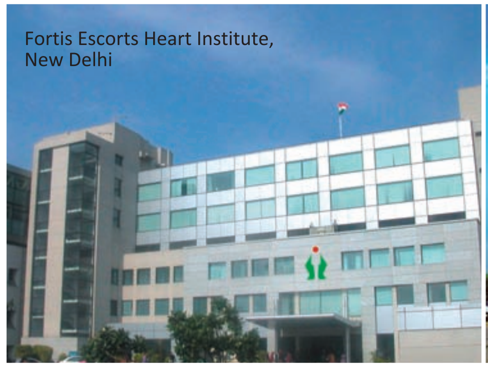
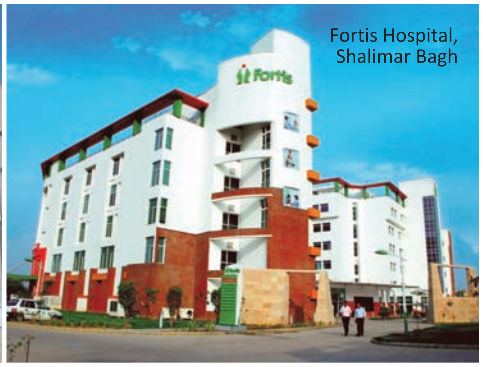

Fortis Escorts Heart Institute, New Delhi


Fortis Hospital, Shalimar Bagh


Fortis Hospital, Gurgaon


Fortis Hospital, Bengaluru


Fortis Hospital, Noida


Fortis Hospital, Mohali

Regd. Office:
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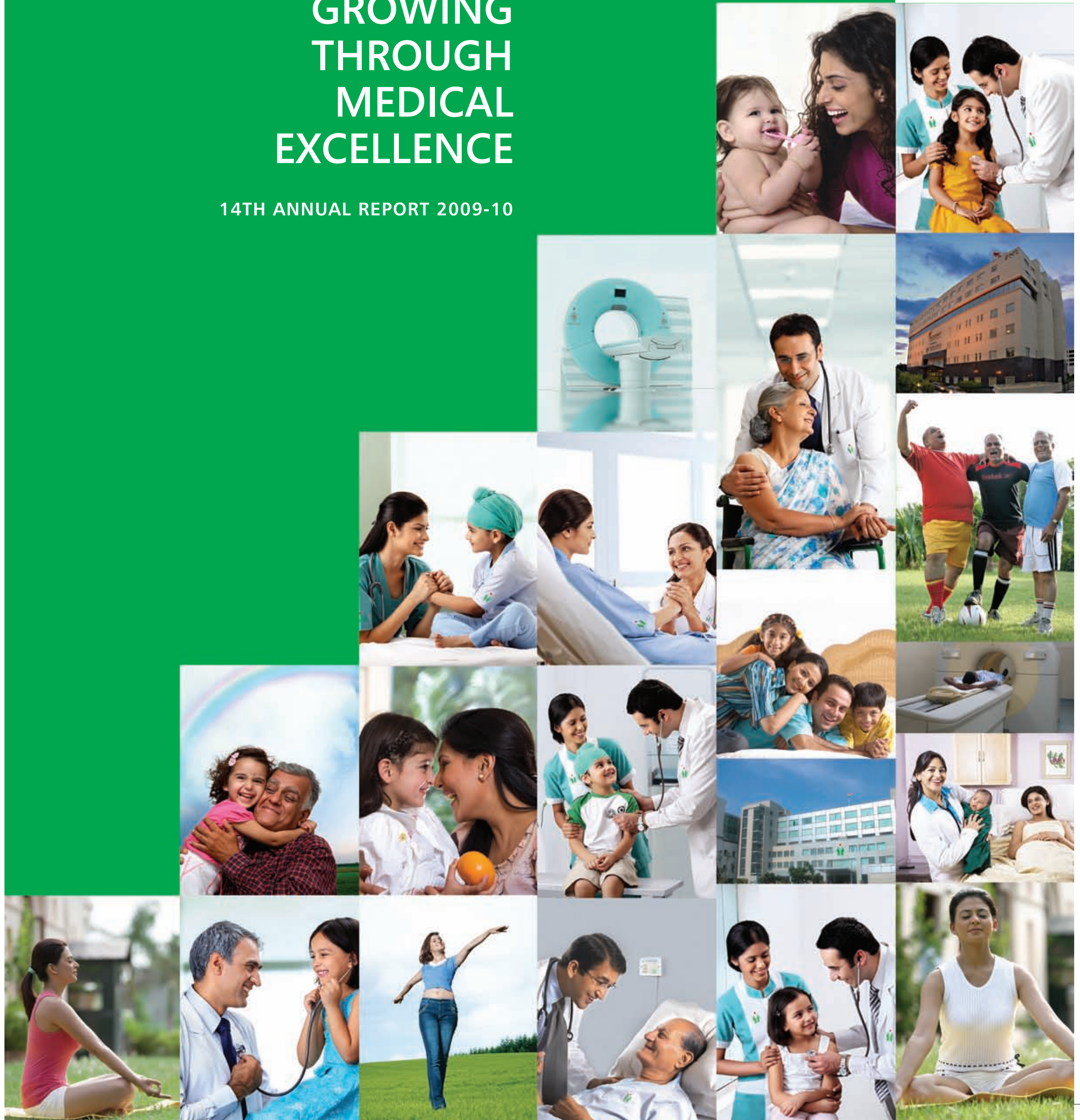
Okhla Road, New Delhi-110 025 (India)
E-mail: contactus@fortishealthcare.com
Visit us at www.fortishealthcare.com

Fortis
A 48 HOSPITAL NETWORK

Fortis

GROWING THROUGH MEDICAL EXCELLENCE

14TH ANNUAL REPORT 2009-10



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Mr. Malvinder Mohan Singh, Chairman
Mr. Shivinder Mohan Singh, MD
Mr. Balinder Singh Dhillon
Mr. Gurcharan Das
Mr. Harpal Singh
Dr. P. S. Joshi
Mr. Rajan Kashyap
Mr. Ramesh L. Adige
Justice S. S. Sodhi
Mr. Sunil Godhwani
Lt. Gen. T. S. Shergill
Mr. V. M. Bhutani

CHIEF EXECUTIVE OFFICERS

Mr. Bhavdeep Singh
Mr. Vishal Bali

CHIEF FINANCIAL OFFICER

Mr. Yogesh Sareen

COMPANY SECRETARY

Ms. Ruchi Mahajan

AUDITORS

M/s S.R. Batliboi & Co.
Chartered Accountants, New Delhi

REGISTERED OFFICE

Escorts Heart Institute and Research Centre Limited
Okhla Road, New Delhi-110 025 (India)
Tel.: +91 - 11 - 2682 5000
Fax: +91 - 11 - 4162 8435

OUR VISION

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

- Late Dr. Parvinder Singh, Founder Chairman, Fortis Healthcare Limited

January 1996

BOARD OF DIRECTORS

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

LEADING THE WAY


Jasbir Grewal


Dr. Deepu Bannerjee


Dr. P.S. Maini


Shivinder Mohan Singh


Dr. A.K. Singh


Ashish Bhatia


Bhavdeep Singh


Dr. Kaushal Malhan


Dr. Rajen Ghadiok


Dr. Vivek Jawali


Vishal Bali


Yogesh Sareen


Dr. Chandran Gnanamuthu


Dr. T.S. Mahant


Dr. Ashok Seth


Dr. Shivaji Basu


Dr. Lloyd Nazareth


Dr. Hasmukh Ravat


Daljit Singh


Dr. Sanjay Pai


Dr. K.R. Balakrishnan


Dr. Narottam Puri

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDER,

We, at Fortis, remain steadfast in our vision of making Fortis a best-in-class, global healthcare services provider – an institution of excellence which operates on the principles of quality and ethics; a network that leverages learning across geographies, builds synergies to optimise cost and provides the finest medical service – all to the ultimate benefit of the patient.

This vision positions us as thought leaders in an industry where the gap, between demand for quality healthcare and the facilities to meet that demand, remains enormous. Asian countries are becoming important markets for healthcare companies, as the demand for quality healthcare increases in parallel with economic growth. We recognise this opportunity and are working towards becoming the institution of choice for healthcare services, not only in Asia but globally.

The year 2009-10 has seen your Company strengthen its base as it advances closer towards realising its ambitious vision. This has been an eventful year, with a significant acquisition on the domestic front, as well as an ambitious move overseas that clearly signaled our global ambition. Fortis continued its growth in India, with the acquisition of 10 facilities from Wockhardt Hospitals Limited, thereby creating a pan-Indian footprint with an ~8000 bed capacity across 48 hospitals. A strong presence across India helped Fortis build a solid platform that has positioned us for international growth, in line with the Company's strategy to extend its presence globally.

Less than a year after the Indian expansion and in the final month of the fiscal, Fortis announced its acquisition of a strategic stake in Parkway Holdings, Asia's largest healthcare service provider. Our leadership team was clear on the rationale for this investment: to leverage Parkway's extensive network of quality hospitals in order to establish a pan Asian presence, and advance a step closer towards building a global healthcare business. Subsequent events and pricing of the asset made us reconsider the acquisition, and in the long term interest of our stakeholders, we eventually tendered our Parkway stake to a competing offer. However, this bid amply demonstrated our capability and strategic intent, and we will continue to explore other organic and inorganic growth opportunities to the benefit of our stakeholders, in alignment with our vision.

Fortis remains committed to building an institution with best-in-class medical capability. Here, the finest medical pool of over 1500 doctors and 5500 nurses is supported by state-of-the-art technology and the caring and compassionate approach of both medical and non-medical hospital staff. We maintain our focus on creating clinical excellence and Fortis has distinguished itself in every speciality, with cutting-edge medical procedures ranging from India's first wrist transplant and complex surgery for a complete aortic dissection, to a caesarean section that gave life to an 800 gm premature baby. Our medical proficiency is complemented by a patient-centric approach to healthcare, an ideology that drives each member of the Fortis family.

At the end of this fiscal, Fortis has emerged even stronger and more prepared for the next year. In 2009-10, we conducted about 55000 successful cardiac interventions, 11000 bone & joint surgeries and 5100 brain & spine procedures, while attending to 4300 patients daily. We are confident about the future and grateful for the goodwill and support of our customers. I take this opportunity to thank all of you for your continuing support. I am also indebted to the members of the Fortis Board for their guidance and to the employees of the Fortis network for their untiring dedication and commitment.

Warm Regards,

Malvinder Mohan Singh

Chairman

MESSAGE FROM THE MD

DEAR SHAREHOLDER,

Two of the three pivotal dimensions of the Human Development Index are health and education. This underlines the fact that the growth and development of any country is largely dependent on the state of its health and education dispensing systems and structures. While advancements have been made by India in both these spheres, the potential for improvement still remains immense.

Recognising the importance of health in the process of economic and social development and in improving quality of life, the Indian government has launched various schemes. Apart from reforms on the public healthcare front, there are initiatives by the central government which have helped in promoting private participation in the healthcare sector. The government is giving tax incentives to hundred-bed hospitals to encourage private players to set up new greenfield hospitals across India.

Your Company is engaged in the business of improving and saving lives; it is humbling to think of the impact we make each day on the thousands of people that seek our care for themselves and their loved ones. Knowledge of the vastly inadequate healthcare infrastructure in our country (we have 0.9 hospital beds per 1000 people against a world average of 3.96, a million Indians die each year due to poor healthcare facilities and 700 million have no access to specialist care) only adds to the burden of responsibility we bear, as a leading healthcare provider in the country. We clearly have an integral role to play in India's development; and a duty to deliver quality healthcare, with a compassionate approach, in a caring environment, to those that need it.

Fortis, through its various upcoming projects, will add considerably to the nation's bed capacity in the coming years. These projects, on commissioning, would offer the latest in healthcare technology along with medical care, benchmarked against international standards. The soon-to-be-commissioned Shalimar Bagh hospital will have 350 beds and offer several super-speciality healthcare services. Gurgaon project will become the multi super-speciality flagship hospital of the Company. This hospital will eventually have a bed capacity of 1000 along with "Centres of Excellence" in multiple disciplines. The 414 bed Kolkata project serves to extend the Fortis network into Eastern India.

Patients form the core of Fortis' business approach. It is this unwavering patient-centric focus that has made your Company a preferred choice in the healthcare space. Fortis continues to bring in the finest talent and explore newer ways of offering the very best in healthcare service. Your Company believes in delivering results by employing the best technology and setting industry benchmarks in the process. Fortis Hospital Noida's Cancer Centre, formed in collaboration with International Oncology Services Private Limited (IOSPL), bears testimony to our ongoing endeavour towards providing the best medical treatment and advanced patient care. The state-of-the-art infrastructure includes an Open PET CT Scan for diagnostic purposes, the latest radiation equipment from Varian Medical Systems (RapidArc using Trilogy HD and 3D-Brachytherapy), and a Medical Oncology Daycare and Anti-Neoplastic drug delivery setup. This, for your Company, was just another step forward in its relentless pursuit of the next level of medical capability. Your Company's ultimate goal is to create an integrated healthcare network, across India and beyond. Fortis successfully accomplished the acquisition of the greenfield hospitals division of Wockhardt Hospitals Limited, comprising 10 hospitals in Mumbai, Bengaluru and Kolkata (including two under construction), on a going-concern basis. This acquisition augments bed capacity by 1902 beds (including 534 beds in the two under-construction projects), and helps us have a significant presence in Southern, Western and Eastern India. Two of the acquired Wockhardt hospitals have the coveted international accreditation by JCI (Joint Commission International), which means Fortis now has 4 JCI accredited hospitals in its network. This positions Fortis strongly as a quality destination of choice, for Medical Value Travel.

While our emphasis remains on growth in the domestic market, we clearly have ambitions of taking the Fortis value proposition international. The stake in Parkway Holdings, Singapore was a step in that direction. Our subsequent decision on Parkway demonstrates the management's clarity that value creation for our shareholders must remain our foremost objective; and this was manifest in our ability to exit an investment, when it no longer made financial sense. We will continue to explore other opportunities abroad, as we pursue our ambition to become a pan Asian healthcare company. We are convinced that the benefits realised from such platforms are many, including access to a wider talent pool, cost savings on account of economies of scale and an environment of cross-pollination in terms of learning and experience.

In summary, 2009-10 has been an eventful year: with a significant domestic acquisition resulting in a pan-Indian presence, which forms a strong foundation for future international growth. Your Company continues to invest in strong operating systems, robust processes and talented people, with an unwavering focus on medical excellence and patient-centric healthcare. Our business model builds the strength of our accumulated experience and extensive domain knowledge of the sector. We continue to evolve as we walk the path of ever-improving quality, with an eye on delivering reliable, accessible and affordable healthcare of a global standard.

As I come to the end of this message, I must express my deepest gratitude to all of you, our shareholders. It is your belief in us that has given us the confidence to come this far and your faith in us makes us ever stronger.

Warm Regards,

Shivinder Mohan Singh

Managing Director

MESSAGE FROM THE CEOs

DEAR SHAREHOLDER,

It is my privilege to share Fortis Healthcare's performance with you. It has been a good year for the organisation on all fronts and we are pleased with our ongoing progress.

Our results are strong, and many key business indicators demonstrate a record-breaking performance. After turning profitable for the first time in the previous year, we have shown robust growth in our net profits this year and recorded a consolidated net profit of Rs. 70 Crores, up 234% over the previous year. Our revenue grew from Rs. 659 Crores to Rs. 988 Crores this year, up 49% over the previous year. Our results reflect solid growth and we can take pride in knowing that this growth is across the system on all counts; additionally, all indications make us confident of maintaining this performance over the short and long terms.

Now let us take a look at the story behind the numbers: clearly, the growth story continues at Fortis. Apart from new locations and new collaborations, the organisation grew in its existing facilities as well; by adding beds, improving infrastructure and enhancing capabilities through technology and new medical equipment. We take pride in knowing that some of the best doctors in the world are practicing at Fortis. A high level of clinical competence augmented with enabling infrastructure is bound to create a positive result. 2009-10 saw us leading the way in Cardiac Sciences, Orthopaedics, Nephrology, Neurosciences and Diabetes as well as other significant specialities - a new entrant being Cancer care. The Oncology block of Fortis hospital, Noida started in January 2010, offers services in medical & surgical Oncology and radiation therapy, and there are plans to provide international-standard bone marrow transplants. Apart from these major specialities, we continue our focus on multi-speciality disciplines.

The Company has sharpened its focus on quality and building a quality agenda in Indian healthcare. Apart from several NABH accreditation initiatives, our Fortis Escorts Heart Institute in Okhla received JCI accreditation. Training programmes for doctors, administrators, nurses and technicians were conducted on a range of subjects including NABH awareness, Basic Cardiac Life Support training, and communication with critically ill patients and their relatives. We are working closely with the Quality Council of India to prepare an NABH auditors training module to maintain quality standards even after the accreditation process. Fortis continues to drive internationally standardised quality metrics and offer the best level of medical service in India.

No commentary on the business can be complete without reflecting on our most cherished asset - our people. Our workforce plays a pivotal role in delivering positive clinical outcomes and a great healthcare experience. We continue to invest in upgrading the skills of our people and stay committed to building great teams at all levels within the organisation.

These are exciting times at Fortis and the future is bright. I extend my gratitude to our 11,000 plus employees and thank them for their passion for excellence in healthcare. I also thank you sincerely for the unwavering trust you place in your Company. We are confident that, with your steadfast support, we will continue to grow and set the bar ever-higher for healthcare excellence.

Warm regards,

Bhavdeep Singh
Chief Executive Officer
Fortis Healthcare Limited

DEAR SHAREHOLDER,

On December 17, 2009 your Company created history, when it acquired 10 Wockhardt Hospitals, located across the metro cities of Mumbai, Bengaluru and Kolkata. This asset assumed the identity of Fortis Hospitals Limited and embarked on a new trajectory of growth. 3800 of us joined the Fortis family. Your Company has continually demonstrated its core strength in creating inorganic growth and the 'zero attrition' achieved during this acquisition was a true reflection of this competence. In the subsequent quarter, the Company created value by clocking a 15% qoq growth coupled with EBITDA margin improvement. We have achieved cost-saving synergies very rapidly along with our parent company and have implemented several initiatives to improve productivity. These will continue to strengthen the earnings performance of the Company, going forward.

During the January-March timeframe, the Company embarked on a high decibel brand transition exercise and transited completely to the 'Fortis' name. Simultaneously your Company also invested in new technology and the enhancement of clinical skills to strengthen the core specialities of Cardiology, Orthopaedics, Neurosciences and Minimal Access Surgery. Our strategy remains firmly focused on creating new benchmarks in each of these specialities, by innovating new modalities of patient treatment and offering patients a unique value proposition. To enable and enhance this process we are strengthening our systems and protocols and investing resources to improve the competencies of our people. We have strengthened the existing talent base of the Company with new appointments across all verticals, as well as in the senior management team. We recognise that our brand of healthcare delivery is entirely dependent on the standard of service we provide to our patients and their families. A new services vertical, which will focus its energy entirely on enhancing customer experience, has been added to enable the organisation to meet and exceed their expectations.

Our projects team will deliver two new projects in the early part of the ensuing fiscal. The 414 bed Kolkata Hospital is in its final leg of completion and scheduled for commencement in September. The launch of this hospital gives your Company its first hospital in Eastern India and completes the Fortis presence across the four zones of the country. The 335 bed expansion at the Mulund Hospital in Mumbai, which includes a 120 bed Oncology service, is opening its doors to patients in August. Both these projects have been completed on schedule, showcasing your Company's strong project-execution skills.

As we move forward we will continue to strengthen the synergy between our distinctive clinical talent and the acumen of our paramedical personnel. We will back this with strong management principles to deliver on the vision of excellence in patient care that drives us. Your Company has the right combination of ambition, innovation and agility to compete and excel in the ever-changing world of modern healthcare.

We ask you, our shareholders and investors, for your ongoing support and guidance and sincerely thank all our team members, whose abilities and skill are the group's greatest asset.

Warm Regards,

Vishal Bali
Chief Executive Officer
Fortis Hospitals Limited

Fortis

OPERATIONS REVIEW

FINANCIAL DISCUSSION: a healthy growth

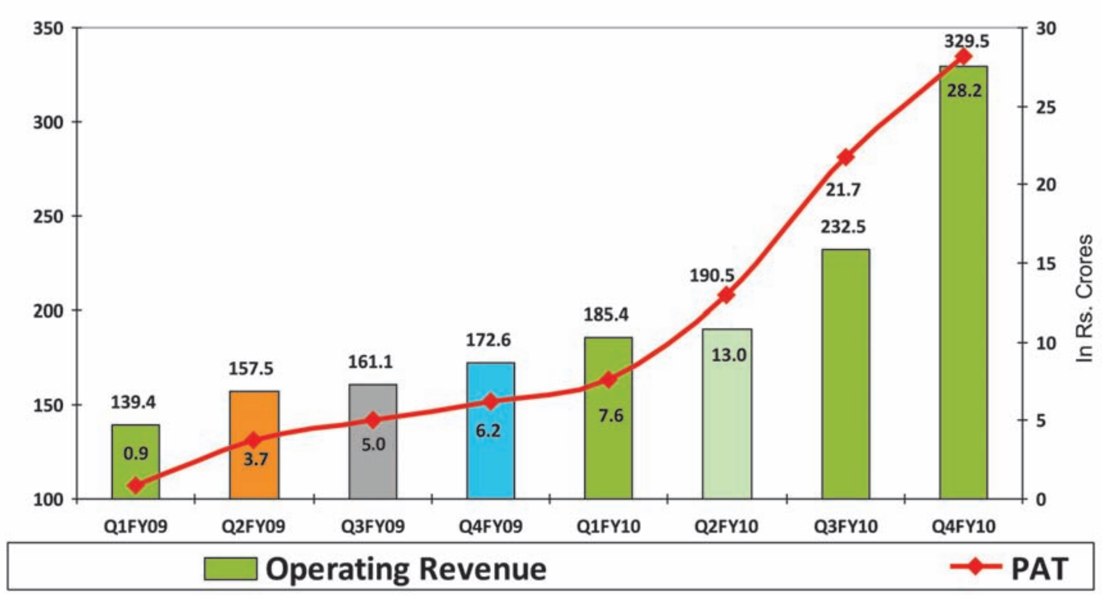
The past fiscal was a historic one for the Company as it went about consolidating its position as the leading provider of healthcare services in the country and the broader Asia region. We completed a landmark acquisition in the domestic market, namely the acquisition of eight running hospitals and two hospital projects from Wockhardt Hospitals Limited as well as the acquisition of a strategic stake in Parkway Holdings, Singapore in the fourth quarter.

The Wockhardt acquisition firmly establishes Fortis as a pan-India hospital network, with a presence in all the major cities. The Company's hub and spoke model allows us to serve most of the cities and towns. The next wave of growth for the Company now lies in expanding operations to foreign shores. The Company made a start in 2009 when it inaugurated the Fortis Clinique Darne in Mauritius. That start was bolstered with the strategic investment in Parkway Holdings, Singapore. The Asia Pacific region provides immense opportunities for the Company to spread its wings overseas.

The large Indian diaspora and the centuries-old trade links that exist with the countries of the Middle East and South-East Asia make these regions natural and logical options for growth. The cultural ties that exist between India and these countries also make it easier to integrate the operations of the acquired entity.

The Asia Pacific countries and member nations of the Gulf Co-operation will be focus areas for the international expansion of the Company. The business conditions over the last few quarters have contributed to the softening of prices of several lucrative assets in these markets. Fortis will aggressively continue to seek assets at the right valuations.

The Company believes that its international ventures will allow for the sharing of best practices and create symbiotic



PAT excludes extraordinary items

"The Company retained its growth momentum and recorded a consolidated net profit of Rs. 700 millon, a growth of 294%."

Yogesh Kumar Sareen,
Chief Financial officer

synergies. India has proven to the world the existence of a low-cost, sustainable, scalable and highly productive model for healthcare delivery. The availability of highly skilled doctors and nurses, along with a large patient population, allows Indian healthcare providers to better-utilise their assets and human capital and spread the costs of this capital-intensive industry across a larger base, thereby lowering the overall cost of service delivery. A larger network will also bring in economies of scale in purchase processes and reduce the cost of operations even further.

Medical value travel is expected to be one of the major revenue drivers for the Company in the future. The pressures of aging populations in several countries, along with exorbitant healthcare costs and lack of adequate facilities, make medical tourism an optimal value proposition for medical travellers and operators in the Asia Pacific region. Fortis is keen to leverage this opportunity and will aggressively look at acquisitions that offer good prospects for medical value travel.

The Wockhardt acquisition, completed at a cost of Rs. 8895 million, adds an additional 3800 healthcare professionals and 1902 beds to the Fortis network. The total number of hospital beds now stands at ~8000. All the hospitals acquired from Wockhardt currently operate under the aegis of "Fortis Hospitals Limited". The acquisition significantly boosts India's presence in Southern, Western and Eastern India.

The Company acquired a strategic stake (23.9%) in Parkway Holdings, Singapore, in a landmark deal valued at US$ 685.3 million on March 11, 2010. This made the Company the largest shareholder of Parkway Holdings, one of Asia's premier healthcare providers. Fortis offered to acquire 100% stake in the Company in response to a partial offer made by Khazanah (a sovereign Malaysian fund), to increase its shareholding and thereby acquire a controlling stake. However, in a key decision taken subsequently, Fortis decided to opt out of Parkway and sold its entire stake as the valuation rose to uneconomical levels. Fortis will continue to explore other organic and inorganic growth opportunities in the region and remains committed to its vision of creating a global healthcare delivery network.

After reporting its first ever profit last year, the Company retained its growth momentum and recorded a consolidated net profit of Rs. 700 millon, a growth of 294%. The revenue during the corresponding period last year increased 50% and stood at Rs. 9880 million. The organic growth in revenue stood at 26%. The Company has grown at a CAGR of 64% over the last eight quarters ever since it turned PAT positive.

The EBITDA margins of the Company improved to 19.3% during the fiscal, up from 17.3% in the previous year. Gross margins have also improved by more than 2% and are currently at 73% of gross revenue. This has been caused

"The Wockhardt acquisition firmly establishes Fortis as a pan-India hospital network. The Company's hub and spoke model allows us to serve most of the cities and towns."

Daljit Singh,
President - Strategy &
Organisational
Development

by purchase efficiencies, improved occupancies and better operating procedures, all of which contribute to spreading costs on a larger base and reducing overheads.

The company closed its Rights Issue on October 15, 2009 and issued the shares to the subscribers on October 27, 2009. With this, the fund raising of Rs. 9971 million was completed in all respects and the new shares and detachable warrants were listed for trading at NSE and BSE on November 3, 2009 and November 4, 2009 respectively.

A Simulation Training Centre for Emergency was inaugurated on September 23, 2009. This centre will serve to train doctors, nurses, technicians and also the Emergency Medical Technicians (EMT) who would be involved in delivering Ambulatory Care services. These modules are designed in collaboration with the University of Utah which has a formal tie-up with Fortis, to impart and improve the medical care capability in the area of Emergency Medicine.

QUALITY: a Fortis commitment

The quality movement continued unabated at the hospitals of the Company with Fortis Escorts Heart Institute (FEHI), Delhi receiving the prestigious JCI accreditation, a global recognition of the high quality standards of FEHI. The addition of eight operating hospitals from Wockhardt Hospitals takes the total number of JCI accredited hospitals in the domestic network to four. Furthermore, six hospitals in the network are also NABH accredited.

This enables the Company to achieve higher degrees of standardisation for all non-clinical processes and provides access to better clinical processes. Fortis is of the firm view that better clinical protocols and adherence to standards is the way forward for healthcare in India, as the healthcare providers in the country try to find solutions to serve the requirements of an ever-burgeoning population.

ACCOLADES: a recognition of our worth

The constituent hospitals and clinicians were felicitated on several occasions for high levels of clinical excellence and patient care. The doctors and nurses have delivered exemplary patient care and their efforts have been recognised in the numerous accolades that the hospitals received. Several landmark procedures performed at the Fortis network of hospitals were also commended by peers and presented at renowned conferences globally.

FEHI was adjudged the best hospital for overall image and the quality of patient care, by the Ministry of Consumer Affairs. The Fortis Hospital at Mohali received two certificates of recognition from FICCI for Excellence in Community Driven Healthcare Programmes and for Excellence in Healthcare Delivery. Dr Pankaj Goel, CTVS surgeon at Fortis Amritsar, was elected as an international member of the Society of Thoracic surgeons, USA.

CLINICAL EXCELLENCE: at the core

The hospitals have continued to deliver excellent clinical results year on year and our doctors, nurses and paramedical staff continued to treat more complex cases and provide succour to even more critical cases. It is a matter of immense pride for the organisation that the "Fortis" brand continues to attract top clinicians. Some important and path-breaking surgeries and procedures were carried out by the expert team of physicians.

As the Company recognises and commends the excellent work done by its distinguished clinicians, we will continue to launch new programmes and specialities. The Company,

while expanding overseas, will look at programmes that are a good complement to the existing bouquet of offerings. This will enable Fortis to offer the very best treatment and accumulate a wide range of skills for the benefit of patients in hospitals across the network. The signalling of our global intent with the acquisition of a strategic stake in Parkway Holdings was a step in this direction.

The Orthopaedic team at Fortis Hospital, Noida distinguished itself by performing India's first wrist transplant, on a 65 year old female patient. A surgery at the same hospital to graft the left toe of a patient to replace his right thumb, which was lost in an accident, was also widely acclaimed.

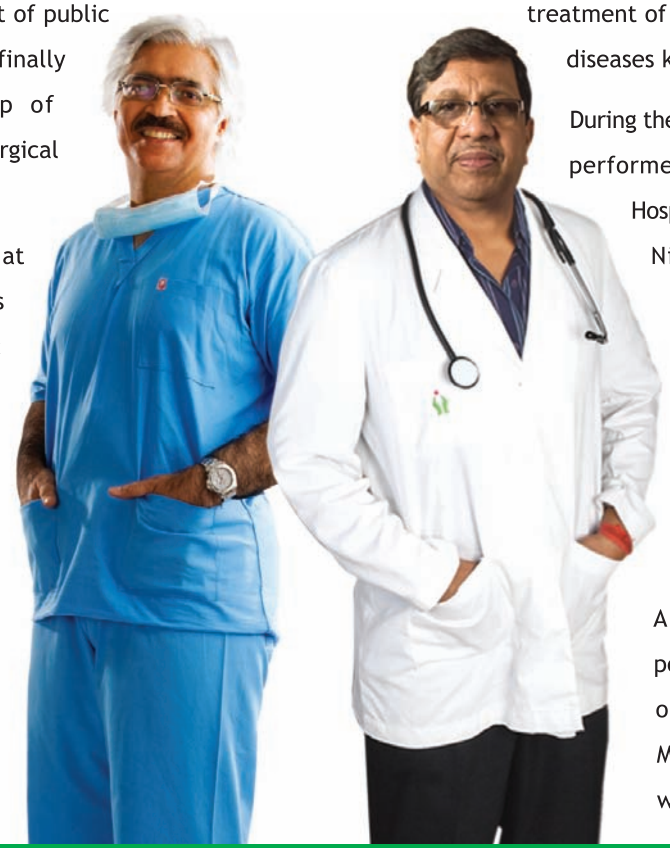
Dr. Yugal Mishra of FEHI led a team that successfully carried out a rare and complex surgery that involved the extraction of a needle, which became embedded in the heart of a young man owing to a freak domestic accident. The incident gathered a lot of public interest as the needle was finally extracted with the help of magnetic force and other surgical instruments.

In another complex surgery at FEHI, a team of three doctors led by senior Orthopaedic surgeon Dr. Naveen Talwar, in a two-hour procedure successfully operated on a Nigerian lady who had an infected implant and one leg shorter than the other after a series of previous surgeries elsewhere. The procedure was covered in the print media and created immense goodwill in the minds of patients from Nigeria, which is the country of origin of many patients seeking treatment in Fortis hospitals.

A rare and successful surgery was performed at the Fortis Hospital, Mohali to treat a cancer patient who complained of difficulty in swallowing both solid and liquid food. The intricate surgery involved re-creating a new food pipe using the large intestine and was performed by a team of Fortis doctors led by Dr. J. D. Wig.

The Company received an approval from the Indian Council of Medical Research (ICMR) to carry out stem cell therapy clinical trials for the treatment of diabetes. These trials would be led by Dr. Anoop Misra, Head of the Department of diabetes and metabolic diseases and would be conducted on patients with diabetic foot ulcers. Stem cell therapy research and trials are among the most promising experimental therapies which hold promise for the treatment of some of the most debilitating diseases known.

During the year, a rare heart surgery was performed at the Bannerghatta Road Hospital, Bengaluru on a child from Nigeria, without resorting to blood transfusion. This was widely covered by the press. Furthermore the Bannerghatta Road hospital also performed very difficult surgeries using the trans-nasal endoscopic technique. A complicated liver surgery for portal hypertension was carried out at the Mulund Hospital, Mumbai, a feat that received widespread media coverage.



HOSPITAL REPORTS: across the network

During the course of the year, the integration of Escorts Heart Institute and Research Centre with the rest of the group network was completed. A rebranding exercise was carried out and the hospital will henceforth be known as Fortis Escorts Heart Institute (FEHI). The hospital upgraded its blood bank and has become one among the few in the country to offer leukodepleted blood to enhance the quality of blood given to patients. A team of doctors led by Dr. Ashok Seth successfully operated on a patient who had suffered a complete aortic dissection and was airlifted to Delhi. This is a potentially deadly complication which needs immediate intervention. The Company made a foray into the North-East as the hospital tied up with GNRC Hospitals in Guwahati to provide better Cardiac care to the people in that region. Under the agreement, invasive Cardiology and Cardiac surgery services at GNRC Guwahati will be provided by FEHI professionals.

Fortis Hospital, Mohali launched the IVF, Renal transplant and Bariatric surgery programmes during the year. These programmes greatly enhance the stature of the hospital in the region and position it as a potential destination for medical tourism. Dr. Pankaj Garg of Fortis Hospital, Mohali performed two single-incision laparoscopic surgeries for the removal of a patient's gall bladder, which was one of the first such procedures in that part of the country.

The Oncology block of the Fortis Hospital, Noida started operating on January 13, 2010 offering services in medical Oncology, radiation therapy and surgical Oncology, with plans to offer a bone marrow transplant of international standards. This programme is supported with state-of-the-art medical equipment including a PET CT scan and IGRT trilogy.

The Neuro-sciences programme at Fortis Hospital, Noida has been strengthened with the installation of sophisticated equipment such as an intra-operative CT, 3-D C'ARM, Intra-operative EEG/EMG, and so on. Furthermore, a stroke clinic has also been launched.

Fortis Hospital, Vasant Kunj started a new medical programme under the aegis of the department of Rheumatology and this is led by Dr. Ashok Kumar who joined the hospital from AIIMS as Director and Head Rheumatology.

Fortis Escorts Hospital, Faridabad received a good deal of media attention for the clinical competence of the medical team after two complex surgeries were performed.

Furthermore, the hospital launched its new emergency services wing and dialysis services with 10 dialysis units. Dr. Prabal Roy of Fortis Escorts Hospital, Faridabad performed two surgeries, each the first of its kind in the country; both these surgeries have been selected for publication in international journals.

Fortis Escorts Hospital, Amritsar launched the Urology and Renal transplant programmes; the Neonatology and Paediatrics programmes and the medical Oncology programme during the year. These programmes are expected to firmly establish the hospital as a centre of excellence and a tertiary care centre in the region, with the ability to treat even the most complex cases. As testimony to the hospital's growing medical profile, Dr. Suresh Bhagat performed a TURP and Nephrectomy on a 108 year old male patient.

A new Paediatric ICU was launched at Fortis Malar Hospital, Chennai. Here, Dr. K. R. Balakrishnan performed a rare and complicated surgery on a four month old baby from Kolkata with congenital cyanotic heart defect.

The hospitals in Rajasthan distinguished themselves in serving the community by providing emergency and therapeutic services in the aftermath of disasters that struck at both places. Fortis Escorts Hospital, Jaipur worked incessantly with the state government in the aftermath of the IOC fire. Fortis Ambulances and the emergency service personnel were at the forefront of the rescue operations. The pro-active approach of the hospital was widely appreciated by the state authorities and the media. Fortis Escorts Hospital, Jaipur also formally kicked off its hugely successful Neuro-surgery programme during the year. Dr. Hemant Bhartiya, the renowned Neuro-surgeon leads the programme at the hospital. Fortis Modi Hospital, Kota played an important role in saving grievously injured workers in the Chambal Bridge tragedy and again the efforts were lauded by the government and the media. The hospital is rapidly ramping up revenue and has embarked on an initiative to sign up with corporate clients to provide healthcare services.

Fortis La Femme Hospital, Delhi launched support specialities in the areas of Oncology, Ophthalmology, Otolaryngology and Urology for women. Other speciality clinics were also launched such as the Urinary Incontinence clinic, Breast clinic, Obesity clinic and Pre-marital clinic. The launch of these several clinics enables the hospital to offer a complete suite of specialities relating to maternity and women's health. The hospital launched the genetic and foetal medicine clinic in association with Dr. Seema Thakur, an eminent foetal medicine consultant. Fortis La Femme Hospital also tied up with "Baby Cell" a stem cell company for stem cell banking. This positions the hospital at the forefront of the new-age stem cell therapy, where stem cells from the umbilical cord of the new-born are banked for the future.

Fortis Clinique Darne, Mauritius was at the forefront of the fight against the H1N1 pandemic and quickly set up

isolation ICUs. This was widely appreciated and covered extensively by the local media. The hospital also completed the upgrade of the Maternity and Paediatrics wing and is commissioning a state of the art NICU to offer a comprehensive mother & child care programme.

Fortis Jessaram Hospital, Delhi, which positions itself as an affordable provider of quality services, launched its Neo-natal ICU in collaboration with Neo Matrix. Furthermore, comprehensive Urology services are also being offered in collaboration with RG Stone.

Fortis Hospital, Vashi launched a Cancer Clinic christened "Cancure" with guidance from the renowned oncologist Dr. Suresh Advani.

Fortis Hospital, Seshadiripuram was formally inaugurated in May 2009 by Mrs. Parvathamma Rajkumar (wife of well known South Indian film actor Late Dr. Rajkumar) and the Governor of Karnataka, Mr. Rameshwar Thakur. This hospital has introduced state-of-the-art LASER TURP Urology procedures.

Fortis formally took over the management of the S. L. Raheja Hospital, Mumbai in this fiscal, which will have Cardiology, Oncology and Emergency in the short to medium term while it enhances the Renal sciences and Urology programmes in the longer term.

The acquired hospitals operating as "Fortis Hospitals Limited" went through an extensive brand change exercise during the year and all the facilities are now operating under the exclusive "Fortis" name. Moreover, major news stories showcasing the excellent clinical work being carried out in the Bengaluru and Mumbai hospitals helped reinforce the brand perception and the value proposition offered by Fortis.

UPCOMING FACILITIES: building the future

Fortis Hospital, Shalimar Bagh: The hospital is complete in all respects and is awaiting a few statutory clearances prior to commencement of operations. The hospital has begun induction and training activities of all sections of staff (including consultants) on various aspects of communication, Fortis processes and HIS, etc. Some initial promotional activity in the neighbourhood of the hospital has been started, to promote healthy lifestyles and disseminate healthcare information and spread the word about the impending launch of the new facility.

Fortis International Institute of Bio-medical Sciences (FIIBMS), Gurgaon: This greenfield project is progressing as per schedule. The civil work at the hospital is in full swing and 99% of the RCC structure has been completed. The interior work is underway as per schedule. Site development has commenced. The mechanical, electrical and plumbing (MEP) work is also progressing as per plan. Overall, the project is on track and expected to be complete by the fourth quarter of the ensuing fiscal.

Kolkata Project: This is one of the under-construction hospitals, bought from Wockhardt, and work has been underway during the year. The 414 bed hospital at Eastern Metropolitan Bypass road is planned to be commissioned in Q2 FY 2011 and will be a centre of excellence in Cardiac Sciences, Brain & Spine, Bone & Joints as well as Minimal Access Surgeries for the entire Eastern India.

Mulund Expansion Project: The Mulund Hospital had started construction of a radiation Oncology unit and the project was stalled due to unavoidable circumstances for over a year. The project has been re-started after Fortis acquired this hospital from Wockhardt. The expansion involves the addition of 335 beds in phases, to decongest the existing hospital and to add more critical-care beds. The first phase, involving the setting up of a radiation Oncology unit with a high-end linear accelerator and a brachy therapy system, has been taken up on priority and will support the surgical and medical Oncology programmes already in place. The radiation Oncology unit is expected to be commissioned in Q2 FY 2011.

Cunningham Road Project: The Cunningham Road hospital at Bengaluru is also undergoing a refurbishing and upgrade exercise which is expected to be complete by Q3 FY 2011. Furthermore, the Company has also taken up projects involving the enhancement of operational bed capacity at Jaipur and FEHI, Delhi.

HUMAN RESOURCES: the key differentiator

At Fortis, we believe our people differentiate us from our competition and give us a sustainable advantage. As a philosophy, we continue to infuse "Top Talent" into the organisation, while growing talent internally through an established process of identification, segmentation and leadership development. Our employee strength has increased and the headcount on March 31, 2010 stood at 11000.

The HR function has implemented various programmes over the year in an effort to establish a strong performance-based culture in the organisation, coupled with an increased focus on employee engagement. Two important initiatives that were implemented during the year were the Leadership Development Initiative (LDI) and the Facility Management Trainee (FMT) programme. These initiatives help us create a pipeline of high potential candidates who are trained

and have an in-depth understanding of healthcare and Fortis and are ready to take on leadership roles, which makes for seamless succession planning. In our commitment to developing and encouraging talent from within, structured discussions have taken place with the top and valued performers. These discussions focus on understanding career aspirations and jointly building career progression charts for employees, while identifying and formulating their individual development goals.

As part of our effort to improve our existing processes, we have institutionalised an efficient Performance Management System characterised by interactive goal-setting, ongoing feedback and annual reviews, supported by innovative tools such as Job Chat Forms as well as a 360 degree feedback survey. This facilitates a journey of self-exploration for the leadership team by systematic collection of feedback on behavioural traits and performance, elicited from a number of stakeholders. To promote a culture of continuous growth and development and emphasise the importance of self-managed learning, we have a very successful Mentoring Programme with about 145 mentors and 400 mentees across the organisation. We have also embarked on implementing a robust Human Resource Management System across our units to improve our capabilities by providing us real time manpower related data.

In an organisation like ours, HR's true strategic opportunity lies in its ability to shift focus from tactical administrative transactions to strategic areas. As the war for talent intensifies in the healthcare industry, we will continue to focus on better HR systems and innovation to attract, reward, build and retain a best-in-class workforce.

OTHER INITIATIVES: ahead of the curve

Project NXT: As part of our commitment to stay at the forefront of technology and to make a positive impact on every aspect of operations, the Company has signed up with HCL Infosystems to be part of a transformation programme to modernise IT systems and establish a robust IT base for the Company. True to its purpose of powering Fortis for the next phase of growth, the project is christened "Project NXT". The transformation plan envisages the roll-out of an ERP and the outsourcing of IT services across the network. The first ERP roll-out is expected in November 2010 and implementation is expected to be completed by July 2011.

Project Sparkle: The Company kicked off Project Sparkle at all its facilities across the network. This is an initiative to keep our operating facilities spotlessly clean and eventually reduce hospital infection to a minimum. This is part of our unwavering commitment to excellence and is expected to significantly improve clinical outcomes and patient satisfaction levels.

CSR AT FORTIS: a big responsibility

The Company takes its social responsibility seriously. Our CSR initiatives are largely in the area of healthcare and involve substantial numbers of employees. Fortis has committed, through its philanthropic wing "Fortis Charitable Foundation & Fortis Charitable Trust", to implementing initiatives that will benefit the most marginalised and deprived sections of the community. Fortis is also engaging its stakeholders in spreading health, environment and educational awareness.

Awareness Programmes: These include HIV/AIDS awareness modules, which are important in the battle against HIV/AIDS and target the general public. Several awareness sessions were also conducted to make people aware of fatal diseases, such as breast cancer, epilepsy, etc.

Training and Educational Programmes: The foundation has helped provide training on Basic Life Support systems to underprivileged students, autorickshaw drivers and others. A Dialysis Technician Training Programme is also conducted with the objective of empowering poor women and equipping them to take up a profession that would make them self-reliant.

Healthcare Programmes for Women and the Girl child: Fortis has undertaken many healthcare programmes specifically for women and the girl child. This is to help women find access to better healthcare facilities. Programmes such as Cervical Vaccination Camps and Nutrition Week Celebration were conducted. The CHETNA programme attempts to reach out to as many underprivileged girls as possible and helps safeguard their basic rights to health, hygiene and nutrition. We also run

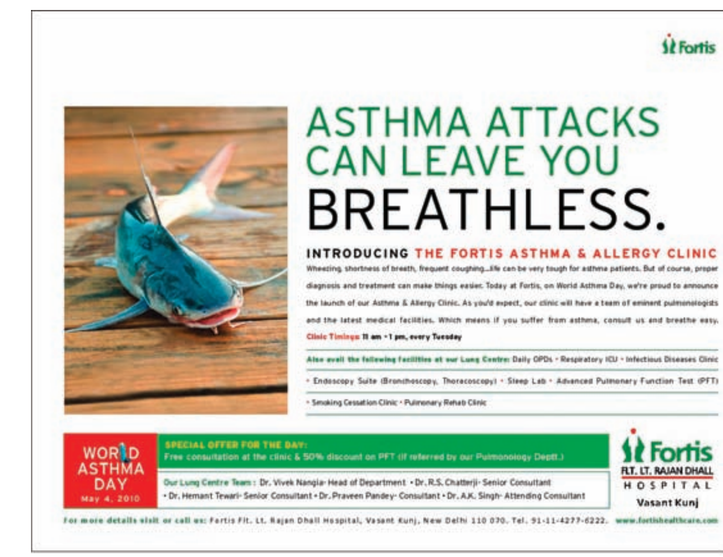
a host of other initiatives to cater to the special medical needs of women and increase their awareness. We have set up support groups for dialysis and cancer patients, where the aim is to counsel and support patients and their families.

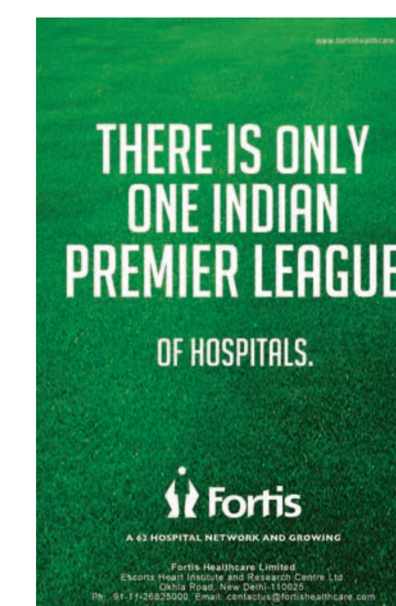
Fortis Green Angels - Nanhi Chhaan Project: The foundation partnered with the Nanhi Chhaan Foundation in July 2009

to create more visibility for their programmes. The goal is to raise awareness in our society about women and the environment. The aim is to protect the two "Life Givers": our environment and the Girl child. We are implementing this programme in all Fortis facilities.

Additionally, three Fortis hospitals have the facility for providing 'Tele Medicine' consult to 8-10 Centres within the country. Two Fortis hospitals are also part of the 'Pan Africa-e-Network Project' under the aegis of the Ministry of External Affairs, Govt. of India; they are among a total of 12 hospitals selected by the government for this project. The company is also providing operational and management support to a rural community hospital, Sanjay Gandhi Hospital, at Amethi in UP, on a hub-and-spoke model, through Fortis Hospital, Noida.

BUILDING THE BRAND FORTIS

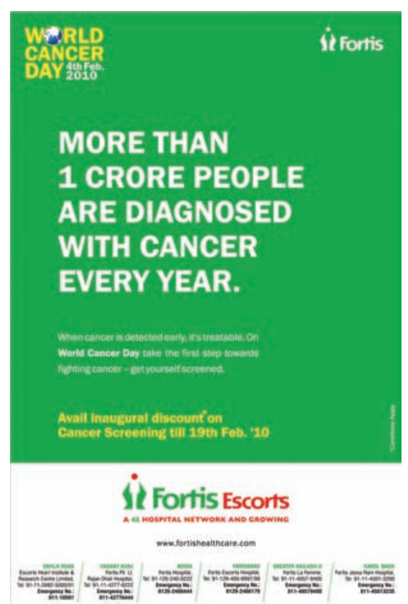





SILS
Don't let an Abdominal surgery leave a mark on your life.
Choose Single Incision Laparoscopic surgery and say no to scars.
Don't let an Intra-Abdominal surgery disrupt your normal life. Unlike traditional laparoscopic surgery, SILS requires only a small incision under the bellybutton. As a result, you will experience less pain, less scarring, less tissue damage and a much quicker recovery
This is the best option for those suffering from Gall Bladder Stone, Appendicitis, Hernia or Gynaecological problems.
For more information call:
Bannerghatta Road - Tel: 6633 6666,
Cunningham Road - Tel: 4199 4495.
or log on to www.fortishospitals.in
Fortis HOSPITALS


SILS
Don't let a Hernia surgery disrupt your peace of mind.
Choose Single Incision Laparoscopic surgery and say no to long hospital stays.
Don't let an Intra-Abdominal surgery disrupt your normal life. Unlike traditional laparoscopic surgery, SILS requires only a small incision under the bellybutton. As a result, you will experience less pain, less scarring, less tissue damage and a much quicker recovery
This is the best option for those suffering from Gall Bladder Stone, Appendicitis, Hernia or Gynaecological problems.
For more information call:
Bannerghatta Road - Tel: 6633 6666,
Cunningham Road - Tel: 4199 4495.
or log on to www.fortishospitals.in
Fortis HOSPITALS

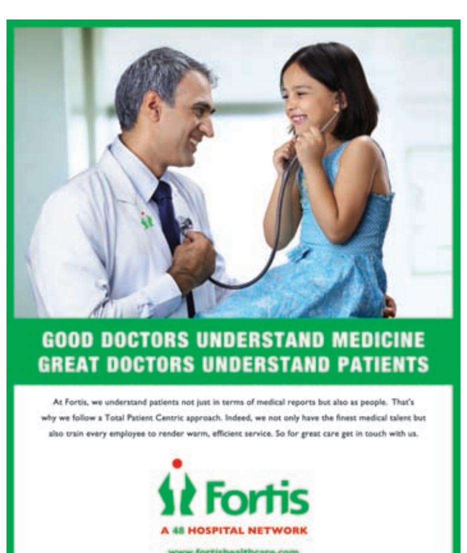

WHEN YOU'RE HEALTHY IT SHOWS.
WORLD HEALTH DAY
7th April, 2010
Fortis


WORLD CANCER DAY 4th Feb. 2010
Fortis
MORE THAN 1 CRORE PEOPLE ARE DIAGNOSED WITH CANCER EVERY YEAR.
Avail inaugural discount on Cancer Screening till 19th Feb. '10
Fortis Escorts

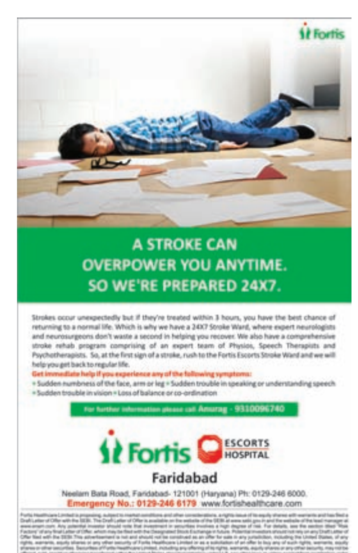

THEY MAY HAVE A B.SC. IN NURSING, BUT ARE MASTERS IN KINDNESS AND CARE.
INTERNATIONAL NURSES DAY
MAY 12, 2010
WE THANK NURSES EVERYWHERE FOR BEING NURSES.
Fortis


8 more reasons to trust the specialist team
Fortis
HOSPITALS
www.fortishospitals.in


It took us very little to create history.
Fortis
HOSPITALS


GOOD DOCTORS UNDERSTAND MEDICINE
GREAT DOCTORS UNDERSTAND PATIENTS
Fortis
A 48 HOSPITAL NETWORK
www.fortishealthcare.com


High on emotions.
Low on moods.
Craving for raw mangoes.
Nausea.
Butterflies in the stomach.
Being pregnant
is a wonderful feeling.
Hiranandani
HOSPITAL
Vashi


A STROKE CAN OVERPOWER YOU ANYTIME.
SO WE'RE PREPARED 24X7.
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ESCORTS HOSPITAL
Faridabad


We saw the future through a keyhole.
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HOSPITALS


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5 DAY RECOVERY
www.fortishospitals.in
Walk.
Walk to your friend's house.
Walk in the park.
Walk to the bathroom.
Walk around your building.
Walk to the grocery store.
Walk out of your dependency.
in five days.
Fortis
HOSPITALS

FORTIS IN THE NEWS

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the Fourteenth Annual Report on business and operations together with the Audited Financial Statements and the Auditors' Report of your Company for the year ended March 31, 2010.

FINANCIAL RESULTS

The highlights of consolidated financial results of your Company and its subsidiaries are as follows:

[Rs. in Million]

Particulars	Consolidated	
	Year ended March 31, 2010	**Year ended March 31, 2009**
Operating Income	**9,379.38**	6,305.45
Other Income	**493.12**	283.93
Total Income	**9,872.51**	6,589.38
Total Expenditure	**7,966.27**	5,446.85
Operating Profit/(Loss)	**1,906.23**	1,142.53
Less: Finance Charges, Depreciation & Amortization	**1172.32**	924.01
Profit/(Loss) before Tax & Prior Period Items	**733.91**	218.52
Less: Tax Expenses	**33.56**	41.09
Less: Prior Period Items	**0.30**	0.80
Add: Extraordinary items	**-**	64.01
Net Profit/(Loss) for the year	**700.05**	240.64
Profit/ (Loss) attributable to Minority Interest	**20.85**	27.42
Share in current year profit/ (loss) of Associate Companies	**15.61**	(5.03)
Net Profit/ (Loss) attributable to the shareholders of the Company	**694.82**	208.19

The highlights of financial results of your Company on stand-alone basis are as follows:

[Rs. in Million]

Particulars	Standalone	
	Year ended March 31, 2010	**Year ended March 31, 2009**
Operating Income	**2,098.16**	1,744.55
Other Income	**411.47**	189.97
Total Income	**2,509.63**	1,934.52
Total Expenditure	**1,874.89**	1,664.41
Operating Profit/(Loss)	**634.74**	270.11
Less: Finance Charges and Depreciation	**330.61**	334.86
Profit/(Loss) before Tax & Prior Period Items	**304.13**	(64.75)
Less: Tax Expenses	**-**	5.09
Less: Prior Period Items	**2.67**	1.65
Net Profit/ (Loss) attributable to the shareholders of the Company	**301.46**	(71.49)

The year under review has been eventful year for your Company. Your Company has forayed into developed Asian Markets through a strategic investment in Parkway Holdings Limited, Singapore.

During the year, your Company has made significant progress in terms of quality of clinical care, service excellence and is evolving the business model so as to improve the overall value proposition to all its stakeholders. The Consolidated Revenues from Operations stood at Rs. 9,379.38 Million (previous year Rs. 6,305.45 Million) for the year, recording a growth of 49%.

Profit before Depreciation, Interest and Tax stood at Rs. 1,906.23 Million in F.Y. 2009-10, an increase of 67% over the preceding year. Net Profit after tax for F.Y. 2009-10 was Rs 700.05 Million, an increase of 191% over F.Y. 08-09.

PERFORMANCE REVIEW

A detailed discussion on Operational and Financial Performance of the Company for the year ended March 31, 2010, is given in Management Discussion and Analysis Report annexed to this Directors' Report.

GROWTH STRATEGY

The year under review was historic for the Company. It concluded two landmark acquisitions viz. acquisition of 10 Hospitals (including 2 under construction) from M/s Wockhardt Hospitals Limited and acquisition of strategic stake in Parkway Holdings Limited, Singapore.

Acquisition of 10 hospitals from M/s Wockhardt Hospitals Limited, has not only provided a Pan India presence to 'Fortis' but also added a vast number of medical and non-medical professionals to the talent pool, which will enable it to grow faster.

Similarly, Parkway Acquisition was driven by twin objectives of establishing the international presence and also learn from established players to redefine healthcare in India.

In order to finance its growth strategy, including cost of aforesaid acquisitions and to further strengthen its financial position, the Company raised funds through:

Rights Issue of Equity Shares with Detachable Warrants

During the year, a Rights Issue of Equity Shares of Rs. 10 each, at a premium of Rs. 100 per equity share was made. The Issue opened for subscription on September 30, 2009 and closed on October 15, 2009. In terms of Letter of Offer dated September 22, 2009, the Company had, on October 27, 2009, allotted 9,06,46,936 Equity Shares aggregating Rs. 9,971.16 Million. The equity shares were listed at the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited w.e.f. 3rd November, 2009.

Further, in terms of the Rights Issue, the shareholders were entitled to one detachable warrant with one equity share allotted under the Issue and accordingly, 9,06,46,936 detachable warrants were issued and allotted to the eligible shareholders. These were listed at the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited w.e.f. 4th November, 2009.

Further, the warrants were to be exercised at any time during the "Notice Period" to be fixed by the Company within the Warrant Exercise Period, between six (6) months to eighteen (18) months from the date of allotment of equity shares in the Rights Issue (i.e., a period from April 27, 2010 to April 26, 2011). The Company has fixed the "Notice Period" for exercise of detachable warrants from May 21, 2010 to June 19, 2010, at an offer price of Rs. 153.

Foreign Currency Convertible Bonds

The Company also issued 1,000, 5 percent Foreign Currency Convertible Bonds of US$ 100,000 each aggregating US$ 100 Million in May, 2010 and are convertible at the option of the bondholders between May 2013 to May 2015. These bonds are listed on Luxembourg Stock Exchange (LSE) and are admitted to trading on the EURO MTF market of LSE.

CAPITAL STRUCTURE

As on March 31, 2010, the Authorized Share Capital of the Company stood at Rs.6,780,000,000, divided into 600,000,000 Equity Shares of Rs.10 each, 200 Class 'A' Non-Cumulative Redeemable Preference Shares of Rs. 100,000 each, 11,498,846 Class 'B' Non-Cumulative Redeemable Preference Shares of Rs.10 each and 64,501,154 Class 'C' Cumulative Redeemable Preference Shares of Rs.10 each.

The Issued Share Capital stood at Rs. 3,218,000,090, divided into 317,323,609 Equity Shares of Rs.10 each, 1,600,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs.10 each and 3,196,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs.9 each and the Subscribed and paid-up share capital stood at Rs. 3,216,500,090, divided into 317,323,609 Equity Shares of Rs.10 each, 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs.10 each and 3,196,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 9 each.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The Equity Shares of your Company are included in the list of specified scrips where delivery of shares in dematerialized (demat) form is compulsory, if the same are traded on a Stock Exchange, which is linked to a depository. As of March 31, 2010, 99.64% of shares were held in demat form.

STOCK OPTIONS

During the year under review, the Company has granted 7,63,700 Stock Options under the "Employee Stock Option Plan 2007" to the eligible employees and Directors of the Company / its subsidiaries. Further, during the year under review, the Company has also allotted 10,140 Equity Shares of Rs. 10 each, against exercise of the vested Stock options exercised by the eligible employees.

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, 2010 under the "Employee Stock Option Plan 2007"are set out in Annexure II to this Directors' Report.

SUBSIDIARY COMPANIES

On June 18, 2009, your Company incorporated a wholly owned subsidiary viz. Fortis Hospitals Limited. The main objects of the said wholly-owned subsidiary included purchase, lease or otherwise acquire, establish, maintain, operate, run, manage or administer hospitals, medicare, healthcare, diagonostic, health aids and research centre.

During the year under review, your Company, through one of its wholly owned subsidiary viz. International Hospital Limited, has increased its stake in Fortis Malar Hospitals Limited (FMHL) from 49.86% to 50.02%, thereby making FMHL as its subsidiary. Further, Fortis Hospitals Limited has acquired 100% stake in Kanishka Housing Development Company Limited (KHDCL) and thereby KHDCL has also become a step down subsidiary.

During the year under review, one of the step down subsidiaries of your Company, Fortis Healthcare International Limited, acquired 100% stake in Fortis Global Healthcare (Mauritius) Limited (FGHML) and thereby FGHML has also become a step down subsidiary. FGHML is in the business of Investing in Companies involved in providing healthcare services.

Fortis Hospital Management Limited (FHoML) was a wholly owned step down subsidiary of the Company. During the year under review, FHoML made an allotment of equity shares to Fortis Healthcare Holdings Limited (the promoter company) and thus, became its subsidiary and consequently, became a sister subsidiary of the Company.

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

The Ministry of Corporate Affairs, Government of India, vide its Letter No.47/405/ 2010-CL-III dated 20th May, 2010, has granted exemption from annexing the Accounts and other information of the subsidiaries along with the Accounts of the Company, for the financial year ended March 31, 2010.

In terms of the said exemption letter, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2010 is included in the Annual Report. The Annual Accounts of the subsidiary companies and the related detailed information are open for inspection by any shareholder including the shareholder of subsidiary companies at the registered office of the Company and subsidiaries concerned during the working hours on all working days. The Company will make available these documents to the shareholders including shareholders of subsidiary companies upon receipt of request from them. The shareholders, if they desire, may write to the Company to obtain a copy of financials of the subsidiary companies.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to strive towards highest standards of Corporate Governance while interacting with all the stakeholders.

The report of Board of Directors of the Company on Corporate Governance is given as a separate section titled as "Report on Corporate Governance 2009 - 10" which forms part of this Annual Report.

Certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed with the Corporate Governance Report.

MANAGEMENT DISCUSSION & ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis is given separately and forms part of this Annual Report.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Companies Act, 1956; and therefore no amount of principal or interest was outstanding in respect of deposits from the public as of the date of Balance Sheet.

DIVIDEND AND TRANSFER TO RESERVES

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Harpal Singh, Mr. V M Bhutani, Justice S S Sodhi and Mr. Ramesh L Adige shall retire by rotation as Directors at the ensuing Annual General Meeting. Mr. Harpal Singh and Justice S S Sodhi, being eligible, have offered themselves for re-appointment, at the ensuing Annual General Meeting.

Mr. V M Bhutani and Mr. Ramesh L Adige, in view of their pre-occupation, have not offered themselves for re-appointment and accordingly, they will cease to be the Directors of the Company with effect from the conclusion of the ensuing Annual General Meeting. Since no proposal has been received for filling up the vacancies, it is decided not to appoint any Director in place of Mr. V M Bhutani and Mr. Ramesh L Adige.

The Board of Directors extends its sincere appreciation for the valuable contributions made by Mr. V M Bhutani and Mr. Ramesh L Adige during their tenure as Directors.

Your Directors recommend the re-appointment of Mr. Harpal Singh and Justice S S Sodhi at the ensuing Annual General Meeting.

STATUTORY AUDITORS / AUDITORS' REPORT

As per the provisions of the Companies Act, 1956, M/s S.R. Batliboi & Co., Chartered Accountants, hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and have expressed their willingness to be re-appointed as the Auditors of the Company.

Your Company has received the Certificate from M/s S.R. Batliboi & Co., Chartered Accountants, as required under Section 224(1B) of the Companies Act, 1956, to the effect that their re-appointment, if made, will be within the limits as prescribed under the provisions thereof. Your Directors recommend their re-appointment as the Auditors of the Company for the financial year 2010-11.

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

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

   (b) *Certain tax demands aggregating to Rs. 9,686.76 lacs (without considering the demand of Rs. 10,101.01 lacs raised twice in respect of certain years and after adjusting Rs. 13,282.38 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters as discussed in detail in Note 9 of Schedule 25 of Notes to the Accounts of Consolidated Financial Statements), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

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

As the matters are sub-judice and appeals against the demands are pending at various stages and based on the advice received from legal counsels, the management is confident that the matters shall get resolved in its favour.

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

Except as disclosed elsewhere in this Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this Report. As required under Section 217(2) of the Companies Act, 1956, the Board of Directors informs the shareholders that during the financial year under review, no changes have occurred in the nature of the Company's business, in the Company's subsidiaries or in the nature of business carried on by them and generally in the classes of business in which the Company has an interest.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988, regarding conservation of energy, technology absorption and foreign exchange earnings & outgo, is given in Annexure I, forming part of this Directors' Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees have been set out in the Annexure to this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act,1956, the Report and Accounts are being sent to the Shareholders excluding this Information. Any Shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm:

I. that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

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

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

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

ACKNOWLEDGEMENTS

Your Directors place on record there sincere appreciation for significant contribution made by the employees at all levels through their dedication, hard work and commitment and look forward to their continued support. Your directors also take this opportunity to express sincere thanks to the medical fraternity and patients for their continued co-operation, patronage and trust reposed in the Company and its services.

Your Directors also wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by banks, financial institutions, government and shareholders and look forward to having the same support in all future endeavors.

On behalf of the Board of Directors

Date : May 28, 2010 **Malvinder Mohan Singh**
Place: New Delhi **Chairman**

ANNEXURE I TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company accords highest priority to energy conservation and is committed for energy conservation measures including regular review of energy consumption and effective control on utilization of energy. The Company has designed its facilities keeping in view the objective of minimum energy losses. During the year, the Company has taken following energy conservation measures:

- Installation of energy efficient florescent lights.
- Installation of "timer device" for regulating the operations of corridor lights.
- Generation of hot water without any energy consumption by recovery of heat from steam condenser.
- Saving of energy by plugging leakage of conditioned air from operation theater doors by installation of auto doors to ensure proper sealing.

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

- Nil

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

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

B. TECHNOLOGY ABSORPTION

1. Research & Development (R & D):

- Nil

2. Technology Absorption, Adaptation & Innovation:

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

- To reduce the water consumption by treatment of waste water for use in cooling towers and flushing of toilets. This recycling of water has been approved by Infection Control Committee.

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

- Water conservation by reduction of ground water uses.

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

- Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- Nil

b) **Total foreign exchange earned and used:**

(i)	Earnings	NIL	
(ii)	Expenditure	**CIF Value of Imports**	**— Rs. 10.62 Milion**
		Others	**— Rs. 3.50 Million**

ANNEXURE II TO DIRECTORS' REPORT

ESOP Disclosure in Directors' Report

Details of Employee Stock Option Plan 2007 for the year ended March 31, 2010

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

Particulars	Details					
Date of grant	February 13, 2008		October 13, 2008		July 14, 2009	
	Number of options granted	Exercise price	Number of options granted	Exercise Price	Number of options granted	Exercise Price
The total number of options granted are 12,55,700	458,500	Rs.71	33,500	Rs.50	763,700	Rs.77
Outstanding options as on April 1, 2009	350,500		30,000		N.A.	
Pricing formula	Latest available closing price of the equity shares of the Company, prior to the date of grant of options by the Remuneration Committee, on the Stock Exchange on which the shares of the Company are listed. The closing prices of the shares of the Company at the National Stock Exchange of India Limited on February 12, 2008, October 10, 2008 and July 13, 2009 was Rs. 70.95, Rs. 49.05 and Rs. 76.95 per share respectively. Accordingly, exercise price of the options granted by the Remuneration Committee on February 13, 2008, October 13, 2008 and July 14, 2009 were fixed at Rs. 71 per Equity Share, Rs. 50 per Equity Share and Rs. 77 per Equity Share respectively.					
Total number of options vested during the year	60,500 valid options were vested on February 12, 2010		1,200 valid options were vested on October 12, 2009		Nil	
Total number of options exercised	10,140		Nil		Nil	
Total number of options lapsed/forfeited/ cancelled as on March 31, 2010	68,400		24,000		123,000	
Total number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	282,100		6,000		640,700	
Total number of options in force as on March 31, 2010	271,960		6,000		640,700	
Variation in the terms of the options	None		None		None	
Money realized by exercise of the options	719,940		Nil		Nil	
Person-wise details of options granted to:						
a) Directors and key managerial employees	21,800*		Nil		188,600*	
b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	Nil		During the Financial Year 2008-09, under this grant, more than 5% of the options were granted to 8 employees aggregating 33,500 options*.		During the Financial Year 2009-10, under this grant, more than 5% of the options were granted to 5 employees aggregating 425,000 options*.	
c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued Equity Share capital (excluding outstanding warrants & conversions) at the time of grant	Nil		Nil		Nil	
Diluted Earnings Per Share (EPS), as reported on unconsolidated basis, pursuant to the issue of Equity Shares on exercise of the options calculated in accordance with AS 20 for the year ended March 31, 2010	Rs 1.13					

Particulars	Details		
Vesting schedule	Except in cases of death and disability and subject to the right of the Human Resources & Remuneration Committee to, in its absolute discretion, vary or alter the vesting date for an employee or a class of employees, the options will vest in the ratio of 20% each at the end of the first, second, third, fourth and fifth years from the date of grant		
Lock in	Not Applicable		
Impact on profits and EPS of the last three years	2009–10 Impact on Profits – Rs 5.17 Million Impact of EPS – Rs 0.02	2008–09 Impact on Profits – Rs 1.91 Million Impact of EPS – Negligible	2007–08 Impact on Profits – Rs 0.31 Million Impact of EPS – Negligible
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	Employee compensation cost on the basis of the intrinsic value of stock options is zero while on the basis of the fair value of stock options is Rs. 5.17 Million		
Impact on profits of the Company and on the EPS arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e., difference of the fair value of stock options over the intrinsic value of the stock options)	Impact on Profits – Rs 5.17 Million Impact of EPS – Rs 0.02		
Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: Rs.75.05 Weighted average fair value: Rs. 35.19		
A description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted-average information:			
Method used	The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model (“Black Scholes Model”) has been used		
• Risk free interest rate	10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model		
• Expected life	The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country		
• Expected volatility	Volatility is calculated on the movement of the Company’s (and comparable companies’) share price on the BSE in the past one year, and works out to 66.24%. The same volatility is applicable to the Black Scholes Model		
• Expected dividends	No dividend has been paid as yet		
• The price of the underlying share in the market at the time of option grant	Rs.70.95 on NSE on February 12, 2008	Rs.49.05 on NSE on October 10, 2008	Rs. 76.95 on NSE on July 13, 2009

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

REPORT ON CORPORATE GOVERNANCE 2009-10

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of philosophy of Company in its pursuit of excellence, growth and value creation. The Company's philosophy on Corporate Governance originates from the belief that attainment of the higher levels of transparency, disclosures, control and accountability are the pillars of any good Corporate Governance system.

Good Corporate Governance goes beyond compliance and involves a Company wide commitment. This commitment starts with the Board of Directors, which executes its Corporate Governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all its stakeholders and in particular, shareholders, employees and customers, in a balanced manner with long term benefits to all.

The core values of the Company's Governance process include independence, intergrity, accountability, transparency, responsibility and fairness. Its business policies are based on ethical conduct, health, safety and a commitment to build long term sustainable relationships.

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

We believe that sound Corporate Governance is critical for enhancing and retaining investors' trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. It is our endeavor to enhance long- term value for our shareholders and respect minority rights in all our business decisions.

2. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors ("the Board") is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long term interest of stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

Our policy towards the Composition of Board is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of Board and to separate its functions of Governance and Management.

Currently, the Board consists of 12 Members, of whom 1 (One) is an Executive Director designated as Managing Director and 11 (Eleven) are Non-Executive Directors including a Non-Executive Chairman. Amongst the Non-Executive Directors, 8 (Eight) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions.

The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Other details relating to the Directors as on March 31, 2010 is as follows:

Name of the Director	Position held in the Company	Directorship in other Companies@	Committee Membership in other Companies#	Committee Chairmanship in other Companies#
Mr. Malvinder Mohan Singh	Non-Executive Chairman (Promoter)	12	7	2
Mr. Shivinder Mohan Singh	Managing Director (Promoter)	11	3	-
Mr. Balinder Singh Dhillon	Non-Executive Independent	1	-	1
Mr. Gurcharan Das	Non-Executive Independent	4	-	-
Mr. Harpal Singh	Non-Executive Non- Independent	5	-	-
Dr. P S Joshi	Non-Executive Independent	13	4	2
Mr. Ramesh L Adige	Non-Executive Independent	2	-	2
Mr. Rajan Kashyap	Non-Executive Independent	-	-	-
Mr. Sunil Godhwani	Non-Executive Non- Independent	14	5	2
Justice S S Sodhi	Non-Executive Independent	-	-	-
Lt. Gen. T S Shergill	Non-Executive Independent	1	-	-
Mr. V M Bhutani	Non-Executive Independent	3	2	-

@ Excluding private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

Represents membership / Chairmanship of Audit Committee & Shareholders' Grievance Committee of Indian public Limited Companies.

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

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

Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company and Companies Act, 1956, at every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation, retire from office and at the same Annual General Meeting such vacancy may be filled up by appointing the retiring director who shall be eligible for re-appointment. Accordingly, Mr. Harpal Singh, Mr. V.M. Bhutani, Mr. Ramesh L Adige and Justice S S Sodhi retire at the ensuing Annual General Meeting. Due to their pre-occupation, Mr. Ramesh L Adige and Mr. V M Bhutani have not offered themselves for re-appointment and thus, the Board has recommended the re-appointment of Mr. Harpal Singh and Justice S S Sodhi at the ensuing Annual General Meeting. In terms of Clause 49 of the Listing Agreement, the profiles of the Directors seeking appointments/re-appointment at this Annual General Meeting are provided in the Notice convening the meeting.

Board Functioning & Procedure

The probable dates of the Board Meetings for the forthcoming year are decided in advance and published in the Annual Report. The Board meets at least once a quarter, to review the performance of the Company and approve the quarterly financial results and other agenda items. Whenever necessary, additional meetings are held.

The agenda for each Board Meeting and the background papers to facilitate the meaningful discussion is circulated in advance to the Board Members. Every Board Member is free to suggest items for inclusion in the agenda.

The Directors are provided free access to offices and employees of the Company. Management is encouraged to invite the Company personnel to such Board Meeting at which their presence and expertise would help the Board to have a full understanding of matters being deliberated.

Nine Board Meetings were held during the year ended 31st March 2010. These were held on (i) April 29, 2009 (ii) June 30, 2009 (iii) July 24, 2009 (iv) August 24, 2009 (v) September 10, 2009 (vi) October 27, 2009 (vii) January 22, 2010 (viii) February 10, 2010 and (ix) March 15, 2010.

The following table gives the attendance record of the Directors in the Board Meetings and at the last Annual General Meeting:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Malvinder Mohan Singh	9	8	No
Mr. Shivinder Mohan Singh	9	9	No
Mr. Balinder Singh Dhillon	9	6	No
Mr. Gurcharan Das	9	6	Yes
Mr. Harpal Singh	9	7	No
Dr. P S Joshi	9	5	No
Mr. Ramesh L. Adige	9	6	Yes
Mr. Rajan Kashyap	9	8	Yes
Mr. Sunil Godhwani	9	8	No
Justice S S Sodhi	9	6	Yes
Lt. Gen. T S Shergill	9	7	Yes
Mr. V M Bhutani	9	9	No*

*The Chairman of the Audit, Risk & Controls Committee could not attend the AGM held on 25th September 2009 due to exigency of commitment. However, the CEO and the CFO of the Company were present at the AGM to answer the queries of shareholders.

Availability of information to Board Members:

The Board has complete access to any information within the Company and to any of its employees. The Board welcomes the presence of such officials of the Company in the Board Meetings, who can provide additional insight into the items being discussed in the Meeting.

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

- Annual operating plans and budgets and any updates thereto.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of Committees Meetings of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non payment for services rendered by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Statutory Compliances

The Board periodically reviews the Compliances with laws and regulations applicable to the Company as well as the steps taken by the Company to rectify the instances of non- compliances, if any.

Code of Conduct

The Board has prescribed a Code of Conduct ("Code") for all employees of the Company including Senior Management and Board Members.

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

All employees including Senior Management and Board Members have confirmed the compliance with the Code for the financial year 2009-10. A declaration to this effect signed by the Managing Director of the Company, is provided elsewhere in this Corporate Governance Report.

3. AUDIT, RISK & CONTROLS COMMITTEE (AR&C COMMITTEE)

The Board of Directors of the Company in its Meeting held on 1st May 2010, redefined the terms of reference of the Audit Committee and renamed it as "Audit, Risk & Controls Committee."

Composition:

The AR&C Committee comprises of the following members, namely:

(i) Mr. V M Bhutani, Chairman

(ii) Mr. Balinder Singh Dhillon

(iii) Mr. Harpal Singh

(iv) Mr. Malvinder Mohan Singh

(v) Dr. P S Joshi

(vi) Mr. Rajan Kashyap

(vii) Lt. General T S Shergill

The Company Secretary acts as Secretary to the Audit, Risk & Controls Committee.

All members are financially literate and one member is having requisite accounting and financial management expertise.

Terms of Reference:

The constitution and terms of reference of the Audit, Risk & Controls Committee meet all requirements of Sec 292A of the Companies Act, 1956 as well as clause 49 of the Listing Agreement.

The Board of Directors has approved the following terms of reference for the AR&C Committee:

ACCOUNTABILITIES AND RESPONSIBILITIES

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

(i) Financial Reporting

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

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

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

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

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

(ii) review the disclosures in the financial statements;

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

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

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

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

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

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

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

(x) review disclosure of any related party transactions

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

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

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

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

(ii) External Auditors

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Internal Audit Function

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

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

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

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

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

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

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

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

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

(iii) adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

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

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

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

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

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

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

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

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

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

(iv) Risk Management and Internal Control Frameworks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vii) ***Compliance with Legal and Regulatory Requirements —*** The Committee shall receive and review regular reports from the management on the legal or compliance matters that may have a material impact on the company; the effectiveness of the compliance policies; and any material reports received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific regulatory requirements, and management's plans to remediate any deficiencies identified.

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

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

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

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

Investigative Power – The Committee shall have the authority:

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

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

(c) to obtain external professional advice.

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

Review of information by AR&C Committee

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

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

Reporting to the Board- The Chairman of AR&C Committee shall report to the Board on matters arising at the Committee Meetings and, whereever applicable, shall present the Committee's recommendations to the Board for its approval.

Meetings of AR&C Committee and attendance during the year

Six AR&C Committee Meetings were held during the year ended March 31, 2010. These were held on (i) June 29, 2009 (ii) July 23, 2009 (iii) October 26, 2009 (iv) December 8, 2009 (v) January 22, 2010 and (vi) March 15, 2010.

The attendance of members of the AR&C Committee at the said meetings was as follows:

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

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

4. **SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:** The Shareholders'/Investors' Grievance Committee comprises of the following members:

(i) Dr. P. S. Joshi, Chairman

(ii) Mr. Harpal Singh

(iii) Mr. Ramesh L. Adige

(iv) Mr. Rajan Kashyap

(v) Mr. Shivinder Mohan Singh

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

Terms of Reference

— To approve/refuse/reject registration of transfer/transmission of Shares;

— To authorize issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation/ Replacement/Re-materialization etc;

— To issue and allot shares and authorize printing of Share Certificates;

— To affix or authorize affixation of the Common Seal of the Company on Share Certificates of the Company;

— To authorize to sign and endorse Share Transfers and issue Share Certificates approved by the Committee on behalf of the Company;

— To authorize Managers/Officers/Signatories for signing Share Certificates;

— To monitor redressal of shareholders' and investors' complaints about transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;

— Such other functions as may be assigned by the Board:

Details of investors' grievances received during the year 2009-10:

S.No.	Nature of Complaints	Received	Resolved / Attended	Pending
1	Non receipt of Refund Order	07	07	Nil
2	Non receipt of credit of shares in Demat Account	08	08	Nil
3	Correction on Refund Order	0	0	Nil
4	Non receipt of credit of refund through ECS	0	0	Nil
5	Miscellaneous	04	04	Nil
	TOTAL	**19**	**19**	**Nil**

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

There were 'Nil' share transfers lying pending as on March 31, 2010.

Four Shareholders'/Investors' Grievance Committee meetings were held during the year ended 31st March 2010. These were held on (i) April 29, 2009, (ii) July 24, 2009, (iii) October 27, 2009 and (iv) January 22, 2010.

5. **HUMAN RESOURCES AND REMUNERATION COMMITTEE (HR&R COMMITTEE):** The Board of Directors of the Company in its meeting held on 1st May, 2010, redefined the terms of reference of the Remuneration Committee and renamed it as "Human Resources and Remuneration Committee."

Composition

The HR&R Committee comprises of the following members:

(i) Dr. P. S. Joshi, Chairman

(ii) Mr. Balinder Singh Dhillon

(iii) Mr. Malvinder Mohan Singh

(iv) Justice S. S. Sodhi

Terms of Reference

The Board of Directors has approved the following terms of reference for HR&R Committee:

(i) Board of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Development Plans

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

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

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

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

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

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

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

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

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

Meetings of HR&R Committee and attendance during the year

Two HR&R Committee Meetings were held during the year ended 31st March 2010. These were held on (i) June 29, 2009 and (ii) October 27, 2009.

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

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

The Company Secretary acts as the Secretary to the HR&R Committee.

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

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

The Directors' remuneration policy of your Company conforms to the provisions of Companies Act, 1956. The Company is having only one Executive Director, designated as Managing Director. The remuneration paid/payable to the Managing Director is as recommended by the HR&R Committee, decided by the Board and approved by the Shareholders and if required by the Central Government and the same is reviewed periodically on the basis of qualification, experience, responsibilities, performance of the concerned Director and industry practices.

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

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

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

Remuneration to Directors

Executive Directors

None of the Directors other than Mr. Shivinder Mohan Singh, Managing Director is drawing any remuneration from the Company.

The Central Government had, vide its letter dated November 7, 2007, approved the payment upto a maximum of Rs. 27,014,400 p.a. for a period of three years with effect from November 13, 2006, to Mr. Shivinder Mohan Singh.

The details of remuneration paid to Mr. Shivinder Mohan Singh during the financial year ended March 31, 2010 is as under:

(Amount in Rs.)

Salary	Perquisites	Commission / Performance Incentives	Others	Total
7,674,000	15,027,000	0	10,20,000	23,721,000

The Company has made an application to the Central Government, seeking its approval for the payment of increased remuneration to Mr. Shivinder Mohan Singh w.e.f. April 1, 2008 for his remaining tenure till November 12, 2009.

The Company has also made an application to the Central Government, seeking its approval for the re-appointment of Mr. Shivinder Mohan Singh as the Managing Director for a period of 3 years w.e.f. 13th November, 2009, at the increased remuneration.

The terms of re-appointment and the proposed increased remuneration payable to Mr. Shivinder Mohan Singh for the aforesaid periods are given in the Notice of this Annual General Meeting.

Non-Executive Directors

Only sitting fees is being paid to Non-Executive Directors. The sitting fees paid to the Non- executive Directors for the financial year ended March 31,2010 and their shareholding as on that date is given hereinafter:

Name of Director	Sitting Fees*(Rs. in Lacs)	Shareholding in the Company as on March 31, 2010
Mr. Malvinder Mohan Singh	1.89	8,951
Mr. Balinder Singh Dhillon	1.62	22,000
Mr. Gurcharan Das	0.81	10,000
Mr. Harpal Singh	1.93	58,003
Dr. P S Joshi	1.57	33,000
Mr. Ramesh L Adige	1.08	800
Mr. Rajan Kashyap	1.98	6,800
Mr. Sunil Godhwani	1.17	38,500
Justice S S Sodhi	0.99	4,000
Lt. Gen T S Shergill	1.48	16,000
Mr. V M Bhutani	1.75	10,102

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

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

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

6. SUBSIDIARY COMPANIES

The Company is having two material non-listed subsidiaries i.e. Escorts Heart Institute And Research Centre Limited (EHIRCL) and Fortis Hospotel Ltd (FHTL). Dr. P.S. Joshi, who is an Independent Director on the Board of the Company is also a Director on the Board of EHIRCL and FHTL. The Audit, Risk & Controls Committee of the Company reviews the Financial Statements and investments made by the unlisted subsidiary companies. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by the unlisted subsidiaries, if any, are placed before the Board of Directors of the Company from time to time.

7. MD / CFO CERTIFICATION

The MD & CFO certification as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith Financial Statements for the year ended March 31, 2010. The Board reviewed and took the same on records. The said certificate is provided elsewhere in this Annual Report.

8. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required by clause 49 of the Listing Agreement, the Auditors' Certificate is given elsewhere in this Annual Report.

9. GENERAL BODY MEETINGS

The location and time of the Annual General Meetings and Extra- Ordinary General Meetings held during the preceding three financial years are as follows:

Financial Year	Date	Time	Venue	Special Resolutions passed
Annual General Meetings				
2006-07	27-09-2007	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi – 110 010	- Inter-corporate investment in Religare Insurance Holding Company Limited - Alteration in Article 3 of Articles of Association relating to Authorized Share Capital of the Company. - Authorization for issue of Securities - Approval of Employee Stock Option Plan 2007 - Consent to extend the benefit of Employee Stock Option Plan 2007 to the employees of Subsidiary Companies
2007-08	20-09-2008	3.30 P.M.	Air Force Auditorium, Subroto Park, New Delhi – 110 010	- Providing a Corporate Guarantee in favour of Yes Bank Limited (the Bank) in respect of term loan of Rs. 25 Crores sanctioned by the Bank to Escorts Heart Institute And Research Centre Limited (Passed through Postal Ballot) - Providing a Corporate Guarantee in favour of Indusind Bank Limited (the Bank) in respect of Credit Facilities of Rs. 100 Crores sanctioned by the Bank to Company and certain subsidiaries of the Company (Passed through Postal Ballot)

Financial Year	Date	Time	Venue	Special resolution passed
2008-09	25-09-2009	10.30 A.M	Air Force Auditorium, Subroto Park, New Delhi – 110 010	- Increase in remuneration payable to Mr. Shivinder Mohan Singh, for his remaining tenure as Managing Director of the Company. - Re-appointment of Mr. Shivinder Mohan Singh, Managing Director of the Company for a period of 3 years w.e.f November 13, 2009. - Ratification of all actions taken for implementation for "Employee Stock Option Plan- 2007."
Extra-Ordinary General Meetings				
2006-07	25-09-2006	10.00 A.M.	Library Hall, II Floor, Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110 025	- Alteration of Capital Clause of Memorandum of Association of the Company. - Consequent Alteration of Articles of Association of the Company. - Approval for issue and allotment of redeemable preference shares.
	26-12-2006	9.30 A.M.	Auditorium, New Basement, Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110 025	- Inter-corporate loan and investment pursuant to Section 372A of the Companies Act, 1956 in Hiranandani Healthcare Private Limited. - Increase in remuneration of Mr. Harpal Singh. - Re-appointment of Mr. Shivinder Mohan Singh as Managing Director of the Company. - Issue and allotment of shares on preferential basis.
	26-02-2007	12.30 A.M.	Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110 025	- Issue and allotment of shares on preferential basis. - Authorisation to make inter-corporate investments/loans pursuant to Section 372A of the Companies Act, 1956 in Sunrise Medicare Private Limited. - Authorisation to place inter-corporate deposits with Religare Finvest Limited.

10 DETAILS OF RESOLUTIONS PASSED BY WAY OF POSTAL BALLOTS

During the year ended March 31, 2010, pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballots) Rules, 2001, the shareholders of the Company have approved following resolutions by means of postal ballots, vide Notice of Postal Ballots dated February 10, 2010 and whose results were declared on 22nd March 2010, at the registered office of the Company at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025:

(i) Special Resolution under Section 81(1A) for issue of securities upto Rs.1250 Crores (Rupees One Thousand Two Hundred Fifty Crores).

(ii) Ordinary Resolution under Section 293(1)(d) for increasing the borrowing powers of the Company upto Rs. 3000 Crores (Rupees Three Thousand Crores only).

(iii) Ordinary Resolution under Section 293(1)(a) for approving the creation of mortgage, charge or hypothecation (from time to time) on the movable or immovable properties of the Company.

Details

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

Summary of the results of the aforementioned Postal Ballots, announced by Mr. V M Bhutani, Director of the Company, on March 22, 2010 is as follows:

S.No.	Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution
1.	Special Resolution under Section 81(1A) for issue of securities	1129 (representing 24,42,81,267 equity shares)	1093 (representing 24,29,42,230 equity shares)	36 (representing 13,39,037 equity shares)
2.	Ordinary Resolution under Section 293(1)(d) for increasing the Borrowing Powers of the Company	1105 (representing 24,42,78,318 equity shares)	1060 (representing 24,42,70,541 equity shares)	45 (representing 7,777 equity share)
3.	Ordinary Resolution under Section 293(1)(a) to approve creation of mortgage, charge or hypothecation (from time to time) on the moveable or immovable properties of the Company	1102 (representing 24,42,77,735 equity shares)	1043 (representing 24,42,68,107 equity shares)	59 (representing 9,628 equity shares)

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

The Shareholder 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 Participants, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizers before the close of working hours of the last date fixed for the purpose. Postal Ballots Forms received after this date are strictly treated as if the forms have not been received from the member.

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

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

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

11. DISCLOSURES

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

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

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

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

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

Corporate Governance Voluntary Guidelines 2009

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

The Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company will be reviewing its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption in keeping with the Company's business model.

12. MANAGEMENT

(A) Management Discussion and Analysis forms part of this Annual Report.

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

13. OTHER DISCLOSURES

1. Pursuant to the Letter of offer dated September 22, 2009 (the " Letter of offer"), the Company had issued and allotted 90,646,936 equity shares of Rs. 10 each at a premium of Rs. 100 per share alongwith equal number of detachable warrants. Pursuant to a resolution dated April 29, 2010, the Issue Committee of the Board of Directors have approved the conversion of warrants into equity shares at an exercise price of Rs.153. For this purpose, the Company had fixed May 17, 2010 as the

record date for determining the warrant holders who are entitled to exercise the conversion of Detachable Warrants and their respective entitlements and notice period for exercise of warrants has been fixed as from May 21, 2010 to June 19, 2010. Other than the aforesaid detachable warrants and stock options issued by the Company under "Fortis Employee Stock Option Plan 2007," of the Company details whereof is given in Directors' Report, as on March 31, 2010, no GDR's / ADR's / warrants or any other convertible instrument is outstanding.

2. In terms of Shareholders Agreements entered into by a subsidiary of the Company, Fortis Global Healthcare (Mauritius) Limited (FGHML) with Newbridge Singapore Co Investment Pte Ltd, Newbridge Singapore Healthcare Partners Pte Ltd and Newbridge Singapore Medical Partners Pte Ltd, FGHML had acquired 23.84% stake in Parkway Holdings Limited (PHL) on March 19, 2010. FGHML has further acquired 0.85 stake in PHL through purchase from open Market till March 31, 2010. And thus, PHL has become an associate of the Company with effect from March 19, 2010.

3. The Company has issued 1,000, 5.00 percent Foreign Currency Convertible Bonds of US $ 1,00,000 each aggregating US $ 100 Million in May, 2010 due for redemption on May 18, 2013. These bonds are listed on Luxembourg Stock Exchange and are convertible at the option of the bondholders between May 2013 to May 2015.

4. Subject to necessary approvals, the Company proposes to issue 2,23,52,940 (Nos) equity shares of Rs. 10 each at a premium of Rs. 160 per share on Preferential Basis to Lathe Investment Pte Ltd, an affiliated investment vehicle of GIC Special Investment Pte Ltd, Singapore. The Board has also decided to convene an Extra- ordinary General Meeting of the Company on June 9, 2010 for obtaining approval of the shareholders for this purpose.

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

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

14. PROHIBITION OF INSIDER TRADING:

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

15. MEANS OF COMMUNICATION:

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

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

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

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

16. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

i) Date of AGM

The Annual General Meeting is proposed to be held on **September 18, 2010 at 11.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010.**

Posting of Annual Report — On or before August 25, 2010

Last date of receipt of Proxy Form — September 16, 2010 till 11.00 A.M.

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

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

S. No.	Tentative Schedule	Tentative Date (on or before)
1.	Financial Reporting for the quarter ending 30th June, 2010	14th August, 2010
2.	Financial Reporting for the quarter ending 30th September, 2010	15th November, 2010
3.	Financial Reporting for the quarter ending 31st December, 2010	14th February, 2011
4.	Financial Reporting for the quarter ending 31st March, 2011*	14th May, 2011
5.	Annual General Meeting for the year ending 31st March, 2011	End of September, 2011

*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2010-11, in lieu of Unaudited Financial Results for the fourth quarter, on or before 14th May, 2011(or such other period as may be stipulated from time to time).

iv) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from **Wednesday, September 15, 2010 to Saturday, September 18, 2010 (both days inclusive)**.

v) Listing on Stock Exchanges

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

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

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

The Company has paid listing fees to all the above Stock Exchanges and there are no outstanding payment as on date.

vi) Stock Code of Equity Shares / FCCBs

Trade Symbol at National Stock Exchange of India Limited is FORTIS

Stock Code at Bombay Stock Exchange Limited is 532843

ISIN for Equity INE061F01013

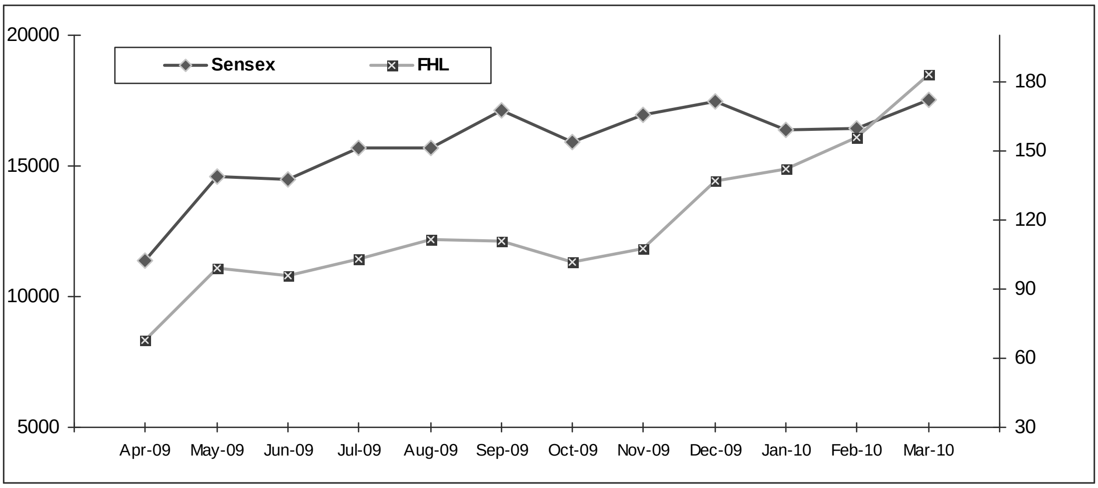
ISIN for FCCBs: XS0508392817

Common code for FCCBs: 0508339281

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

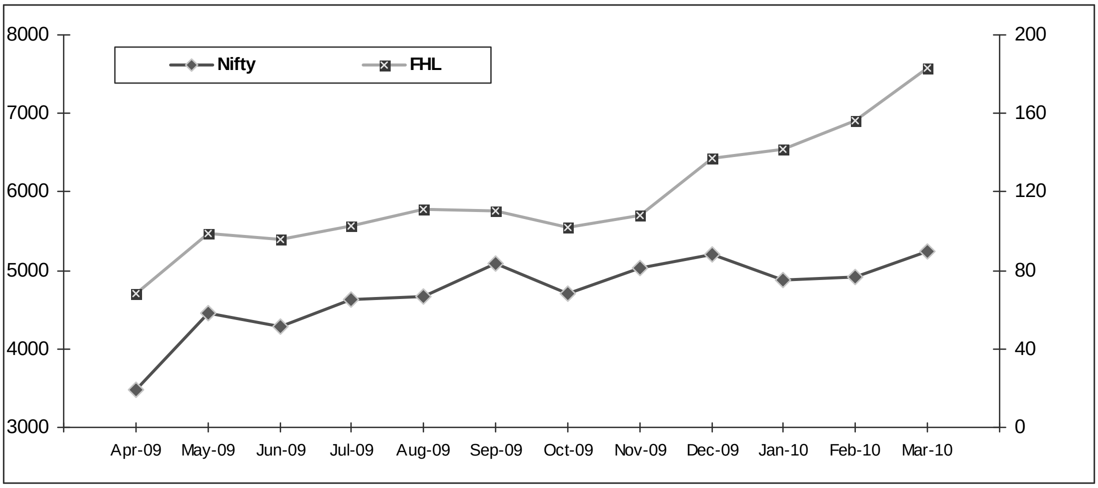
Month	Share Price (Rs.) at BSE			Share Price (Rs.) at NSE		
	High	Low	Volume	High	Low	Volume
April 2009	75.20	65.25	107,615,527	74.90	65.10	2,972,637
May 2009	109.70	67.75	892,037,183	109.75	67.45	14,083,274
June 2009	126.45	94.05	1,698,168,034	126.00	94.25	24,574,259
July 2009	106.45	76.15	776,945,297	106.40	76.00	14,740,051
August 2009	121.35	98.00	1,264,276,474	121.40	96.00	23,317,819
September 2009	115.30	108.00	420,730,555	116.50	103.65	7,688,154
October 2009	116.30	101.10	384,072,756	116.85	101.00	7,423,734
November 2009	114.80	96.50	256,617,892	114.25	96.15	5,344,057
December 2009	138.40	107.50	1,485,270,863	138.50	92.00	24,780,576
January 2010	150.00	132.60	1,095,864,617	149.90	130.20	15,540,485
February 2010	162.45	135.10	1,962,868,681	170.00	136.40	26,411,016
March 2010	187.50	156.70	3,370,440,836	187.50	156.80	54,343,714

Stock Price Performance - FHL Vs BSE Sensex



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

Stock Price Performance - FHL Vs NSE Nifty



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

viii) Registrar and Transfer Agent

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

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

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

ix) Nomination Facility

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

x) Dematerialization of Shares

As on March 31, 2010, 3,161,785,160 Equity shares representing 99.64% of the paid up Equity Capital of the Company had been dematerialized.

The Company's Equity shares have been allotted ISIN (INE061F01013) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

xi) 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.

xii) Share Transfer System

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

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

xiii) Secretarial Audit

The Secretarial Audit as stipulated under Regulation 55A of SEBI(Depositories and Participants) Regulations,1996, was carried out by a Practicing Company Secretary for each of the quarter in the financial year 2009-10, to reconcile the total issued capital, listed capital and capital held by depositories in dematerialized form. The Secretarial Audit Reports confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Secretarial Audit Report for each quarter of the Financial Year ended March 31, 2010, has been filed with Stock Exchanges within one month of end of the respective quarter.

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

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

i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 01, 2009: 67 shareholders and 7599 shares.

ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 12 Shareholders for 2112 Shares.

iii. Number of shareholders to whom shares were transferred from suspense account during the year: 11 Shareholders for 2052 Shares.

iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2010: 56 Shareholders and 5547 shares.

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

xv) Share Dematerialization System

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

xvi) Distribution of Shareholding as on 31st March, 2010

Number of equity shares held	No. of Shareholders	% age of Shareholders	Amount (in Rs.)	(%) to Total
Upto 2,500	78,890	81.18	6,88,92,630	2.17
2,501 to 5,000	11,909	12.25	4,35,65,910	1.37
5,001 to 10,000	3,417	3.52	2,78,68,380	0.88
10,001 to 20,000	1,444	1.49	2,23,18,050	0.70
20,001 to 30,000	492	0.51	1,27,41,550	0.40
30,001 to 40,000	184	0.19	66,52,510	0.21
40,001 to 50,000	224	0.23	1,07,84,870	0.34
50,001 to 1,00,000	276	0.28	2,15,45,890	0.68
1,00,001 and above	343	0.35	295,88,66,300	93.25
Total	**97,179**	**100.00**	**317,32,36,090**	**100.00**

xvii) Pattern of Shareholding as on 31st March, 2010

S.No.	Category	Number of Shareholders	No. of Shares held	% of Shareholding
1.	Promoters and Promoter Group	10	242,648,645	76.47
2.	Mutual Funds and UTI	16	2,954,070	0.93
3.	Banks, Financial Institutions	7	3,425,954	1.08
4.	FII's/Foreign Companies	29	11,333,750	3.58
5.	Indian Body Corporates	1,417	21,542,219	6.79
6.	NRIs/Foreign Nationals	1,136	893,182	0.28
7.	Indian Public	91,841	24,056,901	7.58
8.	Others	2,723	10,468,888	3.29
	Total	**97,179**	**317,323,609**	**100.00**

xviii) Lock-in of Equity shares

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

xix) Employee Stock Options

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

xx) Hospital Location

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

xxi) Address for Correspondence:

For share transfer/dematerialization of shares, payment of dividend and any other query relating to shares	Link Intime India Private Limited A-40, 2nd Floor, Naraina Industrial Area, Phase – II, Near Batra Banquet Hall, New Delhi – 110028 Telephone No.:+91 11 41410592/93/94 Fax No.:+91 11 41410591 Email: delhi@linkintime.co.in
For Investor Assistance	The Company Secretary, Fortis Healthcare Limited Escorts Heart Institute And Research Centre, Okhla Road, New Delhi 110025 Telephone No.: +91 11 2682 5000 Fax No.: +91 11 4162 8435 Email:secretarial@fortishealthcare.com Website: www.fortishealthcare.com

17. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

Board of Directors Governance Standards

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

B. Remuneration Committee

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

C. Shareholders Rights

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

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2010.

Sd/-
Shivinder Mohan Singh
Managing Director

May 18, 2010, New Delhi

AUDITORS' CERTIFICATE

To
The Members of Fortis Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by Fortis Healthcare Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date : May 28, 2010

MD AND CFO CERTIFICATE

To the Board of Directors of Fortis Healthcare Limited

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

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

Place: New Delhi	**Shivinder Mohan Singh**	**Yogesh Sareen**
Date : May 24, 2010	**Managing Director**	**Chief Financial Officer**

MANAGEMENT DISCUSSION AND ANALYSIS

HEALTHCARE SECTOR: CURRENT STATUS & RECENT DEVELOPMENTS

Healthcare Sector: Asia

Healthcare Sector is emerging as one of the fast growing service sector globally spurred primarily by a growing population, increase in disposable income, predominance of lifestyle related ailment and an aging population. The current dynamics of the health care industry in Asia are creating great opportunities because of:

(i) Rapidly escalating demand for health care services within Asia and abroad,
(ii) Comparative cost advantages of health care delivery services in Asia and
(iii) Faster economic growth and increase in disposable income.

In addition, the developed economies such as United Kingdom and United States are experiencing rising cost of healthcare deliveries leading them to seek low cost alternatives. American and European patients are increasingly looking towards Asia's emerging economies as a new destination for low cost quality medical services.

The high demand for healthcare services and relatively leaner to cost structures have led Asian countries to develop infrastructure, high-quality supply of health care services. India and other emerging economies in the region are well positioned to capitalize the increasing demand.

Healthcare Sector: India

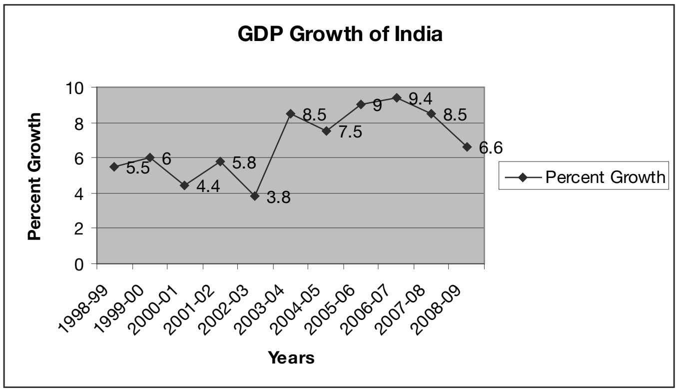
The health care system in India is characterized by multiple systems of medicine, mixed ownership patterns and different kinds of delivery structures. Public sector ownership is divided between Central and State Governments, Municipal and Panchayat Local Governments. Public health facilities include teaching hospitals, secondary level hospitals, first-level referral hospitals (CHCs or rural hospitals), dispensaries, primary health centres (PHCs), sub-centres, and health posts. Also included are public facilities for selected occupational groups like organized work force (ESI), defence, government employees (CGHS), railways, post and telegraph and mines among others. The private sector (for profit and not for profit) is the dominant sector with 50 per cent of people seeking indoor care and around 60 to 70 per cent of those seeking ambulatory care (or outpatient care) from private health facilities. While India has made significant gains in terms of health indicators - demographic, infrastructural and epidemiological, it continues to grapple with the challenges of affordability and accessibility.

India spends about 5.3% of GDP on health. The spend on healthcare by the state accounts for 20% of the same. Further, the Indian healthcare plagued with shortages of infrastructure, talent, absence of robust regulatory framework.

OUTLOOK & OPPORTUNITIES

Growing Economy

Since the year 1990, India has emerged as one of the fastest growing economies in the world. Indian economy has witnessed significant growth rate of more than 6% over past six years.



With a growing economy, increased urbanization and of higher disposable income, the demand for healthcare is expected to increase at faster pace. This will further lead to investment in creation of additional bed capacity and technologies.

Population Growth

With a population of 1.17 billion in 2009, India represents almost 17% of the world population and is the second most populated country in the world. The large growing population resulted in an increase of India's overall healthcare spend from less than USD20 billion in 2000 to USD 35 billion for the year 2008. The Indian healthcare sector employs over four million people, making it one of the largest service industries in the economy. However, the most pronounced comparative advantage the Indian Healthcare posses is "cost".

Changing Population Demographics

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

The present infant mortality rate (IMR) of India is 32.31 per 1000 live births, a significant reduction from an IMR of 64.9 in the year 2000. However, it is still much higher than that of many other developing countries and reflects the need to improve accessibility to healthcare in all parts of the country.

Further, India has one of the largest middle class populations in the world. With a growing economy and rising income levels, this group is likely to fuel demand for better quality healthcare.

Disease Profile

Communicable Disease: India traditionally has a high incidence of infectious and chronic degenerative disease. While majority of ailments such as leprosy, polio, tetanus are soon to be eliminated due to aggressive public healthcare initiatives, some communicable diseases such as dengue fever, malaria, tuberculosis and pneumonia have developed resistance to drugs or diagnostic tools and have been spreading with increased vigor. In addition to infectious diseases, India is battling with the emergence of diseases such AIDS as well as food and water borne diseases. The rural population is most affected by the spread of these types of disease. These diseases are mostly treated by out-patient departments; however, the testing of these diseases alone requires significant investment in healthcare.

Non Communicable & Lifestyle Diseases: As affluence amongst the Indian population increases along with the adoption of western diets and increase in sedentary lifstyle, a higher incidence of diseases such as hypertension, diabetes and cancer are reaching epidemic proportions. These diseases demand a higher cost in treatment as well as specialized care and will significantly contribute to increased demand for novel therapies and better quality healthcare.

Public and Private Investment in Healthcare

There has been a significant increase in public healthcare infrastructure with the number of hospital beds increasing from 3.2 per 10000 population in 1947 to 9 per 10000 population today. However this still remains far below WHO recommended norms of 33 bed per 10,000. The Government share of the healthcare delivery market is approximately 20%. Recognizing the importance of healthcare in the process of improving the quality of life as also the Economic & Social Development of our citizens, the Government of India is running various schemes:

a. **National Rural Health Mission(NRHM):** Launched in April 2005, with the goal to improve the availability of and access to quality health care by people, especially for those residing in rural areas, the poor, women and children.

b. **Janani Sursksha Yojna (JSY):** Within the umbrella of NRHM, Scheme was launched to provide comprehensive medical care during pregnancy and child birth and thereby endeavor to improve the level of institutional deliveries in low performing states to reduce maternal mortality.

c. **Rashtriya Swasthaya Bima Yojna (RSBY):** Initiated in April 2008, the objective of RSBY is to provide the insurance cover to below poverty line (BPL) households from major health shocks that involve hospitalization etc.

Public Sector: Healthcare Infrastructure

Particulars	**Budget FY10 (in INR/ mn)**
National Rural Health Mission	141270
Rashtriya Swasthya Bima Yojna	3500
Ayush	7340
Institutes like AIIMS in Tier II Cities	14480
Medical Education for OBC	1000
Other Heads	43540
Total	**211130**

Whilst the Government of India has increased the spend on healthcare, however it is still far from the desired levels. Further, most of the spend focuses towards the primary and secondary care leaving the private sector to pitch in for providing facilities for tertiary and quaternary care. Unlike in most of the developed nations, the private healthcare industry in India benefits from low government interference and fewer regulations. The wide usage of private healthcare results in an increasingly cost competitiveness and quality consciousness in the industry in India. The healthcare market in India is expected to touch USD 77 billion by 2012.

Brand Consciousness

With increase in demand of quality healthcare within and from overseas, industry is receiving lot of attention and investment from Private players. Most of big corporate players are expanding their operations not only across the country but also outside the Indian boundaries. People are becoming more conscious of their health and preferring the branded hospitals having specialized services with latest technology and talent pool.

Support from Government

The government has identified strategies like the NRHM and schemes like RSBY to facilitate healthcare growth. Apart from reforms on the public healthcare front, there are initiatives by the Central Government which promote private participation in the sector. Government is giving tax incentives under Section 80IB of Income Tax Act to encourage setting up new hospitals of 100 beds or more anywhere in India. Similarly, the government is providing incentives under section 35D of Income Tax Act where under the whole of capital expenditure would be allowed as deductible expenditure in the year the hospital commences operations.

Private Health Insurance:

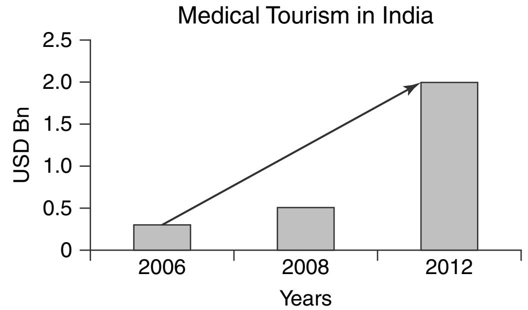
India is a low-income country with 26% population living below the poverty line and 35% illiterate population with skewed health risks. Insurance is limited to only a small proportion of people in the organized sector covering less than 10% of the total population. Currently, there is no mechanism or infrastructure for collecting mandatory premium among the large informal sector. There continues to be lack of awareness among people about health insurance. Health insurance further suffers from problems like adverse selection, moral hazard, cream-skimming and high administrative costs. Much of the focus of the existing schemes is on hospitalization expenses.

Healthcare expenses in India are primarily borne out-of-pocket by the patients. With most of the healthcare requirements being met by private healthcare service providers, usually cost burden is high resulting in foregoing of hospital care in some cases. With private insurance players entering the market, it is expected that the monetary burden of treatment for the common man will reduce substantially. This in turn will drive more people to seek healthcare services, thus aiding in growth of the private sector.

Medical Tourism

Medical tourism is increasingly becoming a popular option for elective treatments by the patients across the globe leading to rapid growth in Indian healthcare sector. The availability of high healthcare sector at fraction of the cost to developed nation provide the patients with the value proposition which blends leisure with medical care in a wholsome manner.

Medical Tourism industry in India is evolving though it existed here for centuries. Indian advantage is slowly getting reflected in getting patients for medical treatment from countries like Bangladesh, Pakistan and Middle East. NRIs have become another major source. However, there exists tremendous scope for increasing patients flow from developed as well as healthcare deficient nation.



RISK, CHALLENGES & THREATS

The healthcare sector faces various challenges also, as the country looks forward to growth and better standards of medical care. Poor infrastructure, the demand-supply gap in healthcare, geographical accessibility are some notable challenges before the sector.

Government Funding & Initiatives

Despite the high rate of growth witnessed by India in past few years the growth in social development has been comparatively low. The resource allocation to social sectors particularly health and education continue significantly lower than desired levels. As stated earlier, public expenditure on health services as a percentage of Gross Domestic Product (GDP) in India is less than 1 percent.

Health Care Infrastructure

India tags behind developed economies and emerging economies such as Brazil, Russia and China in provision and availability of adequate health care infrastructure. The current bed to population ratio of 9 is way below the global average of 33 beds per 10,000 population.

Number of Hospital Beds per 10,000

Country	Beds/10,000
Japan	141
France	73
Switzerland	57
Australia	40
USA	32
Thailand	29
Malaysia	18
India	9

(Source: WHO)

Talent Pool

India currently has about 600,000 doctors and about 1.6 million nurses. As per the WHO norms for developing countries, this translates to a shortfall of 1.4 million and 2.8 million doctors and nurses respectively. Besides doctors and nurses there is also a shortage of paramedical and administrative staff.

Affordability

Since independence, the issue of poverty within India has remained a persistent concern. As of 2010, more than 37% of India's population still lives below the poverty line. More than 22% of the entire rural population and 15% of the urban population of India exists in this difficult physical and financial predicament. Affordability of standard medical services rendered by private sectors is matter of great concern.

Accessibility

Some of the healthcare facilities available in the eight metro cities in India can be considered of international standards. However, this level of health care has not yet percolated to the Tier II, III Cities and Rural India. People residing in Tier II, Tier III Cities and especially Rural India have to travel long distances to access quality healthcare services.

Financing Infrastructural Needs

Healthcare sector is a capital intensive sector and requires tremendous outlay at the initial stages. The biggest portion of this capital expenditure is typically spent on land acquisition and building infrastructure. The other option with health care services providers is to acquire real estate properties on lease at a reasonable cost. This was aptly brought out in the forefront by the retail industry. The challenge is more in the healthcare sector where gestation periods are long and accessibility is of prime importance.

The healthcare industry in India has a clear divide. On one hand there are state of the art facilities that cater to the middle and upper class and medical tourists with high – quality medical care. On other end of the spectrum, a majority of the population has limited or no access to quality care.

Overall, the emerging scenario in Asia Pacific economies offers exciting opportunities to expand depth and width of their services, investing health care education and deploy and cutting edge technologies to cater increasing patient base.

THE COMPANY

The Company is one of the leading operators in tertiary care healthcare delivery market. The Company is committed to deliver quality healthcare services to patients in modern facilities through the use of advanced technology and has a team of doctors, nurses and healthcare professionals who follow international protocol. The management team of the Fortis Group has a disciplined approach to capital deployment which has created significant value for its shareholders over time. The Company had an eventful year wherein it made big strides in positioning Fortis as a serious international player. The Company also continued its growth momentum on the domestic front and most of the hospitals reported improved performance.

Acquisition of Wockhardt Hospitals

During the year, the Company consummated the acquisition of Greenfield Hospitals division of Wockhardt Hospitals Ltd. comprising of 10 hospitals in metro cities of Mumbai, Bengaluru and Kolkata (including 2 under construction), on a going-concern basis. The acquisition augmented bed capacity by 1902 beds (including 534 beds in 2 under construction projects) and provides significant presence in southern, western and eastern India. The acquisition was made under a wholly owned subsidiary, Fortis Hospitals Ltd and funded partly by the recently concluded Rights Issue, internal accruals and debt.

This acquisition is in line with Fortis's strategy of deep penetration in key metro cities. With the acquisition, the Company has established its presence across India with a network of 48 hospitals (including 9 hospitals under various stages of construction) and an installed bed capacity of ~ 7700 beds. Fortis will now have 6 hospitals in Bengaluru, 4 hospitals in Mumbai and 3 hospitals in Kolkata apart from a significant presence in NCR. The acquired hospitals are delivering high end critical care to both domestic and international patients in the areas of Cardiac, Neuro Sciences, Orthopedics, Minimal Invasive Surgery, Renal Sciences, Kidney and Liver transplants. Two of the acquired Wockhardt hospitals have the coveted international accreditation by JCI (Joint Commission International). With this the Company now have 4 JCI accredited hospitals in its network. This positions the Company strongly as a quality destination of choice for medical value travel.

The existing talented team of medical and non-medical professionals of wockhardt have transitioned to Fortis's system and continue to run the operations to consistently deliver compassionate and high quality patient care.

Footprints Outside India

After Fortis Clinique Darné in Mauritius, in a landmark deal, the Company acquired a strategic stake (23.8%) in Parkway Holdings Limited (PHL), Singapore in a deal valued at US$685.3 million on March 19, 2010 from TPG Capital. Incorporated in 1974, Parkway is the leading healthcare provider in Singapore and Malaysia. However, subsequent to Fortis acquiring a strategic stake in PHL @ S$3.56 per share in March'10; M/s Khazanah, a sovereign fund of the Malaysian government and the second largest shareholder in PHL, came out with a Voluntary Partial Conditional Open Offer (VPO) on 27th May to increase its stake to 51.5%. The offer was made at a price of S$3.78 per share representing a 26% premium to the then existing market price. Your Company is evaluating various options to repond to this VPO.

Expansion and Upcoming Projects

Shalimar Bagh hospital is complete in all respects and is awaiting a few statutory clearances prior to commencement of operations. The hospital is spread over an area of approximately 7.34 acres of land and will have 350 beds in 1st phase. On commissioning it will offer super-specialty healthcare services in Cardiac Sciences, Orthopedics, Neuro-Sciences, Renal care, Mother and Child care and Gastroenterology.

Fortis International Institute of Bio Medical Science (FIIBMS): The construction of the flagship hospital is progressing as per schedule. This will be a premium multi super-specialty hospital spread over 11 acres of land with bed capacity of 450 in phase I. The hospital would be equipped with other modern infrastructure state of our technology and is expected to be completed during the Q4 FY2011. The hospital will have "Centers of Excellence" in Oncology, Trauma, Paediatrics', Mother & Child care, Cosmetology, Gastroenterology, Neuro-sciences and Renal care. The hospital is designed to offer best medical care as per international protocols and shall also be focusing on medical value travel.

Kolkata Project: This is one of the under construction hospital bought from Wockhardt and the work has been kick-started post acquisition. The 414 bedded hospital at EM Bypass road is planned to be commissioned in Q2 FY2011 and would be a "Centre of Excellence" in Cardiac Sciences, Brain & Spine, Bone & Joints as well as Minimal Access Surgeries for the eastern India.

Mulund Expansion Project: The Mulund Hospital had started construction of a radiation oncology unit and the project was stalled for want of finances for over a year by erstwhile Promoters. The expansion involves the addition of 335 beds in phases, to decongest the existing hospital and to add more critical care beds. Phase I involving setting up of a radiation oncology unit consisting of a high end linear accelerator and a brachy therapy system which shall supporting existing surgical and medical oncology programmes. The radiation oncology unit is expected to be commissioned by Q2 FY2011.

Others: The Cunningham Road hospital at Bangalore is also undergoing a refurbishing and upgrade exercise which is expected to be completed by Q3 FY11. Furthermore, the Company has also taken up projects involving enhancement of operational bed capacity at Jaipur and Fortis Escorts Heart Institute, Delhi.

STRENGTHENING OPERATIONAL PROCESSES

IT Project (FORTIS NXT)

Project "Next" kicked off during the Q3 FY2010 with a dedicated 28 member team and technical members from HCL. The Project is aimed at standardizing processes and improving the control environment in order to facilitate delivery of high quality services in a consistent and efficient manner. Further it enables centralisation of shared services and provide analytical capabilities to identify and replicate best practices amongst the network hospitals. The project is expected to be completed by Q1FY 2012 with role out optimized solution in all the key facilities.

Project JOSH

This project was aimed at simplification and standardization of nursing processes to improve patient outcomes, increase quality of patient care and increasing efficiency. Post implementation, units have clearly observed improved quality of patient care and higher level of productivity.

FINANCIALS

The Company has reported consolidated total Income of Rs.988 Crores (a growth of +49%) and Earning before Interest, Depreciation and Tax of Rs.191 Crores, (+67%). The Company has reported cash profit of Rs.69.5 Crores as against Rs.20.8 Crores for previous year, reflecting a growth of 234%.

Your company initiated several new medical programs and performed various complex surgeries during the year. The oncology block at Noida hospital was commissioned in January, 2010 offering services in medical oncology, radiation therapy and surgical oncology with plans to offer a bone marrow transplant of international standards. This has state-of-the-art technology including PET CT scan and IGRT, triology. The Malar hospital received the heart transplant license during the last quarter of the financial year and the first transplant was performed in Q1 FY2011. The hospitals across the network performed over 39,000 cardiac procedures, over 3,000 Neurological and over 7,000 orthopaedic procedures.

Fortis Escorts Heart Institute received the prestigious "Joint Commission International" Certification which represents the 'international gold standard in quality for healthcare delivery organizations. Four hospitals of the Fortis network were conferred the prestigious, "FICCI Healthcare Excellence" awards. The FICCI Healthcare Excellence Awards aims at recognizing organizations across India for their contributions to healthcare services to masses; commemorate the increased efficiency and improved performance of healthcare sector and honour those who have resolved key challenges faced by Indian healthcare industry.

The Company during the year successfully completed fund raising exercise through Right Issue for its expansion plans. The Company allotted 9,06,46,936 Equity Shares of Rs. 10/- each to the shareholders of the Company as on record date and/or to their renounces, at a premium of Rs.100/- per equity share, for an amount aggregating to Rs. 9971 million, on a rights basis. Further, the Company has also issued and allotted one Detachable Warrant for every one Equity Share allotted as above to the eligible shareholders and/or to their renounces and accordingly, 9,06,46,936 detachable warrants have been issued and allotted to the eligible shareholders and/or to their renounces.

In order to fund the future acquisitions, the company initiated the process for offering 5% Foreign Currency Convertible Bonds to be listed at the Luxembourg stock exchange. The issue was successfully concluded in the May 2010.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The internal control systems are supplemented through an extensive internal audit program and periodic review by the Audit Committee. The Internal Audit function at the group is outsourced to professional auditing firms and the extensive program of Internal Audits is simultaneously supplemented by periodical management reviews and a tight budgetary control mechanism. During the year, services of Walker Chandiok & Company and JRA & Associates were retained and M/s BMR, Sanjeev Khanna & Associates were engaged for carrying out internal audit of various functions and processes at our network hospitals.

HUMAN RESOURCES

The Company believes that the Human Resources represent the most valuable assets which provide and edge over its competitors. During the year, approximate 5.37 man-days of training were imparted to the employees of the Company. This excludes time spent on specialized training and academic research related to doctors where continuous medical education, medical symposiums, guest lectures are organized on routine basis. The total manpower of the Company and its subsidiaries as on March 31, 2010 stood at 11049.

FORWARD LOOKING STATEMENT

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

Auditors' Report

To

The Members of Fortis Healthcare Limited

1. We have audited the attached Balance Sheet of Fortis Healthcare Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;

      b) in the case of the profit and loss account, of the profit for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 28, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: Fortis Healthcare Limited ('the Company')

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

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

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

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

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

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

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

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

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

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

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

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

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

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

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

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

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

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

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

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

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

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

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

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

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

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

(xix) During the period covered by our audit report, the Company has issued 260 unsecured debentures of Rs. 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 and November 25, 2014. Accordingly, the Company was not required to create any security or charge in respect of these debentures.

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

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

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

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 28, 2010

STANDALONE BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	(Rs. in lacs) As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**32,165.00**	23,870.65
Reserves & Surplus	2	**137,362.52**	70,437.79
		169,527.52	94,308.44
Loan Funds			
Secured Loans	3	**4,965.52**	11,393.51
Unsecured Loans	4	**119,240.00**	17,101.89
		124,205.52	28,495.40
TOTAL		**293,733.04**	122,803.84
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	**14,016.95**	13,294.61
Less : Accumulated depreciation and amortisation		**6,795.86**	5,785.72
Net Block		**7,221.09**	7,508.89
Capital Work in Progress including Capital Advances		**57.68**	39.79
		7,278.77	7,548.68
Investments	6	**139,543.30**	75,198.04
Current Assets, Loans & Advances			
Inventories	7	**312.03**	259.53
Sundry Debtors	8	**4,882.43**	4,472.55
Cash and Bank Balances	9	**1,039.64**	4,686.61
Other Current Assets	10	**369.15**	278.68
Loans and Advances	11	**138,063.43**	28,380.44
		144,666.68	38,077.81
Less : Current Liabilities & Provisions			
Current Liabilities	12	**8,522.79**	11,775.77
Provisions	13	**625.07**	596.92
		9,147.86	12,372.69
Net Current Assets		**135,518.82**	25,705.12
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	**104.86**	50.06
Profit and Loss Account		**11,287.29**	14,301.94
TOTAL		**293,733.04**	122,803.84
Notes to Accounts	24		

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

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in lacs)

	Schedules	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
INCOME			
Operating Income	15	20,981.61	17,445.50
Other Income	16	4,114.68	1,899.72
		25,096.29	19,345.22
EXPENDITURE			
Materials Consumed	17	5,491.09	5,264.12
Personnel Expenses	18	4,722.97	4,255.30
Operating Expenses	19	5,562.19	4,237.38
Selling, General and Administrative Expenses	20	2,972.62	2,887.34
		18,748.87	16,644.14
Profit before Financial Expenses, Depreciation and Amortisation		6,347.42	2,701.08
Financial Expenses	21	2,227.58	2,194.65
Profit before Depreciation and Amortisation		4,119.84	506.43
Depreciation and Amortisation	5	1,078.52	1,154.03
Profit / (Loss) before Tax and Prior Period Items		3,041.32	(647.60)
Fringe Benefit Tax		-	50.87
Net Profit / (Loss) after Tax and before Prior Period Items		3,041.32	(698.47)
Less : Prior Period Items	22	26.67	16.50
Net Profit / (Loss) for the year		3,014.65	(714.97)
Add: Balance brought forward from previous year		(14,301.94)	(13,586.97)
Net Profit / (Loss) carried over to the Balance Sheet		(11,287.29)	(14,301.94)
Earnings / (Losses) Per Share [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]	23		
Basic		1.14	(0.32)
Diluted		1.13	(0.32)
Notes to Accounts	24		

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

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
A.	**Cash flow from operating activities**		
	Net profit / (loss) before tax and prior period items	**3,041.32**	(647.60)
	Less: Prior period items	**(26.67)**	(16.50)
	Adjustments for:		
	Depreciation and Amortisation	**1,078.52**	1,154.03
	Loss on sale of fixed assets	**47.68**	101.28
	Profit on sale of investments	**(630.17)**	(5.39)
	Provision for doubtful debts	**483.36**	282.79
	Bad debts / sundry balances written off	**17.46**	28.14
	Arrangement fee written off	**25.20**	22.82
	Foreign exchange fluctuation (gain)/ loss	**(25.03)**	213.00
	Unclaimed balances and excess provisions written back	**(7.93)**	(16.19)
	Wealth tax	**4.18**	1.92
	Interest income	**(3,331.84)**	(1,816.44)
	Interest expense	**2,103.14**	2,094.68
	Operating profit before working capital changes	**2,779.22**	1,396.54
	Movements in working capital :		
	Increase in sundry debtors	**(910.69)**	(1,196.48)
	Increase in inventories	**(52.50)**	(11.43)
	(Increase) / Decrease in loans and advances	**(455.61)**	370.41
	Increase in other current assets	**(103.46)**	(44.06)
	Increase in current liabilities and provisions	**396.72**	509.82
	Cash generated from operations	**1,653.68**	1,024.80
	Direct taxes paid (including Fringe Benefit Tax)	**(67.48)**	(81.86)
	Net cash from operating activities (A)	**1,586.20**	942.94
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	**(232.32)**	(869.70)
	Proceeds from sale of fixed assets	**123.57**	207.94
	Fixed deposits with banks (maturity of more than 3 months)*	**(624.86)**	-
	Loans to subsidiaries (net)	**(111,105.92)**	(6,702.46)
	Deposits with bodies corporate and others (net)	**1,944.10**	4,838.25
	Purchase of investments in subsidiaries and associates	**(58,295.89)**	(4,189.11)
	Investments in mutual funds (net)	**(5,419.20)**	5.39
	Proceeds from sale of investments of subsidiaries	**-**	60.00
	Interest received	**3,344.84**	2,259.13
	Net cash used in investing activities (B)	**(170,265.68)**	(4,390.56)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital including premium (net of issue expenses)	**98,454.45**	-
	Proceeds from issuance of preference share capital including premium	**26,000.00**	1,450.00
	Redemption of non-cumulative redeemable preference shares including premium	**(53,731.18)**	(1,451.05)
	Proceeds from issuance of non convertible debentures	**26,000.00**	10,000.00
	Redemption of non convertible debentures including premium	**-**	(10,301.37)
	Proceeds from long-term borrowings	**90,000.00**	7.34
	Repayment of long-term borrowings	**(10,009.89)**	(4,353.91)
	(Repayments) / Proceeds of short-term borrowings (net)	**(10,254.97)**	14,368.21
	Loan arrangement fees paid	**(20.00)**	-
	Interest paid	**(2,030.75)**	(2,073.44)
	Net cash from financing activities (C)	**164,407.66**	7,645.78
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(4,271.82)**	4,198.16
	Total cash and cash equivalents at the beginning of the year	**4,686.61**	488.45
	Cash and cash equivalents at the end of the year	**414.79**	4,686.61
	Components of cash and cash equivalents:		
	Cash in hand	**17.52**	15.02
	Cheques in hand	**6.93**	0.27
	Balances with scheduled banks on current and cash credit accounts	**154.07**	106.16
	Balances with scheduled bank on deposit account	**236.27**	4,565.16
	Total	**414.79**	4,686.61

*(includes Rs. 573.09 lacs (Previous Year Rs. 3,863.98 lacs) unutilised funds from IPO)

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement.
2. Negative figure have been shown in brackets.

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

SCHEDULES TO THE ACCOUNTS

			(Rs. in lacs)	
			As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 : SHARE CAPITAL				
Authorised:				
600,000,000	(Previous Year 600,000,000) Equity Shares of Rs. 10 each		**60,000.00**	60,000.00
200	(Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of Rs. 100,000 each		**200.00**	200.00
11,498,846	(Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of Rs. 10 each		**1,149.88**	1,149.88
64,501,154	(Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of Rs. 10 each		**6,450.12**	6,450.12
			67,800.00	67,800.00
Issued:				
317,323,609*	(Previous Year 226,666,533) Equity Shares of Rs. 10 each fully paid up		**31,732.36**	22,666.65
1,600,000	(Previous Year 1,750,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each		**160.00**	175.00
3,196,000**	(Previous Year 11,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 9 each		**287.64**	1,044.00
			32,180.00	23,885.65
Subscribed & Paid Up:				
317,323,609	(Previous Year 226,666,533) Equity Shares of Rs. 10 each fully paid up		**31,732.36**	22,666.65
1,450,000	(Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each		**145.00**	160.00
3,196,000**	(Previous Year 11,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 9 each		**287.64**	1,044.00
Of the above:				
i)	242,193,340 (Previous Year 154,795,150) Equity Shares are held by Fortis Healthcare Holdings Limited, the holding company.			
ii)	520,000 (Previous Year 520,000) Equity Shares of Rs. 10 each are allotted as fully paid up pursuant to the order of Hon'ble High Court of Delhi dated October 7, 2005, for consideration other than cash.			
iii)	Previous Year 600,000 Preference Shares of Rs. 9 each were held by Fortis Healthcare Holdings Limited, the holding company.		**32,165.00**	23,870.65

* Excludes 90,646,936 detachable warrants issued and outstanding as at March 31, 2010 (Refer note 21 of Schdule 24)

** Refer note 15 and 16 of Schedule 24

For details of outstanding Stock options , refer note 11 of Schedule 24.

SCHEDULE 2 : RESERVES & SURPLUS			
Amalgamation Reserve (Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)		**156.00**	156.00
Securities Premium Account			
Balance as per last account	**70,281.79**		
Add : Premium received during the year on issue of Redeemable Preference Shares (Refer note 18 of Schedule 24)	**25,974.00**		
Add : Premium received during the year on issue of Equity Shares (Refer note 21 of Schedule 24)	**90,652.39**		
Less: Accrual for premium payable on redemption of Non-Convertible Debentures (Refer note 19 of Schedule 24)	**1,027.27**		
Less: Accrual for premium payable on redemption of Redeemable Preference Shares (Refer note 22 of Schedule 24)	**7,305.82**		
Less: Applied for premium on redemption of Redeemable Preference Shares (Refer note 15,16,17 & 18 of Schedule 24)	**40,103.39**		
Less : Expenses incurred for issue of equity shares (Refer note 20 of Schedule 24)	**1265.18**	**137,206.52**	70,281.79
		137,362.52	70,437.79

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3 :		
SECURED LOANS*		
Term Loans from Banks	**-**	282.87
External Commercial Borrowing from a bank	**-**	490.97
Short Term Loans from Bank		
Bank Overdraft	**-**	653.02
Commercial Papers (Short term)	**-**	2,500.00
(Maximum amount outstanding during the year Rs. 5,000.00 lacs)		
(Previous Year Rs. 5,000.00 lacs)		
Loans For Vehicles	**-**	55.68
Term Loans from Bodies Corporate	**4,965.52**	7,410.97
	4,965.52	11,393.51

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

SCHEDULE 4 :		
UNSECURED LOANS		
Term Loan from a Bank	**3,000.00**	9,999.95
(Amount repayable within one year Rs. 3,000 lacs,		
(Previous Year Rs. 9,999.95 lacs))		
Term Loans from Bodies Corporate	**90,000.00**	7,100.00
(Amount repayable within one year Rs. 40,000 lacs (Previous Year Rs. 7,100 lacs))		
Interest Accrued and Due	**240.00**	-
From a Subsidiary (repayable on demand)	**-**	1.94
Non Convertible Debentures (Refer note 19 of Schedule 24)	**26,000.00**	-
	119,240.00	17,101.89

SCHEDULES TO THE ACCOUNTS

SCHEDULE 5 :

FIXED ASSETS

(Rs. in lacs)

	Gross Block				Depreciation & Amortisation				Net Block	
	As at April 1, 2009	Addition during the year	Deletion during the year	As at March 31, 2010	As at April 1, 2009	During the year	Deletion during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Intangible Assets										
Technical Know How Fees	201.42	-	-	**201.42**	201.42	-	-	**201.42**	**-**	-
Software	402.40	4.44	-	**406.84**	235.03	40.21	-	**275.24**	**131.60**	167.37
Tangible Assets										
Leasehold Improvements	1,696.35	36.08	-	**1,732.43**	1,011.63	128.36	-	**1,139.99**	**592.44**	684.72
Plant & Machinery	1,788.41	23.46	0.59	**1,811.28**	949.04	177.44	0.25	**1,126.23**	**685.05**	839.37
Medical Equipments	7,434.65	511.36	139.83	**7,806.18**	2,574.96	569.38	34.69	**3,109.65**	**4,696.53**	4,859.69
Furniture & Fittings	524.82	28.16	23.88	**529.10**	259.03	38.49	6.81	**290.71**	**238.39**	265.79
Computers	606.88	70.28	8.27	**668.89**	385.61	62.73	5.27	**443.07**	**225.82**	221.27
Office Equipments	216.65	27.68	4.32	**240.01**	44.89	15.53	1.67	**58.75**	**181.26**	171.76
Vehicles	423.03	260.50	62.73	**620.80**	124.11	46.38	19.69	**150.80**	**470.00**	298.92
Total	**13,294.61**	**961.96**	**239.62**	**14,016.95**	**5,785.72**	**1,078.52**	**68.38**	**6,795.86**	**7,221.09**	**7,508.89**
Previous Year	13,164.92	926.75	797.06	13,294.61	5,079.83	1,154.03	448.14	5,785.72		
Capital Work in Progress									**57.68**	39.79
(Including capital advances of Rs. 20.11 lacs (Previous Year Rs. 13.80 lacs)										
									7,278.77	7,548.68

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

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
SCHEDULE 6 :		
INVESTMENTS		
Long Term Investments (At cost)		
Unquoted, fully paid-up		
Trade		
A. Investment in Associates		
Sunrise Medicare Private Limited	**440.04**	440.04
(4,400,364 (Previous Year 4,400,364) Equity Shares of Rs. 10/- each)		
Hiranandani Healthcare Private Limited	**40.00**	40.00
(400,000 (Previous Year 400,000) Equity Shares of Rs. 10/- each)		
(Of the above, 3 shares are jointly held with nominee share holders)		
B. In Subsidiary Companies		
Escorts Heart Institute and Research Center Limited	**58,894.80**	58,894.80
(1,800,260 (Previous Year 1,800,260) Equity Shares of Rs. 10/- each)		
International Hospital Limited	**4,021.09**	4,021.09
(4,025,123 (Previous Year 4,025,123) Equity Shares of Rs. 100/- each)		
(Of the above, 4,033 shares have been acquired without any consideration)		
(Of the above, 6 shares are held by nominee shareholders)		
Fortis Hospotel Limited	**35,093.00**	11,802.11
(141,311,990 (Previous Year 118,021,100) Equity Shares of Rs. 10/- each)		
(Of the above, 24 (Previous Year 100) shares are held by nominee shareholders)		
Fortis Hospitals Limited	**35,005.00**	-
(20,050,000 (Previous year Nil) Equity Shares of Rs. 10/- each)		
(150 (Previous year Nil) 11% Compulsorily Convertible Debentures of Rs. 10,000,000/- each)		
Current Investment		
Mutual Funds*	**6,049.37**	-
47,789,037.04 units of Rs. 10 each in Religare Ultra Short Term Fund-Institutional Growth		
Aggregate amount of unquoted investments	**139,543.30**	75,198.04

* includes Rs. 346.52 unutilised proceeds from Rights Issue. Refer Note 14 in Schedule 24
For details of units purchased and sold during the year, refer note 5 of Schedule 24

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs) As at March 31, 2010	As at March 31, 2009
SCHEDULE 7 :		
INVENTORIES (at lower of cost and net realisable value)		
Medical Consumables and Drugs	**274.28**	239.30
Stores and spares	**37.75**	20.23
	312.03	259.53
SCHEDULE 8 :		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding Six Months		
Unsecured, Considered Good	**1,851.46**	1,484.94
Considered Doubtful	**884.37**	402.51
Other Debts		
Unsecured, Considered Good	**3,030.97**	2,987.62
Considered Doubtful	**-**	0.69
	5,766.80	4,875.76
Less : Provision for Doubtful Debts	**884.37**	403.21
	4,882.43	4,472.55
Included in Sundry Debtors are:		
i) **Dues from company under the same management as per Section 370 (1B) of the Companies Act, 1956**		
Hiranandani Healthcare Private Limited	**39.00**	-
(Maximum amount outstanding during the year Rs. 39.00 lacs; Previous Year Rs. Nil)		
SCHEDULE 9 :		
CASH AND BANK BALANCES		
Cash in hand	**17.52**	15.02
Cheques in hand	**6.93**	0.27
Balances with Scheduled Banks		
- On Current Accounts	**154.07**	105.75
- On Cash Credit Accounts	**-**	0.41
- On Deposit Accounts*	**861.12**	4,565.16
*(includes Rs. 573.09 lacs (Previous Year Rs. 3,863.98 lacs) unutilised funds from IPO)	**1,039.64**	4,686.61
(Refer Note 14 in Schedule 24)		
SCHEDULE 10 :		
OTHER CURRENT ASSETS		
Interest Accrued but Not Due on Loans and Deposits	**2.97**	15.97
Accrued Operating Income	**366.18**	262.71
	369.15	278.68

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs) As at March 31, 2010	As at March 31, 2009
SCHEDULE 11 :		
LOANS AND ADVANCES		
Secured, Considered Good		
Loans to Bodies Corporate & Others	**80.85**	70.76
Unsecured, Considered good		
Loans to Subsidiaries	**134,460.06**	23,354.14
Loans to Bodies Corporate and Others	**2,190.96**	4,145.15
Advances Recoverable in cash or in kind or for value to be received	**376.65**	306.47
Advance Tax and Tax Deducted at Source	**390.58**	325.02
Balances with Customs, Excise and Other Authorities	**124.69**	36.39
Security Deposits	**439.64**	142.51
Unsecured, Considered Doubtful		
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	138,084.05	28,401.06
Less : Provision for Doubtful Advances	**20.62**	20.62
	138,063.43	28,380.44
Included in Loans and Advances are:		
i) **Dues from company under the same management as per Section 370 (1B) of the Companies Act, 1956**		
Hiranandani Healthcare Private Limited (Maximum amount outstanding during the year Rs. 4,102.94 lacs; Previous Year Rs. 6,236.60 lacs)	**2,049.90**	4,079.74

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 12 :		
CURRENT LIABILITIES		
Sundry Creditors		
(a) total outstanding dues of Micro and Small Enterprises (Refer Note 25 in Schedule 24)	**-**	-
(b) total outstanding dues of creditors other than Micro and Small Enterprises	**2,997.66**	2,264.48
Book Overdraft	**383.13**	27.52
Advances from Patients	**332.51**	220.24
Security Deposits	**9.93**	8.82
Interest Accrued but Not Due on Loans	**153.82**	81.44
Premium Payable on Redemption of Redeemable Preference Shares (Refer note 22 of Schedule 24)	**3,394.08**	8,917.96
Premium Payable on Redemption of Unsecured Non Convertible Debentures (Refer note 19 of Schedule 24)	**924.54**	-
Other Liabilities	**327.12**	255.31
	8,522.79	11,775.77

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 13 :		
PROVISIONS		
Wealth Tax	**4.19**	1.93
Fringe Benefit Tax	**159.19**	159.19
Gratuity	**245.93**	229.91
Leave Encashment	**215.76**	205.89
	625.07	596.92

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 14 :		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance Brought Forward	**50.06**	72.88
Incurred during the year	**80.00**	-
	130.06	72.88
Less : Written off during the year	**25.20**	22.82
	104.86	50.06

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs) For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
SCHEDULE 15 : OPERATING INCOME		
In Patient	**14,791.31**	13,880.53
Out Patient	**2,078.85**	1,708.73
Income From Medical Services	**2,744.05**	811.50
Management Fees from Hospitals	**375.82**	211.00
Income from Rehabilitation Centre	**123.04**	78.03
Income from Rent (Refer Note 6 (b)(i) of Schedule 24)	**38.64**	32.65
Equipment Lease Rental (Refer Note 6 (b)(ii) of Schedule 24)	**702.77**	671.52
Pharmacy	**459.33**	288.76
	21,313.81	17,682.72
Less: Discounts	**332.20**	237.22
	20,981.61	17,445.50
SCHEDULE 16 : OTHER INCOME		
Profit on Redemption of Mutual Funds (Refer Note 5 of Schedule 24)	**630.17**	5.39
Interest		
-Bank Deposits (Tax Deducted at Source Rs. 18.41 lacs (Previous Year Rs. 4.74 lacs))	**142.18**	36.42
-On loans to subsidiaries and bodies corporate	**3,189.66**	1,780.02
Unclaimed Balances and Excess Provisions Written Back	**7.93**	16.19
Foreign exchange fluctuation gain (net)	**22.33**	-
Miscellaneous Income	**122.41**	61.70
	4,114.68	1,899.72
SCHEDULE 17 : MATERIALS CONSUMED		
Medical Consumables and Drugs:		
Opening Stock	**239.30**	233.18
Add: Purchases	**5,526.07**	5,270.24
Less: Closing Stock	**274.28**	239.30
	5,491.09	5,264.12
SCHEDULE 18 : PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**4,166.71**	3,908.15
Gratuity	**22.19**	2.43
Leave Encashment	**48.29**	(56.47)
Contribution to Provident & Other Funds	**225.45**	204.43
Staff Welfare Expenses	**182.46**	130.16
Recruitment & Training	**77.87**	66.60
	4,722.97	4,255.30

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs) For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
SCHEDULE 19 :		
OPERATING EXPENSES		
Contractual Manpower	**145.27**	133.24
Power & Fuel	**434.83**	385.03
Housekeeping Expenses including Consumables	**170.29**	175.20
Patient Food & Beverages	**167.64**	151.55
Pathology Laboratory Expenses	**170.07**	164.86
Radiology Expenses	**600.13**	504.00
Consultation Fees to Doctors	**388.45**	387.72
Professional Charges to Doctors	**1,206.24**	1,034.08
Repairs & Maintenance		
- Building	**45.00**	29.74
- Plant & Machinery	**231.66**	278.82
Rent		
- Hospital Building (Refer note 6(a) of Schedule 24)	**1,940.70**	947.67
- Equipments (Refer note 6(a) of Schedule 24)	**61.91**	45.47
	5,562.19	4,237.38
SCHEDULE 20 :		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Donations	**2.50**	6.43
Legal & Professional Fee	**970.91**	1,031.75
Travel & Conveyance	**517.16**	398.74
Repairs & Maintenance - Others	**51.21**	56.64
Rates & Taxes	**29.37**	21.28
Directors' Sitting Fees	**18.10**	10.80
Insurance	**122.58**	96.85
Rent (Refer note 6(a) of Schedule 24)	**43.53**	56.82
Marketing & Business Promotion	**376.16**	264.25
Wealth Tax	**4.18**	1.92
Loss on Sale of Assets (net of gain)	**47.68**	101.28
Auditors' Remuneration (as auditors) (Refer note 20 of Schedule 24)		
-Audit Fee	**10.00**	10.00
-Limited Review Fees	**9.00**	7.27
-Fees for Audit of Consolidated Financial Statement	**3.00**	3.00
-Tax Audit Fee	**2.50**	2.67
-Certification Fee	**1.56**	3.25
-Out of Pocket Expenses	**1.38**	0.33
Foreign exchange fluctuation loss (net)	**-**	213.07
Bad Debts and Sundry Balances written off	**17.46**	28.14
Provision for Doubtful Debts	**483.36**	282.79
Miscellaneous Expenses	**260.98**	290.06
	2,972.62	2,887.34
SCHEDULE 21 :		
FINANCIAL EXPENSES		
Interest		
- On Term Loans	**1,765.84**	1,846.65
- Others	**337.29**	248.03
Finance Charges	**75.73**	63.80
Arrangement Fees Written off	**25.20**	22.82
Bank Charges	**23.52**	13.35
	2,227.58	2,194.65

SCHEDULES TO THE ACCOUNTS

	(Rs. in lacs) For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
SCHEDULE 22 :		
PRIOR PERIOD ITEMS		
Repairs & Maintenance - Others	**26.67**	-
Power & Fuel	**-**	16.50
	26.67	16.50
SCHEDULE 23 :		
EARNINGS / (LOSSES) PER SHARE		
Net profit/(loss) as per profit and loss account	**3,014.65**	(714.97)
Weighted average number of equity shares in calculating Basic EPS	**265,413,205**	226,666,533
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	**408,314**	-
Weighted average number of equity shares in calculating Diluted EPS	**265,821,519**	226,666,533

SCHEDULES TO THE ACCOUNTS

SCHEDULE 24:

NOTES TO THE ACCOUNTS

1. **Nature of Operations**

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

2. Statement of Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Fixed Assets

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

(d) Depreciation

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

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

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

(e) Intangibles

Technical Know-how Fees

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

Software

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

(f) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(g) Leases

Where the Company is the lessee

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

Where the Company is the lessor

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

(h) Investments

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

(i) Inventories

Inventory of Medical Consumables, Drugs, Stores and Spares are valued at Lower of cost and net realizable value. Cost is determined on Weighted Average basis.Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue Recognition

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

Operating Income

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

Rehabilitation Centre Income

Revenue is recognised as and when the services are rendered.

Equipment Lease Rentals

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

Interest

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

Dividends

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

(k) Miscellaneous Expenditure (not written off)

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

(l) Foreign Currency Transactions

i) Initial recognition

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

ii) Conversion

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

iii) Exchange Differences

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

(m) Employee benefits:

i) Contributions to Provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss account of the year when the contributions to the respective funds are due. The provident fund contribution of certain employees is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligation other than the contribution payable to the fund.

ii) Gratuity

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

iii) Compensated Absences

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

iv) Actuarial gains/losses

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

(n) Income Taxes

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

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

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

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

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

(p) Earnings Per Share

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

(q) Provisions

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

(r) Cash and cash equivalents

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

3. Segment Reporting

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

4. Related Party Transactions

Names of Related parties (as certified by the management)

Holding Company	Fortis Healthcare Holdings Limited
Subsidiary Companies	a) International Hospital Limited ('IHL'). b) Fortis Hospotel Limited ('FHTL'). c) Escorts Heart Institute and Research Centre Limited ('EHIRCL'). d) Lalitha Healthcare Private Limited ('LHPL'), (with effect from January 30, 2009) e) Escorts Hospital and Research Centre Limited ('EHRCL'). f) Escorts Heart and Super Speciality Institute Limited ('EHSSIL'). g) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL'). h) Escorts Heart Centre Limited ('EHCL'). i) Fortis Health Management Limited ('FHML'), (with effect from April 7, 2008) j) Fortis Healthcare International Limited ('FHIL'), (with effect from November 25, 2008) k) Fortis Malar Hospitals Limited ('FMHL') (formerly Malar Hospitals Limited) with effect from October 1, 2009 l) Fortis Hospitals Limited ('FHsL') with effect from June 18, 2009 m) Fortis Global Healthcare (Mauritius) Limited with effect from October 7, 2009 n) Kanishka Housing Development Company Limited with effect from December 17, 2009 o) Fortis Hospital Management Ltd. (from April 9, 2008 to March 25, 2010) p) Fortis Emergency Services Limited with effect from April 30, 2009 q) Malar Stars Medicare Limited with effect from October 1, 2009 Companies (f) and (h) above are subsidiaries of EHIRCL; Companies (d), (e), (g), (j), (k), (o) and (p) above are subsidiaries of IHL and Company (i) above is the subsidiary of FHTL; Company (m) above is the subsidiary of FHIL; Company (n) is the subsidiary of FHsL; Company (q) is the subsidiary of FMHL; Companies (e) and (g) above have become subsidiaries of IHL with effect from July 3, 2008 and July 7, 2008 respectively, prior to that these were the subsidiaries of EHIRCL.
Fellow Subsidiaries	a) Fortis Health Staff Limited b) Religare Wellness Limited c) Medsource Healthcare Private Limited d) SAK Consumer Retail Services Limited (till February 4, 2010) e) Lifetime Healthcare Private Limited (till February 4, 2010) f) Pills and Powder Private Limited (till February 4, 2010) g) Hospitallia Eastern Private Limited (with effect from February 23, 2009)
Associates	a) Sunrise Medicare Private Limited b) Fortis Hospital Management Limited with effect from March 26, 2010 (subsidiary for the period April 8, 2008 to March 25, 2010) c) Hiranandani Healthcare Private Limited d) Fortis Malar Hospitals Limited ('FMHL') (formerly known as Malar Hospitals Limited) till September 30 2009 e) Medical and Surgical Centre Limited, Mauritius (Associate of Fortis Healthcare International Limited) with effect from January 28, 2009. f) Lalitha Healthcare Private Limited ('LHPL'), (till January 29, 2009) g) Parkways Holdings Limited with effect from March 19, 2010 Companies (b), (d) & (f) are associates of International Hospital Limited. Company (e) is an associate of Fortis Healthcare International Limited. Company (g) is an associate of Fortis Global Healthcare Mauritius Limited.
Key Management Personnel ('KMP')	Mr. Malvinder Mohan Singh - Chairman Mr. Shivinder Mohan Singh - Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	a) Super Religare Laboratories Limited b) Ranbaxy Laboratories Limited c) RHC Holding Private Limited d) Fortis Nursing and Education Society e) Religare Securities Limited f) Religare Commodities Limited g) Religare Finvest Limited h) Religare Travels (India) Limited i) Religare Technova IT Services Limited j) Oscar Investments Limited k) Religare Aviation Limited (formerly Ran Air Services Limited) l) Malav Holdings Limited

The schedule of Related Party Transactions is as follows:

(Rs. in lacs)

Transactions details	Year ended March 31, 2010	Year ended March 31, 2009
Transactions during the year		
Expenses allocated to related parties		
Fortis Hospotel Limited (Subsidiary)	**179.52**	170.49
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)**	**-**	53.26
International Hospital Limited (Subsidiary)	**-**	75.00
Operating income (including Income from Medical services, Management fees from hospitals, Income from Rehabilitation centre, Rental and Pharmacy income)		
International Hospital Limited (Subsidiary)	**910.00**	116.00
Sunrise Medicare Private Limited (Associate)	**276.03**	218.00
Escorts Hospital and Research Centre Limited (Subsidiary)	**622.83**	0.72
Others	**144.82**	149.52
Interest income on loans and advances to		
Fortis Hospotel Limited (Subsidiary)	**221.16**	298.58
International Hospital Limited (Subsidiary)	**1,738.34**	443.42
Fortis Hospitals Limited (Subsidiary)	**941.32**	-
Hiranandani Healthcare Private Limited (Associate)	**448.02**	507.79
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**-**	692.19
Others	**51.54**	97.32
Consultation fees to doctors		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**3.36**	6.60
Interest expense on loan taken from		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**-**	52.75
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**270.74**	54.15
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**45.63**	28.77
Sale of fixed assets		
International Hospital Limited (Subsidiary)	**5.25**	7.16
Fortis Malar Hospitals Limited (Subsidiary)*****	**-**	44.26
Escorts Hospital and Research Centre Limited (Subsidiary)	**3.85**	17.68
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**-**	106.79
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**87.96**	-
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	**13.46**	-
Loans/ advances given		
International Hospital Limited (Subsidiary)	**101,608.35**	21,194.25
Fortis Hospotel Limited (Subsidiary)	**2,064.11**	11,442.00
Fortis Hospitals Limited (Subsidiary)	**13,039.50**	-
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**-**	12,771.00
Hiranandani Healthcare Private Limited (Associate)	**-**	2,694.00
Loans/ advances received back		
International Hospital Limited (Subsidiary)	**2,600.00**	11,225.00
Fortis Hospotel Limited (Subsidiary)	**6,007.00**	10,335.00
Hiranandani Healthcare Private Limited (Associate)	**2,500.00**	2,500.00
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**-**	21,446.00
Others	**135.00**	2,000.00
Loans taken		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**-**	2,610.00
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**-**	6,100.00
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**-**	1,000.00

(Rs. in lacs)

Transactions details	Year ended March 31, 2010	Year ended March 31, 2009
Loans repaid		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**-**	2,610.00
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**6,100.00**	-
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**1,000.00**	-
Pathology laboratory expenses		
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)**	**169.96**	164.39
Travel and conveyance expenses		
Religare Travel (India) Limited (Owned/significantly influenced by KMP/their relatives)	**30.09**	86.30
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	**38.92**	-
Ran Air Services Limited (Owned/significantly influenced by KMP/their relatives)	**-**	3.57
Purchase of fixed assets		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**74.52**	78.23
Fortis HealthStaff Limited (Fellow Subsidiary)	**22.08**	-
Repairs and maintenance expenses		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**7.82**	2.58
Purchases of medical consumables and pharmacy items		
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**-**	211.55
Managerial remuneration		
Shivinder Mohan Singh (KMP) (Refer note b below)	**816.20**	816.20
Directors' sitting fees		
Malvinder Mohan Singh (KMP)	**2.10**	1.20
Legal and professional fee		
Religare Technova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	**7.96**	9.88
Subscription of share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**96,138.01**	-
Others	**117.84**	-
Issue of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**26,000.00**	-
Redemption of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**27,438.39**	76.05
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**3,452.86**	812.50
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**4,927.25**	562.50
Issue of non convertible debentures		
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**26,000.00**	-
Corporate Guarantees given to banks for loans availed by		
Fortis Hospotel Limited (Subsidiary)	**6,000.00**	10,000.00
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**-**	2,500.00
Guarantee given to IndusInd Bank (Refer note c below)	**-**	10,000.00
Hiranandani Healthcare Private Limited (Associate)	**-**	4,500.00
Fortis Hospitals Limited (Subsidiary)	**50,000.00**	-
International Hospital Limited (Subsidiary)	**40,000.00**	-
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	**104,092.63**	-
Corporate guarantee received for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**-**	981.94
Guarantee given to IndusInd Bank (Refer note c below)	**-**	10,000.00
Corporate guarantee withdrawn for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**981.94**	-

(Rs. in lacs)

Transactions details	Year ended March 31, 2010	Year ended March 31, 2009
Investments made in equity		
Fortis Hospotel Limited (Subsidiary)	**23,290.89**	4,189.11
Fortis Hospitals Limited (Subsidiary)	**20,005.00**	-
Investment made in Compulsorily Convertible Debentures		
Fortis Hospitals Limited (Subsidiary)	**15,000.00**	-
Investments sold		
Fortis Healthcare Holdings Limited (Holding Company)	**-**	60.00
Personal guarantee for loans taken		
Managing Director (KMP)	**-**	5,000.00
License user agreement fees		
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**1.00**	1.00

(Rs. in lacs)

Balance outstanding at the year end	As at March 31, 2010	As at March 31, 2009
Loans / advances recoverable		
Fortis Hospotel Limited (Subsidiary)	**5,517.00**	9,039.73
International Hospital Limited (Subsidiary)	**114,844.68**	14,093.53
Fortis Hospitals Limited (Subsidiary)	**14,088.77**	-
Hiranandani Healthcare Private Limited (Associate)	**2,049.90**	4,079.74
Others	**116.44**	289.35
Sundry debtors		
Sunrise Medicare Private Limited (Associate)	**197.39**	219.18
Escorts Hospital and Research Centre Limited (Subsidiary)	**621.00**	-
International Hospital Limited (Subsidiary)	**910.00**	-
Lalitha Healthcare Private Limited (Subsidiary)****	**15.11**	47.40
Others	**57.86**	23.83
Sundry creditors		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**39.90**	-
Fortis Health Staff Limited (Fellow Subsidiary)	**21.89**	-
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**-**	42.49
Super Religare Laboratories Limited (Owned/significantly influenced by KMP/their relatives)**	**10.26**	27.85
Others	**4.93**	8.84
Unsecured loans		
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**-**	6,100.00
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**26,000.00**	1,000.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**-**	1.94
Investments		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	**58,894.80**	58,894.80
International Hospital Limited (Subsidiary)	**4,021.09**	4,021.09
Fortis Hospotel Limited (Subsidiary)	**35,093.00**	11,802.11
Fortis Hospitals Limited (Subsidiary)	**35,005.00**	-
Sunrise Medicare Private Limited (Associate)	**440.04**	440.04
Hiranandani Healthcare Private Limited (Associate)	**40.00**	40.00
Corporate guarantee for loans taken		
RHC Holding Private Limited (Owned/significantly influenced by KMP/their relatives)*	**750.00**	750.00
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**-**	981.94
Guarantee given to IndusInd Bank (Refer note c below)	**10,000.00**	10,000.00
Corporate guarantee given for loans availed by		
Fortis Hospotel Limited (Subsidiary)	**8,000.00**	10,000.00
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**2,500.00**	2,500.00
Guarantee given to IndusInd Bank (Refer note c below)	**10,000.00**	10,000.00

Hiranandani Healthcare Private Limited (Associate)	**6,000.00**	6,000.00
Fortis Hospitals Limited (Subsidiary)	**50,000.00**	-
International Hospital Limited (Subsidiary)	**40,000.00**	-
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	**104,092.63**	-
Personal guarantee for loans taken		
Managing Director (KMP)	**-**	12,928.53

Notes:

* Formerly Ranbaxy Holding Company

** Formerly SRL Ranbaxy Limited

*** Formerly Fortis Healthworld Limited

****Associate for the period from August 4, 2008 to January 29, 2009, and Subsidiary with effect from January 30, 2009.

***** Formerly Malar Hospitals Limited, Associate up to September 30, 2009, and Subsidiary with effect from October 1, 2009

****** Subsidiary up to March 25, 2010, and Associate with effect from March 26, 2010

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

b) Amount for the year ended March 31, 2010 includes Rs. 637.80 lacs (Previous Year Rs. 623.24 lacs) provided at the year end which is subject to Central Government approval.

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

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

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

6. **Leases**

(a) Assets taken on Operating Lease:

Hospital/ Office premises and few medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payments in respect of such leases recognised in the profit and loss account for the year are Rs. 2,046.14 lacs (Previous Year Rs. 1,049.96 lacs).

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

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Minimum lease payments:		
Not later than one year	**1,951.23**	1,981.91
Later than one year but not later than five years	**7,681.77**	7,713.00
Later than five years	**7,200.00**	9,120.00

(b) Assets given on Operating Lease

i) The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are Rs. 38.64 lacs (Previous Year Rs. 32.65 lacs).

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

(Rs. in lacs))

Particulars	As at March 31, 2010			As at March 31, 2009		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	**3.46**	**2.07**	**1.39**	3.46	1.74	1.72
Plant & Machinery	**96.66**	**37.21**	**59.45**	96.66	27.23	69.43
Medical Equipments	**3,117.75**	**998.80**	**2,118.95**	2,996.93	778.74	2,218.19
Furniture & Fittings	**177.73**	**78.39**	**99.34**	177.06	70.27	106.80
Computers	**119.92**	**71.57**	**48.35**	119.92	53.68	66.24
Office Equipments	**27.55**	**5.22**	**22.33**	27.55	3.94	23.61
Vehicles	**37.25**	**14.03**	**23.22**	33.55	10.11	23.43
Total	**3,580.32**	**1,207.29**	**2,373.03**	**3,455.14**	**945.71**	**2,509.43**

The total lease payments received in respect of such leases recognised in the profit and loss account for the year are Rs. 702.77 lacs (Previous Year Rs. 671.52 lacs).

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

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Minimum lease payments :		
Not later than one year	**725.71**	173.78
Later than one year but not later than five years	**907.13**	-

7. **Deferred Tax Assets / (Liability) consists of:**

(Rs. in lacs)

Particulars	As at March 31, 2009	Current Year (Charge)/ Credit	As at March 31, 2010
Book/ Tax depreciation difference	(810.28)	57.58	**(752.70)**
Provision for leave encashment	69.98	1.69	**71.67**
Provision for gratuity	78.15	3.54	**81.69**
Provision for doubtful advances	7.01	(0.16)	**6.85**
Provision for doubtful debts	137.05	156.72	**293.77**
Unabsorbed depreciation/losses	6,137.13	(1,966.52)	**4,170.61**
Total Deferred Tax Asset	**5,619.04**	**(1,747.15)**	**3,871.89**

In accordance with Accounting Standard 22 'Accounting for Taxes on Income', in view of the large amount of accumulated losses carried forward at the close of the year, deferred tax assets on timing differences, on carried-forward losses and unabsorbed depreciation have not been accounted for in the books since it is not virtually certain whether the Company will be able to use such losses / unabsorbed depreciation.

8. **Secured Loans**

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Term Loan from Bank secured by way of first and exclusive charge on specific medical equipments of the Company	**-**	282.87
External Commercial Borrowing from a Bank secured by first charge by way of hypothecation of all present and future moveable properties of the Company which inter alia include plant and machinery, medical equipments, computers, furniture and fixtures and other fixed assets installed / stored at Fortis Hospital, Mohali or kept at any other hospital site excluding vehicles hypothecated against specific loans	**-**	490.97
Overdraft facility from Bank secured by first pari passsu charge over moveable fixed assets at Fortis Hospital, Mohali and charge over stock and book debts of the Company	**-**	653.02
Commercial Papers secured by way of subservient charge on the moveable fixed assets of the Company.	**-**	2,500.00
Loans for Vehicles secured by hypothecation of respective vehicles	**-**	55.68
Term Loan from a Body Corporate secured by :-		
- first charge by way of hypothecation of specific equipments of the Company	**679.81**	982.40
- way of subservient charge on present and future fixed assets of the Company	**4,285.71**	6,428.57

9. **Capital Commitment**

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advances of Rs. 20.11 lacs (Previous Year Rs. 13.80 lacs))	**591.88**	168.03

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

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	**378.06**	326.85
Bank Guarantee executed in favour of National Stock Exchange towards listing of the shares of the Company with the exchange	**700.00**	-
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company		
- IDBI Bank	**4,500.00**	4,500.00
- Yes Bank	**2,500.00**	7,500.00
- IndusInd Bank	**20,000.00**	10,000.00
- Axis Bank	**5,000.00**	5,000.00
- ABN Amro Bank	**1,500.00**	1,500.00
- HDFC Bank Limited	**15,000.00**	-
- Central Bank of India	**20,000.00**	-
- Hongkong and Shanghai Banking Corporation Limited	**5,000.00**	-
- Housing Development Finance Corporation Limited	**30,000.00**	-
- ING Vysa Bank Limited	**10,000.00**	-
- The Royal Bank of Scotland Plc.	**104,092.63**	-
Others	**11.80**	11.23

11. **Employee Stock Option Plan**

The Company has provided share-based payment scheme to the eligible emplyoees and directors of the company / its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees in the previous year and 763,700 (Grant III) in the current year. As at March 31, 2010, the following scheme was in operation:

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

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

Particulars	March 31, 2010		March 31, 2009	
	Number of options	**Weighted Average Exercise Price (Rs.)**	Number of options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	**380,500**	**69.34**	458,500	71.00
Granted during the year	**763,700**	**77.00**	33,500	50.00
Forfeited during the year	**215,400**	**72.09**	111,500	70.34
Exercised during the year	**10,140**	**71.00**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**918,660**	**75.05**	380,500	69.34
Exercisable at the end of the year	**113,160**	**70.78**	70,100	71.00
Weighted average remaining contractual life (in years)	**8.87**	**-**	8.93	-
Weighted average fair value of options granted (in Rs.)	**35.19**	**-**	25.86	-

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

Particulars	March 31, 2010	March 31, 2009
Range of exercise prices	**Rs. 50.00 to Rs. 77.00**	Rs. 50.00 to Rs. 71.00
Number of options outstanding	**918,660**	380,500
Weighted average remaining contractual life of options (in years)	**8.87**	8.93
Weighted average exercise price (in Rs.)	**75.05**	69.34

Stock Options granted

The weighted average fair value of stock options granted during the year is Rs. 39.04 (Previous Year: Rs. 18.65). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2010	March 31, 2009
Exercise Price	**Rs. 50.00 to Rs. 77.00**	Rs. 50.00 to Rs. 71.00
Expected Volatility	**66.24%**	34%
Life of the options granted (Vesting and exercise period) in years	**6.5 years**	6.5 years
Expected dividends	**-**	-
Average risk-free interest rate	**7.50% to 8.70%**	7.95% to 8.70%
Expected dividend rate	**-**	-

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

(Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009
Profit/ (Loss) as reported	**3,014.65**	(714.97)
Add: Employee stock compensation under intrinsic value method	**-**	-
Less: Employee stock compensation under fair value method	**(51.68)**	(19.08)
Proforma Profit/ (Loss)	**2,962.97**	(734.05)
Earnings / (Loss) Per Share (In Rs.)		
Basic		
- As reported	**1.14**	(0.32)
- Pro forma	**1.12**	(0.32)
Diluted		
- As reported	**1.13**	(0.32)
- Pro forma	**1.11**	(0.32)

The fair value of total option outstanding at the year end is Rs. 323.26 lacs (Previous Year Rs. 98.41 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been Rs. 51.68 lacs (Previous Year Rs. 19.08 lacs).

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

Defined Benefit Plan

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

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

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

(Rs. in lacs)

Particulars	Gratuity (Unfunded) March 31, 2010	Gratuity (Unfunded March 31, 2009
Net employee benefit expenses (recognized in Personnel Expenses)		
Current service cost	**60.42**	49.62
Interest cost on benefit obligation	**17.66**	18.96
Expected return on plan assets	**NA**	NA
Actuarial loss/(gain) recognised during the year	**(54.95)**	(65.45)
Past service cost	**-**	-
Net benefit expense (refer note c)	**23.13**	3.13
Balance Sheet		
Details of Provision for Gratuity at March 31, 2010		
Present value of defined benefit obligation	**245.93**	229.91
Fair value of plan assets	**NA**	NA
Deficit of funds	**(245.93)**	(229.91)
Net liability	**(245.93)**	(229.91)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**229.91**	251.89
Current Service cost	**60.42**	49.62
Interest Cost on benefit obligation	**17.66**	18.96
Benefits paid	**(7.11)**	(25.11)
Actuarial loss/ (gain) recognised during the year	**(54.95)**	(65.45)
Closing defined benefit obligation	245.93	229.91

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

Discount rate	**8.00%**	7.80%
Expected rate of return on plan assets	**NA**	NA
Expected rate of salary increase	**7.50%**	7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified
Withdrawal / Employee Turnover Rate		
Age upto 30 years	**18%**	18%
Age from 31 to 44 years	**6%**	6%
Age above 44 years	**2%**	2%

Notes:

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

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

c) Rs. 0.94 lacs (Previous Year Rs. 0.70 lacs) out of the net benefit expenses, as above, has been allocated to a subsidiary.

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

14. The Company raised Rs. 49,676.15 lacs and Rs. 99,711. 60 lacs from the Initial Public Offer (IPO) in April 2007 and Rights Issue in October 2009 respectively. The status of fund utilization out of Public Offer proceeds as at the end of March 31, 2010 is as follows:

(Rs. in lacs))

S. No.	Expenditure Program	Amount expended till March 31, 2010 out of		Amount expended till March 31, 2009 out of
		IPO Proceeds	Rights Issue Proceeds	IPO Proceeds
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	10,593.00	-	7,302.11
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	35,231.15	-	35,231.15
3	IPO Issue Expenses	3,278.91	-	3,278.91
4	Investment in wholly owned subsidiary (Fortis Hospotel Limited) to finance the construction and development of a greenfield hospital project in Gurgaon, Haryana	-	20,000.00	-
5	Acquisitions and other strategic initiatives	-	20,000.00	-
6	Redemption of Preference Shares (Class C), along with the premium on such redemption	-	26,000.00	-
7	Repayment and prepayment of existing short term loans of the Company	-	17,099.90	-
8	General corporate purpose	-	15,000.00	-
9	Rights Issue expenses	-	1,265.18	-
	Total	**49,103.06**	**99,365.08**	**45,812.17**

The Company is having unutilised funds of Rs. 919.61 lacs as on March 31, 2010 out of public issue proceeds. The funds of Rs. 573.09 lacs and Rs. 346.52 lacs have been invested as Fixed Deposit with a Scheduled Bank and Mutual Funds respectively.

15. During the previous year, the Company had partly redeemed 100,000, Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of Re.1 each per such share at a premium of Rs. 12.55 per share. During the year, the Company has redeemed balance Rs.9 each at a premium of Rs. 98.35 per share. The redemption premium of Rs. 12.55 lacs in the previous year and Rs. 98.35 lacs in the Current year on these shares have been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

16. During the previous year, the Company had partly redeemed 11,500,000, Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of Re.1 each per such share at a premium of Rs. 11.50 per share. The redemption premium of Rs. 1,322.50 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares.

Out of the above 11,500,000, Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares, the Company has during the year redeemed 8,304,000, Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of balance of Rs. 9 each at a premium of Rs. 98.50 per share. The redemption premium of Rs. 8,179.44 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

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

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

19. During the year, the Company has issued 260, Zero Percent Unsecured Non- Convertible Debentures of Rs. 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of Rs. 14,879.14 lacs. The Company has accrued the redemption premium and debited the same to Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

20. The Company has incurred expenses aggregating to Rs. 1,265.18 lacs (including Rs 62.41 lacs paid to auditors) in connection with its Rights Issue. In terms of Section 78 of the Companies Act, 1956, the same has been adjusted against the Securities Premium.

21. During the year, pursuant to the Letter of offer dated September 22, 2009 and in accordance with the basis of allotment approved by the National Stock Exchange (Designated Stock Exchange), the Issue Committee of Board of Directors of the Company at their meeting held on

October 27, 2009 allotted on Rights Basis 90,646,936 Equity Shares of Rs. 10 each at a premium of Rs. 100 per Equity Share aggregating to Rs. 99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder is entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued can be freely and separately traded until they are tendered for exercise. The warrant exercise period shall commence after six months from date of allotment of the Equity Shares up to 18 months from the date of allotment of the Equity Shares. The Detachable Warrants may be exercised at any time prior to the expiry of a notice period within the Warrant Exercise Period.

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

For purposes of determining the Warrant Holders and their respective entitlements, the Company shall fix the record date(s) during the Warrant Exercise Period for the Detachable Warrants (the "Warrant Record Date"), subject to the approval of the Stock Exchanges of such Warrant Record Date.

22. The Company has provided for Premium on Redemption of preference shares and Debentures. However, same has not been provided through redemption reserves as per the provisions of Section 117C of the Companies Act, 1956, as the Company does not have sufficient profits for the same.

23. During the year, the Company through its wholly owned subsidiary, Fortis Hospitals Limited, has acquired 10 Hospitals (including 2 under construction) ("Business Division") and Kanishka Housing Development Company Limited ('KHDCL') from Wockhardt Hospitals Limited vide Business Transfer Agreement executed on August 24, 2009, such acquisition being effected on December 17, 2009 on a going concern basis. The purchase consideration paid for the acquisition of the above Business Division and KHDCL amounted to Rs. 88,948.24 lacs.

24. In terms of Shareholders agreement entered into by the Subsidiary of the Company, Fortis Global Healthcare Mauritius Limited (FGHL) with Newbridge Singapore Co-Investment Pte. Ltd., Newbridge Singapore Healthcare Partners Pte. Ltd. and Newbridge Singapore Medical Partners Pte. Ltd., FGHL has acquired 23.84% stake in Parkways Holdings Limited ('PHL') on March 19, 2010. FGHL has further acquired 0.85% stake in PHL through purchase from open market till March 31, 2010.

25. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

26. Particulars of Un-hedged Foreign Currency Exposure:

(Rs. in lacs)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
ECB Loan including interest accrued but not due	-	500.15

27. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

(Rs. in lacs)

Particulars	**Maximum Amount Outstanding**		**Closing Balance**	
	March 31, 2010	**March 31, 2009**	**March 31, 2010**	**March 31, 2009**
Dues from Associates				
Hiranandani Healthcare Private Limited	**4,102.94**	6,236.60	**2,049.90**	4,079.74
Dues from Subsidiaries				
Escorts Heart Institute and Research Centre Limited	**100.11**	1,055.13	**-**	-
International Hospital Limited	**114,837.42**	33,563.63	**114,837.42**	14,093.53
Fortis Hospotel Limited	**9,479.93**	15,146.91	**5,517.00**	9,039.73
Escorts Heart and Super Speciality Hospital Limited	**141.09**	141.86	**2.91**	135.00
Escorts Heart and Super Speciality Institute Limited	**75.88**	105.88	**1.18**	75.88
Escorts Hospital and Research Centre Limited	**9.77**	16.16	**5.08**	9.77
Lalitha Healthcare Private Limited	**2.27**	0.23	**1.43**	0.23
Fortis Hospitals Limited	**14,088.77**	-	**14,088.77**	-
Fortis Malar Hospitals Limited (formerly Malar Hospitals Limited)	**14.38**	32.63	**1.27**	14.38
Fortis Emergency Services Limited	**4.96**	-	**4.96**	-
Fortis Health Management Limited	**0.04**	-	**0.04**	-

28. Supplementary Statutory Information

28.1 **(Rs. in lacs)**

Directors' Remuneration	**2009-10**	2008-09
Salaries, Wages & Bonus	**800.00**	800.00
Contribution to Provident & Other Funds	**16.20**	16.20
Total	**816.20**	816.20

a) Total remuneration of Mr. Shivinder Mohan Singh, Managing Director of the Company, for the year 2009-10 includes provision of Rs. 637.80 lacs (Previous Year Rs. 623.24 lacs) for which the Company has applied for re consideration of remuneration to Central Government, which is pending for approval.

b) As the liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Director is not ascertainable and, therefore, not included above.

28.2 **(Rs. in lacs)**

Expenditure in Foreign Currency (on accrual basis)	**2009-10**	2008-09
Marketing & Business Promotion	**14.17**	2.38
Travel & Conveyance	**1.60**	14.54
Legal & Professional Fees	**-**	12.26
Interest	**10.36**	37.85
Miscellaneous Expenses	**8.86**	1.42
Total	**34.99**	68.45

28.3 **(Rs. in lacs)**

Value of imports calculated on CIF basis	**2009-10**	2008-09
Capital goods	**106.21**	130.28

28.4 Material Consumed (including consumables) **(Rs. in lacs)**

	% of Total Consumption		**Value (Rs. in lacs)**	
	2009-10	**2008-09**	**2009-10**	**2008-09**
Indigenous*	100.00	100.00	5,545.86	5,326.96
Imported	-	-	-	-
Total	**100.00**	**100.00**	**5,545.86**	**5,326.96**

*Including consumables of Rs. 54.77 lacs (Previous Year Rs. 62.84 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

28.5 The Company is a Service Company and is in the business of providing healthcare services to people at large. Hence, no disclosures are required to be given for quantitative information as per the requirements of Part II of Schedule VI of the Companies Act, 1956.

29. Previous Year's figures have been regrouped / recasted, wherever necessary to conform to current year's classification.

As per our report of even date attached

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

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place: New Delhi
Date: May 28, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	76704	State Code	55
Balance Sheet Date	31.03.2010		

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	-	Right Issue	906,469
Bonus Issue	-	Private Placement	2,701

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	28,244,576	Total Assets	28,244,576

Sources of Funds

Paid-up Capital	3,216,500	Reserve & Surplus	13,736,252
Secured Loans	496,552	Unsecured Loans	11,924,000

Application of Funds

Net Fixed Assets	727,877	Investments	13,954,330
Net Current Assets	13,551,882	Misc. Expenditure	10,486
Accumulated Losses	1,128,729		

IV. Performance of Company (Amount in Rs. Thousands)

	Turnover/Income	2,509,629		Total Expenditure	2,208,164
+ √ / -	Profit/(Loss) Before Tax	301,465	+ √ / -	Profit/(Loss) After Tax	301,465
+ √ / -	Earning per share in Rs.	1.14		Dividend Rate%	-

V. Generic Names of Three Principal Products/Service of Company - Healthcare Services

Item Code No. (ITC Code)	Not Applicable
Product Description	Not Applicable

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which Accounts Relate	Holding Company's interest as at close of Financial Year of Subsidiary Company		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interst as at 31/03/2010 incorporating Changes Since Close of Financial year/ Period of Subsidiary Company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %	For the Current Financial Year (Rupees in Lacs)	For the Previous Financial year (Rupees in Lacs)	For the Current Financial Year (Rupees in Lacs)	For the Previous Financial year (Rupees in Lacs)	
International Hospital Limited	31/03/2010	4,025,130	100.00	(249.40)	918.01	-	-	
Fortis Hospotel Limited	31/03/2010	141,311,990	100.00	(235.46)	(438.70)	-	-	
Escorts Heart Institute and Research Centre Limited	31/03/2010	1,800,260	90.00	3,062.26	2,182.62	-	-	
Fortis Hospitals Limited	31/03/2010	20,050,000	100.00	(1,417.63)	-	-	-	
Escorts Hospital and Research Centre Limited**	31/03/2010	Step Subsidiary	100.00	(127.37)	346.65	-	-	
Escorts Heart Centre Limited*	31/03/2010	Step Subsidiary	90.00	213.24	94.54	-	-	
Escorts Heart and Super Specialty Institute Limited*	31/03/2010	Step Subsidiary	90.00	847.53	367.22	-	-	
Escorts Heart & Super Specialty Hospital Limited**	31/03/2010	Step Subsidiary	100.00	120.63	(1,392.88)	-	-	
Lalitha Healthcare Pvt Ltd**	31/03/2010	Step Subsidiary	67.23	(129.79)	(38.18)	-	-	
Fortis Health Management Limited***	31/03/2010	Step Subsidiary	100.00	(29.76)	(28.24)	-	-	
Fortis Healthcare International Limited**	31/03/2010	Step Subsidiary	100.00	(675.46)	6.96	-	-	
Fortis Global Healthcare (Mauritius) Limited****	31/03/2010	Step Subsidiary	100.00	608.50	-	-	-	
Fortis Emergency Services Limited**	31/03/2010	Step Subsidiary	51.00	(132.35)	-	-	-	
Fortis Malar Hospitals Limited**	31/03/2010	Step Subsidiary	50.02	85.98	-	-	-	
Malar Star Medicare Ltd*****	31/03/2010	Step Subsidiary	50.02	0.07	-	-	-	
Kanishka Housing Development Company Limited******	31/03/2010	Step Subsidiary	100.00	(0.32)	-	-	-	

Notes :

* Held through Escorts Heart Institute and Research Centre Limited
** Held through International Hospital Limited
*** Held through Fortis Hospotel Limited
**** Held through Fortis Healthcare International Limited
***** Held through Fortis Malar Hospitals Limited
****** Held through Fortis Hospitals Limited

On behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Date : May 28, 2010
Place : New Delhi

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2010

(Rs. in lacs)

		International Hospital Limited	Escorts Heart Institute and Research Centre Limited	Escorts Heart And Super Speciality Institute Limited *	Escorts Heart Centre Limited *	Escorts Hospital And Research Centre Limited **	Escorts Heart And Super Speciality Hospital Limited **	Fortis Hospotel Limited	Fortis Healthcare International Limited**	Lalitha Healthcare Private Limited**	Fortis Health Management Limited***	Fortis Global Healthcare (Mauritius) Limited****	Fortis Emergency Services Limited**	Fortis Malar Hospitals Limited**	Malar Star Medicare Limited*****	Fortis Hospitals Limited	Kanishka Housing Development Company Limited******
a)	Capital	4,091.12	200.03	2,970.11	197.00	2,200.00	1,349.00	14,131.20	10,415.99	61.03	5.00	1,160.60	5.00	1,860.95	5.00	2,005.00	10.25
b)	Reserves & Surplus (adjusted for debit balance of profit & loss account)	6,395.83	24,692.59	795.18	(170.00)	7,267.33	4,387.48	42,196.01	(668.50)	(81.99)	(57.99)	113,450.68	(259.51)	182.94	0.15	16,582.37	5,917.71
c)	Total Assets	188,998.10	34,383.23	6,298.15	374.40	11,724.34	10,883.69	69,962.68	142,982.57	2,045.96	63.18	339,303.26	1,277.82	4,690.40	8.90	104,050.17	5,954.36
d)	Total Liabilities	178,511.14	9,490.60	2,532.86	347.40	2,257.01	5,147.22	13,635.47	133,235.08	1,951.91	116.17	224,691.97	1,532.33	2,646.51	3.75	85,462.80	26.40
e)	Details of Investment (except in case of investment in subsidiaries)	1,525.97	-	-	-	-	-	2,254.32	1,312.69	0.25	-	330,942.42	40.00	-	-	2,211.16	-
f)	Turnover	12,585.01	27,759.21	5,084.29	912.70	7,425.42	6,376.26	526.26	160.11	935.80	-	1,329.41	2.34	3,468.62	28.07	10,885.30	11.73
g)	Profit/(Loss) before Taxation	(249.40)	3,717.06	941.70	236.93	(215.90)	122.63	(235.46)	(675.68)	(193.05)	(29.76)	608.50	(259.05)	279.13	0.28	(1,417.63)	(0.32)
h)	Provision for Taxation	-	314.55	-	-	(88.54)	2.00	-	(0.22)	-	-	-	0.46	107.24	0.13	-	-
i)	Profit/(Loss) after Taxation	(249.40)	3,402.51	941.70	236.93	(127.36)	120.63	(235.46)	(675.46)	(193.05)	(29.76)	608.50	(259.51)	171.89	0.15	(1,417.63)	(0.32)
j)	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Held through Escorts Heart Institute and Research Centre Limited
** Held through International Hospital Limited
*** Held through Fortis Hospotel Limited
**** Held through Fortis Healthcare International Limited
***** Held through Fortis Malar Hospitals Limited
****** Held through Fortis Hospitals Limited

Date : May 28, 2010
Place : New Delhi

On behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FORTIS HEALTHCARE LIMITED, ITS SUBSIDIARIES AND ASSOCIATES

1. We have audited the attached consolidated balance sheet of Fortis Healthcare Limited ("FHL" or the "Company"), its subsidiaries and associates (collectively, the "Fortis Group") as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 355,771.73 lacs as at March 31, 2010, the total revenue of Rs. 8,212.28 lacs and cash outflows amounting to Rs. 2,202.11 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

   b) We did not audit the financial statements of certain associates, whose financial statements reflect total profit of Rs. 61.03 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We also did not audit the financial statements of certain associates, whose financial statements reflect total profits of Rs. 95.12 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2010. These financial statements and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

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

   (b) *Certain tax demands aggregating to Rs. 9,686.76 lacs (without considering the demand of Rs. 10,101.01 lacs raised twice in respect of certain years and after adjusting Rs. 13,282.38 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters as discussed in detail in Note 9 of Schedule 25), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

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

6. *Subject to our comments in paragraph 5 above* and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Fortis Group as at March 31, 2010;

   (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: May 28, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in lacs)

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**32,165.00**	23,870.65
Reserves & Surplus	2	**174,377.48**	107,986.29
		206,542.48	131,856.95
Minority Interest		**3,449.19**	2,157.44
Loan Funds			
Secured Loans	3	**304,537.34**	30,586.95
Unsecured Loans	4	**242,526.85**	17,313.25
		547,064.19	47,900.20
Deferred Tax Liabilities (net)	5	**33.98**	122.46
TOTAL		**757,089.84**	182,037.04
APPLICATION OF FUNDS			
Goodwill arising on Consolidation (Refer note 28 of Schedule 25)		**41,637.64**	39,606.16
Goodwill on acquisition (Refer note 26 of Schedule 25)		**44,624.19**	-
Fixed Assets			
Gross Block	6	**164,036.43**	115,576.28
Less : Accumulated Depreciation and Amortisation		**40,105.30**	33,494.88
Net Block		**123,931.13**	82,081.40
Capital Work in Progress including Capital Advances		**42,560.62**	18,363.32
		166,491.75	100,444.72
Investments	7	**344,848.62**	5,412.57
Deferred Tax Assets (net)	5	**1236.17**	-
Current Assets, Loans & Advances			
Inventories	8	**2,377.84**	1,326.06
Sundry Debtors	9	**15,667.03**	13,350.76
Cash and Bank Balances	10	**131,133.68**	5,794.92
Other Current Assets	11	**2,215.01**	1,096.43
Loans and Advances	12	**19,298.94**	14,712.06
		170,692.50	36,280.23
Less : Current Liabilities & Provisions			
Current Liabilities	13	**29,012.55**	19,041.66
Provisions	14	**7,921.01**	5,583.23
		36,933.57	24,624.89
Net Current Assets		**133,758.94**	11,655.34
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	**6,645.18**	122.96
Profit and Loss Account		**17,847.15**	24,795.29
TOTAL		**757,089.84**	182,037.04
Notes to Accounts	25		

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

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in lacs)

		Schedules	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
INCOME				
Operating Income		16	93,793.84	63,058.83
Other Income		17	4,931.21	2,834.95
			98,725.05	65,893.78
EXPENDITURE				
Materials Consumed		18	26,267.21	18,953.84
Personnel Expenses		19	19,500.08	14,736.17
Operating Expenses		20	24,130.13	14,329.25
Selling, General and Administrative Expenses		21	9,765.31	6,449.24
			79,662.73	54,468.50
Profit before Financial Expenses, Depreciation and Amortisation			19,062.32	11,425.28
Financial Expenses		22	5,729.18	4,366.07
Profit before Depreciation and Amortisation			13,333.14	7,059.21
Depreciation and Amortisation	6,162.19			5,049.63
Less: Transferred from Revaluation Reserve	168.17	5	5,994.02	175.63
Profit before Tax and Prior Period Items			7,339.12	2,185.21
Current Income Tax	1,532.58			357.77
Less : MAT Credit Entitlement	77.53		1,455.05	293.77
Deferred Tax Charge/ (Credit)			(1,119.97)	207.15
Fringe Benefit Tax (includes Rs. 0.55 lacs (Previous Year Rs. Nil) for earlier years)			0.55	139.76
Net Profit after Tax and before Prior Period and Extra-ordinary Items			7,003.49	1,774.30
Less : Prior Period Items		23	2.96	8.03
Add : Extra-ordinary Item			-	640.10
Net Profit before Minority Interest and Share in profits/ (losses) of Associate Companies			7,000.53	2,406.37
Less : Profits attributable to Minority Interest			208.53	274.18
Add : Share in current year profits/ (losses) of Associate Companies			156.14	(50.30)
Net Profit attributable to the shareholders			6,948.14	2,081.89
Add: Balance brought forward from previous year			(24,795.29)	(26,877.18)
Loss carried over to the Balance Sheet			(17,847.15)	(24,795.29)
Earnings Per Share [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]		24		
Basic				
Including prior period and extra-ordinary items			2.62	0.92
Excluding extra-ordinary items			2.62	0.64
Diluted				
Including prior period and extra-ordinary items			2.61	0.92
Excluding extra-ordinary items			2.61	0.64
Notes to Accounts		25		

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

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
A.	**Cash flow from operating activities**		
	Net profit / (loss) before tax and prior period items	7,286.74	1,860.73
	Less: Prior period items	(2.96)	(8.03)
	Adjustments for:		
	Depreciation and Amortisation	5,994.02	4,874.00
	Loss on sale/ discard of fixed assets (net)	161.49	117.55
	Profit on sale of investments	(1,382.37)	(466.09)
	Provision for doubtful debts	1,184.18	602.82
	Provision for contingencies	77.91	-
	Bad debts / sundry balances written off	185.24	136.62
	Arrangement fees written off	60.24	22.82
	Foreign exchange fluctuation (gain)/ loss (net)	(2,875.11)	213.00
	Unclaimed balances and excess provisions written back	(76.55)	(231.87)
	Wealth tax	5.85	1.88
	Interest income	(1,212.95)	(1,811.87)
	Interest expense	5,216.92	4,192.96
	Profits Transferred to Minority Interest	208.53	274.18
	Share in (profits)/ losses of associate companies	(156.14)	50.30
	Operating profit before working capital changes	14,675.04	9,829.00
	Movements in working capital :		
	Increase in sundry debtors	(4,723.99)	(4,395.30)
	Increase in inventories	(1,051.78)	(97.15)
	(Increase)/ decrease in loans and advances	(3,173.22)	99.38
	Increase in other current assets	(906.40)	(133.64)
	Increase / (decrease) in current liabilities and provisions	9,834.98	(231.52)
	Cash generated from operations	14,654.63	5,070.77
	Direct taxes paid (including fringe benefit tax)	(1,404.26)	(911.78)
	Extra-ordinary item	-	640.10
	Net cash from operating activities (A)	13,250.37	4,799.09
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(104,523.52)	(14,123.86)
	Proceeds from sale of fixed assets	122.99	160.64
	Fixed deposits with banks (net) *	(606.71)	76.21
	Deposits with bodies corporate and others (net)	2,105.01	4,537.11
	Purchase of investments in subsidiaries and associates	(338,021.20)	(2,496.57)
	(Purchase)/ proceeds from sale of investments in mutual funds (net)	(9,785.63)	5.39
	Proceeds from sale of investments of subsidiaries	5.03	60.00
	Interest received	470.46	2,120.92
	Net cash used in investing activities (B)	(450,233.57)	(9,660.16)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital including premium (net of issue expenses)	98,454.45	-
	Proceeds from issuance of reedeemable preference share capital including premium	26,000.00	1,450.00
	Redemption of non-cumulative redeemable preference shares including premium	(53,731.18)	(1,451.05)
	Proceeds from issuance of non convertible debentures	26,000.00	10,000.00
	Redemption of non convertible debentures including premium	-	(10,301.37)
	Proceeds from issuance of equity shares of subsidiaries to minorities	77.45	-
	Proceeds from long-term borrowings	284,634.08	6,316.81
	Repayment of long-term borrowings	(37,230.57)	(9,887.59)
	Proceeds from short-term borrowings (net)	226,831.02	17,662.75
	Decrease in deferred payment liabilities	-	(249.67)
	Loan arrangement fees paid	(6,531.62)	-
	Interest paid	(2,905.92)	(4,313.46)
	Net cash from financing activities (C)	561,597.71	9,226.42
	Net increase in cash and cash equivalents (A + B + C)	124,614.51	4,365.35
	Total cash and cash equivalents at the beginning of the year	5,727.72	1,463.04
	Add/ (Less): Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	117.54	(100.67)
	Cash and cash equivalents at the end of the year	130,459.77	5,727.72
	Components of cash and cash equivalents:		
	Cash in hand	148.34	191.49
	Cheques in hand	164.04	30.24
	Balances with scheduled banks on current and cash credit accounts	4,502.94	933.51
	Balances with scheduled bank on deposit account *	125,644.45	4,572.48
	Total	130,459.77	5,727.72

*includes deposit of Rs. 120,000 lacs (Previous Year Rs. Nil) pledge against loan taken from bank; Rs. 31.80 lacs (Previous Year Rs. 28.38 lacs) under lien against bank guarantees and Rs. 100.28 lacs (Previous Year Rs. 10.34 lacs) under lien against letters of credit. The amount also includes unutilized IPO proceeds of Rs. 573.09 lacs (Previous Year Rs. 3,863.98 lacs) (Refer note 16 of Schedule 25).

Notes:
1. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement.
2. Negative figure have been shown in brackets.

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No. 91813

Place : Gurgaon
Date : May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : New Delhi
Date : May 28, 2010

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

		As at March 31, 2010	As at March 31, 2009
		(Rs. in lacs)	
SCHEDULE 1 : SHARE CAPITAL			
Authorised:			
600,000,000	(Previous Year 600,000,000) Equity Shares of Rs. 10 each	**60,000.00**	60,000.00
200	(Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of Rs. 100,000 each	**200.00**	200.00
11,498,846	(Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of Rs. 10 each	**1,149.88**	1,149.88
64,501,154	(Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of Rs. 10 each	**6,450.12**	6,450.12
		67,800.00	67,800.00
Issued:			
317,323,609*	(Previous Year 226,666,533) Equity Shares of Rs.10 each fully paid up	**31,732.36**	22,666.65
1,600,000	(Previous Year 1,750,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs.10 each	**160.00**	175.00
3,196,000**	(Previous Year 11,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 9 each	**287.64**	1,044.00
		32,180.00	23,885.65
Subscribed & Paid Up:			
317,323,609	(Previous Year 226,666,533) Equity Shares of Rs. 10 each fully paid up	**31,732.36**	22,666.65
1,450,000	(Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each	**145.00**	160.00
3,196,000**	(Previous Year 11,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 9 each	**287.64**	1,044.00
Of the above:			
i)	242,193,340 (Previous Year 154,795,150) Equity Shares are held by Fortis Healthcare Holdings Limited, the holding company.		
ii)	520,000 (Previous Year 520,000) Equity Shares of Rs. 10 each are allotted as fully paid up pursuant to the order of Hon'ble High Court of Delhi dated October 7, 2005, for consideration other than cash.		
iii)	Previous Year 600,000 Preference Shares of Rs. 9 each were held by Fortis Healthcare Holdings Limited, the holding company.		
		32,165.00	23,870.65

* Excludes 90,646,936 detachable warrants issued and outstanding as at March 31, 2010 (Refer note 25 of Schdule 25)

** Refer notes 17 and 18 of Schedule 25

For details of outstanding Stock options , refer note 12 of Schedule 25.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

			(Rs. in lacs)
		As at March 31, 2010	As at March 31, 2009
SCHEDULE 2 : RESERVES & SURPLUS			
Amalgamation Reserve		**156.00**	156.00
(Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)			
Revaluation Reserve			
Balance as per last account	**37,548.50**		
Less : Transferred to Profit and Loss Account	**168.17**	**37,380.33**	37,548.50
Securities Premium Account			
Balance as per last account	**70,281.79**		
Add : Premium received during the year on issue of Redeemable Preference Shares (Refer note 20 of Schedule 25)	**25,974.00**		
Add : Premium received during the year on issue of Equity Shares (Refer note 25 of Schedule 25)	**90,652.39**		
Less: Accrual for premium payable on redemption of Non-Convertible Debentures (Refer note 21 of Schedule 25)	**1,392.64**		
Less: Accrual for premium payable on redemption of Redeemable Preference Shares (Refer note 23 of Schedule 25)	**7,305.82**		
Less: Applied for premium on redemption of Redeemable Preference Shares (Refer notes 17, 18, 19 and 20 of Schedule 25)	**40,103.39**		
Less : Expenses incurred for issue of Equity Shares (Refer note 24 of Schedule 25)	**1,265.18**	**136,841.15**	70,281.79
		174,377.48	107,986.29

SCHEDULE 3 : SECURED LOANS*		
Term Loans from Banks	**293,222.48**	17,664.48
Interest Accrued and Due on Term Loans from Banks	**146.02**	44.89
External Commercial Borrowing from a Bank	**-**	490.97
Short Term Loans from Banks		
-Bank Overdraft	**580.99**	1,273.61
-Buyers Credit	**72.14**	-
Commercial Papers (Short Term)	**-**	2,500.00
(Maximum amount outstanding during the year Rs. 5,000.00 lacs (Previous Year Rs. 5,000.00 lacs))		
Loans for Vehicles	**-**	61.76
Term Loans from Bodies Corporate	**10,515.71**	8,551.24
	304,537.34	30,586.95

*For details of Secured Loans, refer note 5 of Schedule 25

SCHEDULE 4 : UNSECURED LOANS		
Term Loans from Banks	**-**	4,999.95
(Amount repayable within one year Rs. Nil (Previous Year Rs. 4,999.95 lacs))		
Term Loans from Bodies Corporate	**215,014.71**	11,592.01
(Amount repayable within one year Rs. 165,014.71 lacs (Previous Year Rs. 11,592.01lacs))		
Interest Accrued and Due on Term Loans from Bodies Corporate	**512.14**	75.49
Bank Overdraft (Short Term)	**-**	645.80
Non Convertible Debentures (Refer note 21 of Schedule 25)	**26,000.00**	-
Optionally Convertible Debentures (Refer note 22 of Schedule 25)	**1,000.00**	-
	242,526.85	17,313.25

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	(Rs. in lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 5 : DEFERRED TAX ASSETS / LIABILITIES (NET)		
Deferred tax liability:		
-Timing differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**123.83**	215.43
-Others	**7.30**	12.06
	131.13	227.49
Deferred tax asset:		
-Effect of Expenditure debited to profit and loss account but not allowed for tax purposes	**1,172.61**	33.50
-On Carry forward business losses and unabsorbed depreciation	**160.91**	70.93
-Others	**-**	0.60
	1,333.52	105.03
Deferred Tax Assets / (Liabilities) (Net)	**1,202.39**	(122.46)

Current Year amount is net of Deferred Tax Lialbilities of Rs. 33.98 lacs in respect of 2 subsidairy companies.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE 6 :

FIXED ASSETS

(Rs. in lacs)

	Gross Block							Depreciation & Amortisation						Net Block	
	As at April 1, 2009	Addition during the year	Acquired under Slump Sale during the year*	Additions on Acquisition of Subsidiary during the year**	Deletion during the year	Deletions on sale of Subsidiary during the year***	As at March 31, 2010	As at April 1, 2009	Additions on Acquisition of Subsidiary during the year**	During the year	Deletion during the year	Deletions on sale of Subsidiary during the year***	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Intangible Assets															
Technical Know How Fees	742.56	-	-	-	-	-	**742.56**	281.48	-	108.23	-	-	**389.71**	**352.85**	461.08
Non Compete Fee	-	-	1,550.00	-	-	-	**1,550.00**	-	-	148.63	-	-	**148.63**	**1,401.37**	-
License Fee	3,792.59	-	-	-	-	-	**3,792.59**	1,036.99	-	379.26	-	-	**1,416.25**	**2,376.34**	2,755.60
Right of use of Land****	-	-	5,137.11	-	-	-	**5,137.11**	-	-	-	-	-	**-**	**5,137.11**	-
Software	698.56	222.25	-	-	-	-	**920.81**	456.09	-	78.10	-	-	**534.19**	**386.62**	242.47
Tangible Assets															
Building	17,409.51	1,244.06	9,832.51	1,280.41	-	-	**29,766.49**	5,170.59	606.25	1,016.56	-	-	**6,793.40**	**22,973.09**	12,238.92
Leasehold Land	15,030.65	67.50	1,360.80	-	-	-	**16,458.95**	118.62	-	97.26	-	-	**215.88**	**16,243.07**	14,912.03
Freehold Land	28,371.60	5,932.19	1,296.78	228.20	-	-	**35,828.77**	-	-	-	-	-	**-**	**35,828.77**	28,371.60
Leasehold Improvements	3,229.03	46.62	528.60	-	-	-	**3,804.25**	1,151.32	-	216.81	-	-	**1,368.13**	**2,436.12**	2,077.71
Plant & Machinery	12,266.03	379.93	559.15	634.06	291.61	7.62	**13,539.94**	5,496.18	345.66	904.72	248.25	0.10	**6,498.21**	**7,041.73**	6,769.85
Medical Equipments	29,814.72	3,256.82	10,861.52	2,323.89	1,287.10	-	**44,969.85**	17,331.14	963.35	2,691.60	1,087.84	-	**19,898.25**	**25,071.60**	12,483.58
Furniture & Fittings	1,477.14	169.51	1,420.00	84.11	96.85	2.10	**3,051.81**	915.36	41.91	145.33	76.85	0.03	**1,025.72**	**2,026.09**	561.78
Computers	1,409.69	333.40	105.99	90.36	78.48	-	**1,860.96**	987.00	33.31	174.53	73.33	-	**1,121.51**	**739.45**	422.69
Office Equipments	463.20	66.46	152.23	-	33.57	0.45	**647.87**	160.69	-	48.62	24.59	0.01	**184.71**	**463.16**	302.51
Vehicles	871.00	1,118.82	38.77	39.36	103.48	-	**1,964.47**	389.42	26.59	152.54	57.84	-	**510.71**	**1,453.76**	481.58
Total	115,576.28	12,837.56	32,843.46	4,680.39	1,891.09	10.17	**164,036.43**	33,494.88	2,017.07	6,162.19	1,568.70	0.14	**40,105.30**	**123,931.13**	82,081.40
Previous Year	112,569.38	2,746.70	-	2,070.69	1,194.57	615.92	**115,576.28**	29,237.26	113.16	5,049.63	877.17	28.00	**33,494.88**		
Capital Work in Progress														**42,560.62**	18,363.32
(including Capital Advances of Rs. 1,567.38 lacs (Previous Year Rs. 5,236.91 lacs))														**166,491.75**	100,444.72

*Refer note 26 of Schedule 25

**Refer note C (1) (a) of Schedule 25

***Refer note C (1) (f) of Schedule 25

****Right of use of Land in respect of a subsidiary, is under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years, at the option of the subsidiary. Building constructed on this land amounts to Rs. 2,358.22 lacs.

Notes:

1. Leasehold Land includes Rs. 398.22 lacs (Previous Year Rs. 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (Refer note 8 (b) of Schedule 25).
2. Freehold land includes Rs. 19,486.67 lacs (Previous Year Rs. 19,486.67 lacs) in respect of a subsidiary which is yet to be registered in the name of the subsidiary.
3. Subservient mortgage and charge has been created on leasehold land together with all buildings and structure thereon, plant and machinery attached to earth and other immovable assets of a subsidiary for the loan of Rs. 7,500.00 lacs availed by the Company from L & T Infrastructure Company Limited.
4. Equitable charge has been created on hospital property at Noida of a subsidiary for the loan of Rs. 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.
5. Mortgage has been created on land, building and immovable fixed assets of a subsidiary for the loan of Rs. 10,000 lacs jointly availed by the Company and its five subsidiaries.
6. Plant and Machinery includes Rs. 19.24 lacs (Previous Year Rs. 19.24 lacs) and accumulated depreciation of Rs. 19.24 lacs (Previous Year Rs. 19.24 lacs) in respect of a subsidiary, being the cost of independent feeder installed by Punjab State Electricity Board (PSEB), ownership of which vests with PSEB.
7. The above assets includes certain fixed assets leased pursuant to operating lease agreements (Refer note No. 4 (b) (ii) of Schedule 25).
8. Capital Work in progress includes Rs. 3,938.86 lacs (Previous Year Rs. 2,542.38 lacs) relating to expenses incurred during the construction period, pending capitalisation/ allocation as per Schedule 6A.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at March 31, 2010	As at March 31, 2009
	(Rs. in lacs)	
SCHEDULE 6A :		
Expenditure during Construction Period (Pending Capitalization/Allocation)		
Opening Balance	**2,542.38**	2,260.68
Personnel Expenses		
Salaries, Wages and Bonus	**453.88**	369.81
Gratuity	**(1.14)**	25.75
Leave Encashment	**1.73**	20.38
Contribution to Provident & Other Funds	**14.37**	14.81
Staff Welfare Expenses	**-**	2.56
	468.84	433.31
General and Administrative Expenses		
Legal & Professional Fee	**2.02**	72.81
Travel & Conveyance	**3.41**	36.08
Rates & Taxes	**2.55**	2.64
Rent - Others	**6.00**	28.53
Ground Rent	**33.91**	23.06
Miscellaneous Expenses	**25.75**	20.72
	73.64	183.84
Financial Expenses		
Interest	**838.86**	681.83
Arrangement Fees Written off	**9.16**	2.04
Finance Charges	**5.98**	107.77
	854.00	791.64
Less: Deletion on Sale of a Subsidiary	**-**	1,127.09
Balance carried forward to Capital Work in Progress	**3,938.86**	2,542.38

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

		(Rs. in lacs)	
		As at March 31, 2010	As at March 31, 2009
SCHEDULE 7 : INVESTMENTS			
Long Term Investments (At cost)			
Investment in Associates			
Quoted, fully paid-up			
Trade			
164,670,801 (Previous Year 164,670,801) Ordinary Shares of Medical Surgical and Centre Limited (including capital reserve of Rs. 4,224.26 lacs)	1,312.69		1,312.69
Add: Share in post acquisition profits upto the beginning of the year	36.01		-
Add: Share in profits for the current year	95.12	**1,443.82**	36.01
9,301,069 (Previous Year 9,079,002) Equity Shares of Fortis Malar Hospitals Limited of Rs. 10 each (including goodwill of Rs. 2,976.24 lacs) (Refer note C (1) (a) of Schedule 25)	-		2,928.58
Add: Share in post acquisition losses upto the beginning of the year	-		(21.72)
Add: Share in losses for the current year	-	**-**	(79.09)
279,148,996 (Previous Year Nil) Ordinary Shares of Parkway Holdings Limited (including goodwill of Rs. 169,022.02 lacs) (Refer note 27 of Schedule 25)		**330,942.42**	-
Unquoted, fully paid-up			
Trade			
4,400,364 (Previous Year 4,400,364) Equity Shares of Sunrise Medicare Private Limited of Rs. 10 each (including goodwill of Rs. 307.91 lacs)	440.04		440.04
Add: Share in post acquisition losses upto the beginning of the year	(4.19)		(39.47)
Add: Share in profits / (losses) for the current year	(28.57)	**407.28**	35.28
400,000 (Previous Year 400,000) Equity Shares of Hiranandani Healthcare Private Limited of Rs. 10 each (Of the above, 3 shares are jointly held with nominee shareholders)	40.00		40.00
150,000 (Previous Year 80,000) Zero Percent Redeemable Preference Shares of Hiranandani Healthcare Private Limited of Rs. 10 each	1,500.00		800.00
Add: Share in post acquisition losses upto the beginning of the year	(40.00)		
Add: Share in losses for the current year	-	**1,500.00**	(40.00)
70,970 (Previous Year 50,000) Equity Shares of Fortis Hospital Management Limited of Rs. 10 each	25.97		
Add: Share in losses for the current year	(25.97)	**-**	-
Current Investments (At lower of cost or fair value)			
Unquoted			
Non-Trade			
National Savings Certificate		**0.25**	0.25
Mutual Funds		**10,554.85**	-
		344,848.62	5,412.57
Aggregate amount of quoted investments (Market value Rs. 307,506.58 lacs (Previous Year Rs. 6,717.22 lacs))		**332,386.24**	4,176.47
Aggregate amount of unquoted investments		**12,462.38**	1,236.10

SCHEDULE 8 :
INVENTORIES (at lower of cost and net realisable value)

Medical Consumables and Drugs	**2,194.46**	1,173.14
Stores and spares	**183.38**	152.92
	2,377.84	1,326.06

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
SCHEDULE 9 :		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding Six Months	**4,432.37**	4,924.50
Unsecured, Considered Good	**2,898.47**	1,156.02
Considered Doubtful		
Other Debts	**11,234.66**	8,426.26
Unsecured, Considered Good	**78.54**	21.56
Considered Doubtful	**18,644.04**	14,528.34
	2,977.01	1,177.58
Less : Provision for Doubtful Debts	**15,667.03**	13,350.76
SCHEDULE 10 :		
CASH AND BANK BALANCES		
Cash in hand	**148.34**	191.49
Cheques in hand	**164.04**	30.24
Balances with Scheduled Banks		
- On Current Accounts	**4,499.04**	929.09
- On Cash Credit Accounts	**-**	0.53
- On Deposit Accounts*	**126,318.36**	4,639.67
- On Special disbursement account	**3.90**	3.90
	131,133.68	5,794.92

* includes deposit of Rs. 120,000 lacs (Previous Year Rs. Nil) pledged against loan taken from bank; Rs. 31.80 lacs (Previous Year Rs. 28.38 lacs) under lien against bank guarantees; Rs. Nil (Previous Year Rs. 5.00 lacs) deposited under direction of the Court and Rs. 100.28 lacs (Previous Year Rs. 10.34 lacs) under lien against letters of credit. The amount also includes unutilized IPO proceeds of Rs. 573.09 lacs (Previous Year Rs. 3,863.98 lacs) (Refer note 16 of Schedule 25).

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 11 :		
OTHER CURRENT ASSETS		
Interest Accrued but Not Due on Loans and Deposits	**388.00**	175.82
Accrued Operating Income	**1,827.01**	920.61
	2,215.01	1,096.43
SCHEDULE 12 :		
LOANS AND ADVANCES		
Secured, Considered Good		
Loans to Bodies Corporate and Others	**186.41**	149.32
Unsecured, Considered good		
Loans to Fellow Subsidiaries	**1,155.81**	-
Loans to Bodies Corporate and Others	**2,896.24**	5,160.07
Loans to Employees	**17.22**	18.08
Advances Recoverable in cash or in kind or for value to be received	**4,415.89**	1,581.97
Gratuity Fund (net of liability of Rs. 115.13 lacs)	**16.56**	-
Advance Tax and Tax Deducted at Source	**6,900.56**	5,296.09
Deposits with Income Tax Authorities	**1,137.37**	1,079.21
Balances with Customs, Excise and Other Authorities	**839.58**	653.84
Security Deposits	**1,405.00**	386.23
MAT Credit Entitlement	**327.31**	350.06
Interest Accrued and Due	**0.99**	37.19
Unsecured, Considered Doubtful		
Advances Recoverable in cash or in kind or for value to be received	**30.44**	30.68
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	19,350.00	14,763.36
Less : Provision for Doubtful Advances	**51.06**	51.30
	19,298.94	14,712.06

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 13 :		
CURRENT LIABILITIES		
Acceptances	**30.15**	-
Sundry Creditors		
(a) total outstanding dues of Micro and Small Enterprises	**-**	-
(b) total outstanding dues of creditors other than Micro and Small Enterprises	**19,440.57**	7,752.34
Book Overdraft	**1,133.58**	54.13
Advances from Patients	**1,573.50**	829.07
Security Deposits	**203.99**	111.16
Interest Accrued but Not Due on Loans	**674.18**	82.58
Payable against Purchase of Investment	**-**	400.00
Premium Payable on Redemption of Redeemable Preference Shares (Refer note 23 of Schedule 25)	**4,318.63**	8,917.96
Premium Payable on Redemption of Non Convertible Debentures (Refer note 21 of Schedule 25)	**329.55**	-
Other Liabilities	**1,308.40**	894.42
	29,012.55	19,041.66
SCHEDULE 14 :		
PROVISIONS		
Wealth Tax	**5.87**	2.06
Fringe Benefit Tax	**470.76**	479.47
Income Tax	**4,953.85**	3,343.82
Contingencies	**77.91**	-
Litigations (Refer note 11of Schedule 25)	**330.39**	330.39
Gratuity	**1,222.02**	802.95
Leave Encashment	**860.21**	624.54
	7,921.01	5,583.23
SCHEDULE 15 :		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance brought forward	**122.96**	72.88
Incurred during the year	**6,591.62**	74.94
	6,714.58	147.82
Less : Written off/ capitalised during the year	**69.40**	24.86
	6,645.18	122.96

	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
SCHEDULE 16 :		
OPERATING INCOME		
In Patient	**79,752.42**	53,407.20
Out Patient	**10,968.47**	6,396.45
Income from Medical Services	**1,403.34**	2,154.05
Management Fees from Hospitals	**673.65**	366.75
Income from Satellite Centers	**473.45**	346.61
Income from Rehabilitation Center	**123.04**	78.03
Income from Clinical Research (net of patient expenses of Rs. 6.66 lacs (Previous Year Rs. Nil))	**168.54**	-
Income from Academic Services	**23.03**	-
Income from Rent (Refer notes 4 (b) (i) and (ii) of Schedule 25)	**354.31**	294.74
Equipment Lease Rental (Refer notes 4 (b) (i) and (ii) of Schedule 25)	**706.14**	684.14
Pharmacy	**932.31**	461.45
	95,578.70	64,189.42
Less: Discounts	**1,784.86**	1,130.59
	93,793.84	63,058.83

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	(Rs. in lacs)	
	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
SCHEDULE 17 : OTHER INCOME		
Profit on Redemption of Mutual Funds	**949.22**	5.39
Interest		
-Bank Deposits (Tax Deducted at Source Rs. 59.67 lacs (Previous Year Rs. 8.65 lacs))	**550.11**	58.88
-Others* (Tax Deducted at Source Rs. 11.93 lacs (Previous Year Rs. 87.96 lacs))	**662.84**	1,752.99
Unclaimed Balances and Excess Provisions Written Back	**76.55**	231.87
Foreign Exchange Fluctuation Gain (net)	**1,919.03**	-
Claim Received Against Keyman Insurance Policy	**-**	134.55
Profit on Sale of Investment in Subsidiary (Refer note C (1) (f) of Schedule 25)	**433.15**	460.70
Miscellaneous Income	**340.31**	190.57
	4,931.21	2,834.95

* Includes interest on loans to bodies corporate and others

SCHEDULE 18 : MATERIALS CONSUMED		
Medical Consumables and Drugs :		
Opening Stock	**1,173.14**	1,069.98
Less: Deletion on Sale of a Subsidiary	**-**	(5.64)
Add: Purchases	**27,288.53**	19,062.64
Less: Closing Stock	**2,194.46**	1,173.14
	26,267.21	18,953.84

SCHEDULE 19 : PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**16,899.98**	13,499.96
Gratuity	**285.56**	60.81
Leave Encashment	**408.10**	(294.94)
Contribution to Provident & Other Funds	**914.96**	782.02
Staff Welfare Expenses	**811.71**	580.40
Recruitment & Training	**179.77**	107.92
	19,500.08	14,736.17

SCHEDULE 20 : OPERATING EXPENSES		
Contractual Manpower	**992.80**	863.27
Power & Fuel	**2,576.07**	2,159.50
Housekeeping Expenses including Consumables	**1,298.36**	863.65
Patient Food and Beverages	**1,076.18**	767.35
Pathology Laboratory Expenses	**1,940.61**	1,150.89
Radiology Expenses	**1,577.22**	840.39
Consultation Fees to Doctors	**3,100.57**	1,832.93
Professional Charges to Doctors	**7,642.91**	3,409.38
Cost of Medical Services	**119.85**	52.95
Repairs & Maintenance		
- Building	**251.78**	177.10
- Plant & Machinery	**1,316.16**	1,142.28
Rent		
- Hospital Building (Refer note 4 (a) of Schedule 25)	**2,047.01**	947.67
- Equipments (Refer note 4 (a) of Schedule 25)	**102.69**	71.44
Other Expenses	**87.92**	50.45
	24,130.13	14,329.25

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	For the Year Ended March 31, 2010 (Rs. in lacs)	For the Year Ended March 31, 2009 (Rs. in lacs)
SCHEDULE 21 :		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Donations	**8.09**	21.30
Legal & Professional Fee	**1,822.65**	1,391.05
Travel & Conveyance	**1,195.55**	878.40
Repairs & Maintenance - Others	**569.91**	439.16
Rates & Taxes	**206.01**	107.61
Directors' Sitting Fees	**20.56**	10.80
Insurance	**524.46**	326.88
Rent - Others (Refer note 4 (a) of Schedule 25)	**717.91**	207.19
Ground Rent	**12.50**	28.91
Marketing & Business Promotion	**1,480.13**	740.32
Wealth Tax	**5.85**	1.88
Loss on Sale/ Discard of Fixed Assets (net of gain)	**161.49**	117.55
Auditors' Remuneration (as auditors)	**138.62**	110.21
Foreign Exchange Fluctuation Loss (net)	**-**	211.11
Bad Debts and Sundry Balances written off	**185.24**	136.62
Provision for Doubtful Debts	**1,184.18**	602.82
Provision for Contigencies	**77.91**	-
Miscellaneous Expenses	**1,454.25**	1,117.43
	9,765.31	6,449.24
SCHEDULE 22 :		
FINANCIAL EXPENSES		
Interest		
- On Term Loans	**4,272.55**	3,608.44
- Others	**944.37**	584.52
Finance Charges	**260.80**	65.44
Arrangement Fees Written off	**60.24**	22.82
Bank Charges	**191.22**	84.85
	5,729.18	4,366.07
SCHEDULE 23 :		
PRIOR PERIOD ITEMS		
Power & Fuel	**1.16**	16.50
Materials Consumed	**-**	0.36
Legal & Professional Fees	**-**	5.81
Rent Income	**-**	(14.83)
Repairs & Maintenance - Plant and Machinery	**9.81**	11.57
Repairs & Maintenance - Others	**27.63**	0.39
Rent- Others	**45.00**	1.47
Marketing & Business Promotion	**-**	0.34
Service Tax Recoverable	**(19.95)**	(14.21)
Recruitment & Training	**-**	0.63
Miscellaneous Income	**(60.69)**	-
	2.96	8.03
SCHEDULE 24 :		
EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account	**6,948.14**	2,081.89
Net profit as per profit and loss account excluding extra-ordinary item	**6,948.14**	1,441.79
Weighted average number of equity shares in calculating Basic EPS	**265,413,205**	226,666,533
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	**408,314**	-
Weighted average number of equity shares in calculating Diluted EPS	**265,821,519**	226,666,533

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE 25:

NOTES TO THE ACCOUNTS

A. BACKGROUND

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

B. SIGINIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements ("CFS") have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in previous year.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 1 below under 'Other Significant Notes') and are consistent with those used in the previous year.

(b) Principles of Consolidation

The CFS relates to FHL and its subsidiaries and associates ('Fortis Group'). In the preparation of the CFS, investments in subsidiaries and associates are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements) and AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements), notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.

ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.

iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.

iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or the capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by FHL) are recouped.

v) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies are disclosed separately.

vi) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2010.

(c) Use of Estimates

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

(d) Fixed Assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(e) Depreciation

i) Except as stated in para (ii) , (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956.

ii) Depreciation on Leasehold Improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

iii) Leasehold land is amortised over the period of lease except in respect of two subsidiaries where the same is available on perpetual lease basis (44.99% of net block of leasehold land of the Fortis Group aggregating to Rs. 16,243.07 lacs as at March 31, 2010).

iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 (23.94% of the total net block of fixed assets (excluding leasehold and freehold land) of the Fortis Group aggregating to Rs. 71,859.29 lacs as at March 31, 2010).

v) Individual assets with cost not exceeding Rs. 5,000 are depreciated fully in the year of purchase.

vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account.

(f) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit and Loss Account.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its originally assessed standard of performance.

(g) Intangibles

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3–5 years from the date of commencement of commercial operation by the respective entity.

Softwares

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates, except in respect of three of the subsidiaries of the Company, where software is amortized over a period of 5 years (14.68 % of net block of software of the Fortis Group aggregating to Rs. 386.62 lacs as at March 31, 2010).

License Fee

License fee capitalized as an intangible asset is amortised over a period of 10 years, being the management estimate of the useful life of the asset.

Right of Use of Land

Right of use of land is recognized based on the fee paid by a subsidiary to operate and manage the hospitals acquired under slump sale and is not amortised, considering that the right is available to the subsidiary on perpetual basis.

Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalised and amortised over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

(h) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(i) Leases

Where a group entity is the lessee

a) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

Where a group entity is the lessor

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

(j) Investments

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

(k) Inventories

Inventory of Medical Consumables, Drugs and Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for three of the subsidiaries where it is determined on First-in First-out basis (42.08 % of total inventories of Fortis Group aggregating Rs. 2,377.84 lacs as at March 31, 2010).

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

(l) Revenue Recognition

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

Operating Income

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

Income from Rehabilitation Centre

Revenue is recognised as and when the services are rendered at the centre.

Rental Income and Equipment Lease Rentals

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

Income from Academic Services

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

Income from Clinical Research

Revenue is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Interest

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

Income from Satellite Centre

Income from satellite centre is recognized on an accrual basis in accordance with the terms of respective agreements entered into in respect thereof.

Dividends

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

(m) Miscellaneous Expenditure (not written off)

Costs incurred in raising funds (Arrangement Fees on Term Loans) is amortised on straight line basis over the period for which the funds are obtained.

(n) Foreign Currency Transactions

i) Initial Recognition

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

ii) Conversion

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

iii) Exchange Differences

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

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change.

v) Translation of Integral Foreign Operations

The financial statements of an integral foreign operations are translated as if the transactions of the foreign operation have been those of the company itself. Exchange differences arising on such translation are recognised as income or expense in the year in which they arise.

(o) Employee Benefits

i) Contributions to Provident Fund

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligation other than the contribution payable to the fund.

ii) Gratuity

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

A subsidiary of the Company has taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the Profit and Loss account every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the Profit and Loss Account.

iii) Compensated Absences

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

iv) Actuarial Gains/Losses

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

(p) Income Taxes

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

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

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

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

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

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no legal enforceable right are not set off against each other as the Company does not have a legal right to do so.

(q) Employee Stock Compensation Cost

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

(r) Earnings Per Share

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

(s) Provisions

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

(t) Cash and Cash Equivalents

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

C. OTHER SIGNIFICANT NOTES

1. Composition of the Group

The list of Subsidiaries and Associates considered in the preparation of the consolidated financial statements of Fortis Healthcare Limited is as under-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2010	Proportion of ownership interest as at March 31, 2009
a) Subsidiaries			
Fortis Hospotel Limited	India	100.00%	100.00%
Fortis Health Management Limited	India	100.00%	100.00%
International Hospital Limited	India	100.00%	100.00%
Fortis Healthcare International Limited	Mauritius	100.00%	100.00%
Escorts Heart Institute and Research Centre Limited	India	90.00%	90.00%
Escorts Heart Centre Limited	India	90.00%	90.00%
Escorts Heart and Super Speciality Institute Limited	India	90.00%	90.00%
Escorts Hospital and Research Centre Limited	India	100.00%	100.00%
Escorts Heart and Super Speciality Hospital Limited	India	100.00%	100.00%
Lalitha Healthcare Private Limited	India	67.23%	67.23%
Fortis Malar Hospitals Limited (Refer note (a) below)	India	50.02%	48.83%
Fortis Hospitals Limited (Refer note (b) below)	India	100.00%	-
Fortis Global Healthcare (Mauritius) Limited (Refer note (c) below)	Mauritius	100.00%	-
Kanishka Housing Development Company Limited (Refer note (d) below)	India	100.00%	-
Fortis Emergency Services Limited (Refer note (e) below)	India	51.00%	-
Malar Stars Medicare Limited (Refer note (a) below)	India	50.02%	-
b) Associates			
Sunrise Medicare Private Limited	India	31.26%	31.26%
Hiranandani Healthcare Private Limited	India	39.99%	39.99%
Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
Fortis Hospital Management Limited (Refer note (f) below)	India	47.00%	100.00%
Parkways Holdings Limited (Refer note (g) below)	Singapore	24.69%	-

a) During the current year International Hospital Limited ('IHL') has acquired additional stake of 1.19% in Fortis Malar Hospitals Limited ('FMHL') (formerly Malar Hospitals Limited) on various dates between May 15, 2009 and October 1, 2009 and increased its stake to 50.02%. Thus, it has become a subsidiary of the Company through IHL with effect from October 1, 2009.

FMHL has incorporated a wholly owned subsidiary Malar Stars Medicare Limited on July 7, 2009. Thus, it has become a subsidiary of the Company through FMHL with effect from October 1, 2009.

b) During the current year, the Company has promoted a wholly owned subsidiary Fortis Hospitals Limited ('FHsL') on June 18, 2009.

c) During the current year, Fortis Healthcare International Limited ('FHIL'), a subsidiary of the Company has acquired a 100% subsidiary Fortis Global Healthcare (Mauritius) Limited ('FGHML') on October 7, 2009. Thus, FGHML has become a wholly owned subsidiary of the Company through FHIL.

d) During the current year, Fortis Hospitals Limited ('FHsL') has acquired 100% stake in Kanishka Housing Development Company Limited ('KHDCL') on December 17, 2009. Thus, KHDCL has become a wholly owned subsidiary of the Company through FHsL.

e) During the current year, IHL has acquired 51% stake in Fortis Emergency Services Limited ('FESL') on August 20, 2009. Thus, FESL has become a subsidiary of the Company through IHL.

f) Fortis Hospital Management Limited ('FHoML') was incorporated on April 9, 2008 in which IHL held 99.99% shareholding. The balance 0.01% stake was acquired by IHL from other shareholders on January 2, 2009.

During the current year, IHL has diluted its stake in FHoML to 50.33% and further to 47% on December 31, 2009 and March 25, 2010 respectively. Thus, effective March 25, 2010 FHoML has become an associate of the Company through IHL.

g) During the current year, in terms of shareholders agreement entered into by FGHML with Newbridge Singapore Co-Investment Pte. Ltd., Newbridge Singapore Healthcare Partners Pte. Ltd. and Newbridge Singapore Medical Partners Pte. Ltd.; FGHML has acquired 23.84% stake in Parkways Holdings Limited ('PHL') on March 19, 2010. FGHML has further acquired 0.85% stake in PHL by purchase from open market up to March 31, 2010. Thus, PHL has become an associate of the Company with effect from March 19, 2010 through FGHML.

2. Segment Reporting

The Group is primarily engaged in the business of healthcare services, which as per Accounting Standard 17 on 'Segment Reporting' issued by the ICAI is considered to be the only reportable business segment. The Group's operating locations are based in India which is considered as a single geographical segment.

3. **Related Party Disclosures**

Names of Related parties (As certified by the management)

Holding Company	Fortis Healthcare Holdings Limited
Fellow Subsidiaries (parties with whom transactions have taken place)	Fortis Health Staff Limited
	Religare Wellness Limited (formerly Fortis Healthworld Limited)
	Medsource Healthcare Private Limited
Associates	Sunrise Medicare Private Limited
	Fortis Malar Hospitals Limited (formerly Malar Hospitals Limited) (upto September 30, 2009, Subsidiary thereafter)
	Hiranandani Healthcare Private Limited
	Lalitha Healthcare Private Limited (from August 4, 2008 to January 29, 2009, Subsidiary thereafter)
	Medical and Surgical Centre Limited, Mauritius (with effect from January 28, 2009)
	Fortis Hospital Management Limited (subsidiary upto March 25, 2010, Associate thereafter)
	Parkway Holdings Limited, Singapore (with effect from March 19, 2010)
Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Chairman of FHL and EHIRCL
	Mr. Shivinder Mohan Singh –Managing Director of FHL and EHIRCL
	Dr. N.K. Pandey - Manager at EHRCL (upto April 30, 2008)
	Mr. Surender Kumar - Wholetime Director at FHTL (from August 6, 2009)
	Mr. Manoj Rai Mehta - Manager at IHL (from August 4, 2008 upto February 1, 2009)
	Dr. Ashok V Chordiya – Manager at IHL (with effect from March 28, 2009)
	Dr. C M Bhasin - Manager at FHTL (from January 8, 2008 to June 2, 2009)
	Mr. Sunil Kapoor - Executive Director at EHSSIL (from April 1, 2008 upto February 1, 2009) and Wholetime Director at EHSSHL (from December 24, 2009)
	Mr. Jasdeep Singh – Manager at EHSSIL (from March 30, 2009 to July 14, 2009) and Wholetime Director at EHSSIL (from July 15, 2009)
	Dr. Praneet Kumar - Manager at EHSSHL (upto February 1, 2009) and Wholetime Director at FHTL (from June 1, 2009)
	Mr. Ashish Bhatia – Wholetime Director at EHIRCL (with effect from July 3, 2008)
	Mr. Sukhmeet Singh Sandhu – Wholetime Director at EHRCL (with effect from July 1, 2009)
	Dr. Ashok Seth – Wholetime Director at EHIRCL (with effect from August 25, 2008)
	Mr. Krish Ramesh- Wholetime Director at FMHL (with effect from October 1, 2009)
	Mr. Praveen Chawla – Manager at IHL (upto August 4, 2008)
	Dr. Lakshminarayana Raju – Wholetime Director at LHPL (with effect from January 30, 2009)
	Dr. Mohan Keshavamurthy – Wholetime Director at LHPL (with effect from January 30, 2009)
	Mr. Venkatramana Raju (Relative of Dr. Lakshminarayana Raju)
	Dr. Seetha Beladevi (Relative of Dr. Mohan Keshavamurthy)
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	Super Religare Laboratories Limited
	Ranbaxy Laboratories Limited
	RHC Holding Private Limited
	Fortis Nursing and Education Society
	Religare Securities Limited
	Religare Commodities Limited
	Religare Finvest Limited
	Religare Travels (India) Limited
	Religare Technova IT Services Limited
	Oscar Investments Limited
	Religare Enterprises Limited
	Malav Holdings Limited
	RMCRS Health Management Limited
	Aarushi Lithotripsy Private Limited
	Srinivasa Education Society
	R. M. Educational Trust
	R M Pharmacy
	Balaji School of Nursing
	Ranibennur College of Nursing
	Indira Priyadarshani School of Nursing
	RMCRS Shri Narasi Enterprises
	RHC Financial Services (Mauritius) Limited
	Religare Aviation Limited (formerly Ran Air Services Limited)
	Religare Capital Market Limited
	Religare Capital Market Plc.

The disclosures in respect of Related Party Transactions are as under:

(Rs. in lacs)

Transaction details	Year ended March 31, 2010	Year ended March 31, 2009
Transactions during the year		
Expenses allocated to related parties		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**-**	53.26
Operating Income (In Patient Income, Out Patient Income, Income from Medical Services, Management Fees and Income from Rent)		
Sunrise Medicare Private Limited (Associate)	**276.03**	218.00
Ranbaxy Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**-**	123.35
Medical and Surgical Centre Limited (Associate)	**155.64**	34.28
Medsource Healthcare Private Limited (Fellow Subsidiary)	**55.62**	45.40
Lalitha Healthcare Private Limited (Associate)*	**-**	44.71
Hiranandani Healthcare Private Limited (Associate)	**39.00**	40.50
Others	**47.57**	40.74
Interest Income		
Hiranandani Healthcare Private Limited (Associate)	**486.76**	517.50
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**-**	692.71
Others	**101.64**	164.63
Interest Expense		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**93.88**	201.24
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**458.25**	394.96
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**392.62**	-
Sale of Fixed Assets		
Fortis Malar Hospitals Limited (Associate)**	**-**	44.26
Loans/ Advances Given		
Hiranandani Healthcare Private Limited (Associate)	**700.00**	984.00
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**-**	13,321.00
Others	**2.43**	210.42
Loans/ Advances Received Back		
Hiranandani Healthcare Private Limited (Associate)	**2,500.00**	2,500.00
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	**405.00**	425.00
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	**-**	21,996.00
Others	**1.75**	260.02
Loans/Advances Taken		
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**-**	10,100.00
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**1,100.00**	1,000.00
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**87,545.70**	-
Loans/Advances Paid Back		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**2,335.00**	785.00
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**10,100.00**	1,100.00
Repairs and Maintenance Expenses		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**61.10**	17.61
Pathology Expenses		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**1,466.63**	928.33
Travelling Expenses		
Religare Travels India Limited (owned/significantly influenced by KMP/their relatives)	**33.86**	147.38
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	**108.15**	-
Ran Air Services Limited (owned/significantly influenced by KMP/their relatives)	**-**	3.57
Purchase of Fixed Assets		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**400.67**	102.45
Fortis Health Staff Limited (Fellow Subsidiary)	**22.08**	1.20

(Rs. in lacs)

Transaction details	Year ended March 31, 2010	Year ended March 31, 2009
Purchases of Medical Consumables and Pharmacy Items		
Ranbaxy Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**-**	211.55
Religare Wellness Limited (Fellow Subsidiary)	**24.24**	282.83
Medsource Healthcare Private Limited (Fellow Subsidiary)	**770.56**	838.22
R M Pharmacy (owned/significantly influenced by KMP/their relatives)	**-**	7.86
Rent Expenses		
Dr. N.K. Pandey (KMP)	**-**	4.00
Managerial Remuneration		
Mr. Shivinder Mohan Singh (KMP)	**816.20**	816.20
Mr. Sunil Kapoor (KMP)	**13.80**	17.64
Mr. Manoj Rai Mehta (KMP)	**-**	11.92
Dr. Ashok Chordiya (KMP)	**23.13**	0.26
Mr. Ashish Bhatia (KMP)	**72.13**	47.02
Dr. Ashok Seth (KMP)	**333.30**	199.79
Mr. Jasdeep Singh (KMP)	**20.89**	0.11
Mr. Surender Kumar (KMP)	**18.09**	-
Mr. Krish Ramesh (KMP)	**50.31**	-
Mr. Sukhmeet Singh Sandhu (KMP)	**22.51**	-
Directors' Sitting Fees		
Mr. Malvinder Mohan Singh (KMP)	**2.10**	1.20
Legal and Professional Fees		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	**7.96**	9.88
Religare Capital Market Plc. (Owned/significantly influenced by KMP/their relatives)	**11,860.67**	-
Dr. Lakshmi Narayan Raju (KMP)	**17.95**	3.13
Dr. Seetha Beladevi (relative of KMP)	**-**	1.77
Others	**24.66**	2.19
Arrangement Fees on Term loans		
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**1,824.66**	-
Upfront Fees paid on loans taken		
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**161.62**	-
Subscription of equity share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**96,138.01**	-
Others	**117.83**	-
Issue of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	**26,000.00**	-
Redemption of preference share capital (including premium)		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**3,452.86**	812.50
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**4,927.25**	562.50
Fortis Healthcare Holdings Limited (Holding Company)	**27,438.39**	76.05
Issuance of Non Convertible Debentures		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**96,000.00**	-
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**29,000.00**	-
Redemption of Non Convertible Debentures (including premium)		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**70,258.90**	-
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**29,107.26**	-
Issuance of Optionally Convertible Debentures		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**1,000.00**	-
Corporate Guarantees Issued		
Hiranandani Healthcare Private Limited (Associate)	**-**	4,500.00
Corporate Guarantee received for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**-**	981.94
Corporate Guarantee withdrawn for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	**981.94**	-
Investment Made		
Hiranandani Healthcare Private Limited (Associate)	**700.00**	800.00
Fortis Malar Hospitals Limited (Associate)**	**50.49**	1.14
Investments Sold		
Fortis Healthcare Holdings Limited (Holding Company)	**5.03**	60.00

(Rs. in lacs)

Transaction details	Year ended March 31, 2010	Year ended March 31, 2009
Personal Guarantee received for Loans Taken		
Mr. Shivinder Mohan Singh (KMP)	-	5,000.00
Personal Guarantee withdrawn for Loans Taken		
Dr. Lakshmi Narayan Raju (KMP), Dr. Seetha Beladevi (relative of KMP), Dr. Mohan Keshavmurthy (KMP)	**1,114.04**	-
Dr. Lakshmi Narayan Raju (KMP), Dr. Mohan Keshavmurthy (KMP)	**153.24**	-
License User Agreement fees		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**1.00**	1.00

(Rs. in lacs)

Balance outstanding at the year end	As at March 31, 2010	As at March 31, 2009
Loans / Advances Recoverable		
Hiranandani Healthcare Private Limited (Associate)	**2,947.79**	4,264.66
Others	**405.43**	689.08
Other Current Assets		
Fortis Malar Hospitals Limited (Associate)**	-	25.66
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	-	120.42
Sundry Debtors		
Sunrise Medicare Private Limited (Associate)	**197.39**	219.18
Hiranandani Healthcare Private Limited (Associate)	**39.00**	-
Medical and Surgical Centre Limited (Associate)	**80.32**	7.34
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	-	16.49
Unsecured Loan		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**100.00**	1,335.00
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	10,100.00
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	**87,545.70**	-
Others	**130.76**	140.02
Optionally Convertible Debentures		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**1,000.00**	-
Non Convertible Debentures		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**26,000.00**	-
Sundry Creditors		
Ranbaxy Laboratories Limited (owned/significantly influenced by KMP/their relatives)	-	42.49
Medsource Healthcare Private Limited (Fellow Subsidiary)	**160.28**	164.78
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	**34.61**	161.36
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	**1,824.66**	-
Others	**398.67**	53.12
Investment		
Sunrise Medicare Private Limited (Associate)	**440.04**	440.04
Hiranandani Healthcare Private Limited (Associate)	**1,540.00**	840.00
Fortis Malar Hospitals Limited (Associate)**	-	2,928.58
Fortis Hospital Management Limited (Associate)***	**25.97**	-
Medical and Surgical Centre Limited (Associate)	**1,312.69**	1,312.69
Parkways Holdings Limited (Associate)	**33,094.24**	-
Interest Accrued and Due		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	-	75.49
Premium on redemption of Non Covertible Debentures		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**233.01**	-
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	**96.53**	-
Corporate Guarantee received for Loans Taken		
RHC Holding Private Limited (owned/significantly influenced by KMP/their relatives)	**750.00**	750.00
Malav Holdings Limited (owned/significantly influenced by KMP/their relatives)	-	981.94
Corporate Guarantee given for Loans Availed by Others		
Hiranandani Healthcare Private Limited (Associate)	**6,000.00**	6,000.00
Personal Guarantee received for Loans Taken		
Mr. Shivinder Mohan Singh (KMP)	-	12,928.53
Dr. Lakshmi Narayan Raju (KMP), Dr. Seetha Beladevi (relative of KMP), Dr. Mohan Keshavmurthy (KMP)	-	1,114.04
Dr. Lakshmi Narayan Raju (KMP), Dr. Mohan Keshavmurthy (KMP)	-	153.24

* Associate upto January 29, 2009, subsidiary thereafter
** Associate upto September 30, 2009, subsidiary thereafter
*** Subsidiary upto March 25, 2010, associate thereafter

^ Amount for the year ended March 31, 2010 includes Rs. 637.80 lacs (Previous Year Rs. 623.24 lacs) provided at the year end for which the Company has applied for re consideration of remuneration to Central Government, which is pending for approval.

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

4. (a) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are cancelable or non- cancelable in nature and the total lease payments in respect of such leases recognised in the profit and loss account for the year are Rs. 2,867.61 lacs (Previous Year Rs. 1,226.30 lacs). The total future minimum lease payments under the non-cancelable operating leases are as under:

(Rs. **in lacs)**

Particulars	As at March 31, 2010	As at March 31, 2009
Minimum lease payments :		
Not later than one year	**2,333.03**	1,981.91
Later than one year but not later than five years	**9,492.35**	7,713.00
Later than five years	**8,250.00**	9,120.00

(b) Assets given on Operating Lease

(i) The Fortis Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are further renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are Rs. 167.41 lacs (Previous Year Rs. 129.21 lacs).

A subsidiary of the Company (IHL) has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the company. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year is Rs. 190.27 lacs (Previous Year Rs. 178.14 lacs).

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

(Rs. **in lacs)**

Particulars	As at March 31, 2010			As at March 31, 2009		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	**3.46**	**2.07**	**1.39**	3.46	1.74	1.72
Plant & Machinery	**96.66**	**37.21**	**59.45**	96.66	27.23	69.43
Medical Equipments	**3,117.75**	**998.80**	**2,118.95**	2,996.93	778.74	2,218.19
Furniture & Fittings	**177.73**	**78.39**	**99.34**	177.06	70.27	106.80
Computers	**119.92**	**71.57**	**48.35**	119.92	53.68	66.24
Office Equipments	**27.55**	**5.22**	**22.33**	27.55	3.94	23.61
Vehicles	**37.25**	**14.03**	**23.22**	33.55	10.11	23.43
Total	**3,580.32**	**1,207.29**	**2,373.03**	**3,455.14**	**945.71**	**2,509.43**

The total lease payments received in respect of such leases recognized in the profit and loss account for the year are Rs. 702.77 lacs (Previous Year Rs. 671.52 lacs).

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

(Rs. **in lacs)**

Particulars	As at March 31, 2010	As at March 31, 2009
Minimum Lease Payments receivable-		
Not later than one year	**725.71**	173.78
Later than one year but not later than five years	**907.13**	-

5. **Secured Loans**

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
A) Term Loans from Banks secured by :-		
-first charge by way of hypothecation of assets financed.	**58.99**	397.75
-first equitable mortgage charge on land, building and immovable fixed assets of Escorts Hospital and Research Centre Limited (EHRCL), a subsidiary of the Company.	**19,500.00**	5,000.00
-first and exclusive hypothecation/ mortgage charge on the existing and future movable and immovable fixed assets of International Hospital Limited (IHL), a subsidiary of the Company.	**2,608.99**	3,688.99
-mortgage of land situated at Jaipur belonging to Escorts Heart and Super Speciality Hospital Limited (EHSSHL), a subsidiary of the company.	**-**	1,228.46
-equitable mortgage of the land and building of the hospital at Bangalore belonging to Lalitha Healthcare Private Limited (LHPL), a subsidiary of the Company and by hypothecation of medical equipments, furniture & fixtures and other assets acquired out of the term loan.	**-**	1,114.04
-second charge on equitable mortgage of the land and building of the hospital at Bangalore belonging to LHPL and by hypothecation of medical equipments, furniture & fixtures and other assets acquired out of the term loan.	**-**	35.24
-first charge on fixed assets of Fortis Hospotel Limited (FHTL), a subsidiary of the Company, situated at Shalimar Bagh and Gurgaon.	**-**	2,500.00
-pari passu first charge on current assets, movable and immovable fixed assets of FHTL, situated at Shalimar Bagh including deposit of original title deeds of land at Shalimar Bagh with an intent to create mortgage and pledge of 30% shares of FHTL held by the Company. The loan is further secured by extension of equitable charge on hospital property at Noida belonging to IHL.	**1,200.00**	1,200.00
-first charge on movable and immovable fixed assets and current assets of Escorts Heart and Super Speciality Institute Limited (EHSSIL), a subsidiary of the Company.	**543.75**	2,500.00
-subservient charge on fixed assets and current assets of IHL	**10,000.00**	-
-exclusive charge on all fixed assets and current assets both present and future of Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company.	**1,305.06**	-
-exclusive charge on current assets and fixed assets (movable and immovable) of LHPL.	**1,500.00**	-
-first pari passu charge on the moveable fixed assets of certain owned hospitals and leased hospitals and equitable mortgage of those owned hospitals, of Fortis Hospitals Limited (FHsL), a subsidiary of the Company.	**15,000.00**	-
-first pari passu charge on the assets (tangible and intangible, moveable and immoveable) acquired out of acquisition by FHsL.	**20,000.00**	-
-first charge over land and buildings, moveable fixed assets by way of equitable mortgage of FHsL.	**5,000.00**	-
-pledge of 269,499,996 Ordinary Shares of Parkways Holdings Limited held by Fortis Global Healthcare (Mauritius) Limited (FGHML), a subsidiary of the Company.	**104,268.14**	-
-pledge of fixed deposit of Rs. 120,000.00 lacs by IHL.	**112,237.55**	-
Total	**293,222.48**	17,664.48
B) External Commercial Borrowing from a bank secured by first charge by way of hypothecation of all present and future moveable properties of the Company which inter alia include plant and machinery, medical equipments, computers, furniture and fixtures and other fixed assets installed / stored at Fortis Hospital, Mohali or kept at any other hospital site excluding vehicles hypothecated against specific loans.	**-**	490.97
C) Bank overdraft secured by :-		
-first pari passu charge over moveable fixed assets at Fortis Hospital, Mohali and charge over stock and book debts of the Company.	**-**	653.02
-exclusive charge over the current assets and second pari passu charge over the fixed assets of the EHSSHL.	**-**	247.94
-exclusive charge on current assets and second pari passu charge on the fixed assets of IHL.	**349.51**	299.09
-second charge on equitable mortgage of the land and building of the Hospital at Bangalore belonging to LHPL and by hypothecation of medical equipments, furniture & fixtures and other assets acquired out of the term loan.	**-**	73.56
-exclusive charge on all fixed assets and current assets both present and future of FMHL.	**147.20**	-
-exclusive charge on current assets and fixed assets (movable and immovable) of LHPL.	**84.28**	-
Total	**580.99**	1,273.61

D) Buyers credit from bank secured by exclusive charge over the current assets and second pari passu charge over the fixed assets of the EHSSHL.	**72.14**	-
E) Commercial Papers secured by way of subservient charge on the moveable fixed assets of the Company.	**-**	2,500.00
F) Loans for Vehicles secured by hypothecation of respective vehicles.	**-**	61.76
G) Term Loan from a Body Corporate secured by:-		
-first charge by way of hypothecation of assets financed.	**2,230.00**	2,122.67
-subservient charge on present and future fixed assets of the Company.	**4,285.71**	6,428.57
-pari passu charge on moveable property, cash flow, receivable and book debts of FHTL.	**4,000.00**	-
Total	**10,515.71**	8,551.24

6. **Capital Commitments**

(Rs. in lacs)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of Rs. 1,567.38 lacs (Previous Year Rs. 5,236.91 lacs))	**11,741.44**	14,512.12

7. **Contingent Liabilities (not provided for) in respect of :**

(Rs. in lacs)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients/ their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Fortis Group has a good chance of success in these cases.	**3,220.50**	2,844.84
Bank Guarantee executed in favour of National Stock Exchange by the Company towards listing of the shares of the Company with the exchange.	**700.00**	-
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending, as further explained in detail in note 9 below. The amounts are without considering the demand of Rs. 10,101.10 lacs (Previous Year Rs. 10,101.10 lacs) raised twice in respect of certain years and after adjusting Rs. 13,282.40 lacs (Previous Year Rs. 9,458.13 lacs) for which the company has a legal right to claim from erstwhile promoters. This further excludes demands aggregating to Rs. 828.42 lacs (Previous Year Rs. 828.42 lacs), relating to AY 2003-04 and 2004-05, Rs. 587.03 lacs (Previous Year Rs. Nil) , relating to AY 2005-06 and 2006-07, which have been allowed by Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal in favour of the company, but the Income Tax Department has filed an appeal before Hon'ble High Court of Delhi against such orders and Rs. Nil (Previous Year Rs. 8,148.85 lacs) in respect of AY 2001-02 which has been referred back to the assessing officer for reassessment.	**9,823.57**	3,565.87
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 10 below).	**770.27**	770.27
In respect of a subsidiary (FHsL), Customs duty on import of medical equipments	**166.49**	-
Corporate guarantee given to banks in respect of financial assistance availed by associates of the Company:-		
-IDBI Bank	**4,500.00**	4,500.00
-ABN Amro Bank	**1,500.00**	1,500.00
-HDFC Bank	**-**	1,000.00
Others	**17.86**	17.29

8. **(a)** A Civil suit ('Civil Suit') had been filed for declaration and permanent injunction against a subsidiary of the Company (EHIRCL) in the Hon'ble High Court of Delhi seeking amongst others:

   (a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh), a society registered under Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a company under Part IX of Companies Act, 1956 (i.e. EHIRCL) is void,

   (b) seeking a restoration of charitable status of EHIRC Delhi Society.

   The Hon'ble High Court of Delhi, vide its order dated September 30, 2005, had ordered the parties to maintain status quo and thereafter on July 3, 2008 dismissed the suit for want of cause of action and procedural grounds. On a regular first appeal preferred by the appellant, the Division Bench of Hon'ble High Court of Delhi vide its order dated January 16, 2009, has allowed the appeal and restored the suit.

The appellant further amended the appeal seeking to declare the share purchase agreement between Escorts Limited and the Company and the initial public offering of the Company to be void.

The matter is being duly defended in the Court by the company and other co-defendants.

(b) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is still pending with the Hon'ble High Court of Delhi.

(c) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the company for resuming the proceedings under the said Act. The company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with court of law.

(d) The Delhi High Court in March 2004, amongst other hospitals, made EHIRCL a party to Public Interest Litigation ('PIL') filed in July 2002 (Social Jurist matter), concerning the applicability of certain free bed conditions on certain plots of land allotted to EHIRC by DDA. Subsequent to the judgement by the Hon'ble High Court on March 22, 2007, a separate Special Leave petition ('SLP') and applications for condonation of delay had been filed by EHIRC on November 28, 2007 against the Social Jurist judgement. In the hearing on January 4, 2008, the Hon'ble Supreme Court had issued a notice and directed the stay. The proceedings are pending with the court of law.

9. Income Tax Matters

(a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Deputy Commissioner of Income Tax, Delhi has completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of Rs. 10,101.11 lacs (including interest of Rs. 5,511.11 lacs). The Deputy Commissioner of Income Tax had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years have again been brought to tax, raising a further demand of Rs. 12,437.00 lacs (including interest of Rs. 6,946.00 lacs). The company is of the view that the demand raised for the assessment year 2001-02 includes duplication on account of demands raised in the assessment years 1997-98 to 2000-01 and, further, the events taking place in the year 2000 cannot relate back to earlier years.

The company challenged the reopening of assessment for the assessment year 1997-98 before the Hon'ble High Court of Delhi in a Writ Petition filed on July 27, 2005. The Hon'ble Court in its interim order dated September 20, 2005 had directed the Assessing Officer to complete the assessments for all these years and had also directed that the operation of the assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till the matter is heard and decided by the Court. The company had filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

(b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRCL for the assessment year 2001-02 amounting to Rs. 5,233.05 lacs and interest thereon amounting to Rs. 2,915.80 lacs by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. The company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. During the year, the Assistant Commissioner of Income Tax, Delhi has completed the assessment vide order dated

March 31, 2010 and raised a fresh demand of Rs. 10,532.16 lacs (including interest of Rs. 5,465.27 lacs). The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer, which is pending disposal.

Pursuant to the share purchase agreement, where company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of Rs. 6,499.00 lacs, for which necessary funds have been deposited in an escrow account. Interest of Rs. 1,940.02 lacs upto March 31, 2010 has accrued in the escrow account and available for aforesaid set off. In the event these demands exceed this amount, one third of such excess would be borne by the said erstwhile promoters and the rest by the company, if any.

(c) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment years 2003-04 and 2004-05 whereby the assessing officer had raised demands of Rs. 424.20 lacs (including interest of Rs. 54.20 lacs) and Rs. 404.22 lacs (including interest of Rs. 97.55 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143 (3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of Rs. 22.77 lacs (including interest of Rs. 3.95 lacs) has been raised on to the company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

(d) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of Rs. 282.03 lacs (including interest of Rs. 56.80 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

(e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the assessing officer had raised a demand of Rs. 305.00 lacs (including interest of Rs. 35.05 lacs) on the company by disallowing the claim of keyman insurance premium. The company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed.

(f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of Rs. 96.90 lacs (including interest of Rs. 0.75 lacs) on the company by disallowing the claim of keyman insurance premium and software development charges. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending for disposal.

g) The Deputy Commissioner of Income Tax has passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, whereby the assessing officer has raised demands of Rs. 16.74 lacs and Rs. 0.37 lacs respectively on account of non deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Healthworld Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. The company has filed an appeal with the Commissioner of Income Tax (Appeals), Jaipur against the order of the assessing officer, which is pending disposal.

In view of the management, the eventual outcome of the above matters cannot presently be estimated.

10. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of Rs. 770.27 lacs (including Rs. 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of Rs. 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. The company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited Rs. 347.64 lacs under protest. The matter is pending for decision with the Tribunal.

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the company, the management believes that the company has a good chance of success in the case and hence, no provision there against is considered necessary.

11. The Assistant Collector of Customs had issued an assessment order in earlier year on a subsidiary of the Company (EHIRCL), raising a demand of Rs. 330.39 lacs holding EHIRCL to be a commercial establishment in relation to the import of medical equipments, spares and consumables. The company had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. The company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked the company to deposit a sum of Rs. 150.00 lacs with the customs authority. The company had deposited the amount with the customs authority and had also made a provision of Rs. 330.39 lacs in the books of accounts. The matter is still pending with the Tribunal.

12. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible emplyoees and directors of the company / its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees in the previous year and 763,700 (Grant III) in the current year. As at March 31, 2010, the following scheme was in operation:

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

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

Particulars	**March 31, 2010**		**March 31, 2009**	
	Number of options	**Weighted Average Exercise Price (Rs.)**	**Number of options**	**Weighted Average Exercise Price (Rs.)**
Outstanding at the beginning of the year	**380,500**	**69.34**	458,500	71.00
Granted during the year	**763,700**	**77.00**	33,500	50.00
Forfeited during the year	**215,400**	**72.09**	111,500	70.34
Exercised during the year	**10,140**	**71.00**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**918,660**	**75.05**	380,500	69.34
Exercisable at the end of the year	**113,160**	**70.78**	70,100	71.00
Weighted average remaining contractual life (in years)	**8.87**	**-**	8.93	-
Weighted average fair value of options granted (in Rs.)	**35.19**	**-**	25.86	-

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

Particulars	**March 31, 2010**	**March 31, 2009**
Range of exercise prices	**Rs. 50.00 to Rs. 77.00**	Rs. 50.00 to Rs. 71.00
Number of options outstanding	**918,660**	380,500
Weighted average remaining contractual life of options (in years)	**8.87**	8.93
Weighted average exercise price (in Rs.)	**75.05**	69.34

Stock Options granted

The weighted average fair value of stock options granted during the year is Rs. 39.04 (Previous Year Rs. 18.65). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	**March 31, 2010**	**March 31, 2009**
Exercise Price	**Rs. 50.00 to Rs. 77.00**	Rs. 50.00 to Rs. 71.00
Expected Volatility	**34%**	34%
Life of the options granted (Vesting and exercise period) in years	**6.5 years**	6.5 years
Expected dividends	**-**	-
Average risk-free interest rate	**7.50% to 8.70%**	7.95% to 8.70%
Expected dividend rate	**-**	-

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

(Rs. **in lacs)**

Particulars	March 31, 2010	March 31, 2009
Profit as reported	**6,948.15**	2,081.89
Add: Employee stock compensation under intrinsic value method	**-**	-
Less: Employee stock compensation under fair value method	**(51.68)**	(19.08)
Proforma profit	**6,896.47**	2,062.81
Earnings Per Share (In Rs.)		
Basic		
- As reported	**2.62**	0.92
- Pro forma	**2.60**	0.91
Diluted		
- As reported	**2.61**	0.92
- Pro forma	**2.59**	0.91

The fair value of total option outstanding at the year end is Rs. 323.26 lacs (Previous Year Rs. 98.41 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been Rs. 51.68 lacs (Previous Year Rs. 19.08 lacs).

13. a) A subsidiary of the Company Fortis Health Management Limited ('FHML'), has incurred losses of Rs. 29.75 lacs during the current year and has accumulated losses of Rs. 57.99 lacs as at March 31, 2010, which has resulted in complete erosion of FHML's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHML have been prepared on a going concern basis.

b) A subsidiary of the Company Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of Rs. 193.05 lacs during the current year and has accumulated losses of Rs. 879.21 lacs as at March 31, 2010, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.

c) A subsidiary of the Company Fortis Emergency Services Limited ('FESL'), has incurred losses of Rs. 259.51 lacs during the current year, which has resulted in complete erosion of FESL's net worth. In view of the fact that current year is the first year of incorporation of FESL and the commitment of continued financial support by the shareholders, the accounts of FESL have been prepared on a going concern basis.

d) A subsidiary of the Company Escorts Heart Centre Limited ('EHCL'), has earned profits of Rs. 236.93 lacs during the current year and has accumulated losses of Rs.170.00 lacs as at March 31, 2010, which has resulted in substantial erosion of EHCL's net worth. In view of EHCL reporting profits in the current year as well as in the previous year, commitment of continued financial support by the shareholders and the expected improvement in the financial results projected by the management, the accounts of EHCL have been prepared on going concern basis.

e) A subsidiary of the Company Escorts Heart and Super Speciality Institute Limited ('EHSSIL'), has earned profit of Rs. 941.70 lacs during the current year and has accumulated losses of Rs. 2,379.07 lacs as at March 31, 2010 which has resulted substantial erosion of EHSSIL's net worth. In view of the support of the shareholders, profits posted by the EHSSIL during the current year and the expected improvements in the financial results projected by the management, the accounts have been prepared on going concern basis.

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

The Group has a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The Group also provides leave encashment benefit to its employees, which is unfunded.

The following table summaries the components of net employee benefit expenses recognised in the consolidated profit and loss account :

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 2009-2010	Gratuity (Funded) 2009-2010	Gratuity (Unfunded) 2008-2009	Gratuity (Funded) 2008-2009
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)				
Current Service cost	**182.70**	**21.15**	165.59	15.32
Interest Cost on benefit obligation	**64.13**	**12.83**	59.86	9.65
Expected return on plan assets	**-**	**(11.85)**	-	(8.46)
Actuarial loss/(gain) recognised during the year	**19.94**	**(4.48)**	(145.71)	(9.69)
Past Service Cost	**-**	**-**	-	-
Net benefit expense	**266.77**	**17.65**	79.74	6.82
Actual return on plan assets	**-**	**12.71**	-	17.03
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	**1,168.50**	**183.48**	794.98	117.93
Fair value of plan assets	**-**	**146.52**	-	109.96
Surplus/(deficit) of funds	**(1,168.50)**	**(36.96)**	(794.98)	(7.97)
Net asset/ (liability)	**(1,168.50)**	**(36.96)**	(794.98)	(7.97)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	**794.98**	**117.93**	800.08	163.34
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries *	**193.33**	**68.19**	(1.37)	-
Current Service cost	**182.70**	**21.15**	165.59	15.32
Interest Cost on benefit obligation	**64.13**	**12.83**	59.86	9.65
Benefits paid	**(86.58)**	**(33.00)**	(83.47)	(69.26)
Actuarial (loss)/ gain recognised during the year	**19.94**	**(3.62)**	(145.71)	(1.12)
Closing defined benefit obligation	**1,168.50**	**183.48**	794.98	117.93
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	**-**	**109.96**	-	113.33
Assets assumed on acquisition of Subsidiary*	**-**	**13.29**	-	-
Expected return	**-**	**11.85**	-	8.46
Contributions by employer	**-**	**43.56**	-	48.86
Benefits paid	**-**	**(33.00)**	-	(69.26)
Actuarial gains / (losses)	**-**	**0.86**	-	8.57
Closing fair value of plan assets	**-**	**146.52**	-	109.96
Experience loss adjustment on plan assets/ liabilities	**(38.13)**	**1.28**	(54.63)	(6.33)

*Refer note C (1) (a), (b) and (f) above

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

	2009-10	2008-09
Discount rate	**8.00%**	7.80%
Expected rate of return on plan assets	**8.50% to 9.25%**	9.25%
Expected rate of salary increase	**3.75% to 10.00%**	3.75% to 7.50%
Mortality table referred	**LIC (1994-96) duly modified**	LIC (1994-96) duly modified

Withdrawal / Employee Turnover Rate

In case of FHL, FHTL, IHL, EHSSHL, FMHL and LHPL		
Upto 30 years	**18%**	18%
From 31 to 44 years	**6%**	6%
Above 44 years	**2%**	2%
In case of EHIRCL, EHRCL, EHSSIL, FHML and FHoML		
Upto 30 years	**6%**	6%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%

In case of FHsL

Upto 30 years	**10%**
From 31 to 44 years	**5%**
Above 44 years	**3%**

In case of FESL

Age from 20 - 30 years	**12.50%**
Age from 31 - 58 years	**15.00%**

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.

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

b) A subsidiary of the Company (EHCL) has entered into an operating and profit sharing agreement with a hospital to operate cardiac care facility at Gurgaon. As per the arrangement, the Company has considered amounts of Rs. 157.81 lacs (Previous Year Rs. 132.85 lacs) as expenditure in its books of accounts based on debit notes received from the hospital and has paid / accrued Rs. 86.39 lacs (Previous Year Rs. 50.45 lacs) as profit share to that hospital.

16. The Company raised Rs. 49,676.15 lacs and Rs. 99,711. 60 lacs from the Initial Public Offer (IPO) in April 2007 and Rights Issue in October 2009 respectively. The status of fund utilization out of Public Offer proceeds as at the end of March 31, 2010 is as follows:

(Rs. in lacs)

S. No.	Expenditure Program	Amount expended till March 31, 2010 out of		Amount expended till March 31, 2009 out of
		IPO Proceeds	Rights Issue Proceeds	IPO Proceeds
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	**10,593.00**	**-**	7,302.11
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	**35,231.15**	**-**	35,231.15
3	IPO Issue Expenses	**3,278.91**	**-**	3,278.91
4	Investment in wholly owned subsidiary (Fortis Hospotel Limited) to finance the construction and development of a greenfield hospital project in Gurgaon, Haryana	**-**	**20,000.00**	-
5	Acquisitions and other strategic initiatives	**-**	**20,000.00**	-
6	Redemption of Preference Shares (Class C), along with the premium on such redemption	**-**	**26,000.00**	-
7	Repayment and prepayment of existing short term loans of the Company	**-**	**17,099.90**	-
8	General corporate purpose	**-**	**15,000.00**	-
9	Rights Issue expenses	**-**	**1,265.18**	-
	Total	**49,103.06**	**99,365.08**	45,812.17

The Company is having unutilised funds of Rs. 919.61 lacs as on March 31, 2010 out of public offer proceeds. The funds of Rs. 573.09 lacs and Rs. 346.52 lacs have been invested as fixed deposit with a Scheduled Bank and mutual funds respectively.

17. During the previous year, the Company had partly redeemed 100,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of Re.1 per such share at a premium of Rs. 12.55 per share. During the year, the Company has redeemed balance Rs.9 at a premium of Rs. 98.35 per share. The redemption premium of Rs. 12.55 lacs in the previous year and Rs. 98.35 lacs in the Current year on these shares have been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

18. During the previous year, the Company had partly redeemed 11,500,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of Re.1 per such share at a premium of Rs. 11.50 per share. The redemption premium of Rs. 1,322.50 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares.

Out of the above 11,500,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares, the Company has during the year redeemed 8,304,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of Rs. 10 each, to the extent of balance of Rs.9 each at a premium of Rs. 98.50 per share. The redemption premium of Rs. 8,179.44 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

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

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

21. During the year, the Company has issued 260, Zero Percent Unsecured Non- Convertible Debentures of Rs. 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of Rs. 14,879.14 lacs. The Company has accrued the redemption premium and debited the same to Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

During the year, a subsidiary of the Company (IHL) has issued 990, Zero Percent Unsecured Non- Convertible Debentures of Rs. 10,000,000 each which have been redeemed at a premium of Rs. 36,986 per debenture. The total redemption premium of Rs. 366.16 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

22. During the year, a subsidiary of the Company (FESL) has issued 1,000,000, Zero Percent Optionally Convertible Debentures of Rs. 100 each as per following terms and conditions:-

a) The Debentures (until redeemed or until option for conversion into Equity Shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into Equity Shares before the expiry of five years from the date of allotment, FESL shall pay simple interest @ 8% p.a. from the date of allotment till the date of redemption.

b) The Debenture holder will have an option to seek conversion of each fully paid Debenture into 10 fully paid Equity Shares of Rs. 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment.

c) Each Debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual instalment of Rs. 25 each beginning from the end of 5th year, from the date of allotment.

23. The Company has provided for Premium on Redemption of Preference Shares and Debentures. However, same has not been provided through redemption reserves as per the provisions of Section 117C of the Companies Act, 1956, as the Company does not have sufficient profits for the same.

24. The Company has incurred expenses aggregating to Rs. 1,265.18 lacs (including Rs. 62.41 lacs paid to auditors) in connection with its Rights Issue. The same has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956

25. During the year, pursuant to the Letter of offer dated September 22, 2009 and in accordance with the basis of allotment approved by the National Stock Exchange (Designated Stock Exchange), the Issue Committee of Board of Directors of the Company at their meeting held on October 27, 2009 allotted on Rights Basis 90,646,936 Equity Shares of Rs. 10 each at a premium of Rs. 100 per Equity Share aggregating to Rs. 99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder is entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued can be freely and separately traded until they are tendered for exercise. The warrant exercise period shall commence after six months from date of allotment of the Equity Shares up to 18 months from the date of allotment of the Equity Shares. The Detachable Warrants may be exercised at any time prior to the expiry of a notice period within the Warrant Exercise Period.

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

For purposes of determining the Warrant Holders and their respective entitlements, the Company shall fix the record date(s) during the Warrant Exercise Period for the Detachable Warrants (the "Warrant Record Date"), subject to the approval of the Stock Exchanges of such Warrant Record Date.

26. During the year, the Company through its wholly owned subsidiary, Fortis Hospitals Limited, has acquired 10 Hospitals (including 2 under construction) ("Business Division") and Kanishka Housing Development Company Limited ('KHDCL') from Wockhardt Hospitals Limited vide Business Transfer Agreement executed on August 24, 2009, such acquisition being effected on December 17, 2009 on a going concern basis. The purchase consideration paid for the acquisition of the above Business Division and KHDCL amounted to Rs. 88,948.24 lacs.

The goodwill arising out of such acquisition has been determined as follows:

	Description	Amount in Rs. lacs	Amount in Rs. lacs
IA	Purchase consideration paid*		88,948.24
IB	Acquisition and other related costs		4,574.09
I	**Total purchase consideration and acquisition related costs**		**93,522.33**
II	**Assets acquired:**		
A)	Fixed assets		**37,690.68**
B)	Intangible assets		**6,687.11**
C)	Investment in subsidiary (relate to net asset value as on the date of acquisition)		**5,928.31**
D)	Net current liabilities		
a)	Current assets**	5,604.84	
b)	Current liabilities	(7,012.80)	**(1,407.96)**
	Total assets acquired (net) (A+B+C+D)		**48,898.14**
III	**Goodwill (I - II)**		**44,624.19**

*The total amount of purchase consideration paid includes amount paid to the Wockhardt Limited, the subsidiaries and other companies related to Wockhardt Limited, banks and financial institutions to extinguish the liability of the Wockhardt Limited's Hospital Business Division.

Out of the purchase consideration, an amount of Rs. 1,500.00 lacs is deposited in an escrow account with a Scheduled bank, for any future contingencies and for any rightful legal claim. As this is not the company's account, the escrow account is not disclosed in the financial statements.

**Included in the current assets under loans and advances, an estimated amount of Rs. 282.00 lacs, which is 50% share of provision for doubtful debts recoverable from Wockhardt Hospitals Limited.

27. On March 19, 2010, Fortis Group acquired 23.84% stake in Parkway Holdings Limited ('PHL') through Fortis Global Healthcare (Mauritius) Limited, a wholly owned subsidiary, which has since been increased to 24.69% at the year-end. For the purposes of the consolidation of financial statements, the financial statements of PHL have been consolidated using equity method of accounting with a three-months time lag to that of the Company and accordingly, the financial statements of PHL for the period March 19, 2010 (date of purchase of initial stake of 23.84% shares in PHL) to March 31, 2010 have not been consolidated in the financial statements of the Company for the year ended March 31, 2010. Also the determination of goodwill as required by AS-23 issued by ICAI has been done based on the results of PHL for the year ended December 31, 2009. On an ongoing basis, the Company will consolidate PHL's results on a calendar year basis, due to practical considerations.

The acquisition costs amounting to Rs. 330,942.42 lacs, comprise purchase price of Rs. 322,997.34 lacs for shares acquired upto March 31, 2010 and acquisition related costs of Rs. 7,945.08 lacs. The book value of the net assets of PHL as at December 31, 2009 amount to Rs. 161,920.40 lacs (proportionate share of Fortis Group). Accordingly, an amount of Rs. 169,022.02 lacs, being the excess of the acquisition cost over the net assets acquired has been recognized, in the carrying value of investment, as goodwill.

28. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to Rs. 103.12 lacs arising on the acquisition of a subsidiary (FHTL) of the Company.

29. Particulars of Unhedged Foreign Currency Exposure:

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Import Creditors	**128.83**	88.02
Foreign Currency Loans	**303,875.82**	-
ECB Loan including interest accrued but not due	**-**	500.15

30. A subsidiary of the Company (EHSSHL) has taken foreign currency derivative instrument to hedge its foreign currency risk. The outstanding position of derivative instruments as at March 31, 2010 is as under:

Particular of Derivatives	Purpose
Outstanding forward contracts:	
Buy: USD 163,557 (Previous Year USD Nil)	Hedge of creditors

31. Previous year figures have been regrouped / recasted wherever necessary to confirm to current year's classification. Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in line with the Company's financial statements.

As per our report of even date attached

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

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: May 28, 2010

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
Managing Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place: New Delhi
Date: May 28, 2010

Fortis Healthcare Limited

Registered Office: Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025

NOTICE

Notice is hereby given that the **Fourteenth Annual General Meeting** of **Fortis Healthcare Limited** will be held on **Saturday, 18th September, 2010** at **11.00 A.M.** at **Air Force Auditorium, Subroto Park, New Delhi – 110 010**, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.

2. To appoint a director in place of Mr. Harpal Singh, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Justice S S Sodhi, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. V M Bhutani, who retires by rotation and who has not offered himself for re-appointment.

5. To appoint a Director in place of Mr. Ramesh L Adige, who retires by rotation and who has not offered himself for re-appointment.

6. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s S.R. Batliboi & Co., Chartered Accountants, retiring Auditors, are eligible for re-appointment.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT the vacancy caused by the retirement of Mr. V M Bhutani by rotation, who has not offered himself for re-appointment, be not filled by the Company."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT the vacancy caused by the retirement of Mr. Ramesh L Adige by rotation, who has not offered himself for re-appointment, be not filled by the Company."

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

   "RESOLVED THAT in supersession of all the earlier resolutions passed by the Board of Directors in this regard and pursuant to the provisions of Section 198, 269, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and subject to all other applicable regulatory approval(s), consent(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by the authorities while granting such approval(s), consent(s) and permission(s) as may be agreed by the Board of Directors (hereinafter referred to as "Board" and which expression shall deemed to include any Committee thereof and / or any person(s) hereinafter authorized by the Board in this behalf), the consent of the Shareholders be and is hereby granted for payment of revised remuneration to Mr. Shivinder Mohan Singh, Managing Director (MD) of the Company, w.e.f. 1st April, 2008 till 12th November, 2009, as MD, on the terms & conditions as set out below:

(a) **Salary**: Not exceeding Rs. 1,20,00,000 (Rupees One Crore Twenty Lacs) per annum, with the discretion to the Board to set the level from time to time, within the aforesaid limits.

(b) **Perquisites, Allowances & other benefits:**

In addition, the MD will be entitled to perquisites, allowances, benefits, facilities and amenities including but not limited to car, telephone, water, electricity, furnishings, medical reimbursements, club fees, personal accident insurance, group hospitalization, special allowance, and/ or any other reimbursements, allowances or perquisites, benefits in accordance with the Rules of the Company.

However, the monetary value of all such perquisites / allowances / other benefits will be limited to Rs. 4,20,00,000 (Rupees Four Crore Twenty Lacs) per annum. The perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, they shall be evaluated at actual cost.

In addition to the above, the MD shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified hereinabove:

i) Contribution to Provident Fund and Superannuation Fund or Annuity fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961;
ii) Gratuity payable at the rate not exceeding half months' salary for each completed year of service;
iii) Encashment of unavailed leave at the end of tenure.

(c) Other terms:

1. The MD shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. The MD shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.
3. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure of the MD, he shall be entitled to the above remuneration (inclusive of allowances, perquisites and commission, if any) by way of minimum remuneration irrespective of the limits specified under the provisions of Section 198, 309, Schedule XIII and all other applicable provisions of the Act.
4. Unless otherwise a shorter period is decided mutually between the MD and the Board of Directors, the office as MD may be terminated by either party by giving three months' notice in writing, of such termination.
5. If, at any time, Mr. Shivinder Mohan Singh ceases to be the director of the Company for any cause whatsoever, his office as MD shall forthwith be terminated.
6. Reimbursement of legitimate expenses incurred by Mr. Shivinder Mohan Singh in performance of his duties, shall not form part of his remuneration."

"RESOLVED FURTHER THAT the above remuneration may be revisited by the Board of Directors from time to time, within the aforesaid limits."

"RESOLVED FURTHER THAT the Directors of the Company, Mr. Yogesh Sareen, Chief Financial Officer and Ms. Ruchi Mahajan, Company Secretary, be and are hereby severally authorized to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the foregoing resolution."

10. To consider and of thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in partial modification of all earlier resolutions passed by the Board of Directors, with respect to remuneration payable to Mr. Shivinder Mohan Singh as the Managing Director of the Company and pursuant to the provisions of Section 198, 269, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and subject to all other applicable regulatory approval(s), consent(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by the authorities while granting such approval(s), consent(s) and permission(s) as may be agreed by the Board of Directors (hereinafter referred to as "Board" and which expression shall deemed to include any Committee thereof and/or any person(s) hereinafter authorized by the Board in this behalf), the consent of the Shareholders be and is hereby accorded for the payment of revised remuneration to Mr. Shivinder Mohan Singh, Managing Director (MD) of the Company, for a period of three years w.e.f. 13th November, 2009, as MD, as set out below:

(a) **Salary**: Not exceeding Rs. 1,20,00,000 (Rupees One Crore Twenty Lacs) per annum, with the discretion to the Board to set the level from time to time, within the aforesaid limits.

(b) **Perquisites, Allowances & other benefits**:

In addition, Mr. Singh will be entitled to perquisites, allowances, benefits, facilities and amenities including but not limited to car, telephone, water, electricity, furnishings, medical reimbursements, club fees, personal accident insurance, group hospitalization, special allowance, and/ or any other reimbursements, allowances or perquisites, benefits in accordance with the Rules of the Company.

However, the monetary value of all such perquisites / allowances / other benefits will be limited to Rs. 4,20,00,000 (Rupees Four Crore Twenty Lacs) per annum. The perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, they shall be evaluated at actual cost.

In addition to the above, the MD shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified hereinabove:

i) Contribution to Provident Fund and Superannuation Fund or Annuity fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961;

ii) Gratuity payable at the rate not exceeding half months' salary for each completed year of service;

iii) Encashment of unavailed leave at the end of tenure."

"RESOLVED FURTHER THAT above remuneration may be revisited from time to time, within the aforesaid limits."

"RESOLVED FURTHER THAT the Directors of the Company, Mr. Yogesh Sareen, Chief Financial Officer and Ms. Ruchi Mahajan, Company Secretary, be and are hereby severally authorized to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the foregoing resolution."

By Order of the Board
For **Fortis Healthcare Limited**

Date : August 6, 2010
Place: New Delhi

Ruchi Mahajan
Company Secretary

NOTES:

1. A SHAREHOLDER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ATTENDANCE SLIP.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed herewith and forms part of this Notice.

3. The additional information on directors seeking appointment / re-appointment at this Annual General Meeting has been provided elsewhere in this Notice

4. The Register of Members and Share Transfer Books of the Company shall remain closed from "**Wednesday, 15th September, 2010 to Saturday, 18th September, 2010** (both days inclusive)".

5. Shareholders are requested to bring their copy of Annual Report to the Meeting.

6. Shareholders / Proxies are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall. The Shareholders who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement/ Delivery Instruction Slip, reflecting their Client Id. and DP Id. Nos. for easier identification of attendance at the meeting.

7. Shareholders who hold shares in dematerialized form are requested to notify any change in their particulars like change in address, etc., to their respective Depository Participants immediately and Shareholders who hold shares in physical form are requested to notify any change in their particulars like change in address, etc. to the Registrar & Transfer Agent of the Company.

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

9. Corporate members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.

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

11. Pursuant to Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of Shares held by them. The Shareholders holding Shares in physical form and desirous of making nominations may send their nomination request in prescribed Form 2B of Companies (General Rules & Forms), 1956, which can be obtained from the Company's Registrar, LINK INTIME INDIA PRIVATE LIMITED at A-40, 2nd FLOOR, NARAINA INDUSTRIAL AREA, PHASE-II, NEAR BATRA BANQUET HALL, NEW DELHI-110028 or download from the Company's Website.

12. Shareholders desiring any information on the Accounts are required to write to the Company at its Registered Office, giving at least 7 days' notice prior to the date of Annual General Meeting to enable the Management to compile and keep the information ready.

13. The certificate from the Statutory Auditors of the Company, certifying that Employees Stock Option Scheme of the Company has been implemented in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, will be available for inspection by the Shareholders at the AGM.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

In accordance with the provisions of Section 256 of the Companies Act, 1956, read together with the Articles of Association of the Company, Mr. V M Bhutani retires by rotation at the ensuing Annual General Meeting of the Company. Due to his pre-occupation, Mr. V M Bhutani has not offered himself for re-appointment. Since no proposal has been received for filling up the vacancy, it is decided not to appoint any Director in place of Mr. V M Bhutani and accordingly, the Board of Directors of the Company recommends the resolution proposed as Item No. 7 for approval by the Shareholders.

None of the Directors, except Mr. V M Bhutani himself, is interested or concerned in the Resolution.

Item No. 8

In accordance with the provisions of Section 256 of the Companies Act, 1956, read together with the Articles of Association of the Company, Mr. Ramesh L Adige retires by rotation at the ensuing Annual General Meeting of the Company. Due to his pre-occupation, Mr. Ramesh L Adige has not offered himself for re-appointment. Since no proposal has been received for filling up the vacancy, it is decided not to appoint any Director in place of Mr. Ramesh L Adige and accordingly, the Board of Directors of the Company recommends the resolution proposed as Item No. 8 for approval by the Shareholders.

None of the Directors, except Mr. Ramesh L Adige himself, is interested or concerned in the Resolution.

Item No. 9 and 10

Mr. Shivinder Mohan Singh, one of the promoter Directors of the Company, was appointed as the Managing Director of the Company for a period of 3 years w.e.f. November 13, 2006, subject to the approval of the Central Government pursuant to the provisions of Section 269 of the Companies Act, 1956. Subsequently, Central Government also conferred its approval for the appointment of Mr. Singh as the Managing Director of the Company, vide its Letter No. 12/427/2007-CL-VII dated November 7, 2007.

Keeping in view the consistent progress made by the Company under the able leadership and guidance of Mr. Shivinder Mohan Singh, who has successfully established Fortis brand as a synonymous with quality healthcare and service excellence, the Human Resources and Remuneration Committee (erstwhile Remuneration Committee) of the Board of Directors, in its meeting held on October 13, 2008, recommended to the Board of Directors, an increase in the remuneration of Mr. Shivinder Mohan Singh w.e.f. April 1, 2008. Further, the Board of Directors of the Company, in its meeting held on October 29, 2008, approved the aforementioned increase in remuneration, subject to the approval of the shareholders of the Company and the Central Government under Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956.

Further, on recommendation of the Human Resources and Remuneration Committee, in recognition of the valuable services rendered by Mr. Singh, the Board of Directors had, in its meeting held on July 24, 2009, re-appointed him as Managing Director for further period of 3 years w.e.f. November 13, 2009, subject to the approval of shareholders of the Company and the Central Government.

Subsequent to the approval of Shareholders of the Company secured at the Annual General Meeting held on September 25, 2009, for the said increase in remuneration and re-appointment, the Company filed two separate applications under Sections 198, 269, 309 and 310 of the Companies Act, 1956 with the Central Government seeking its approval for (i) the payment of increased remuneration to Mr.Shivinder Mohan Singh, Managing Director of the Company, w.e.f. 1st April, 2008 for his remaining tenure i.e. till November 12, 2009; and (ii) re-appointment of Mr.Singh as Managing Director of the Company for a further period of 3 years w.e.f. November 13, 2009, on the increased remuneration.

The Central Government didn't accede to the proposal submitted by the Company and thereafter, the Company made representations for the proposal. The Board of Directors of the Company, on 21st July, 2010, revisited the terms of proposed remuneration payable to Mr. Shivinder Mohan Singh and subject to the approval of Central Government and Shareholders of the Company, revised the same, as detailed in enclosed resolutions at Item No. 9 and 10.

Further, the Central Government has, vide its Letter No. SRN/A53034112/3/2009 – CL.VII dated 5th August, 2010 granted its approval to the payment of revised Remuneration to Mr. Shivinder Mohan Singh from 1st April, 2008 to 12th November, 2009. Also, the Central Government has, vide its Letter No. SRN/A74400516/3/2009 – CL.VII dated 5th August, 2010, also granted its approval to the re-appointment of Mr. Shivinder Mohan Singh as Managing Director of the Company for a period of 3 (three) years i.e. from 13th November, 2009 to 12th November, 2012, on the revised remuneration.

The Board of Directors recommends the resolution(s) at Item Nos. 9 and 10 for approval of shareholders.

None of the Directors except Mr. Malvinder Mohan Singh (being related to Mr.Shivinder Mohan Singh) and Mr. Shivinder Mohan Singh himself, is interested in the proposed resolution(s).

This may also be treated as an abstract under Section 302 of the Companies Act, 1956.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

I. General Information

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

(ii) Date or expected date of commencement of commercial production: The Company was incorporated on February 28, 1996.

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

(iv) Financial performance (on standalone basis) based on given indicators as per Audited Financial Results for the year ended March 31, 2010:

(Rs. in Millions)

Particulars	For the year ended 31.03.2010
Turnover and other income	2,509.63
Net profit after tax	301.46

(v) Export Performance and net foreign exchange collaborations: NOT APPLICABLE

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

II. Information about the appointee

(i) Background details:

Mr. Shivinder Mohan Singh, an alumnus of Doon School, graduated with a B.A. (Hons.) Degree in Mathematics from St. Stephen's College, Delhi. He holds an MBA degree with specialization in Health Sector Management from the Fuqua School of Business, Duke University, U.S.A.

Notwithstanding his stature as a promoter, Mr. Singh began his career as a Management Trainee with Fortis in 1996. He progressively advanced his professional expertise through exposure in several assignments in Fortis Healthcare Limited, commencing with Executive Assistant to the

Chairman in 2000 and working as Project Leader, Chief Operating Officer, Director – Projects and Joint Managing Director, before becoming the Group Managing Director in 2006.

As Director – Projects of the Company, Mr. Singh was responsible for the completion of construction at the Fortis Hospital in Noida. He led the acquisition of Escorts Heart Institute And Research Centre Limited (now Fortis Escorts Heart Institute) in 2005 and the acquisition of the 10 facilities from Wockhardt Hospitals Limited in 2009. Since 2006, he is Managing Director of Fortis Healthcare Limited, which now has a pan Indian footprint with an 8,000 bed capacity across 48 hospitals. He is also one of the principal promoters of Religare Enterprises Limited, Super Religare Laboratories Limited and Fortis Clinical Research Limited.

(ii) Past remuneration drawn:

In terms of Central Government approval dated November 7, 2007, Mr.Shivinder Mohan Singh was entitled to a total remuneration in the range of minimum of Rs. 192.96 Lacs to a maximum of Rs. 270.14 Lacs per annum.

During the financial year ended March 31, 2010, Rs. 237.21 Lacs was paid to Mr. Shivinder Mohan Singh, comprising of Salary, allowances and monetary value of perquisites.

(iii) Recognition and Awards/Achievements:

Mr. Singh's significant contribution to Indian Healthcare is widely acknowledged. His strategy for Fortis and its execution has been recognized by the Harvard Business School in as a case study. He continues to play an active and important role in shaping the private healthcare space in India.

Mr. Shivinder Mohan Singh is an Executive Committee Member at FICCI and Chairman of FICCI Young Leaders. He is on the Board of Visitors of the Fuqua School of Business, Duke University and a Board Member of the National Accreditation Board for Hospitals and Healthcare Providers (NABH). Mr. Singh also holds the Chair of the Healthcare Committee of UK Trade & Investment and is a Board Member of the Indo British Partnership Network (IBPN). Additionally, he is a member of CII's National Committee on Healthcare and on the National Board of Advisors of AISEC (Association Internationale des Étudiants en Sciences Économiques et Commerciales), an independent, global, non-political and not-for-profit organization run by students and recent graduates of institutions of higher education. He also has Membership on the Boards of the Step-by-Step school the Aspire educational institution. Mr. Singh is a fellow of Aspen's India Leadership Initiative and a Trustee of the NGO 'Joining Hands'. Formerly, he has been Chairman of the Health Service Committee of FICCI and the Delhi State Council of CII.

Mr. Shivinder Mohan Singh is a young entrepreneur who aims to change the healthcare paradigm in this country. Healthcare is a passion for him and his dream is to see a vibrant India in his lifetime. This motivates him to be involved in various activities directed towards bringing about a positive social change in our country and engaging with different aspects of building India. He is closely involved in various CSR initiatives focused on the Girl Child, HIV education and providing quality healthcare in rural India, among other things.

(iv) Job profile and suitability

Mr. Shivinder Mohan Singh has been shouldering onerous responsibilities and multitude of challenges in overseeing and managing growth (both organic and inorganic) and in synergizing complex operations in an increasingly competitive environment in diverse geographies within the country. Mr. Singh is also providing leadership at the helm of a service organization with people from divergent cultures.

Mr. Singh has been instrumental in conceptualizing the healthcare delivery strategy and implementing the plans to make the Company a major player in the healthcare sector in a short span of time. Under the able guidance of Mr.Singh, the Company has grown from 1 hospital in Mohali in 2001 to a network of 48 healthcare delivery facilities including Company's first international foray in Mauritius.

(v) Remuneration proposed:

The Salary and other perquisites and allowances as fully set out in the Resolution Nos. 9 and 10 of the Notice.

Also, it may please be noted that:

- No Stock Options have been granted to Mr. Singh under "Employee Stock Options Plan-2007" of the Company.
- No severance fees is payable to Mr. Singh in case of termination of his appointment by the Company.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The proposed remuneration of Mr. Shivinder Mohan Singh, who is a thorough Professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

(vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Mr. Shivinder Mohan Singh is related to Mr. Malvinder Mohan Singh, Non-Executive Chairman. Besides proposed remuneration as stated above, Mr. Shivinder Mohan Singh does not have any other pecuniary relationship with the Company or its managerial personnel.

III. Other information:

(i) Reasons for loss or inadequate profits:

The profitability of the Company (FHL) has been adversely affected on account of the following factors:

1. The dependence of business on Professionals: With rising competition in the field of healthcare, the demand for professional doctors/nurses/ paramedical staff has gone up and the supply is limited. Due to the same, the industry observes high attrition ratio and to retain the staff or get the same people back, the company needs to keep offering suitable remuneration to these professionals.

2. FHL plans to grow aggressively through organic and inorganic route, which further puts pressure to the existing low profit margins.

3. New Hospital projects in Healthcare industry involve substantial capital investment and are characterized by long gestation periods, resulting into losses in the initial years and gradual growth of business/ revenue.

4. The Company faces stiff competition from leading/ Charitable hospitals and medical Centers in the region.

5. The healthcare segment is under served in the country and is dependent for growth on the private sector and the Insurance Industry. Last year, approximately 20% of the revenues of the Company were serviced by the insurance sector. In developed countries, this contribution is far higher.

(ii) Steps taken or proposed to be taken for improvement:

1. The Company concluded the issuance of equity shares on Right basis aggregating Rs.997 Crores during the Financial Year 2009-10. Further, it called for the conversion of warrants issued along with the shareholders to the Rights issue aggregating further Rs. 1345 Crore in June 2010. With the aforesaid fund raising, the interest burden on the Company is expected to be reduced.

   Post conversion of warrants, the Promoters' & Promoter Group's shareholding in the Company has increased from 68.45% to 81.51%. The Equity contribution from the promoters emphasizes the commitment of the promoters towards the Company.

2. The Company also issued USD 100 Million 5% Foreign Currency Convertible Bonds (FCCB) during May 2010 with an endeavour to reduce the overall cost of borrowings.

3. With the support of skilled doctors, dedicated to quality patient care and modern, patient-centric hospital facilities and a Cost-effective business model, the Company expects better and improved cash flows in the future.

4. Occupancy is the driver of revenues in the hospitality industry and the company has been ensuring that the quality of patient care in all the facilities is at its level best. The National Accreditation Board for Hospitals (NABH) has granted certification in quality care to six network hospitals of the Company. With this Fortis has the highest number of NABH Accredited Hospitals in the network. We expect this to act as a catalyst to drive occupancies. The Company also expects to improve occupancy rates by expanding the referral network for hospitals and increasing community outreach.

5. The Company focuses on high-end quality healthcare services for reducing the "average length of stay" (ALOS) of the inpatients thereby increasing the average income per bed in use and thus improving the asset turnover ratios.

6. The Company is in expansion mode and cash flows were being utilized to fund upcoming projects. The operations are now being stabilized and a continuous improvement can be seen. The occupancies have grown upto 70-75% and we expect the growth in business to continue and stabilize.

7. With growing number of Lifestyle diseases like Cardiac, Neuro-sciences and Orthopedics etc., there is a huge demand for Multi Specialty and Super Specialty Hospitals. The Company has been servicing these areas for some time now and expects the patient confidence to remain and expand to the communities. Further, the Company has tied up with international agencies like International Oncology Centre for providing the best medical care in areas like Cancer, another Lifestyle disease. This would lead to substantial increase in market share and revenues.

In terms of Clause 49 of the Listing Agreement, the information or details pertaining to re-appointment of Mr. Singh as Managing Director of the Company, are furnished herein below:

As on July 31, 2010, he holds 11,508 Equity Shares of Rs. 10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Mr. Shivinder Mohan Singh is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies	Designation & Memberships in Committee
1	Escorts Heart Institute And Research Centre Limited	- CEO & Managing Director
2	Fortis Healthcare Holdings Limited	- Director
3	Religare Voyages Limited	- Director
4	Oscar Investments Limited	- Director - Member - Risk Management Committee
5	Super Religare Laboratories Limited	- Director - Member - Audit Committee
6	Fortis Clinical Research Limited	- Director
7	Religare Technova Limited	- Director
8	Fortis Hospitals Limited	- Director - Member - Audit Committee - Member - Management Committee
9	Fortis Global Healthcare (Mauritius) Limited	- Director
10	Parkway Holdings Limited	- Director
11	RHC Healthcare Pte Ltd.	- Director
12	Fortis Asia Healthcare Pte Ltd	- Director
13	A-1 Book Company Private Limited	- Director
14	Chetak Pharmaceuticals Private Limited	- Director
15	Greenview Buildtech Private Limited	- Director
16	R.C. Nursery Private Limited	- Director
17	Shivi Holdings Pvt. Ltd.	- Director
18	RHC Holding Private Limited	- Director

Brief Profile of Directors seeking appointment / re-appointment at the Annual General Meeting (Other than Mr. Shivinder Mohan Singh)

(a) **Mr. Harpal Singh,** a Non-Executive Director, graduated with a B.A. (Honors) degree in Economics from St. Stephen's College, Delhi and holds a B.S. degree in Economics and a Master's degree in Public Affairs from the California State University at Hayward (C.S.C.H.), California, U.S.A. Mr. Harpal Singh has had diverse and wide-ranging experience of over 35 years in the corporate sector and has held senior positions in various TATA group companies, Hindustan Motors Limited, Mahindra and Mahindra Limited and Shaw Wallace. He is a member of the Board of Directors of Escorts Heart Institute and Research Centre Ltd., Religare Enterprises Ltd., Religare Technova Ltd. and Super Religare Laboratories Ltd. Mr. Singh is also Chairman of Impact Projects Ltd. and Impact Agencies Ltd. Mr. Harpal Singh serves and has been on the Board of some of the leading schools in the country which include The Doon School, The Shriram School, The Scindia School and The Yadavindra Public School. He is Vice Chairman of the Salwan Schools Trust. He is also a member of the Punjab Education Board. He is a Member of the Board and of the Executive Committee of Public Health Foundation of India. He is a Member of the Board of the Baba Farid University of Punjab and is an Advisory Board Member of the SRM University of Chennai. He is a Member of the Board of Advisors of the National Institute of Information Technologies (NIIT) University and a member of its Board of Management. Mr. Harpal Singh is a member of the Board of Indian Institute of Technology, Indore. He is a member of the National Round Table on School Education constituted by the Hon'ble Minister for Human Resource Development, Shri Kapil Sibal. He is also a Member of the Punjab Chief Minister's Advisory Committee on Industrial Growth and Development of Relevant Infrastructure. He was National Chairman of the Confederation of Indian Industry (CII) Committee on Public Health and a Member of the CII National Committee on Healthcare and the National Committee on Primary and Secondary Education and past Chairman of CII Punjab State Council. He is also Chairman, CII Northern Region. Mr. Harpal Singh is a member of the Resource Persons Group for Delhi on Healthcare as appointed by the Lt. Governor of Delhi. He is a Governing Council Member of the Indian Red Cross Society (Delhi Chapter). He is founder Chairman Trustee of the Chronic Care Foundation and is a Board Member of the Durlabji Trust, which runs a large charitable hospital in Jaipur. Mr. Singh is Chairman of "Save the Children" India and also a Board Member of "Save the Children" International Board, London. He is also the Founder Chairman of the 'Nanhi Chhaan' Foundation, which is an inspirational initiative in support of the girl child and the environment. Mr. Singh is Chair of INDIA800 Foundation, India Office, whose mandate is to work on several arenas on the social agenda of the country including Children and Education, Women and Livelihood, Science and Technology for the poor and Human Rights. Mr. Harpal Singh is a Member of the India-UK Round Table. He has chaired the 2nd and 3rd India Health Summit in New Delhi and was invited to deliver the prestigious "Friday Lecture" speak at the Royal Institute of Great Britain on Integrating Global Healthcare. As a member of the US-India Aspen Strategy Group, in December 2005, he presented a strategic opportunity position for collaboration between the US and Indian Healthcare Systems.

As on March 31, 2010, he holds 58,003 Equity Shares of Rs.10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Presently, Mr. Harpal Singh is a Director and member of Committees of Boards of the following other companies:

S. No.	Name of the Companies in which interested	Designation
1.	Fortis Clinical Research Limited	Director
2.	Religare Enterprises Limited	Director
3.	Religare Technova Limited	Director
4.	Super Religare Laboratories Limited	Director
5.	Escorts Heart Institute And Research Centre Limited	Director
6.	Impact Agencies Private Limited	Director
7.	Impact Projects Private Limited	Director
8.	Impact Realty Developers Private Limited	Director

He is not holding Committee Memberships in any other Company.

(b) **Justice S S Sodhi**, a Non-Executive, Independent Director, graduated with a B.A.(Honors) degree in Economics from Punjab University and is a Barrister at Law from Lincolns Inn, London. Justice Sodhi was the Chairperson of the Telecom Regulatory Authority of India from 1997 until 2000. He has been a practicing advocate in the High Court of Punjab and Haryana for 10 years and was a member of the Punjab Superior Judicial Service. Justice Sodhi has also held the positions of Deputy Registrar (Research) at the Supreme Court of India, Legal Remembrancer to the Government of Punjab and Registrar of the High Court of Punjab and Haryana. Additionally, Justice Sodhi has been a Judge of the High Court of Punjab and Haryana, the Chief Justice of the High Court of Allahabad and the Lok Pal of Punjab.

As on March 31, 2010, he holds 4,000 Equity Shares of Rs.10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Presently, Justice S.S. Sodhi is on the Board of Directors of Fidelity Trustee Company Private Limited and ABC Paper Ltd. and not holding committee memberships in any other Company.

By Order of the Board
For **Fortis Healthcare Limited**

Date : August 6, 2010
Place: New Delhi

Ruchi Mahajan
Company Secretary

FORTIS HEALTHCARE LIMITED

Registered Office : Escorts Heart Institute And Research Centre, Okhla Road, New Delhi - 110 025

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company/Depositories.

DP Id	*Folio No.
Client Id	No. of Shares

Name(s) in Full   Father's/Husband's Name   Address as Regd. with the Company/Depositories

1. ______________ ______________ ______________
2. ______________ ______________ ______________
3. ______________ ______________ ______________

I/WE HEREBY RECORD MY/OUR PRESENCE AT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON 18TH DAY OF SEPTEMBER, 2010 AT 11.00 A.M. AT AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI - 110 010

Please (✓) in the box

❑ MEMBER   ❑ PROXY

____
Member's Signature

____
Proxy's Signature

*Applicable for investors holding shares in physical form

FORTIS HEALTHCARE LIMITED

Registered Office : Escorts Heart Institute And Research Centre, Okhla Road, New Delhi - 110 025

PROXY FORM

DP Id	*Folio No.
Client Id	No. of Shares

Name(s) in Full   Father's/Husband's Name   Address as Regd. with the Company/Depositories

1. ______________ ______________ ______________
2. ______________ ______________ ______________
3. ______________ ______________ ______________

being member(s) of Fortis Healthcare Limited, hereby appoint .... of ....in the district of...............................or failling him ....of.....................................in the district of..as my/our Proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company scheduled to be held on 18th day of September, 2010 at 11.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and/or at any adjournment thereof.

Signature .... Affix a Re.1/- Revenue Stamp ....

*Applicable for investors holding shares in physical form

Note: The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company situated at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi - 110 025 not later than 48 hours before the commencement of the Annual General Meeting.