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## **BOARD OF DIRECTORS**

Mr. Bhavdeep Singh, Chairman  
Mr. Krish Ramesh, Whole Time Director  
Dr. Nithya Ramamurthy  
Mr. P Murari  
Mr. Ramesh L.Adige  
Mr. Sanjay Jayavarthanavelu

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## **COMPANY SECRETARY**

Mr. Prashant Khattry

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## **AUDITORS**

K.GOPALAN & Co.,  
Chartered Accountants,  
G2,Padmaja Flats,  
5/3, Cart Track Road,  
T.Nagar, Chennai - 600 017.

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## **REGISTERED OFFICE**

52, First Main Road, Gandhi Nagar,  
Adyar, Chennai - 600 020  
Phone: + 91 - 44 - 2491 4023, 2491 4393  
+ 91 - 44 - 4289 2222

# KEY EVENTS 2009-2010



1st Anniversary of Escorts Heart Institute  
@ Fortis Malar Hospital



Basic Life Support - Training program to Auto Drivers  
Inaugurated by Traffic Commissioner



Openings of Fortis Malar Hospital - Information Centres in Tamil Nadu & Andhra Pradesh



CSR - School Camp along with IIT



Inauguration of Escorts Chest Pain Clinics



Participation @ Dinamalar Expo



More than 15 Cardiac Outreach Camp Conducted



Employee Engagement Program in Hospital - Big FM RJ Deena Participation

# MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

It is my pleasure to share the Fortis Malar Hospitals Limited 2009-2010 performance with you. I am delighted to share that the year gone by has been a very important year as the hospital took some quantum leaps in terms of financial performance, improved patient care, quality, clinical excellence and process management.

The year gone by has been significant for your hospital, with turnover nearly doubling to Rupees 64 crores from Rupees 33 crores in the previous year. The net profit of the company stands at Rs.350.29 lakhs for the year ended March 31, 2010 against a loss of Rs. 175.72 lakhs in 2008-2009. The hospital continues to be certified as compliant with the requirements of ISO 9001: 2000, by the International

Certification Services Limited and this certification is valid until February, 2011.

Over the past year, the company has made significant investments on the renovation of the Fortis Malar hospital building. The lobby has been entirely refurbished and the hospital exterior modernized. In addition, we now have a new Radiology department, a greatly improved OPD floor as well as a new blood bank. Ongoing facility improvement will continue to remain a focus, going forward. The hospital also used the opportunity to acquire some state-of-the-art medical equipment and this has brought about a dramatic improvement in our patient care services. All of these enhancements have combined to raise the service levels in our hospital, and this in turn has contributed to excellent revenue growth and increased profits.

Our clinical excellence is reflected in the better clinical outcomes we have seen across several specialities - Cardiac sciences, Neuro sciences, Renal sciences, Orthopaedics, to name only a few. As compared to the prior year, all of our specialities have grown. The company has also opened Information Centres across the Tamil Nadu state and we have entered into some key foreign tie-ups to enhance our international business. Additional business from overseas has already started flowing in and we expect it to increase in the years ahead.

An effective internal audit system is a fundamental component of good governance and the company has appointed an independent team of internal auditors that continuously monitors the operations and processes of the organization in every aspect of the hospital. The primary focus of internal auditing, as it relates to corporate governance, is to help the Audit Committee of the Board of Directors to discharge its duties responsibly and effectively. As an organization, we take corporate governance very seriously and the audit process adopted by the company is a key enabler in ensuring compliance at all levels.

Your company continues to maintain its high discipline over budgetary controls, with day to day monitoring by the facility management supported by periodic reviews by the corporate office. This streamlined approach has helped in the effective planning and co-ordination required for making sound business decisions. We use this disciplined approach in planning for the future and to attain our objectives for each department, each operation and each manager, thereby bringing about greater purpose and direction for the organization and more predictable outcomes.

A high standard of human resource management is critical to delivering medical excellence to our customers and, in health care, this covers the diverse clinical and non-clinical staff. Human resources are among the most important inputs within a healthcare system and its performance, as well as the benefits it delivers, depends largely upon the knowledge, skills and motivation of those that are responsible for delivering the health services. Various initiatives through the year have helped contribute to our increased human resource efficiency and training is organized regularly for employees in each department. Wherever possible, outsourced services have served to convert fixed labour expenditures into variable

costs as one more means of improving efficiency. I want to make particularly mention of the emphasis we place increasingly on quality nursing and the focus we are bringing to development opportunities for our nursing staff. We will continue to ensure that this area remains central for us, in the future as well.

With a good year of progress behind us, we look forward to the coming year and would continue to focus on patient care and clinical excellence. Fortis Malar would grow in terms of expanding our current hospital infrastructure, strengthening current medical programs and focus on organ transplants.

Finally, Fortis Malar remains committed to clinical excellence and patient care, and this is manifest in every aspect of our hospital design, patient services, and medical programmes. I take this opportunity to thank every member of our Board, for their guidance and support; and all our medical and non-medical hospital staff, for their passion and commitment. I especially thank all of you, our esteemed shareholders, for your confidence in the company.

Best Wishes

Place : Chennai

Date : 14th May, 2010

(Bhavdeep Singh)



# NOTICE TO THE ANNUAL GENERAL MEETING

**Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Friday, the 20th day of August, 2010 at 2.30 P.M. at P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha (Regd) – Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017, to transact the following business:**

## **AS AN 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 Statutory Auditors thereon.
2. To appoint a director in place of Mr. Sanjay Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. Nithya Ramamurthy, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration. M/s K Gopalan & Co., Chartered Accountants, are eligible for re-appointment.

## **AS SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Bhavdeep Singh, who was appointed as an Additional Director w.e.f 30th March, 2010 and who holds office pursuant to Section 260 of the Companies Act, 1956 hereinafter referred to as ‘(the Act)’ upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation”.

“RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all such acts, deeds, things to give effect to the above resolution.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 16, 94(1)(a) and other applicable provisions,

if any, of the Companies Act, 1956( including any statutory modification or re-enactment thereof for the time being in force), the Authorized Share Capital of the Company be increased from Rs. 20,00,00,000 (Rupees Twenty Crores) to Rs. 30,00,00,000 (Rupees Thirty Crores) by addition of 1,00,00,000 (One Crore) Equity Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crore).”

“RESOLVED FURTHER THAT sub clause ix of Clause C of the Memorandum of Association be substituted as under:

C(ix) The Authorized Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs. 10/- (Rupees Ten) each”

“RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and to sign all such documents, papers & writings as may be necessary, expedient and incidental to give effect to this resolution.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification(s) or re-enactment(s) thereof, the Articles of Association of the Company be and are hereby amended by insertion of Article No. 1AA of the Articles of Association of the Company in the manner and to the extent as set out below:-

1AA. The Authorised Shares Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in sub clause ix of Clause C of the Memorandum of Association with power to increase or reduce the Capital and divide the shares in the Capital of the Company for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.

“RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and to sign all such documents, papers & writings as may be necessary, expedient and incidental to give effect to this resolution.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT 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 further approval of the Central Government and all other applicable regulatory approvals, consent(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by the Central Government while granting such approval(s)/ as are agreed by the Board of Directors (which expression shall include any Committee thereof and any person authorized by the Board in this behalf), the consent of the Company be and is hereby granted for increase in remuneration payable to Mr. Krish Ramesh, Whole Time Director of the Company, w.e.f. 30th April, 2010, for his remaining tenure as Whole Time Director i.e. till 29th April, 2013, on the terms and conditions as set out below:

### **SALARY**

Rs.19,80,000/- (Rupees Nineteen Lacs Eighty Thousand ) per annum with power to the Board of Directors to increase the salary upto a sum not exceeding Rs. 30,00,000/- (Rupees Thirty Lacs) per annum.

### **PERFORMANCE AND RETENTION INCENTIVE**

For each financial year, a performance and retention incentive of Rs.25,00,000/- (Rupees Twenty Five Lacs) with power to the Board of Directors to increase it upto a sum not exceeding Rs. 40,00,000/- (Rupees Forty Lacs).

### **PERQUISITES & ALLOWANCES**

In addition to the aforesaid salary, Mr. Ramesh will be entitled to perquisites including but not limited to rent free furnished accommodation, car, telephone, medical reimbursement, personal accident insurance, group hospitalization, club fees, leave travel for self and family, such number of options as may be granted to him under any ESOP Scheme of the Company for the time being in force and any other reimbursements, allowances or perquisites in accordance with the rules of the Company.”

“RESOLVED FURTHER that, “ the monetary value of such perquisites / allowances will be limited to Rs. 33,00,000/- (Rupees Thirty Three Lacs) per annum, with authority to the Board of Directors to increase it from time to time upto an amount not exceeding Rs. 50,00,000/- (Rupees Fifty Lacs) per annum and that 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.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to modify/amend the remuneration components within the overall limit of Rs. 1,20,00,000/- (Rupees One Crore Twenty Lacs) per annum.”

“RESOLVED FURTHER THAT following shall not be included in the aforesaid limits:

- 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 as per Rules of the Company.”

### **“RESOLVED FURTHER THAT**

- (i) in the event of inadequacy or absence of profits in any financial year during the tenure of the Whole Time Director, he will be entitled to the above remuneration (inclusive of allowances, perquisites and commission, if any) by way of minimum remuneration.
- (ii) subject to superintendence, control and direction of the Board of Directors of the Company, he shall perform such duties and functions as would be commensurate with his position as the Whole Time Director of the Company and as may be delegated to him from time to time.
- (iii) being whole time director, he shall not be paid any sitting fee for attending the meetings of Board of Directors or Committees thereof.
- (iv) he will be entitled to reimbursement of entertainment and all other expenses actually and properly incurred by him in the course of legitimate business of the Company.
- (v) the Company or he shall be entitled to terminate this appointment by giving three months notice in writing or such shorter notice as may be mutually agreed between him and the Company, or in lieu of notice, payment by the Company or by him to the Company, equivalent to three months' last drawn remuneration.



(vi) he shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT the Directors and the Secretary of the Company 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 above resolution.”

By the order of the Board,  
For **Fortis Malar Hospitals Limited**

Place: Chennai.

**Prashant Khattry**

Dated: 14th May, 2010

Company Secretary

**NOTES:**

1. A MEMBER 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE SHALL BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING AT THE REGISTERED OFFICE AT 52, FIRST MAIN ROAD, GANDHI NAGAR, ADYAR, CHENNAI – 600 020.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed herewith which forms part of the Notice.
3. The additional information on directors seeking appointment or re-appointment at the Annual General Meeting has been provided in the Report on Corporate Governance.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 17th August, 2010 to 20th August, 2010 (both days inclusive).
5. In terms of Section 219(1) of the Companies Act, 1956, as also Clause 32 of the Listing Agreement, the full and complete annual report containing, inter alia, the full sets of all the documents referred to therein are available for inspection at the Registered Office of the Company during the working hours on all business days beginning from the date of this Notice till the date of the AGM.
6. Members are requested to bring their copy of Annual Report and Accounts to the Meeting.
7. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
8. Members who hold shares in electronic form are requested to notify any change in their particulars like change in address, etc., to their respective Depository Participants immediately. Members who hold shares in physical form are requested to notify any change in their particulars like change in address, etc., to the Registrars.
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. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name shall be entitled to vote.
11. For security reasons, no article / baggage will be allowed at the venue of the meeting. The members / attendees are strictly requested to not to bring any article/baggage, etc. at the venue of the meeting.
12. The members who holds shares in dematerialized form are requested to bring their Client Id and DP ID.Nos for easier identification of attendance at the meeting.
13. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized. In case of any clarifications, undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
14. Consequent upon the introduction of 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 & 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, GNSA INFOTECH PRIVATE LIMITED at GR MANSION, 11, SRINIVASA ROAD, PONDY BAZAR, T.NAGAR, CHENNAI or download from the Company's website. Members 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.

## EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

### ITEM NO. 5

The Board of Directors of your Company had co-opted Mr. Bhavdeep Singh having rich experience in various fields, as an additional director of the Company w.e.f. 30th March, 2010, pursuant to provisions of section 260 of the Companies Act, 1956 and Article 11(9) of the Articles of Association of the Company. The brief details of his qualification, experience etc. is given in Corporate Governance Report of the Company.

As per section 260 of the Companies Act, 1956 he will hold office upto the date of ensuing Annual General meeting. The Company has received notice in writing from one shareholder of the Company proposing his candidature for office of Director under section 257 of the Companies Act, 1956.

Your Directors believe that with his appointment as Non Executive Director / Chairman of the Company, the Company would be benefited from the expertise and knowledge of the above said director in various fields. Hence, the resolution as set out at item No.5 of the notice are recommended for your approval. A copy of the resolution passed by the Board of Directors on 30th March, 2010 is open for inspection by the members at the Registered Office of the Company during working hours between 11.00 A.M. to 1.00 P.M. on any working day upto the date of this Annual General Meeting.

None of the Directors except Mr. Bhavdeep Singh is concerned or interested in the said resolution.

### ITEM NO. 6 AND 7

The present Authorized Share Capital of the Company is Rs 20,00,00,000 (Rupees Twenty Crore) divided into 2,00,00,000 Equity shares of Rs. 10/- (Rupees Ten) each.

In view of broadening the Capital base and for any future funds requirement, the Board of Directors of the Company in their meeting held on 14th May, 2010, proposed to increase the Authorized Share Capital of the Company from Rs. 20,00,00,000 to Rs. 30,00,00,000, by addition of 1,00,00,000 (One Crore Only) Equity Shares of Rs.10 each aggregating to Rs. 10,00,00,000 (Rupees Ten Crore) and for that purpose sub clause ix of Clause C of the Memorandum of Association and insertion of Clause 1AA in Articles of Association of the Company is proposed to be suitably altered/inserted as set out as ordinary resolution and special resolution respectively in the accompanying notice.

As per the provisions of Section 94 read with Section 16 of the Companies Act, 1956, a Company may by passing ordinary resolution increase its authorized share capital and

alter the capital clause of the Memorandum of Association of the Company and as per the provision of Section 31 of the Companies Act, a Company may by passing special resolution alter the Articles of Association of the Company.

All the documents relevant to the resolutions specified in the notice are open for inspection by the shareholders of the Company at the Registered office of the Company between 11.00 A.M. to 01.00 P.M. on only working day upto the date of this Annual General Meeting.

The Resolutions at No. 6 and 7 are therefore, placed for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

### ITEM NO. 8

Mr. Krish Ramesh was appointed as Whole Time Director of the Company for a period of 5 years w.e.f 30th April, 2008 subject to the approval of the Central Government pursuant to section 269 of the Companies Act, 1956. Subsequently, Central Government has also conferred its approval for appointment of Mr. Krish Ramesh vide its letters dated 15th October, 2008 and 29th January, 2009.

Keeping in view the consistent progress made by the Company under the leadership and guidance of Mr. Krish Ramesh, who has successfully made the Company as one of the largest private healthcare companies in South India with quality healthcare and service excellence, the remuneration committee of the Board of Directors vide resolution dated 13th April, 2010 recommended to the Board of Directors for increase in the remuneration of Mr. Krish Ramesh w.e.f 30th April, 2010. Further the Board of Directors vide resolution dated 13th April, approved aforesaid increase in remuneration for the remaining period of his tenure as Whole Time Director i.e. till 29th April, 2013 subject to the approval of Shareholders of the Company and the Central Government under section 198,269, 309, 310 read with schedule XIII of the Companies Act, 1956.

The Board of Directors recommends the resolution at Item No. 8 for approval of shareholders.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given here 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 13th April, 1989