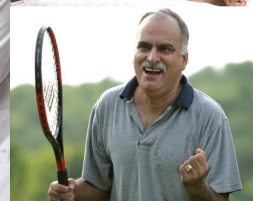


GROWING THROUGH MEDICAL EXCELLENCE

20th ANNUAL REPORT 2010-11





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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Krish Ramesh, Whole-time Director
Dr. Lloyd Nazareth
Dr. Nithya Ramamurthy
Mr. P. Murari
Mr. Ramesh L.Adige
Mr. Sanjay Jayavarthanavelu

COMPANY SECRETARY

Mr. Ramit Rastogi

AUDITORS

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

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 2010 - 2011



Heart Failure and Arrhythmia Summit 2011



Heart Failure and Arrhythmia Summit 2011



Road Safety Week



Head Injury Awareness Day Rally on the 20th March, 2011

CSR EVENTS 2010 - 2011



Screening camp at 'Silver and Spring School'



Cardiac Screening camps at Tirupathur



Screening camp at Minjur

BOARD OF DIRECTORS



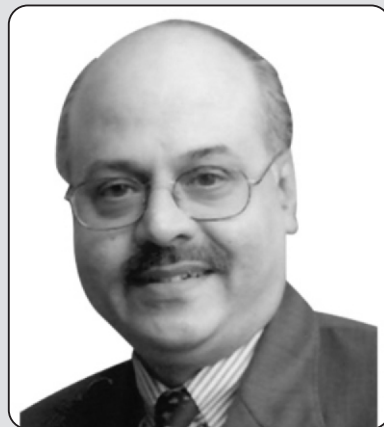
Dr. Lloyd Nazareth



Mr. Krish Ramesh



Dr. Nithya Ramamurthy



Mr. Ramesh L. Adige



Mr. P. Murari



Mr. Sanjay Jayavarthanavelu

MESSAGE FROM DR. LLOYD NAZARETH



Dear Shareholders,

It is my pleasure to share the Fortis Malar Hospitals Ltd's performance with you for the financial year 2010-11. I am pleased to share that the year gone by has been a very significant year, as the Company achieves good growth performance in terms of financial numbers, and also made strides in patient safety and care quality indices, clinical excellence, process management and exploration of new business segments.

The year gone by has been significant for your Company with turnover growth of more than 30% to ₹ 84 Crores from the levels of ₹ 64 crores in the previous year. The net profit of the company stands at ₹ 5.44 Crores for the year ended March 31, 2011 as against a profit of ₹ 3.50 Crores in 2009-2010, marking a handsome growth of more than 55%. The hospital continues to be certified as compliant with the requirements of ISO 9001:2000 by the international certification services limited.

The Company also entered into some key foreign tie-ups to enhance our international business. We must add that our international business has started growing rapidly and is showing enormous progress.

We have improved our systems and controls to take care of Statutory Compliances. An effective internal audit system is a fundamental component of good governance and the Company has appointed an independent reputed 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 are focussed on implementation of effective corporate governance.

The audit process adopted by the Company is a key enabler in ensuring compliance at all levels.

Your Company continues to monitor the Facility Management by daily and periodic meetings and supported by periodic reviews by the Zonal Director and by Fortis top Management. This streamlined approach has helped in the effective planning and co-ordination, required for making sound business decisions.

This disciplined process has helped us in resolving many issues in a proactive manner by making use of the rich and diverse experience available across the Group and we derive maximum benefit by using this to the fullest extent.

In an industry, where human skill plays a very significant role, a high standard of Human Resources Management is critical for delivering medical excellence to our customers. This, covers both the clinical and non clinical talent and we need to nurture and train them continuously to keep pace with fast happening developments around us in the medical field. Human Resources are amongst the most important inputs with in a Healthcare Delivery 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 care services. Various initiatives through out the year have helped contributing to our increased human resource efficiency and training is organized regularly for employees in each department. Our continuous emphasis on improving the quality of nursing has started bearing fruit and we have seen excellent feedback from patients and attendants on this score. We will continue to ensure that this area remains central for us.

The last three years have seen giant strides in the history of Fortis Malar and this has also been vindicated in the financial performance of the Company. As we leave 2010-11 behind, we look forward to the coming year with positivity and optimism. Fortis Malar would grow in terms of expanding our current hospital infrastructure, strengthening current medical program and focus on gaining business shares in Domestic and International Markets.

And, last but certainly not the least, we at Fortis Malar remain committed to clinical excellence and distinctive patient care, and this is manifest in every aspect of our hospital processes, design, patient services and medical programmes. I take this opportunity to thank every member of our Board for their continued guidance and support and all our medical and non-medical hospital staff, for their passion and commitment. And, dear Shareholders, I especially thank each one of you, for your continued confidence in the Company.

Best Wishes,

(Dr Lloyd Nazareth)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the Company will be held on Monday, the 4th day of July, 2011 at 2:00 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, 2011 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. Ramesh L. Adige, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. P. Murari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s S.R. Batliboi & Co., (Firm Registration No. 324982E) Chartered Accountants, as Statutory Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, in place of M/s K. Gopalan & Co., Chartered Accountants, the retiring statutory Auditors, who have expressed their unwillingness to be appointed at this Annual General Meeting and to fix their remuneration.

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 Dr. Lloyd Nazareth, who was appointed as an Additional Director w.e.f 28th January, 2011 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 from whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 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 Directors of the Company and the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things as may be necessary and incidental to give effect to the above resolution.”

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

Place : Chennai
Date : 16th May, 2011

Ramit Rastogi
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 / 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 Thursday, 30th day of June 2011 to Monday, 4th day of July 2011 (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.
 - (a) 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.
 - (b) Members who hold shares in physical form are requested to notify any change in their particulars like change in address, etc., to the Registrars.
8. 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.
9. 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.
10. 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.
11. The Shareholders who hold shares in dematerialized mode 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.
12. 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 Registered Office of the Company.
13. 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 Act (General Rules & Forms), 1956 which can be obtained from the Company's Registrar, GNSA INFOTECH LIMITED at GR MANSION, 11, SRINIVASA ROAD, PONDY BAZAR, T.NAGAR, CHENNAI or download from the Company's website.
14. 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.
15. The certificate from the Statutory Auditors of the Company, certifying that Employee Stock Option Scheme of the Company has been implemented in accordance with Securities and Exchange Board of India (Employee Stock Purchase Scheme) Guidelines 1999, will be available for inspection by the shareholders at the Annual General Meeting.
16. All the documents relevant to the business specified in this Notice are open for inspection by the Shareholders of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m on any working day upto the date of Annual General Meeting

EXPLANATORY STATEMENT

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

Item No. 5

The Board of Directors of your Company had, in terms of nomination received from International Hospital Ltd, the holding company, co-opted Dr. Lloyd Nazareth, having rich experience in hospital management, as an additional director of the Company w.e.f. 28th January, 2011, 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 forming part of Directors' Report.

As per Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from him 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, the Company would be benefited from the expertise and knowledge of the above said director in hospital administration. Hence, the resolution as set out at item No.5 of the Notice is recommended for your approval.

None of the Directors, except Dr. Lloyd Nazareth himself, is concerned or interested in the said resolution.

By the order of the Board of Directors
For Fortis Malar Hospitals Limited

Place : Chennai
 Date : 16th May, 2011

Ramit Rastogi
 Company Secretary