

RE-DEDICATING OURSELVES TO UNCOMPROMISING HEALTHCARE

ANNUAL REPORT
(2015-16)

I swear to fulfil, to the best of my ability and judgment, this covenant...

- I will **respect** the hard-won scientific gains of those physicians in whose steps I walk
 - I will apply, for the **benefit** of the sick, all measures which are required
- I will remember that **warmth**, sympathy, and understanding may outweigh the surgeon's knife or the chemist's drug
- I will not fail to call in my colleagues when the **skills** of another are needed for a patient's recovery
- I will respect the **privacy** of my patients, for their problems are not disclosed to me that the world may know
 - I will remember that I do not **treat** a fever chart, a cancerous growth, but a sick human being
- I will **prevent** disease whenever I can, for prevention is preferable to cure
- I will remember that I remain a member of **society**, with special obligations to all my fellow human beings
- If I do not violate this **oath**, may I enjoy life and art, respected while I live and be remembered with affection thereafter

For more information, visit www.fortishealthcare.com





THE MAN WHO GAVE US OUR VISION

Late Dr Parvinder Singh
Founder Chairman, Fortis Healthcare Limited



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FORTIS MEMORIAL RESEARCH INSTITUTE, GURGAON

Company Information

Board of Directors

EXECUTIVE DIRECTOR

Mr Malvinder Mohan Singh

Executive Chairman

NON-EXECUTIVE DIRECTORS

Dr Brian William Tempest

Mr Harpal Singh

Ms Joji Sekhon Gill

Ms Lynette Joy Hepburn Brown

Mr Pradeep Ratilal Raniga

Dr Preetinder Singh Joshi

Mr Ravi Umesh Mehrotra

Mr Shivinder Mohan Singh

Ms Shradha Suri Marwah

Mr Sunil Godhwani

Chief Executive Officer

Mr Bhavdeep Singh

Chief Financial Officer

Mr Gagandeep Singh Bedi

Company Secretary and Compliance Officer

Mr Rahul Ranjan

Auditors

M/s Deloitte Haskins & Sells LLP

Chartered Accountants, New Delhi

Registered Office

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Message from the Executive Chairman

Malvinder Mohan Singh
Executive Chairman

Dear Shareholders,

It gives me immense pleasure to once again communicate with you through our annual report for 2015-16, and I warmly acknowledge the strong association that we have enjoyed over the years.

At the outset, I would like to thank our Vice Chairman, Mr Shivinder Mohan Singh, for his outstanding contribution to the development of our organisation, over a span of about 15 years. I fully respect and support his decision to relinquish his executive responsibilities at Fortis in order to pursue his inner calling, to offer Sewa at Beas.

I would also like to formally welcome back, into Fortis, Mr Bhavdeep Singh, who took on the reins of the organisation as CEO during the year. His vast international experience in leadership positions with global organisations, coupled with his past experience and understanding of our organisation, are an asset to Fortis, as it continues to strengthen its market position as a leader in India's healthcare landscape.

Impact on Society

A healthcare enterprise like ours has a deep and lasting impact on the quality of the life of the citizens of its country and their well-being. It is an established fact that a healthy population is able to contribute substantially in enhancing the domestic economy and the country's wealth. I believe we play a substantial and central role in keeping our population healthy, especially against the backdrop of the onslaught of the dual burden of disease and huge gaps in the demand and supply of healthcare. We are privileged to serve and alleviate the sufferings of over 25 lakh patients from across the country, who come to our hospitals annually, for medical treatment. In this way, we contribute, in a significant manner, to build a stronger and healthier India.

Differentiators for Fortis

I would like you to know that we continue to tread the path set forth by our vision i.e. to bring a world-class integrated healthcare delivery system, entailing the finest medical skills combined with compassionate patient care. These elements are the fundamental differentiators for Fortis. Therefore, exceptional clinical care, patient centric delivery, affordability and access to healthcare remain our touchstones and it is with this spirit that we are expanding our medical offerings.

Whilst we continue to strengthen our comprehensive offerings across a very wide spectrum of medical specialties, we are also addressing some of the critical medical needs of our country by strengthening medical programmes focusing on Oncology, Mother & Child Health, and Organ Transplantation. We are also supporting the introduction of precision technologies and treatment options, including minimally invasive techniques and Robotics. Patient comfort, ease and speed in healing, with better predictability of outcomes are paramount to this endeavour, and you would be pleased to know, that we are leading the charge to create positive impact in this vitally important domain.

Measuring Clinical Outcomes - Demonstrating and Delivering Value Based Healthcare

Our patients are central to this theme and we believe that the best way forward is to consistently demonstrate how well we are able to meet the complex and interrelated needs of each individual patient. We try to ensure that every patient receives the best clinical treatment and derives true medical value over the complete course of care that leads



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to healing. We work towards outcomes that are both predictable and positive. This is made possible through sustained, team-based efforts that deliver medically integrated services and follow standard clinical pathways and practices.

Noteworthy in assessing the quality and effectiveness of our medical interventions is our move to measure and publish the medical outcomes, at our hospitals. We are the first in Asia to have adopted world leading indicators set by International Consortium for Health Outcomes Measurement (ICHOM), at the Fortis Escorts Heart Institute (FEHI). The initial focus is on cardiac diseases and the ICHOM Coronary Artery Disease Data Set being monitored at FEHI covers clinical quality, the incidence of post-operative complications (kidney failure, heart attack, wound infections) in patients undergoing a Coronary Artery Bypass Graft (CABG) and Percutaneous Coronary Intervention (PCI). We are happy that our data clearly shows that FEHI stands alongside the best hospitals in the world and in many cases ahead of them, in the quality of its medical outcomes for cardiac cases.

We are now working to extend this endeavor to our other hospitals as well as other medical specialties i.e. the Fortis Memorial Research Institute and Fortis hospitals at Mohali, Mulund and Bengaluru for Coronary Artery Disease (CAD); Fortis also aims to post outcomes for Kidney Transplant.

I believe this is a significant step in patient empowerment and a huge move to strengthen the bond of trust between our hospitals and patients. It further reinforces the measures we are taking to enhance clinical care through evidence based protocols that also provide patients a clear view of the medical options available and the quality of results being achieved, so they can make informed treatment choices.

Strategy and Growth

We continue to deepen our India centric strategy by expanding capacity at our existing facilities, strengthening our clinical programmes across therapies, thereby making them more comprehensive by broadening our medical offerings.

Clearly, there are opportunities to create additional value. Some hospitals in our portfolio are at their peak and operate consistently at high occupancies. Such hospitals have earned the right to grow and we are planning to add bed capacity through internal expansion i.e. by building additional



infrastructure at existing locations and also by mobilising existing warm shells. This will enable us to add 400-500 new beds every year, for the foreseeable future.

Our asset light arrangement with the Religare Health Trust (RHT), created in October 2012, further enhances the benefits that accrue to Fortis from this model. This is because the expansion in both cases can be funded by the RHT.

Additionally, Fortis is taking the lead to also explore and actively seek Operations & Management (O&M) contracts to expand its brand presence in India. With this, Fortis is seized of the immense possibilities of yet another growth platform that can help us to develop upon our asset light strategy. Fortis has been an early pioneer in this space and is leading the way for the sector.

Medical Value Travel

Comparing various developing countries of the world, India is well-positioned as a preferred destination for medical tourism due to the presence of world class hospitals and medical professionals. Further, superior quality healthcare, excellent clinical outcomes that can be compared with global benchmarks coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism which has, in turn, enhanced the prospects of the

Indian healthcare market. As we continue to publish the data on our strong clinical outcomes, we will generate further confidence among international patients and more of them will look to India as a preferred destination for medical treatment. India has the potential to become the healthcare hub to the world and its prospects for growth could rival the excellent results that we have seen for the Indian IT industry.

Organ Transplant

This is an area we are extremely passionate about as it has the potential to bring hope to millions of lives staring a bleak prognosis as a result of organ failure. The hope lies in the positive contribution that Medical science has been able to make in this space with commendable results, that allow individuals with even the most trying conditions, an alternate route to life. However, organ donations, following brain death, have been abysmally low in our country. Fortis has joined hands with notable organisations like the Mohan Foundation and NOTTO to educate people and change public perceptions surrounding organ donation. We believe this is one of the most significant contributions we can make in our journey to bring about positive social change that can alleviate human suffering and heal those who have the tiniest sliver of hope. I applaud the ceaseless efforts of our transplant teams and surgeons to create a strong culture for transplant programmes to take root. Fortis has taken a strong position to heighten awareness related to organ donation and its nation-wide campaign has led to large numbers of citizens volunteering to become organ donors.

I am enthused by the over 100 heart transplants that have already taken place at our Fortis Malar Hospital, in Chennai, which positions it as the premier centre for heart transplant, not only in India but all of Asia. This makes me believe that the best is yet to follow, in what is described as a game changer.

Technological Initiatives

There are many synergies that can be generated through the deployment of new technologies particularly for our sizable network, and Fortis is keenly studying and deploying them to standardise the quality of service delivery, control cost and enhance patient engagement. We continue to stay abreast of the new developments and are leveraging, wherever possible, Digital Health Knowledge Resources,



Electronic Medical Records, Mobile Healthcare Solutions, and Hospital Information Systems to create further value in the business by adding services that enhance patient convenience and unlock system efficiencies.

We are also using tele-medicine to expand our reach exponentially. Our E-ICU brand 'Criticnext' replicates a high order intensive care environment at a remote hospital enabling us to offer 24x7 patient surveillance through a central e-hub. At present, over 400 beds in 12 cities are being served via this arrangement.

Diagnostics

Over the last few years, Pathology has gained prominence as the preferred line of diagnosis for the majority of diseases. Reliable diagnosis enables evidence-based treatment, thereby offering the best treatment options to patients. The Company's diagnostic business, SRL, continues to be a leader in diagnostics, having the largest network of 314 labs with a pan-India footprint. SRL is a mass market player and is present in all segments of pathology testing, which includes screening, diagnostic, predictive, preventive and monitoring tests. SRL reaches out to over 60,000 doctors and, at an average, conducts over 125,000 tests per day. Focus on indices of efficiency, bringing in of integrated platforms, decentralisation of tests on the basis of customer demand

are the future focus areas for the Company which hold great promise. The Board of the Company has decided to assess and evaluate a demerger of the diagnostics business of the Company in addition to other options that may be available to unlock and monetise value inherent in this business.

Social Consciousness

A healthcare organisation must have a soul and its reason for existence must be based on public good. Fortis believes that apart from business, we must make a worthwhile contribution to society. We have, therefore, organised ourselves through the Fortis Charitable Foundation (FCF) to render service to society and meet our social obligations. Even as our initial area of focus is towards curative healthcare, our long term objective is to deliver programmes in the area of preventive healthcare and improve the overall quality of life for our stakeholders and the society.

FCF has 5 primary programmes

UMEED (A Child Centric Program); AANCHAL (Women's Health and Well-Being); SEWA (A Disaster Relief Initiative); CHHAYA (Supporting Charitable Medical Infrastructure); SAVERA (Awareness, Communication & Publications) and SPECIAL LIVES (A programme catering to special situations that demand a response). Just as a small example, in 2015-16, under UMEED alone, we supported 1178 children with Congenital Heart Defects, providing them surgical and other treatment options, which afforded them the right to a healthy and productive life. There are many more such meaningful initiatives that have brought a cheer to the disadvantaged and our endeavour is to continue to extend our reach.

The healthcare opportunity and building shareholder value

The Indian healthcare market is expected to grow at a CAGR of ~16% from US \$ 100 Billion in 2015 to reach US \$ 280 Billion by 2020 (Source: IBEF). This would reflect in India's spend on healthcare which is expected to increase from 4% of GDP currently to approximately 5% of GDP by 2020. The growth in population, increase in lifestyle related diseases, rising purchasing power of the middle class and higher awareness of chronic illnesses along with a huge opportunity in medical value travel will be the key growth drivers for the sector.



As the Indian economy grows, there will be an associated increase in the purchasing power of people and there will be a demand for more value based healthcare. With increasing insurance penetration, healthcare will become more affordable for people. We will focus on expanding our clinical programmes and build more comprehensive facilities so that we are able to serve the people better while generating a higher return on investment for our shareholders.

I would like to thank the Board, our management team, members of our clinical and non-clinical staff and our shareholders for their constant support.

With my best wishes and warm regards,

Malvinder Mohan Singh
Executive Chairman