



ANNUAL REPORT 2012-2013



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Aditya Vij
Mr. Ashish Bhatia
Mr. Lakshman Teckchand Nanwani
Dr. Nithya Ramamurthy
Mr. P. Murari
Mr. Rama Krishna Shetty
Mr. Ramesh L.Adige
Mr. Sandeep Puri
Mr. Sanjay Jayavarthanavelu
Mr. V. Vijayarathna

COMPANY SECRETARY

Mr. Dinesh Gupta

AUDITORS

M/s S R B C & Co. LLP
Chartered Accountants,
6th & 7th Floor, A-Block,
Tidel Park, (Module 601, 701 & 702)
No.4, Rajiv Gandhi Salai,
Taramani, Chennai - 600 113.

REGISTERED OFFICE

52, First Main Road, Gandhi Nagar,
Adyar, Chennai - 600 020.
Phone: + 91 - 44 - 2491 4023, 2491 4393
+ 91 - 44 - 4289 2222
Fax : + 91 - 44 - 4289 2293
Website : www.fortismalar.com

BOARD OF DIRECTORS



Mr. Aditya Vij



Mr. Ashish Bhatia



Mr. Lakshman Teckchand Nanwani



Dr. Nithya Ramamurthy



Mr. P. Murari



Mr. Ramakrishna Shetty



Mr. Ramesh L. Adige



Mr. Sandeep Puri



Mr. Sanjay Jayavarthanavelu



Mr. V. Vijayarathna

CHAIRMAN'S MESSAGE



Dear Shareholders,

I have great pleasure in presenting the results of your company for the year ended March 31, 2013. Your Company continued to show growth in revenues and profit.

Annual revenues grew 9% to Rs. 105.16 Crores from Rs. 96.13 Crores in the previous financial year. Operating EBITDA rose to Rs.18.82 Crores, a growth of 25% compared to the previous financial year. Net profit before extra-ordinary item jumped 44% to Rs.15.53 Crores compared to Rs.10.81 Crores in the previous financial year. During the year your Company realised an extraordinary profit of Rs. 41.40 crores from the sale of the Clinical Establishment. This resulted in a net profit after tax of Rs. 43.48 crores which is 460% higher than that of Rs.7.76 crores earned in the previous year.

Average revenue per occupied bed (ARPOB) increased from Rs. 93 Lacs in FY 2012 to Rs. 96 Lacs in FY 2013. The average length of stay (ALOS) reduced from 3.89 days in FY 2012 to 3.69 days in FY 2013.

During the year our surgeons continued to perform complex and first of their kind procedures. To name a few, we airlifted a very sick patient from Delhi who had severe heart failure and successfully resuscitated her using Artificial Heart Technology (ECMO) and then performed a Heart transplant. Our surgeons also

successfully performed India's first Permanent Artificial Heart Pump (LVAD Heartmate II) implant on a 58-year old gentleman.

With the addition of highly skilled surgeons and consultants we strive to constantly improve our standards and set benchmarks for other hospitals in the country.

As part of your Company's initiatives to reduce the carbon foot print, your Company migrated to environment friendly wind energy and almost 97% of our Tamil Nadu Electricity Board (TNEB) energy requirements have been met by wind energy, since October 2012.

Our people and clinicians play a vital role in delivering superior patient care and have been instrumental in upholding the values of Fortis. On behalf of the management I take this opportunity to thank them for their contributions during the year.

As part of our initiatives to share medical breakthroughs with wider medical community, we organised "Advanced Heart Failure and Mechanical Assist Meet", a first-of-its-kind conclave in India where over 100 clinicians participated in discussions with guest lectures from renowned national and international surgeons.

All these endeavours have been useful in raising the bar of clinical excellence at Chennai.

I take this opportunity to thank the members of the Board for their continuous support and guidance and express my gratitude to all stake holders, employees and partners for their continued commitment and passion. A Special thanks to each of you, our share holders, for your continued confidence in the company.

With warm regards
Aditya Vij

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the Company will be held **on Monday, August 19, 2013, at 11.30 AM** at P. Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Statutory Auditors thereon.
2. To appoint a director in place of Mr. Ramesh Lakshman Adige, who retires by rotation and is eligible for re-appointment.
3. To appoint a director in place of Mr. Murari Pejavar, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors of the Company to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the applicable provisions, of the Companies Act, 1956, if any, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. S R B C & Co. LLP, Chartered Accountants, (who have expressed their unwillingness to be re-appointed) on such remuneration as shall be fixed by the Board of Directors.”

(The company had received notice from a member signifying his intention to propose the above resolution.)

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. Sandeep Puri (Director's Identification No. 05345943), who was appointed as an Additional Director of the Company w.e.f. September 14, 2012 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 under Section 257 of the Act, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, things as may be necessary, to give effect to the foregoing resolution.”

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

“RESOLVED THAT Mr. Rama Krishna Shetty (Director's Identification No. 01521858), who was appointed as an Additional Director of the Company w.e.f. January 30, 2013 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 under Section 257 of the Act, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, things as may be necessary, to give effect to the foregoing resolution.”

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

“RESOLVED THAT Mr. Lakshman Teckchand Nanwani (Director's Identification No.00076536), who was appointed as an Additional Director of the Company w.e.f. March 29, 2013 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 under Section 257 of the Act, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, things as may be necessary, to give effect to the foregoing resolution.”

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

Dated: July 19, 2013
Place: Chennai

Dinesh Gupta
Company Secretary

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under Item nos. 5 to 7 is annexed hereto.
2. **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 of the Company.
3. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / re-appointment at this Annual General Meeting are annexed.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **Monday, August 12, 2013 to Monday, August 19, 2013** (both days inclusive).
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members / Proxies should bring the Attendance Slip duly filled in for attending the Meeting. The members 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. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.
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 members / attendees are strictly requested not to bring any article/baggage, etc. at the venue of the meeting.
11. 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.
12. 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 & desirous of making nominations may send their nomination request in prescribed form 2B of the Companies (General Rules & Forms), 1956 which can be obtained from the Company's Registrar, KARVY COMPUTERSHARE PRIVATE LIMITED at PLOT NO. 17-24, VITTAL RAO NAGAR, MADHAPUR, HYDERABAD-500 081 or download from the Company's website.
13. Members desiring any information as regards the Accounts are requested to write to the Company Secretary, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to reply at the Meeting.
14. The Ministry of Corporate Affairs has undertaken a '**Green Initiative in the Corporate Governance**' by allowing paperless compliances by Companies vide its Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively. A recent amendment to the Listing Agreement with the Stock Exchange(s) permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail address for receiving electronic communications.

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. Sandeep Puri, as an additional director of the Company w.e.f. September 14, 2012, in terms of Section 260 of the Companies Act, 1956 read with Article 11(9) of the Article of Associations of the Company. The brief resume of Mr. Sandeep Puri 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 this Annual General Meeting. The Company has received a notice in writing in terms of Section 257 of the Companies Act, 1956, along with a requisite deposit, proposing his candidature for office of Director of the Company, liable to retire by rotation.

Your Directors, believe that with his appointment as a Non-Executive Director, the Company would be immensely benefitted by way of strategic guidance, leadership and knowledge of the above said director. Hence, the resolution as set out at item No.5 of the notice is recommended for your approval.

None of the Directors except Mr. Sandeep Puri is concerned or interested in the said resolution.

Item No. 6

The Board of Directors of your Company had co-opted Mr. Rama Krishna Shetty, as an additional director of the Company w.e.f. January 30, 2013. Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 11(9) of the Article of Associations of the Company. The brief resume of Mr. Rama Krishna Shetty 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 this Annual General meeting. The Company has received a notice in writing in terms of Section 257 of the Companies Act, 1956, along with a requisite deposit, proposing his candidature for office of Director of the Company, liable to retire by rotation.

Your Directors believe that with his appointment as Non-Executive Director, the Company would be immensely benefited from the expertise and knowledge of the above said director. Hence, the resolution as set out at Item No. 6 of the notice is recommended for your approval.

None of the Directors except Mr. Rama Krishna Shetty is concerned or interested in the said resolution.

Item No. 7

The Board of Directors of your Company had co-opted Mr. Lakshman Teckchand Nanwani, as an additional director of the Company w.e.f. March 29, 2013. Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 11(9) of the Article of Associations of the Company. The brief resume of Mr. Lakshman Teckchand Nanwani 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 this Annual General meeting. The Company has received a notice in writing in terms of Section 257 of the Companies Act, 1956, along with a requisite deposit, proposing his candidature for office of Director of the Company, liable to retire by rotation.

Your Directors believe that with his appointment as Non-Executive Director, the Company would be immensely benefited from the expertise and knowledge of the above said director. Hence, the resolution as set out at Item No. 7 of the notice is recommended for your approval.

None of the Directors except Mr. Lakshman Teckchand Nanwani is concerned or interested in the said resolution.

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

Dated: July 19, 2013
Place: Chennai

Dinesh Gupta
Company Secretary

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

| NAME OF DIRECTOR | Mr. Ramesh Lakshman Adige | Mr. Murari Pejavar | Mr. Sandeep Puri | Mr. Rama Krishna Shetty | Mr. Lakshman Teckchand Nanwani |
|---|---|---|--|---|---------------------------------------|
| Date of Birth | June 18, 1950 | August 19, 1934 | February 21, 1962 | March 19, 1948 | October 7, 1960 |
| Date of Appointment | February 19, 2008 | March 3, 2009 | September 14, 2012 | January 30, 2013 | March 29, 2013 |
| Relationship with Directors | None | None | None | None | None |
| Expertise in specific functional areas | Corporate affairs, public policy and strategic and perspective planning | General Industrial Administration | Finance | General Management | General Management |
| Qualification | Bachelor of Engineering (Honours) and Post Graduate Degree from the Faculty of Management Studies (University of Delhi) | M.A. (Economics) – Madras University, passed State Civil Services and Indian Administrative Services | B.Com, Member of the Institute of Chartered Accountants of India | Bachelor's Degree in Mechanical Engineering (Karnataka University) and Executive Development program in Product Management Control (Mumbai) | SSLC |
| Details of Shares/ESOPs held in the company | Nil | Nil | Nil | Nil | Nil |
| Board Membership of other companies as on March 31, 2013 (excluding Private & Foreign Companies) | <ul style="list-style-type: none"> - Syndicate Bank - Premier Limited | <ul style="list-style-type: none"> - HEG Limited - Aban Offshore Limited - Xpro India Limited - Aditya Birla Nuvo Limited - Great Eastern Energy Corporation Limited | <ul style="list-style-type: none"> - Fortis Healthstaff Limited - Malar Stars Medicare Limited - Lalitha Healthcare Private Limited | <ul style="list-style-type: none"> - Religare Enterprises Limited - Religare Securities Limited - Dion Global Solution Limited | Nil |

| NAME OF DIRECTOR | Mr. Ramesh Lakshman Adige | Mr. Murari Pejavar | Mr. Sandeep Puri | Mr. Rama Krishna Shetty | Mr. Lakshman Teckchand Nanwani |
|--|---|---|--|--|---|
| | | - Adyar Gate Hotels Limited - Bajaj Holdings & Investment Limited - Bajaj Auto Limited - Idea Cellular Limited | - Hiranandani Healthcare Private Limited - Fortis Health Management (North) Limited - Fortis Health Management (West) Limited - Fortis Health Management (South) Limited - Fortis Hospitals Limited - Fortis Emergency Services Limited | - Healthfore Technologies Limited - Religare Financial Consultancy Services Limited | |
| Chairman / Member of the Committees * of other Companies on which he is a Director as on March 31, 2013 | Audit Committee Nil | Audit Committee - Aban Offshore Limited (Chairman) - Aditya Birla Nuvo Limited - Xpro India Limited - Great Eastern Energy Corporation - Adayar Gate Hotel Limited (Chairman) | Audit Committee Nil | Audit Committee - Healthfore Technologies Limited (Chairman) | Audit Committee Nil |
| | Shareholders' & Investors' Grievance Committee | Shareholders' & Investors' Grievance Committee | Shareholders' & Investors' Grievance Committee | Shareholders' & Investors' Grievance Committee | Shareholders' & Investors' Grievance Committee |
| | Syndicate Bank | Bajaj Holdings and Investment Limited (Chairman) | Nil | Nil | Nil |

* The Committees include the Audit Committee and the Share holders'/ Investors' Grievance Committee.