers the Group as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Group does not have multiple segments and these consolidated financial statements are reflective of the information required by the Ind AS 108. The Group's operations are entirely domiciled in India and as such all its noncurrent assets are located in India.

49. Subsequent events

There are no subsequent events other than those disclosed in the consolidated financial statements that have occurred after the reporting period till the date of approval of these consolidated financial statements.

50. Disclosure of specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2020.

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

Harsh Vardhan Lakhotia
Partner
Membership No.: 222432

Place : Chennai
Date: 12 June 2020

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

Daljit Singh
Chairman
DIN 00135414
Place : Gurugram

C.K.Nageswaran
Whole Time Director
DIN 0008236347
Place : Gurugram

Mayank Jain
Company Secretary
M No: A26620
Place : Delhi
Date: 12 June 2020

Saravanan Venkatesan
Chief Financial Officer
Place : Chennai

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