12th Annual Report 2007-08

MAKING A HEALTHY DIFFERENCE

Fortis

Contents

Company Information

BOARD OF DIRECTORS

Mr. Malvinder M. Singh, Chairman

Mr. Shivinder M. Singh, CEO & Managing Director

Mr. Gurcharan Das

Mr. Harpal Singh

Dr. Preetinder Singh Joshi

Mr. Rajan Kashyap

Mr. Ramesh L. Adige

Justice S. S. Sodhi

Lt. Gen. T. S. Shergill

Mr. V. M. Bhutani

Dr. Yoginder Nath Tidu Maini

DIRECTOR - Growth & Bus. Plng. cum Company Secretary

Mr. Sanjeev Vashishta

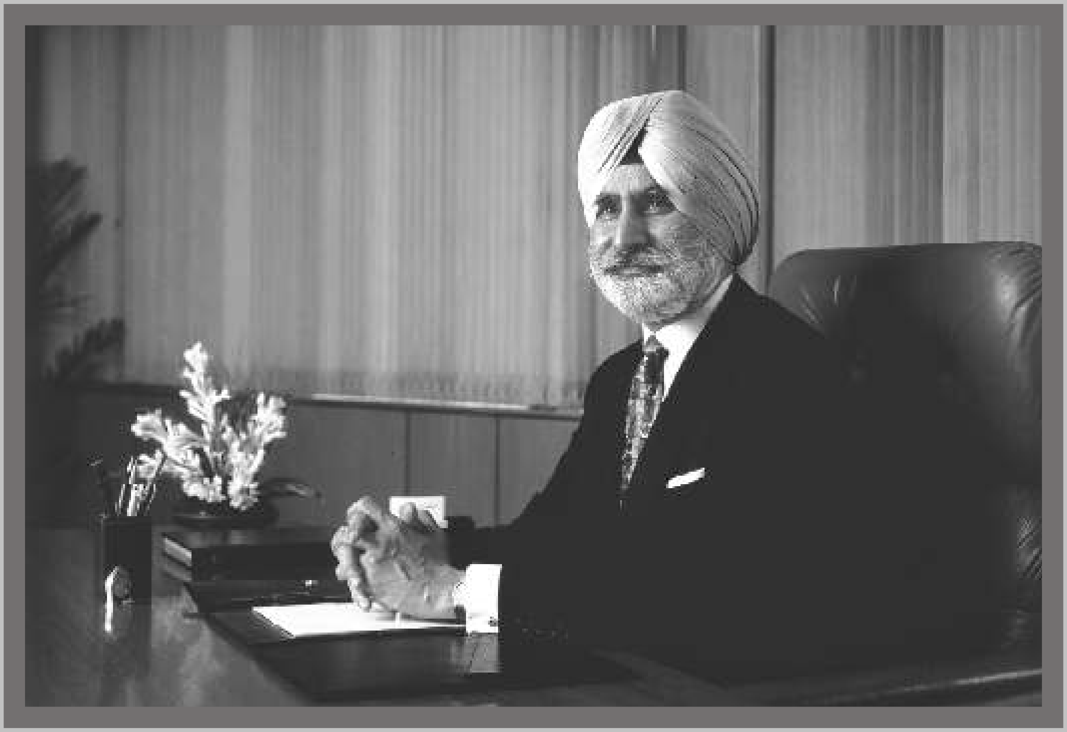
AUDITORS

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

REGISTERED OFFICE

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

Guided by a vision...



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

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

Message from the **CEO**

Photograph Courtesy: Society Magazine

Dear Shareholder,

It gives me immense pleasure to present to you our 12th Annual Report. Last year was a very eventful year for our Company, as we got listed on the BSE and NSE on May 09, 2007. At the very onset, I would like to thank all our shareholders who have been continuously extending their invaluable support to the Company.

Whilst 2007-08 was a milestone year with regards to being listed–It also brought its share of challenges and events. Our objective for 2007-08 was to consolidate our growth and invest in the building blocks of the Company. Added to this we had an unexpected event in our flagship hospital Escorts where we had to execute a quick leadership change.

FINANCIALS

Inspite of the disruption this caused, your company clocked a Revenue of Rs. 548 crores and EBIDTA of Rs. 62 crores. Apart from Escorts, the company grew at 32% and achieved EBIDTA of 15%, partially lower due to the addition of a new facility in Jaipur.

GROWTH

On the growth front we have continued to expand our geographical footprint with the commissioning of our Jaipur Hospital (Rajasthan) and our entry in the south with Malar Hospitals (Chennai) and a project ready for commissioning in the west in Vashi (Navi Mumbai).

Apart from this, we started construction on both our mega projects, one in West Delhi (Shalimar Bagh) and our flagship hospital in Gurgaon. The Gurgaon Hospital is a first of its kind endeavour to set up a 1000 bed hospital with the objective of being the likes of a Mayo Clinic or Johns Hopkins. In the history of healthcare, no one has managed to set up such an institute from scratch and therefore, once completed, it will be something all of us would be proud of. This in addition to some in-roads for more M&A's will give us adequate scope for expansion and growth in the next 2-3 years.

ACCREDITATION

I am proud to inform you that last year Fortis Hospital, Mohali, has received accreditation from JCI (Joint Commission International) which is the oldest and largest healthcare accreditating body in the world. This year also saw Fortis Hospital, Noida, becoming the first hospital in Uttar Pradesh to receive NABH Accreditation from the Quality Council of India (QCI). Fortis Escorts Hospital, Jaipur received NABH accreditation barely within 10 months of start of its operations. This is the fastest for any hospital in India. Further, Fortis Hospital in Mohali and Escorts Heart Institute And Research Centre, Delhi also received NABH accreditation. With this, Fortis has become the largest chain of accredited hospitals in private sector in India.

Escorts Hospital in New Delhi was adjudged as the best super-speciality hospital in Delhi in terms of patients' satisfaction by VOICE, a consumer organization funded and supported by the Union Ministry of Consumer Affairs. I assure you that we will continue to raise the quality bar in our hospitals and provide patients with the highest standards of safety and care.

OPERATIONS

The Paediatric Cardiac Programme at Escorts became one of the largest in the country with a record number of procedures performed. Fortis for the last few years has one of the largest Joint Replacement Programmes in the country. We also conducted the first "Ankle Transplant" surgery in India. We have also significantly grown our Neuro Sciences and Renal programmes and built a unique Diabetes management programme, in the NCR.

BUILDING BLOCKS

The above, coupled with a very strong focus on strengthening the "building blocks" and establishing common systems and standards across the network hospitals as also strengthening the leadership team, gives us enough reason to be very positive and hopeful for the year in session.

We saw the beginning of two projects for improved efficiencies and enhanced productivity. The first is the Fortis Operating System (FOS) which is a replicable and scalable model to ensure standard and efficient healthcare delivery and patient care. The second is centralized Purchase Supply Management (PSM) which minimizes the overall costs alongwith efficient management of the supply chain. These endeavours will add to reducing costs and better patient satisfaction in the years to come.

We have also set up the Fortis Institute of Enhanced Leadership Development (FIELD) which has been created to structure a measurable training system to consistently develop quality talent.

Truly, we have invested last year in the foundations to support a healthy dynamic organization, built for the future.

LOOKING AHEAD

If the last year was marked with major events, the focus of this year (2008-09) will be the performance and the outcome of the last few years' initiatives in the Company.

Our PSM, FOS and other programmes will start delivering tangible results and newer units will start adding productively to the bottom line of the Company, whereas some of our older units will show improved and best in the Industry performance metrics.

Further, with a focus on making the organization lean, productive and with stress on quality benchmarks, the management team of your Company is confident of returning positive returns starting early in the ensuing year. Along with that, we expect a robust growth in our revenues and a positive increase in the outcome of our Clinical programmes, Capabilities and Faculty of our selected super- specialities.

All in all, we have started the year on a positive note and look forward to continued growth and robust performance in the years to follow.

Sincerely,

Shivinder M. Singh

CEO & Managing Director

Dated : 30th June, 2008

MAKING A SIGNIFICANT DIFFERENCE IN FINANCIAL HEALTH

The Journey so far

Fortis Healthcare Limited commenced hospital operations in 2001 with the flagship Mohali Hospital. In 2005, Fortis acquired a 90% stake in Escorts Heart Institute And Research Centre Limited, a major healthcare services provider owning and operating four majority-owned hospitals in North India and operating a fifth hospital in collaboration with the Government of Chattisgarh (collectively, the "Escorts Hospitals"). The acquisition also included Heart Command/ Satellite Centres across the country. In 2006 Fortis acquired a 99.9% stake in International Hospital Limited from the Promoter Group. In the same year, Fortis also acquired a 100% interest in Fortis Hospotel Ltd. from the Promoter Group. Fortis Hospotel Ltd. is having a perpetual O&M contract for the Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and owns property on which a hospital is to be constructed in Shalimar Bagh and Gurgaon. In 2007, International Hospital Ltd. and Oscar Investments Limited acquired 48.83% and 13.34% stake respectively in Malar Hospitals Limited for a total consideration of approx Rs. 35 crores.

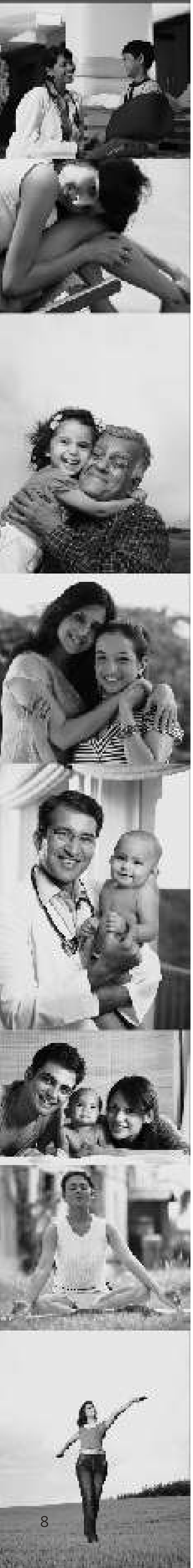
Capital Infusion and IPO

During the year, the Company successfully completed the Initial Public Offering of 46 million shares at Rs. 108 per share and thus raised Rs. 497 crores. The proceeds from IPO were utilised to re-finance the Escorts Hospitals acquisition and fund green field projects.

Further, the Company has received share application money of Rs. 150 crores towards placement of Preference capital during the year. Post the above, the Company's consolidated debt to equity ratio has improved to 0.39. The issued and subscribed share capital comprises Rs. 238.26 crores comprising 226,666,533 Equity Shares of Rs. 10/- each fully paid up and 11,600,000 Class 'C' Redeemable Preference Shares of Rs. 10/- each. The consolidated reserves of the Company stand at Rs. 737 crores. The Net Worth stands at Rs. 974 crores. Goodwill in the books of Fortis appears at Rs. 393 crores which is attributable mainly to the acquisitions of Escorts Group of Hospitals.

Financial Performance 2007-08

Hospitals like other infrastructure projects have long gestation periods and invariably take anywhere between 4-5 years to break-even. The various hospitals of the Company are at different stages of evolution. The cumulative restated consolidated net losses of the Company are approximately Rs. 268.77 crores as on March 31st, 2008 and the loss for the year on a consolidated basis was Rs. 55.48 crores. However, the Company posted Cash profits for the year. Next year the Company expects to turn the tide and deliver profitable growth. The operating margin was at 11.3% at Rs. 61.77 crores.



Our Greenfield Hospitals performed outstandingly in the year 2007-08. The operational EBIDTA of Mohali Hospital increased to 20% of revenue, a 29% improvement over the previous year. Similarly, our NOIDA Hospital generated an 11% Operational EBIDTA as compared to 7% in the previous year.

Amongst the Operated and Managed Hospitals, Fortis La Femme and Fortis Vasant Kunj were the high performers with growth in revenues of 52% and 79% respectively over the previous years. La Femme also met the EBIDTA break-even last year which was its third year of operation. Vasant Kunj was near break-even at financial year end and that too only in the second year of hospital's operation.

During the year, the Company's revenue was affected due to change in the operating management of Escorts Hospital, Delhi. However, drop in the revenue was compensated with the growth in other hospitals and the Company recorded consolidated total income of Rs. 548 crores, which is 4.3% higher than that of the previous year.

The Jaipur Hospital has performed better than expectations and has brought quality healthcare services to the people of Rajasthan.

Recently Escorts Heart Institute And Research Centre Ltd. was adjudged the best Hospital in the capital region in an independent survey conducted by "VOICE", a consumer organisation, funded by the Union Ministry of Consumer Affairs. We hope that this would help us in future and definitely help in increasing the occupancy rates across all the hospitals.

Cost-effective business model

The "hub and spoke" model for our hospital network allows us to serve the comprehensive medical needs of patients in their local communities at our multi-speciality facilities, while also delivering sophisticated, advanced procedures and quaternary care at our super-speciality "centers of excellence". By focusing on super-speciality "centers of excellence" at our "hub" hospitals, we can serve patients referred from doctors working at a number of nursing homes and multi-speciality hospitals in a particular region, including hospitals outside our network. This helps to expand our reach beyond the core catchment areas of our local, multi-speciality facilities. This model also allows us to efficiently deploy resources across our network since our super-speciality expert clinicians also provide expertise and support at our multi-speciality hospitals. This helps us to increase the quality of care throughout our network.

Apart from this, there were many other cost-effective measures that were adopted at Fortis, delivering outstanding results.

Healthcare Sector

India's healthcare sector has been growing rapidly and is estimated to be worth US$ 78.6 billion by 2012[1]. Revenues from the healthcare sector account for 5.2 per cent of the GDP, making it the third largest growth segment in India.

The sector's growth will be driven by the country's growing middle class, which can afford quality healthcare. Over 150 million Indians have annual incomes of more than US$ 1,000, and many who work in the business services sector earn as much as US$ 20,000 a year. Today, at least 50 million Indians can afford to buy Western medicines, making it a market which is only 20 per cent smaller than that of the UK.

The key drivers for this growth are likely to be as follows:

- Shift from socialized to private healthcare providers
- Booming economy and literacy rates
- Shift to lifestyle-related diseases
- Easier financing in a capital intensive industry
- Increasing life expectancy
- Recognition by government as a priority sector

Healthcare expenditure set to rise

To meet the growing demand for quality healthcare, India needs to add 1 million beds to the existing 1.2 million by 2012, and requires immediate investments of US$ 78 billion.

So far, funds in the sector have been largely private. In fact, it is believed that the private sector provides 60 per cent of all outpatient care in India and as much as 40 per cent of all in-patient care. It is estimated that nearly 80% of all qualified doctors, 75% of dispensaries and 60% of hospitals in India belong to the private sector[2].

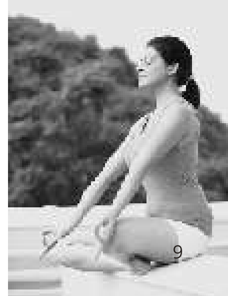
Business Strategy

Our growth strategy is focused on organic & inorganic growth including building Greenfield hospitals, acquiring Brownfield hospitals and undertaking O&M contracts. In addition, we will continue to expand, improve and augment Existing hospitals. We have several such projects in the pipeline and are continuously evaluating other growth opportunities.

We aim to own & manage a network of 40 hospitals by the year 2012.

[1] Source: Ernst & Young Healthcare Report, 2007

[2] Source: Ernst & Young Survey, 2007



MAKING A CONSIDERABLE DIFFERENCE IN OVERALL EFFICIENCY

Thinking and rethinking, observing and analyzing; one needs to constantly scrutinize and come up with new strategies in order to improve overall efficiency. The objective should always be to make a difference between where one was yesterday and where one is today.

At Fortis, we have always strived to make that difference considerable. And in order to achieve the high goals we set for ourself, we initiated two projects viz. FOS (Fortis Operating System) and PSM (Purchase Supply Management).

FOS or Fortis Operating System was conceived and implemented with an objective to increase efficiency in non-clinical processes and thereby increasing patient satisfaction in various departments like Outpatient Department (OPD), Preventive Health Check (PHC), Operation Theatres, Emergency, Radiology, Lab Medicine, Billing etc.

A versatile team with experiences in different facets of hospital operations and strategy was selected to work on the project with core focus on achieving performance difference with an aim to:

- Ensure uniform high quality of patient facing processes across the group
- Improve efficiency by making changes on the processes and benchmark them to the best in the industry
- Create manuals for each process so that they are repeatable, reliable and replicable
- Create next generation leaders for the organization

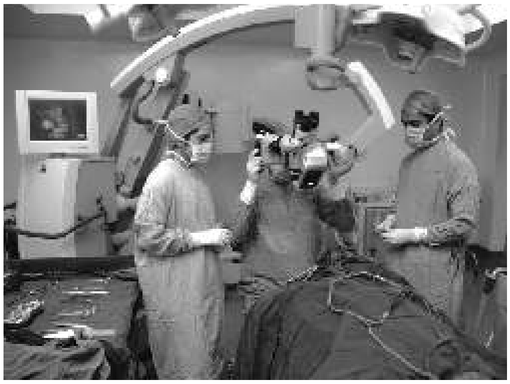
The Fortis Operating System was first experimented at our flagship hospital in Mohali. Post a successful implementation in Mohali, FOS was rolled successfully in 5 other units and implementation is currently underway in 3 more units. As per the plan, by November '08, all network hospitals of Fortis would have implemented FOS (Fortis Operating System).

Started in May 2007, PSM is a project that helped in substantial savings by altering the procurement methodology, a very crucial lever for performance improvement. The 12 month programme was supported by an expert partner which worked very closely with Fortis facilitators. Capturing three critical themes - Cost optimisation, Capability building and Collaboration with suppliers across different Fortis facilities, the projects were structured in 3 waves of 5-6 months each.

Following a very systematic process of identifying exhaustive list of suppliers, preparing RFP (Request for Proposal), getting first round of quotes and then conducting several rounds of negotiations, the team was able to come up with four key idea themes:

- Price equalization across all facilities to ensure one standard Fortis price
- Standardization of items across different units wherever possible, leads to consolidation and scale synergies
- Consolidation of spends with fewer suppliers across the network to get better prices and ensure long-term relationship with suppliers
- Internal process efficiencies e.g., standard practices to optimize the consumption levels, benchmarked with the best in the industry.

MAKING
A CONSEQUENTIAL DIFFERENCE
IN WORK FORCE



Every team is as good as its team members. At Fortis, we sincerely believe in this. Precisely why, we always focus on getting the best people and then honing their skills with training and development programmes from time to time.

FIELD (Fortis Institute of Enhanced Leadership Development)

MISSION : Create a distinguished work force that differentiates the brand and optimizes talent generation, (both internal & external), through a ONE SYSTEM Fortis approach & supports the business in its growth.

Realizing the critical need, born out of the rapid emergence of healthcare as an industry, of setting up a structured training system to aid in employee development & thereby contribute to enhanced patient experience & business growth, the leadership team got together to conceptualize a robust training system in the organization. As a result of serious brainstorming and discussions, FIELD came into existence in August 2007.

FIELD i.e., Fortis Institute of Enhanced Leadership Development has the core objective of developing internal talent and attracting external talent, as ONE SYSTEM to cater to the growing business needs. As such, FIELD is required to contribute to enhance the functional skills and improve the behavioural aspects of leadership development at all levels of the organization. FIELD has a canvass as wide as inducting a new staff member on the first day of joining, to developing strategic & executional abilities of senior members of the organization. Thus, it has been envisioned to cover from the basic to the most advanced training needs of every employee at all levels.

Strengthening the work force

Constantly expanding to maintain and deliver the standards we have set for ourselves, in line with the organizational growth objective, the work force has been scaled up. The increase in the team strength, we have created, as of last year is given below:

MAN POWER

	As on 31^{st} March 2007	As on 31^{st} March 2008
Non-medical Staff	1132	1492
Doctors	724	874
Nurses	2766	2908
Paramedics	575	673
Total	**5197**	**5947**

MAKING
A MEANINGFUL DIFFERENCE
IN EXCELLENCE ACHIEVED

At Fortis, what drives us is the passion to deliver quality medical care. The aim has always been to bring the best and the latest from around the world and offer it with a patient-centric approach which understands and adopts itself to the special needs of the patients. With safety and care that is unparalleled, we at Fortis have always strived to create an ambience that is reassuring and trustworthy.

These efforts have helped us gain acknowledgements in the form of awards and certifications. Recently adding to the tally is JCI accreditation for Fortis Hospital, Mohali and NABH accreditation for Fortis Hospital, Noida.

JCI Accreditation for Fortis Hospital, Mohali

Joint Commission International (JCI) is an international not-for-profit affiliate of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the oldest and largest healthcare accrediting body in the world, accreditation by whom is respected by patients, Doctors, Corporates and Insurance companies alike. The accreditation, considered as the highest form of recognition in the healthcare delivery space has been conferred in recognition of Fortis Hospital, Mohali's empathetic patient care programme.

JCI accreditation has 565 standards divided into 197 core standards and 368 other standards that lead organizations to best practice levels focusing on aspects such as patient safety, patient rights, facilities, and physicians' credentials besides policies and procedures of the organization.

To get accredited, a hospital needs to fully meet these parameters, and Fortis Hospital, Mohali has passed this litmus test with distinction.

NABH accreditation for Fortis Hospital, Noida

An esteemed and revered nod, NABH accreditation is a recognition given after rigorous scrutiny and observation of overall quality and safety of the medical services offered. Fortis Hospital, Noida, has become the first hospital in Uttar Pradesh to receive this prestigious accreditation from the Quality Council of India (QCI).

MAKING
A SUBSTANTIAL DIFFERENCE
BY WIDER REACH

In our endeavour to provide access to quality healthcare, we have, in the past year, made our presence felt at many places, with future plans to be at many more. The aim is to increase the footprint across the length and breadth of the nation.

Fortis Escorts Hospital, Jaipur Launched

Spread over 6.68 acres, Fortis Escorts Hospital, Jaipur focuses on Cardiac Sciences, Neuro Sciences, Renal Sciences and Gastrointestinal diseases besides offering a complete range of multi-speciality services in all disciplines. With 150 patient-beds and a capacity to go up to 350 beds, the hospital houses cutting-edge and state-of-the-art infrastructure offering our signature patient-care.

Acquisition of Malar Hospitals in Chennai

We acquired Malar Hospitals Limited, Chennai, during the year. Malar Hospital, with 180 beds, is a multi-speciality hospital focusing on comprehensive medical care in the areas of Gastroenterology, Neurology, Gynaecology, Paediatrics, Diabetology, Orthopaedics and Nephrology.

The hospital, which is in the posh Gandhi Nagar area in Adyar, Chennai, is centrally located and easily accessible. This is a small step which marks our foray into South India.

Fortis enters Navi Mumbai

Hiranandani Fortis Hospital to be launched in Vashi

An integrated and comprehensive super and multi-speciality healthcare facility, Hiranandani Fortis Hospital will focus on Cardiac Sciences, Orthopedic & Joint Replacements, Neuro Sciences and Minimally Invasive Surgeries along with other specialties like Urology, Nephrology, Diabetology & Endocrinology, Gynaecology, Paediatrics, Critical Care & Emergency and Preventive Healthcare.

A state-of-the-art medical facility built with patient-centricity in mind, it's a first of its kind hospital in Vashi housing many specialities; and is built to raise the overall medical standards in Navi Mumbai.

Seven-star Medicity in Gurgaon

(Fortis International Institute of Bio-Medical Sciences)

A new era in medical services is what Medicity promises to offer. Spread over 10.7 acres, it will have a high-end clinical programme with superior patient services. The hospital will have Centers of Excellence providing care at quaternary level in Oncology, Trauma, Paediatrics, Mother & Child Care and Cosmetology.

The hospital will provide care at a tertiary level in Orthopaedics, Neuro Sciences, Cardiac Sciences, Renal Sciences, Minimal Access Surgery (Day Care) and Critical Care, besides offering a complete range of multi-speciality services.

Pursuant to ground-breaking in September 2007, the construction is in full swing.

Fortis Hospital at Shalimar Bagh

Another feather in Fortis Network's cap is Fortis Hospital at Shalimar Bagh. The project is making fast progress with plans to be launched by next year.

With these soon-to-be-launched facilities, we will further are enhance our network supremacy in NCR region.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the Twelfth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2008.

STANDALONE FINANCIAL RESULTS

Rs. in Crores

	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	**190.08**	132.81
Total Expenditure	**146.61**	118.95
Operating Profit/(Losses)	**43.47**	13.86
Less: Finance Charges	**29.62**	49.65
Profits/(Losses) before depreciation	**13.85**	(35.79)
Less: Depreciation	**10.64**	10.57
Profits/(Losses) for the period	**3.21**	(46.36)
Less: Fringe Benefit Tax	**0.53**	0.32
Less: Prior period expenses	**0.06**	2.01
Net Profits/(Losses)	**2.62**	(48.69)

Figures of the previous year ended March 31, 2007 have been regrouped where necessary to conform to this year's classification

FINANCIAL PERFORMANCE

For the year, the Company recorded a total income of Rs. 190.08 crores, 43% higher than the previous year. Operating margins were higher by 12% than the previous year. Profit before interest, depreciation and tax was Rs. 43.47 crores, higher than the prior year by 214%. Profit before tax was at Rs. 3.21 crores and Profit after tax was Rs. 2.62 crores.

OPERATIONS

Fortis Hospital Mohali

Fortis Hospital, Mohali has three sub-facilities on one campus: (i) a super-specialty cardiac center equipped to provide advanced cardiac treatments for all forms of heart disease (ii) a general multi-speciality hospital and (iii) the Fortis Inn Rehabilitation Centre designed to provide "step-down" care to outstation patients. It currently has 9 operating theatres and 215 beds and has capacity for up to 300 beds. Fortis Hospital, Mohali together with FHL's satellite centre contributed 84% of the Company's total operating income for the financial year 2007-08.

The hospital has recorded an overall growth of 12%, achieving operating revenue of Rs. 133.01 crores as against Rs. 118.75 crores in the previous year.

Multi-specialties like Obstetrics and Gynecology were well established during the year. 1018 Cardiac Surgeries (CTVs), 1353 Angioplasties (PTCAs) and 3172 Angiographies (CAGs) were conducted during the year.

Fortis Hospital, Amritsar

Fortis Hospital, Amritsar is a multi-speciality facility with 37 beds. It serves as a "spoke" hospital for Fortis Hospital, Mohali and has a tele-link connecting it to that hospital. The facility is currently equipped with 2 operating theatres, endoscopic suite, a labour room, a nursery and a 24-hour emergency room. It is also supported by a fully equipped intensive care unit with ventilators. Fortis Hospital, Amritsar contributed 2.57% of the Company's total operating income for the financial year 2007-08.

SUBSIDIARIES

As on 31st March, 2008, your Company had four direct subsidiaries viz. Escorts Heart Institute And Research Centre Limited, International Hospital Limited, Fortis Hospotel Limited (erstwhile Oscar Bio-Tech Private Limited) and Hiranandani Healthcare Private Limited and four step down subsidiaries viz. Escorts Hospital And Research Centre Limited, Escorts Heart And Super Speciality Hospital Limited, Escorts Heart Centre Limited and Escorts Heart And Super Speciality Institute Limited.

A Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the audited accounts of the subsidiary companies are not attached to this Annual Report. However, the consolidated accounts prepared in accordance with Accounting Standard 21 of the Institute of Chartered Accountants of India presented in this Annual Report includes the financial information of subsidiary companies.

The copy of the annual report of the subsidiary companies will be made available to shareholders on request and will be kept for inspection by any shareholder at the registered office and corporate office of your company and its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial accounts for the year ended 31st March, 2008 form part of the Annual Report.

SHARE CAPITAL

During the year under review, the Company made an initial public offering (IPO) of its Equity Shares in terms of prospectus dated 25th April, 2007. The IPO was for 4,59,96,439 Equity Shares consisting of net issue to public of 4,57,53,963 Equity Shares and a firm allotment of 242,476 Equity Shares to the eligible employees of the Company. The issue price was Rs. 108 per share. The issue received an overwhelming response and post the IPO, the Equity Shares of the Company were listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on May 9, 2007.

The Company also redeemed the outstanding Non-Cumulative Redeemable Preference Shares and allotted 1,16,00,000 Zero Percent Class 'C' Cumulative Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share, on private placement basis.

EMPLOYEE STOCK OPTION SCHEME

With a view to motivate, retain and attract talent, the Company has instituted an Employees Stock Option Scheme 2007 in accordance with the guidelines issued by SEBI.

Disclosure pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, is enclosed as Annexure A.

TRANSFER TO RESERVES

During the year no amount has been transferred to reserves.

DIVIDEND

In view of the unavailability of distributable profits, your Directors express their inability to recommend any dividend for the year.

PUBLIC DEPOSITS

The Company has not invited any deposits from the Public.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajan Kashyap, Dr. Yoginder Nath Tidu Maini and Lt. Gen. Tejinder Singh Shergill PVSM, retire by rotation and are eligible for re-appointment.

AUDITORS

M/s S.R. Batliboi & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Auditors' Report read alongwith notes to accounts is self-explanatory and therefore does not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that –

i) in preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

ii) such accounting policies have been selected and applied consistently and made judgements 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;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting any fraud and other irregularities;

iv) the annual accounts have been prepared on going concern basis.

REPORT ON CORPORATE GOVERNANCE

Your Company is committed to benchmark itself with global standards in all areas including appropriate standards for good Corporate Governance. Towards this end, an effective 'Corporate Governance System' has been put in place in the Company.

A report on Corporate Governance alongwith the Certificate of the Auditors, M/s S R Batliboi & Co., Chartered Accountants, confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreements with Stock Exchanges is enclosed and forms part of the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS / OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as Annexure forming part of the 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 is annexed 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 annexure. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation for the contribution, support and co-operation received from the employees, Company's bankers, associates, contractors and suppliers. Your Directors also wish to place on record their gratitude towards the esteemed shareholders for reposing faith in the management of the Company.

On behalf of the Board of Directors

Date : 30th June, 2008 — **Malvinder Mohan Singh**
Place : New Delhi — **Chairman**

Annexure A

ESOP Disclosure in Directors' Report

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

Subsequent to the requirements of the SEBI (ESOS and ESPS) Guidelines, 1999, attached below are the disclosure requirements for the Fortis Employee Stock Option Plan 2007 (or the "Plan" or the "Scheme"). [Clause 12 of the SEBI (ESOS & ESPS) Guidelines, 1999]:

1. Options granted [Clause 12.1 (a)]

   A total of 22,66,665 shares have been made available for the purposes of Fortis Employee Stock Option Plan 2007. This amounts to 1% of the present paid-up share capital of the company. Out of these, 4,58,500 Options, equivalent to 0.20% of the present paid-up share capital of the Company, have been granted to various employees during the year.

2. Pricing formula [Clause 12.1 (b)]

   Closing price of the Equity Shares of the Company prior to the date of meeting of the Remuneration Committee in which stock options are granted on the stock exchange on which the shares of the Company are listed. The closing price of the shares of the Company at the National Stock Exchange of India Limited on February 12, 2008 was Rs. 70.95 per share. Accordingly, exercise price of the options granted by the Remuneration Committee at its meeting held on February 13, 2008 was fixed at Rs. 71 per Share of Rs. 10 each.

3. Options vested [Clause 12.1 (c)]

   No options have vested till date under the above mentioned Scheme.

4. Options exercised [Clause 12.1 (d)]

   No options have been exercised till date in the above mentioned Scheme.

5. Total number of shares arising due to exercise of options [Clause 12.1 (e)]

   4,58,500 shares would arise due to exercise of the options granted under the scheme.

6. Options lapsed [Clause 12.1 (f)]

   No options have lapsed till date as per the grant and vesting schedule of the Scheme.

7. Variation of terms of options [Clause 12.1 (g)]

   No variations have been made to the terms of the options with respect to the original grant.

8. Money realized by exercise of options [Clause 12.1 (h)]

   No money has been realized till date as no Options have been exercised till date.

9. Total number of options in force [Clause 12.1 (i)]

   The total number of options in force today is the same as the number of options granted till date, viz., 4,58,500 number of Options.

10. Employee wise details of options granted to [Clause 12.1 (j)]

    10.1. Senior managerial personnel [Clause 12.1 (j) (i)]

    Options have been awarded to 98 senior employees of the Company and its subsidiaries.

    The number of options granted to senior management personnel are:

Name of Senior Management Personnel	Designation	No. of Options granted
Mr. Daljit Singh	President – Strategy & Organizational Development	6,800
Mr. Jasbir Grewal	Vice President - Operations	7,000
Dr. Narottam Puri	President – Medical Strategy & Quality	5,000
Mr. Yogesh Sareen	Chief Financial Officer	10,000
Mr. Ashish Bhatia	Chief Operating Officer - Escorts Heart Institute And Research Centre Limited	6,500

    10.2. Any other employee with grant greater than 5% of total Options [Clause 12.1 (j) (ii)]

    Nil

    10.3. Employees getting options more than 1% of issued capital [Clause 12.1 (j) (iii)]

    Nil

11. Diluted earnings per share [Clause 12.1 (k)]

    Rs. 0.12

12. Employee compensation cost [Clause 12.1 (l)]

    The Company has calculated its Employee Compensation Cost on Intrinsic Value Method and the cost is zero. However, the Compensation Cost, if computed on fair value basis (as per Black Scholes Model) is Rs.3.13 Lacs for the year.

13. Exercise price and fair option value [Clause 12.1 (m)]

    The exercise price of all the options granted under the above mentioned Scheme is Rs. 71. The fair value of each option, as calculated using the Black Scholes Option Valuation Model is Rs. 26.48 only.

14. Option valuation methodology [Clause 12.1 (n)]

    The Company has used Intrinsic Value Method, However, for estimating the fair value of the options granted, Black Scholes Option Valuation Model has been used.

    14.1. Risk free interest rate

    10 year zero coupon Treasury rate has been utilized as the risk free rate applied to the Black Scholes Model.

    14.2. Expected life

    Expected life of options granted to the employees is 5.5, 6.5, 7.5 and 8.5 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.

    14.3. Expected volatility

    Volatility is calculated on the movement of Fortis's (and comparable Companies') share price on BSE in the past one year which comes out to be 34%. The same volatility is applicable to the Black Scholes Model.

    14.4. Expected dividends

    No dividend has been paid as yet due to the incidence of losses in past years.

    14.5. Price of underlying share at time of grant of option

    The fair value of the shares at the time of grant of options was Rs.70.85.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to adhering to good corporate governance practices. Good corporate governance enables the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. In your Company, the pursuit of achieving good governance is an ongoing process, thereby ensuring transparency, accountability and responsibility in the operations and in interactions with shareholders, employees, government, regulatory bodies, and the community at large. Your Company recognizes good corporate governance as a key driver to sustainable growth and long term value creation. The brand value and reputation of your Company are seen as the most valuable assets. Your Company recognizes its economic, social and environmental responsibilities and continuously strives towards putting in place the best practices in every sphere of its operations.

2. BOARD OF DIRECTORS

Composition of the Board

The Board of the Company comprises 11 Directors including the non-executive Chairman. The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision making process of the Board of Directors.

The composition of the Board of Directors as on 31st March, 2008 was as under:

Name of the Director	Category	Number of Directorships held in other companies**	No. of Board Committees (Other than Fortis Healthcare Limited) in which #	
			Chairman	Member
Mr. Malvinder Mohan Singh	Non Executive Chairman (Promoter)	12	2	5
Mr. Shivinder Mohan Singh	CEO & Managing Director (Promoter)	10	-	1
Mr. Harpal Singh*	Non Executive Non Independent	5	1	2
Mr. Gurcharan Das	Non Executive Independent	5	-	-
Dr. P S Joshi	Non Executive Independent	8	1	7
Justice S S Sodhi	Non Executive Independent	-	-	-
Mr. V M Bhutani	Non Executive Independent	6	2	1
Mr. Ramesh L. Adige	Non Executive Independent	2	-	1
Mr. Rajan Kashyap	Non Executive Independent	-	-	-
Lt. Gen. T S Shergill	Non Executive Independent	-	-	-
Dr. Yoginder Nath Tidu Maini	Non Executive Independent	-	-	-

* Related to promoters

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

Membership in Audit Committee, Remuneration Committee and Shareholders' Grievance Committee.

3. BOARD MEETINGS

During the year ended March 31, 2008, five Board Meetings were held on:

(i) June 7, 2007, (ii) June 25, 2007, (iii) July 31, 2007, (iv) October 29, 2007, and (v) January 23, 2008.

The Annual General Meeting of the Company was held on 27th September, 2007. The attendance of Directors at the Board Meetings held during the year and at the last Annual General Meeting (AGM) was as under: -

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Malvinder Mohan Singh	4	No
Mr. Shivinder Mohan Singh	5	Yes
Mr. Harpal Singh	5	Yes
Mr. Gurcharan Das	4	No
Dr. P S Joshi	4	Yes
Justice S S Sodhi	3	Yes
Mr. V M Bhutani	5	Yes
Mr. Ramesh L. Adige	4	Yes
Mr. Rajan Kashyap	5	Yes
Lt. Gen. T S Shergill	4	Yes
Dr. Yoginder Nath Tidu Maini	-	No
Mr. Vinay K Kaul^	1	N.A.

^ Resigned from the Board of Directors w.e.f. 07th June, 2007

4. COMMITTEES OF THE BOARD

(i) Audit Committee

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements of the Stock Exchanges that inter-alia, include overseeing financial reporting processes, reviewing periodic financial results, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function, discussions with the Internal and Statutory Auditors about the scope of audit including the observations of the auditors and discussion with them on any significant findings.

Composition and Attendance

During the financial year ended 31st March, 2008, five meetings were held on (i) 25th June, 2007, (ii) 30th July, 2007, (iii) 29th October, 2007, (iv) 22nd January, 2008, and (v) 13th March, 2008.

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

All these Directors possess knowledge of Corporate Finance/Accounts/ Company Law/Industry. The Statutory Auditors, Internal Auditors and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary of the Committee.

The Committee approved and recommended the Annual Accounts for the year 2006-07 in its meeting held on 25th June, 2007.

(ii) Remuneration Committee

The Remuneration Committee has been constituted in accordance with Schedule XIII of the Companies Act, 1956 and Clause 49 of the listing agreement.

The Committee has been entrusted with the power of deciding and approving remuneration including revisions thereto, from time to time, in respect of managerial personnel, including the Managing Director(s) and Whole-time Director(s). The Committee has also been empowered for administering the Employees Stock Option Scheme (ESOS), determination of eligible employees, formulation of detailed terms and conditions of the ESOS and grant of stock options.

Composition and Attendance

During the financial year ended 31st March, 2008, three meetings were held on (i) 25th June, 2007, (ii) 1st December, 2007, and (iii) 13th February, 2008.

Sr. No.	Name of the Member	No. of Meetings attended
1	Dr. P. S. Joshi, Chairman	2
2	Mr. Malvinder Mohan Singh	3
3	Mr. Gurcharan Das*	-
4	Justice S.S. Sodhi**	1

* Stepped down from the Committee Membership w.e.f. 31st July, 2007
** Appointed as member of the Committee w.e.f. 31st July, 2007

The Company Secretary acts as the Secretary of the committee.

Remuneration Policy

The Remuneration Policy of the Company for the managerial personnel is primarily based on the Performance of the Company and its units and track record, potential and performance of individual/personnel.

Remuneration to Directors

Executive Directors

(Rs. in lacs)

Name of the Director	Salary	Perquisites & Allowances	Commission / Performance Incentives	Others	Total
Mr. Shivinder Mohan Singh	48.00	77.00	–	12.96	137.96

Notes:

1) Mr. Shivinder Mohan Singh was re-appointed as Managing Director for a period of 3 years w.e.f. 13th November, 2006. The notice period is 3 months from either side.
2) Others include PF contribution @ 12% and Superannuation contribution @ 15% of Salary.
3) The amount of Gratuity and Leave Encashment is not included above as it is not ascertainable separately.
4) In addition, in accordance with the approval granted by the Central Government, an amount of Rs.193.44 Lacs was also paid on account of remuneration for the period from 1st April, 2006 to 31st March, 2007.

Non-Executive Directors

Remuneration of Non-Executive Directors comprises of sitting fee only.

(Rs. in Lacs)

Name of Director	Sitting Fee
Mr. Malvinder Mohan Singh	1.30
Mr. Harpal Singh	1.40
Mr. Gurcharan Das	0.60
Dr. P S Joshi	1.30
Justice S S Sodhi	0.55
Mr. V M Bhutani	1.25
Mr. Ramesh L. Adige	0.70
Mr. Rajan Kashyap	1.35
Lt. Gen T S Shergill	1.00
Dr. Yoginder Nath Tidu Maini	-
Mr. Vinay K Kaul ^	0.15

^ Resigned from the Board of Directors w.e.f. 7th June, 2007

(iii) **Shareholders' / Investors' Grievance Committee**

The Shareholders'/Investors' Grievance Committee specifically looks into redressal of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, ensures expeditious share transfer process and all incidental matters thereto. During the year ended 31st March, 2008, the Company had received 2,240 investors' grievances from Investors/ SEBI/Stock Exchanges. All the grievances were appropriately responded to and none was pending at the end of the year. The Committee meets as per the need and for expeditious transfers, resolutions are passed by circulation fortnightly.

The Company Secretary acts as the Secretary to the Committee.

Composition and Attendance

During the financial year ended 31st March, 2008, two meetings were held on 29th October, 2007 and 13th March, 2008.

Sr. No.	Names of the Member	No. of Meetings attended
1	Dr. P S Joshi, Chairman	1
2	Mr. Shivinder Mohan Singh	2
3	Mr. Harpal Singh	2
4	Mr. Ramesh L. Adige	1
5	Mr. Rajan Kashyap	2

Mr. Sanjeev Vashishta, Director – Growth & Business Planning cum Company Secretary, has been appointed as the Compliance Officer of the Company.

5. GENERAL BODY MEETINGS

Dates and time of last three Annual General Meetings held are given below: -

Financial Year	Date	Time	Address	Special Resolution Passed
2004 – 05	29-09-2005	3.00 P.M.	B-9, Maharani Bagh, New Delhi – 110 065	No
2005 – 06	30-08-2006	10.00 A.M.	B-9, Maharani Bagh, New Delhi – 110 065	Yes
2006 – 07	27-09-2007	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi – 110 010	Yes

Postal Ballot

There were no matters required to be dealt / passed by the Company through postal ballot, in any of the aforesaid meetings, as required under the provisions of Section 192A of the Companies Act, 1956.

6. DISCLOSURES

(A) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.

(B) There are no pecuniary relationships or transactions of non-executive directors vis-à-vis the Company that have a potential conflict with the interests of the Company.

(C) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

(D) The Company has changed its Goodwill Accounting Policy with effect from 1st April, 2007 to reflect a more appropriate presentation of the Company's financial statements and its Subsidiary Companies.

(E) The Company has complied with the non-mandatory requirements relating to the remuneration committee to the extent mentioned in this report.

(F) As on 31st March, 2008, the shareholding of Non-Executive Directors in the Company was as under:

Name of the Director	No. of Shares held
Mr. Malvinder Mohan Singh	6,394
Mr. Harpal Singh	58,003
Mr. V. M. Bhutani	9,102
Mr. Gurcharan Das	10,000
Dr. Preetinder Singh Joshi	33,000
Lt. Gen. T. S. Shergill	16,000
Mr. Rajan Kashyap	1,800
Mr. Ramesh L Adige	800
Justice S S Sodhi	4,000
Dr. Yoginder Nath Tidu Maini	—

(G) Disclosures regarding appointment or re-appointment of Directors:

According to the Articles of Association of the Company, three Directors – Mr. Rajan Kashyap, Dr. Yoginder Nath Tidu Maini and Lt. Gen. Tejinder Singh Shergill PVSM will be retiring by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-election. Given below are the abbreviated resumes of the aforesaid Directors pursuant to Clause 49 of the listing Agreement.

Mr. Rajan Kashyap graduated with first position in M.A. in English from Punjab University and has a Masters of Philosophy degree in Development Economics from the University of Cambridge, United Kingdom. He was a member of the Indian Administrative Service for 38 years. Among the important assignments held by him were Managing Director of the Punjab State Co-operative Supply and Marketing Federation Limited (“MARKFED”), Chandigarh, Principal Secretary, Finance and finally Chief Secretary, Government of Punjab. He has also served in the Ministry of Home Affairs, India. During his various appointments with the Punjab Government, he promoted the adoption of various forms of public-private partnership. After his superannuation from the Indian Administrative Service, he has been working as Chief Information Commissioner, Punjab, a statutory appointment under the Right to Information Act, 2005.

Dr. Yoginder Nath Tidu Maini is an Executive Chairman of Qatar Science & Technology Park. He is also Qatar Foundation’s Science & Technology Advisor. Dr. Maini has 30 years of experience in the management of technology companies in the defence, electronics, energy and ICT sectors. Dr. Maini is Pro Rector of Imperial College London, responsible for technology transfer, consulting services, strategic business alliances, development and alumni affairs. Prior to joining Imperial College, he was Senior Vice President of Schlumberger Inc, Main Board Member of Sema Group plc, Deputy Chairman GEC Marconi, and Managing Director GEC Software Systems. He is also the Chairman of the Board of Trustees of Goodenough College, London, Chairman of London 2012 Olympic Technology Board, member of the Joint Advisory Board of Texas A&M University at Qatar, the International Advisory Board of Thorium Power in the US, the India-UK Round Table and the Microsoft European Round Table. Dr. Maini is also a member of the Emirates Foundation’s Board of Trustees, United Arab Emirates. His other current positions include non executive board positions of Fortis Healthcare Ltd. India, Imperial College Abu Dhabi, Diabetes Clinic, United Arab Emirates and Imperial Innovations Ltd. Dr. Maini has a PhD and BSc in Engineering from Imperial College and was a Post Doctoral Fellow of the University of California, Berkeley.

Lt. Gen. Tejinder Singh Shergill PVSM has been an army officer, diplomat, educationist and public servant. In India the General is Director, University of Petroleum and Energy Studies, Director, Centre for Leadership Excellence, Director, Fortis Healthcare Limited and Director, SBL Private Limited. Early in his military career the General saw battle in two wars and later, commanded a Division and then a Corps both in counter-insurgency operations that included development of terrorist prone areas and where he had several medical establishments under command. For four years, he served as Defence Attache’, India, in the USA and Canada. He has taught at the Defence Services Staff College and the Army War College. His abiding interests in history and spiritual matters inspired him to introduce ‘The Code of the Warrior’ at the Indian Military Academy where he was the Commandant; it is now the ‘Code’ of the Indian Army. On retirement from the Army he was appointed Chairman, Punjab Public Service Commission, and was instrumental in bringing the Commission back into repute. The General was born at Lahore on 30 September 1943. He graduated from the National Defence Academy, India, first in order of merit and with four ‘blues’. He received his M.Sc in Defence Studies from Madras University, India, and MAMS from North Central Association of Colleges, USA.

7. CODE OF CONDUCT

The Board of the Company has laid down a Code of Conduct for the Directors and Employees of the Company. The Code of Conduct is available on the website of the Company. A declaration dated 2nd June, 2008, signed by the CEO & Managing Director to the effect is produced hereinbelow:

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, 2008.

Sd/-
Shivinder Mohan Singh
CEO & Managing Director

2nd June, 2008, New Delhi

8. CEO/ CFO CERTIFICATE

Certificate from CEO & CFO for the financial year ended 31st March, 2008, has been provided elsewhere in the Annual Report.

9. MEANS OF COMMUNICATION

The Un-audited / Audited financial results of the Company are submitted to the Stock Exchanges in accordance with Listing Agreement and also usually published in the newspapers "The Financial Express" (English Edition) and "Jansatta" (Hindi Edition) as per the requirements of the Listing Agreement.

All vital information relating to the Company and its performance including financial results etc. are being posted on Company's website www.fortishealthcare.com.

10. SHAREHOLDER INFORMATION

Annual General Meeting

Date & Time : Saturday, 20th September, 2008 at 3.30 P.M.

Venue : Air Force Auditorium, Subroto Park, New Delhi – 110010

Book Closure

Friday, 12th September, 2008 to Saturday, 20th September, 2008 (both days inclusive)

Financial Calendar –

Adoption of Quarterly Results	-	3rd/4th Week of
First Quarter	-	July, 2008
Second Quarter	-	October, 2008
Third Quarter	-	January 2009
Year ending 31st March, 2009	-	By end of June 2009

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

The Company has paid the listing fee of the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. for the financial year 2008-09.

Stock Code

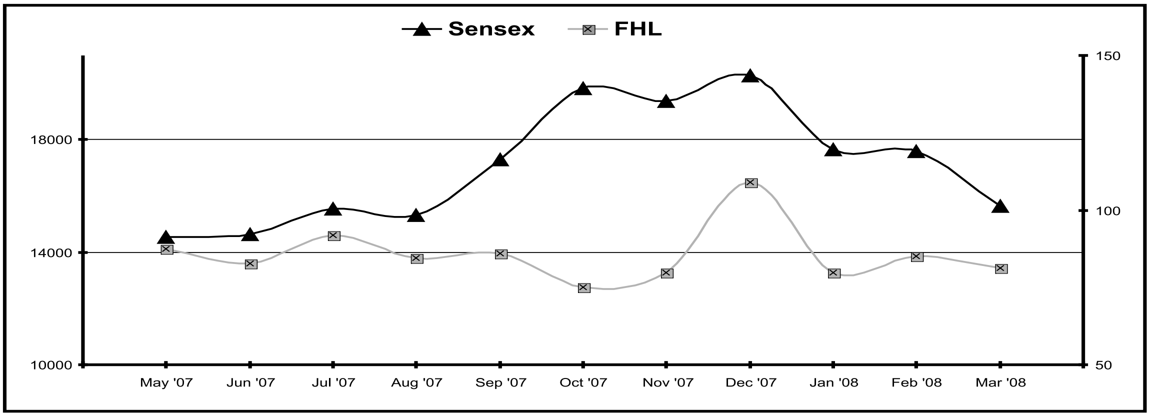
Bombay Stock Exchange Limited	:	532843
National Stock Exchange of India Limited	:	FORTIS

Market Price Data* (Rs.)

Month	BSE		NSE	
	High	Low	High	Low
May-07	109.10	86.05	110.00	85.75
Jun-07	97.00	81.10	98.45	81.25
Jul-07	98.00	81.10	104.00	80.10
Aug-07	92.00	79.60	97.00	79.70
Sep-07	91.50	82.60	91.35	82.50
Oct-07	88.60	73.70	88.70	73.70
Nov-07	85.45	69.00	86.00	68.10
Dec-07	112.40	80.35	112.70	80.05
Jan-08	123.00	67.70	123.00	68.20
Feb-08	89.00	68.30	93.00	68.20
Mar-08	91.80	59.05	91.80	59.10

* during the period from 9th May, 2007 till 31st March, 2008

Stock Price Performance - FHL Vs BSE Sensex



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

Registrar/Transfer Agent

The Company has appointed M/s Intime Spectrum Registry Limited as Registrars and Share Transfer Agents of the Company. The address for communication is:

Intime Spectrum Registry Limited
A-40, 2nd Floor, Naraina Industrial Area, Phase – II,
Near Batra Banquet Hall, New Delhi – 110028
Tel No. : +91 11 41410592/93/94
Fax No. : +91 11 41410591
Email : delhi@intimespectrum.com

Share Transfer System

The Shares are accepted for registration of Transfer at the Registered Office and Corporate Office of the Company in addition to the office of Registrar and Share Transfer Agents (RTA), M/s Intime Spectrum Registry Limited (ISRL). ISRL is fully equipped to undertake the activities of share transfers and redressal of shareholders' grievances. ISRL processes the share transfer and other requests for issue of share certificates upon rematerialization etc. and thereafter, the same are placed before the Shareholders'/Investors' Grievance Committee for its approval. The Committee generally approves such requests every fortnight and meets as and when required.

Distribution of Shareholding as on 31st March, 2008

Share holding of nominal value (Rs.)	No. of Shareholders	%age of Shareholders	Share Amount (Rs.)	%age of Shareholding
Upto 2500	86,342	78.392	86,018,510	3.795
2501 to 5000	17,096	15.522	59,788,820	2.638
5001 to 10000	3,861	3.505	31,582,700	1.393
10001 to 20000	1,473	1.337	22,749,180	1.004
20001 to 30000	438	0.398	11,205,680	0.494
30001 to 40000	204	0.185	7,372,980	0.325
40001 to 50000	192	0.174	9,195,910	0.406
50001 to 100000	291	0.264	22,525,740	0.994
100001 and above	245	0.222	2,016,225,810	88.951
Total	**110,142**	**100.00**	**2,266,665,330**	**100.00**

Shareholding Pattern of Equity Shares as on 31st March, 2008

Category	No. of Shares held	% of Shareholding
Promoters and Promoter Group	168,749,422	74.45
Banks, Financial Institutions	2,261,890	1.00
FII's/Foreign Companies	10,991,356	4.85
Indian Body Corporates	7,315,287	3.23
NRIs/Foreign Nationals	2,856,927	1.26
Indian Public	23,923,008	10.55
Others	10,568,643	4.66
Total	**226,666,533**	**100.00**

Dematerialization of Shares

ISIN Number : INE061F01013

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).

20,31,75,845 Equity shares representing 89.64% of the paid up Equity Capital of the Company had been de-materialized as on 31st March, 2008.

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:

(a) 4,53,33,307 pre-issue Equity Shares, held by the promoters, are locked-in for 3 years i.e. till 3rd May, 2010.

(b) 135,336,787 pre- issue Equity shares representing 59.71% of the post-issue paid up capital of the Company were locked-in for 1 year, till 03.05.2008. In addition, 2,42,476 Equity shares allotted on firm allotment basis to the eligible employees of the Company were also locked-in for 1 year.

The lock-in of shares for 1 year has been released effective 4th May, 2008.

The Company has not issued any GDRs/ADRs/warrants or any convertible instruments.

Employee Stock Options

During the year under review, the Company has granted 4,58,500 Stock Options to 98 eligible employees of the Company and its subsidiaries under Employee Stock Option Plan 2007. All these options were outstanding as on 31st March, 2008.

Hospital Location

1. Fortis Hospital
   Sector 62, Phase VIII,
   SAS Nagar, Mohali,
   Punjab – 160 062

2. Fortis Hospital
   Majitha Verka Bypass Road,
   Amritsar,
   Punjab – 143 004

Address for Correspondence:

Fortis Healthcare Limited
Secretarial Department,
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

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, 2008, 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.
Chartered Accountants

Per Raj Agrawal
Partner
Membership No. : 82028

Place : New Delhi
Date : June 30, 2008

CEO AND CFO CERTIFICATE

To the Board of Directors of Fortis Healthcare Limited,

We, Shivinder Mohan Singh, CEO & 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, 2008 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 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 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
Date : 2nd June, 2008

Shivinder Mohan Singh
CEO & Managing Director

Yogesh Sareen
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's steady economic growth is leading to an increased spend on healthcare and also causing the expected shift in demographics, socio-economic transformations and changes in disease patterns – with increasing degenerative and lifestyle diseases and altered healthcare requirements.

Indian healthcare industry has grown manifold during the last few years. With a yawning divide between healthcare facilities available in rural and urban India and in the demand and supply of quality healthcare services across the country, the Indian healthcare infrastructure is fast improving with initiatives by the government and the private sector. The entry of private players has clearly spurred the development of the healthcare sector. The Industry is expected to grow at a much faster rate in the foreseeable future and offers abundant opportunities for equipment manufacturers and service providers for investing in curative and preventive services and even medical infrastructure and medical tourism.

The current bed per thousand population ratio for India stands at about 1.1 as against an average of 4.3 for comparable countries (like China, Korea and Thailand). Despite the phenomenal growth in the healthcare infrastructure, India is likely to reach a bed to thousand population ratio of 1.85 and in a best case scenario, a ratio of 2 by 2012. Beds in excess of 1 million need to be added to reach a ratio of 1.85 per thousand.

Of the above, about 8,96,500 beds will be added by the private sector which will need an investment of US$ 69.7 billion (Rs. 222,000 crores). The combined revenues of the private hospitals are estimated to the tune of US$ 35.9 billion (Rs. 161,440 crores) by 2012, growing at a CAGR of 15%. Despite this investment, the bed to thousand population ratio would be far from satisfactory when compared to other similar developing countries.

OUTLOOK

India is now the second fastest growing major economy in the world, with an expected GDP growth rate of about 9%, it is third largest economy in the world as measured by purchasing power parity (PPP), with a gross domestic product (GDP) of US$ 3.611 trillion (Rs. 162,495 billion). Indian healthcare is in the midst of a rapid transformation. Healthcare spending in India is expected to rise by 15% per annum and it is estimated that healthcare spending could contribute 6.1% of GDP in 2012 and employ around 9 million people. The number of people purchasing health insurance in India has more than doubled from 4-5 million in 2000 to about 12 million in 2007. But even this is a tiny fraction of the 200 million middle-income class in India that can afford to buy health insurance.

McKinsey in their recent report titled "India Pharma 2015: Unlocking The Potential Of The Indian Pharmaceuticals Market", has projected that the share of average household expenditure on Healthcare in India will increase from 7% (in 2005) to 13% (in 2015). Further, it is projected that the private investment in Hospital infrastructure will grow @ CAGR of 14% till 2015. By 2015, 40% of Top tier hospitals in the country would be owned by private sector.

Medical tourism, currently pegged at US$350 million, has the potential to grow into a US$2 billion industry by 2012. International patients choose India primarily because of the substantial difference in the cost of high-end surgery and critical care and quicker access to medical care in India vis-à-vis some highly developed countries. The cost of such medical care also compares favorably against costs of other more established medical tourism destinations like Thailand e.g., an open-heart surgery, that costs US$100,000 in the United States, over US$40,000 in the United Kingdom and US$14,250 in Thailand, costs US$4,400 in India. Likewise, knee surgery costs five to ten percent of the fees in the West. (Source: FICCI-EY 2006)

The majority of healthcare services in India are provided by the private sector. In fact, the private health sector in India is one of the largest in the world: 80 percent of all qualified doctors, 75 percent of dispensaries and 60 percent of hospitals in India work in the private sector. Only 23.5% of urban residents and 30%% of rural residents choose to visit a government health facility as their main source of health care services.

India's disease profile is expected to follow the same pattern as in developed economies. Based on demographic trends and disease profiles, lifestyle diseases – cardiovascular, asthma and cancer have become the most important segments, and in-patient spending is expected to rise from 39% to nearly 50% of the total healthcare expenditure as compared to 62% in US. In the inpatient market, the share of infectious diseases is expected to decline from 19 percent in 2004 to 16 percent in 2008.

The study of one of the life style diseases, i.e., Cardiac-disease-related treatments shows the following pattern:-

	2006	2012
No. of cardiac disease related treatments	1.6 million	3.1 million
Spend share of inpatient cardiac treatment	16%	19%
Inpatient cardiac care market	Rs.12,200 crores	Rs.30,100 crores

It is expected that India shall account for 60% of the world's heart disease cases by 2010

An increase in the life expectancy has been observed in the proportion of the country's population in the 15-54 and the 55 and above age groups. The increase in the proportion of the working age group (15-54) is being accompanied by rise in per capita and disposable incomes. Increase in healthcare spending increases life expectancy which cyclically further drives increase in healthcare spending.

Ernst and Young in their study titled Opportunities in Healthcare – Destination India, have established a co-relation between the life expectancy and the increase in the healthcare spending whereby by 2009, with increase in life expectancy to 65.8 years, the healthcare spending is expected to rise to Rs 2,771 Bn.

It is a capital intensive industry where the key challenge is to generate higher revenues per bed by adding value added services and translating that to higher EBITDA margins by aggressively controlling costs. Although there are handful of private healthcare providers who not only compete with each other but they also compete with small facilities that are owned by individuals and do not necessarily follow ethical medical practices and protocols. Further, there is a shortage of medical professionals in the country. Planning Commission, in its recently released report pointed out that India is short of a phenomenal 600,000 doctors, 1 million nurses and 200,000 dental surgeons. With positions for 300,000 dental surgeons, only 73,000 are currently full. Meanwhile, 1.1 million nurses are filling up vacancies for 2.1 million, a shortfall of nearly 50%. To make matters worse, there is also a huge paucity of paramedical staff including radiographers, X-ray technicians, physiotherapists, laboratory technicians, dental hygienist, orthopaedics and opticians.

Fortis today is one of the leading private healthcare provider having a network of 22 Hospitals and Heart Command Centres with about 2,500 beds capacity and is one of the biggest player in the National Capital Region. "Fortis" brand is synonymous with Medical and Service excellence that we practice at all our hospitals. It is focussed on tertiary care areas of Cardiac surgeries, Orthopaedics, Neuro Sciences, Renal Sciences, Gastroenterology, Nephrology and Oncology.

Focussing on providing best patient care and attaining “Service Excellence”, the hospitals are designed to minimise inpatient movement, with outpatient facilities located near diagnostic facilities within the hospital. Attractive architectural and design features, the use of special lighting and colour and the reduction of “hospital odours” and pre-emptive maintenance of our facilities, are combined together to enhance the patient experience. The hospital staff is specially trained to care for patients with latest techniques utilized in the hospitality industry, which, together with the design of our facilities, helps relieve patient anxiety and provide a more comfortable experience for patients.

We continuously strive to improve the quality of healthcare services provided by our hospitals. Medical excellence entails adoption of latest technologies, employing medical experts, high level of academic and clinical research and best clinical outcomes. We employ the Da Vinci Robotic System available at our Cardiac Care facility in New Delhi, to conduct minimally invasive cardiac surgeries. Our information technology infrastructure has been recognized as among the best in the healthcare delivery industry.

The “hub and spoke” model for our hospital network allows us to serve the comprehensive medical needs of patients in their local communities at our multi-specialty facilities, while also delivering sophisticated, advanced procedures and quaternary care at our super-specialty “centres of excellence”.

Further, in order to establish a pan-India presence, we shall continue to aggressively expand our network of hospitals through green field projects, acquisition of hospitals, establishment of satellite heart command centres and entering into Operation and Management (O&M) contracts.

We believe the growing affluence, sophistication and awareness about healthcare services of patients throughout India will lead to higher demand for quality healthcare services.

With the onset of reforms, a lot more has changed than just the economy; it’s the mind set of the end consumer. Patients from all strata of society are much more conscious today, as a result of which the quality of healthcare is expeceted to improve.

Fortis Hospital, Mohali, has received accreditation from US-based Joint Commission International (JCI) in August 2007. JCI, the gold standard in global healthcare standards, focuses on areas that directly impact patient care. The focus areas include: Assessment of patients, utmost care of the patients, patient and family rights, strict infection control for the safety of the patients, education, and documentation.

Fortis Hospital, Noida, has become the first hospital in Uttar Pradesh to receive the prestigious NABH accreditation from the Quality Council of India (QCI). NABH is a constituent autonomous board of the Quality Council of India (QCI), set up to establish and operate accreditation programme for healthcare delivery organizations.

We are planning to seek similar accreditation for all other hospitals in a phased manner.

The Fortis Escorts Cardiac Programme is one of the largest cardiac programmes in the country. The programme houses the largest concentration of cardiac clinical talent in the country, offering high end services in the fields of adult and paediatric cardiology, electrophysiology for cardiac rhythm management, adult and paediatric cardiac surgery, including robotic surgery, and intensive care management.

The compendium of eminent doctors, many of them Padmashree and Padma Bhushan awardees, are available for the patients under this programme, to provide world class care and include nationally and internationally acclaimed names like Dr. T.S. Kler, Dr. Upendra Kaul, Dr. T.S. Mahant, Dr. Suman Bhandari, Dr. Savitri Srivastava, Dr. Z.S. Meharwal, Dr. Yugal Mishra, Dr. K.S. Iyer, Dr. Rajesh Sharma, Dr. Anil Karlekar and Dr. Parvati Iyer.

During the financial year, we performed 5,176 Cardiac Thoracic Vascular Surgery and more than 5,100 Angioplasties. Escorts Hospital, New Delhi, has been a pioneer in Cardiac care in the country. Within the above, a record no. of 827 surgical procedures were carried out on children aging a few days to 14 years of age. In addition, more than 1,800 Cardiac related procedures were performed during the year.

We have one of the largest Joint Replacement Programmes in the country managed by competent surgeons. All types of Knee & Hip Replacement surgeries are carried out across the hospitals in the network. Over 3,300 Orthopaedic procedures were performed during the course of the year.

The network hospitals performed around 1,100 Neuro surgeries during the year. The spectrum of gastroenterology is quite wide and includes diseases of stomach, small intestine and large intestine, pancreas, gall bladder and liver. The network hospitals provide state-of-the art medical care to cure these diseases. During last year, over 1,800 gastroenterology procedures were conducted.

Fortis network hospitals are well equipped to conduct high end surgery procedures in Urology and Nephrology. More than 2,000 renal procedures were done across network hospitals in the last year.

During the year, the hospital network was expanded with the opening of Jaipur facility and acquisition of significant stake in Malar Hospitals Ltd., Chennai.

Fortis Escorts Hospital, Jaipur, is spread over 6.68 acres and focuses on specialities of Cardiac Sciences, Neurosciences, Renal Sciences and Gastrointestinal Diseases besides offering a complete range of multi-speciality services in all disciplines. It has 150 Patient beds with capacity to go up to 350 Beds and is equipped with 5 operation theatres.

In its first foray into South India, Malar Hospital, Chennai was added to our Network in February 2008. “Malar” is a well known amongst quality healthcare provider in Chennai. It is a 180 beded multi-speciality hospital focusing on comprehensive medical care in the areas of Gastroenterology, Neurology, Gynaecology, Paediatrics, Diabetics, Orthopaedics and Nephrology.

The Company’s green field multi-specialty hospital in Shalimar Bagh is under construction and is expected to be commissioned in first half of 2009. Further, in September 2007, ground-breaking ceremony of seven-star multi super-specialty flagship hospital Fortis International Institute of Bio-Medical Sciences (FIIBMS) was performed. The multi-specialty Institute will have around 350 patient beds in the first phase and will go up to 1000 beds in the second phase.

Its proximity to the International airport is highly advantageous in terms of attracting Medical Value Travel. FIIBMS will have a high-end clinical programme with superior patient services. The hospital will have Centers of Excellence providing care at quaternary level in Oncology, Trauma, Pediatrics and Mother and Child Care and Cosmetology. The top of the line Oncology Centre will also be located in the hospital.

Fortis is well entrenched and has established a strong brand equity in the industry. With aggressive growth strategy, management depth and width to manage a large network and focus on delivering quality patient care and is well placed to capture the opportunity in the market place.

FINANCIAL PERFORMANCE

For the year, the company recorded consolidated total income of Rs. 548 crores, 4% higher than the previous year. The Profit before interest, depreciation and tax was Rs. 61.8 crores which is higher than the previous year. The Company has reported a cash profit of Rs. 5.4 crores as against a cash loss of Rs. 16.2 crores previous year.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

There are documented standard operating procedures in the Company and its' subsidiaries. The Internal Audit Function at the group is outsourced to professional auditing firms. An extensive programme of Internal Audits is supplemented by periodical management reviews and a tight budgetary control mechanism. During the year, services of Grant Thornton and JRA & Associates were retained for carrying out internal audit of various functions and processes at our network hospitals.

The Finance function of the Company is also adequately staffed with professionally qualified and experienced personnel.

HUMAN RESOURCES

Human Resources represent the only valuable asset which can't be replicated by the Competition. We at Fortis, seeks to attract and retain the best talent available.

Human Resource management incorporates a process driven approach that invests regularly in the training & development needs of employees through succession planning, job rotation, on the job training and extensive training workshops & programmes. During the year, an approximate 3,653 mandays of training was imparted. This excludes time spent on specialised training and academic research related to doctors where continuous medical education, medical symposiums, guest lectures are organised on routine basis.

The total manpower of the Company and its subsidiaries as on March 31st 2008 stood at 5,947.

ANNEXURE 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, 2008

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Designing of facilities and extensions thereto to improve natural light.
- Restricting traffic of attendants into the hospital to save on air-conditioning.
- Improved insulation of boiler and chiller lines to reduce transmission losses.
- Optimize the use of lifts by manning the main entry point to ensure they run to the capacity.
- Motion sensors in common areas.
- Variable pumping system in Chilled water etc.
- Common areas on Night Mode for Air Conditioners.
- Replaced light point to CFL and Electronic ballasts.
- Optimisation of steam consumption by modification of steam pipings & load balancing leading to reduction in the number of boilers in the hospital.

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

- NIL

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

- Saving of energy and reduction in costs

B. TECHNOLOGY ABSORPTION

1. RESEARCH & DEVELOPMENT (R & D):

- NIL

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

The capacity of Sewerage Treatment Plant of the Mohali hospital was augmented through installation of Moving Bed Bio-film Reactor (MBBR).

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

The holding time of sewerage water has reduced, thereby increasing the capacity to more than 750 cu.mtrs. per day. Also the quality of the treated water has further improved.

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	**:**	Rs. NIL		
(ii) Expenditure	**:**	**CIF Value of Imports**	**–**	Rs. 0.68 crores
		Others	**–**	Rs. 4.91 crores

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, 2008 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 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, 2008;

      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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No.: 82028

Place : New Delhi
Date : June 30, 2008

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. The physical verification of fixed assets having been carried out in the previous year, is due in the next 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 in the previous year.

(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) The Company has granted loan to certain companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 12,861.91 lacs and the year- end balance of loans granted to such parties was Rs. 12,861.91 lacs.

(b) 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.

(c) The loans granted are re-payable on demand. As informed, the Company has not demanded repayment of any such loan during the year. The payment of interest has been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) As informed, the Company has not taken any loans, secured or unsecured from 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)(e),(f) and (g) of the Companies (Auditor's Report), 2003 are not applicable to the Company.

(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.

(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 Companies Act, 1956, that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the services involved, we are unable to comment whether the transactions were made at 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities *though there has been a slight delay in few cases.*

(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, excise 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.

(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, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred cash loss during the year. *In the immediately preceding financial year, the Company had incurred cash losses.*

(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) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not 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 not given any guarantee for loans taken by others from bank or financial institutions.

(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 an 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 made preferential allotment of preference shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion the price at which the shares have been issued is not prejudicial to the interest of the Company.

(xix) During the year the Company has issued 600 debentures of Rs. 10,000,000 each which have also been redeemed during the year. *The Company had not created any security or charge in respect of these debentures.*

(xx) We have verified that the end use of money raised by public issue is as disclosed in Note no. 17 of Schedule 25 of the financial statements.

(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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No.: 82028

Place : New Delhi
Date : June 30, 2008

STANDALONE BALANCE SHEET AS AT MARCH 31, 2008

	Schedules	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**23,826.65**	20,767.01
Share Application Money Pending Allotment		**15,000.00**	–
Reserves & Surplus	2	**63,264.66**	37,447.58
		102,091.31	58,214.59
Loan Funds			
Secured Loans	3	**15,698.38**	24,658.93
Unsecured Loans	4	**2,562.39**	16,180.69
		18,260.77	40,839.62
Deferred Payment Liabilities	5	**–**	499.33
TOTAL		**120,352.08**	99,553.54
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	**13,164.92**	14,269.32
Less : Accumulated depreciation and amortisation		**5,079.83**	4,063.70
Net Block		**8,085.09**	10,205.62
Capital Work in Progress including capital advances		**45.00**	681.95
		8,130.09	10,887.57
Investments	7	**71,068.93**	67,566.83
Current Assets, Loans & Advances			
Inventories	8	**248.10**	238.36
Sundry Debtors	9	**3,558.87**	3,086.89
Cash & Bank Balances	10	**488.45**	122.54
Other Current Assets	11	**677.31**	212.24
Loans & Advances	12	**26,718.94**	7,079.79
		31,691.67	10,739.82
Less : Current Liabilities & Provisions			
Liabilities	13	**3,636.92**	3,067.34
Provisions	14	**561.54**	430.71
		4,198.46	3,498.05
Net Current Assets		**27,493.21**	7,241.77
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	**72.88**	8.63
Profit & Loss Account		**13,586.97**	13,848.74
TOTAL		**120,352.08**	99,553.54
Notes to Accounts	25		

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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedules	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
INCOME			
Operating Income	**16**	**15,793.39**	12,846.30
Other Income	**17**	**3,214.46**	435.22
TOTAL		**19,007.85**	13,281.52
EXPENDITURE			
Materials Consumed	**18**	**4,969.13**	4,837.91
Personnel Expenses	**19**	**3,484.83**	2,546.97
Operating Expenses	**20**	**3,550.23**	3,166.51
Selling, General and Administrative Expenses	**21**	**2,656.80**	1,343.91
		14,660.99	11,895.30
Profit / (Loss) before Financial Expenses, Depreciation and Amortisation		**4,346.86**	1,386.22
Financial Expenses	**22**	**2,962.09**	4,964.82
Profit / (Loss) before Depreciation and Amortisation		**1,384.77**	(3,578.60)
Depreciation and Amortisation	**6**	**1,064.20**	1,057.04
Profit / (Loss) before tax & prior period items		**320.57**	(4,635.64)
Fringe Benefit Tax		**52.58**	32.47
Net Profit / (Loss) after tax & before prior period items		**267.99**	(4,668.11)
Prior Period Items	**23**	**6.22**	200.75
Net Profit / (Loss) for the year		**261.77**	(4,868.86)
Add: Balance brought forward from previous year		**(13,848.74)**	(8,956.69)
Add: Adjustment on account of implementation of Revised AS-15 on Employee Benefits		**–**	(23.19)
Profit / (Loss) carried over to Balance Sheet		**(13,586.97)**	(13,848.74)
Earnings Per Share	**24**		
Basic [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]		**0.12**	(2.85)
Computed on the basis of earnings including prior period items			
Diluted [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]		**0.12**	(2.85)
Computed on the basis of earnings including prior items			
Notes to Accounts	**25**		

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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Particulars	Year Ended March 31, 2008 Rs.in Lacs	Year Ended March 31, 2007 Rs.in Lacs
A.	**Cash flow from operating activities**		
	Net profit / (loss) before tax and prior period items	320.57	(4,635.64)
	Add: Prior period items	(6.22)	(200.75)
	Adjustments for:		
	Depreciation and Amortisation	1,064.20	1,057.04
	Loss on sale of fixed assets	9.71	9.04
	(Profit) on sale of investments	(43.89)	–
	Provision for Doubtful Debts	6.46	5.87
	Bad Debts / Sundry Balances written off	21.47	82.11
	Arrangement Fee written off	10.75	4.08
	Foreign Exchange (Gain)	(154.13)	(60.61)
	Interest income	(2,940.37)	(290.40)
	Interest expense	2,692.74	4,834.65
	Operating profit before working capital changes	981.29	805.39
	Movements in working capital :		
	Decrease / (Increase) in sundry debtors	(478.44)	(1,232.73)
	Decrease / (Increase) in inventories	(9.75)	(30.89)
	Decrease / (Increase) in loans and advances	627.11	(1,480.83)
	Decrease / (Increase) in other current assets	(21.94)	8.24
	Increase / (Decrease) in current liabilities and provisions	(396.19)	1,072.77
	Cash from/(used in) operations	702.08	(858.05)
	Direct taxes (paid)/ refund (including Fringe Benefits Tax)	(100.08)	(105.38)
	Net cash from / (used in) operating activities (A)	602.00	(963.43)
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(316.43)	(2,178.30)
	Proceeds from sale of fixed assets	1,915.31	21.98
	Fixed Deposits with Banks	(71,195.54)	–
	Fixed Deposits Matured	71,195.54	1,200.00
	Loans to Subsidiaries (Net)	(12,394.24)	(3,936.17)
	Deposits with Body Corporates & Others	(8,122.92)	(313.80)
	Deposits with other Companies received back	–	863.00
	Purchase of investments	(10,671.10)	(100.00)
	Proceeds from sale of investments	7,501.82	–
	Interest received	2,497.24	325.39
	Net cash from / (used in) investing activities (B)	(19,590.32)	(4,117.90)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital	4,599.64	1,067.02
	Proceeds from issuance of preference share capital	1,160.00	14,301.94
	Premium on issuance of equity share capital	45,076.51	–
	Premium on issuance of preference share capital	10,440.00	–
	Share issue expenses	(3,278.91)	(410.36)
	Proceeds from receipt of share application money (net of refunds)	15,000.00	–
	Redemption of Non Cumulative Redeemable Preference Shares	(2,700.00)	–
	Premium on redemption of Non Cumulative Redeemable Preference Shares	(23,400.00)	–
	Refund of Share Application Money	–	(0.45)
	Proceeds from issuance of Non convertible debentures	60,000.00	–
	Redemption of Non convertible debentures	(60,000.00)	–
	Premium on redemption of Non convertible debentures	(1,583.01)	–
	Proceeds from long-term borrowings	9,977.94	1,595.67
	Repayment of long-term borrowings	(21,835.46)	(15,123.19)
	Proceeds / (Repayments) of short-term borrowings (Net)	(10,567.20)	8,930.23
	Decrease in deferred payment liabilities	(499.33)	(537.04)
	Loan Arrangement fees paid	(75.00)	–
	Interest paid	(2,960.95)	(4,706.38)
	Net cash from /(used in) financing activities (C)	19,354.23	5,117.44
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	365.91	36.11
	Total cash and cash equivalents at the beginning of the year	122.54	86.43
	Cash and cash equivalents at the end of the year	488.45	122.54
	Components of cash and cash equivalents:		
	Cash on Hand	3.34	4.26
	Cheques on hand	329.43	–
	Balances with Scheduled Banks on Current Accounts	155.68	118.28
	Total	488.45	122.54

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 issued by the Institute of Chartered Accountants of India.
2) Negative figures have been shown in brackets.

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants
per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 :

SHARE CAPITAL

		As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Authorised :			
322,000,000	(Previous Year 272,000,000) Equity Shares of Rs. 10/- each	**32,200.00**	27,200.00
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 26,000,000) Class 'B' Non Cumulative Redeemable Preference Shares of Rs. 10/- each	**1,149.88**	2,600.00
64,501,154	(Previous Year NIL) Class 'C' Cumulative Redeemable Preference Shares of Rs. 10/- each	**6,450.12**	–
		40,000.00	30,000.00
Issued :			
226,666,533	(Previous year 180,670,094) Equity Shares of Rs. 10/- each fully paid up	**22,666.65**	18,067.01
NIL	(Previous Year 100) Class 'A' 1% Non Cumulative Redeemable Preference Shares of Rs. 100,000/- each	**–**	100.00
NIL	(Previous Year 26,000,000) Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each	**–**	2,600.00
11,900,000	(Previous Year NIL) Class 'C' Zero percent Redeemable Preference Shares of Rs. 10/- each	**1,190.00**	–
		23,856.65	20,767.01
Subscribed :			
226,666,533	(Previous year 180,670,094) Equity Shares of Rs. 10/- each fully paid up	**22,666.65**	18,067.01
NIL	(Previous Year 100) Class 'A' 1% Non Cumulative Redeemable Preference Shares of Rs. 100,000/- each	**–**	100.00
NIL	(Previous Year 26,000,000) Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each	**–**	2,600.00
11,600,000	(Previous Year NIL) Class 'C' Zero percent Redeemable Preference Shares of Rs. 10/- each	**1,160.00**	–
Of the above:			
i)	154,383,974 Equity Shares (Previous Year 154,326,940 Shares) are held by Fortis Healthcare Holdings Limited, the Holding Company.		
ii)	520,000 Equity Shares of Rs.10 each are alloted as fully paid up pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005, for consideration other than cash.	**23,826.65**	20,767.01

SCHEDULE 2 :

RESERVES & SURPLUS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
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)		
Securities Premium Account		
Balance as per last account	**37,291.58**	
Add : Premium recived during the year on issue of shares	**55,516.51**	
Less : Applied towards writing off expenses incurred for issue of shares	**3,278.91**	
Less : Applied towards payment of Premium on Redemption of Non Convertible Debentures	**1,583.01**	
Less : Applied towards payment of Premium on Redemption of Non Cumulative Redeemable Preference Shares	**23,400.00**	
Less : Accrual for Premium on Redemption of Redeemable Preference Shares	**1,437.51**	37,291.58
(refer note 22 and 23 of Schedule 25)	**63,264.66**	37,447.58

SCHEDULES TO THE ACCOUNTS

SCHEDULE 3 :

SECURED LOANS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Term Loans from Banks		
(Amount repayable within one year Rs.1,104.60 Lacs		
(Previous Year Rs. 20,730.00 Lacs))	**2,387.31**	20,730.00
ECB Loan from a bank	**1,134.84**	2,045.16
(Amount repayable within one year Rs. 756.56 Lacs		
(Previous Year Rs. 818.06 Lacs))		
Term Loans from Bodies Corporate	**8,754.99**	1,500.00
(Amount repayable within one year Rs. 1343.76 Lacs (Previous Year Rs. 300.00 Lacs))		
Short Term Loans From a Bank		
Bank Overdraft	**324.31**	168.98
Bills Discounted	**–**	104.23
Commercial Papers (Short term)	**3,000.00**	–
(Maximum amount outstanding during the year Rs. 3,000.00 Lacs (Previous Year Rs. Nil))		
Loans For Vehicles	**96.93**	110.56
(Amount repayable within one year Rs.45.56 Lacs (Previous Year Rs. 52.84 Lacs))		
	15,698.38	24,658.93

Notes :-

1. ECB loan from Bank amounting to Rs. 1,134.84 Lacs (Previous Year Rs. 2,045.16 Lacs) is secured by first charge by way of hypothecation of all present and future moveable properties of the Company which inter alia include plant & machinery , medical equipments, computers, furniture and fixtures and other fixed assets installed / stored at Mohali, Punjab or kept at any other hospital site (excluding vehicles hypothecated against specific loans).
2. Term Loan from Bank amounting to Rs.387.48 Lacs (Previous Year Rs.Nil) is secured by way of first & exclusive charge on specific Medical Equipments.
3. Term Loans from Banks amounting to Rs. 1,999.83 Lacs and Commercial papers of Rs. 3,000.00 Lacs (Previous Year Rs.Nil) are secured by way of subservient charge on the movable fixed assets of the Company and also secured by pledge of 10,417,000 shares of Fortis Healthcare Limited held by Fortis Healthcare Holdings Ltd.
4. Term loan from Bank amounting to Rs. Nil (Previous Year Rs. 20,730.00 Lacs) was secured by pledge of 1,800,000 shares of Escorts Heart Institute & Research Center Limited (EHIRCL) and also secured by Personal Guarantee of the Managing Director & another Director of the Company.
5. Term loan from a Body Corporate amounting to Rs. 1,254.99 (Previous Year Rs. 1,500.00) is secured by first charge by way of hypothecation of specific equipments.
6. Term Loan from a Body Corporate amounting to Rs. 7,500.00 Lacs (Previous Year Rs. Nil) is secured by way of subservient charge on present and future fixed assets of the Company except assets of Escorts Heart Institute & Research Centre Limited and subsidiaries (till the time legal proceedings in respect thereof are settled) & subservient mortgage & charge to be created on hospital property of International Hospital Limited, Noida (a subsidiary of the Company). This is also secured by way of pledge of 22,000,000 shares of Fortis Healthcare Ltd. held by Fortis Healthcare Holdings Ltd. and personal Guarantee of the Managing Director of the Company.
7. Bank overdraft facility from Bank amounting to Rs. 324.31 Lacs (Previous Year Rs. 168.98 Lacs) is secured by first charge on current assets both present & future of the Company situated at Fortis Hospital Mohali and is also secured by Corporate Guarantee from Ranbaxy Holding Company (RHC).
8. Bill discounted from Bank amounting to Rs. Nil (Previous Year Rs. 104.23 Lacs) was secured by second charge on all present and future fixed assets of the Company on pari passu basis with other lenders and is also secured by Corporate Guarantee from Ranbaxy Holding Company (RHC).
9. Loans for Vehicles amounting to Rs. 96.93 Lacs (Previous Year Rs. 110.56 Lacs) are secured by hypothecation of respective vehicles.

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
SCHEDULE 4 :		
UNSECURED LOANS		
Term Loans from Banks	**1,500.00**	14,500.00
(Amount repayable within one year Rs. 1,500.00 Lacs (Previous Year Rs.14,500.00 Lacs))		
Out of the above:		
i) Term Loan of Rs. Nil (Previous Year Rs. 3,000.00 Lacs) was obtained on Personal Guarantee of Managing Director of the Company.		
ii) Term Loan of Rs. Nil (Previous Year Rs. 2,500.00 Lacs) was obtained by pledge of 1,282,100 Shares of Ranbaxy Laboratories Limited held by Oscar Investments Limited.		
Bank Overdraft	**1,062.39**	1,357.40
Bank Overdraft facility of Rs. 732.96 Lacs (Previous Year Rs.1,357.40) is obtained on Personal Guarantee of the Managing Director & another Director of the Company.		
From a Subsidiary - Short term	**–**	73.29
From Bodies Corporate	**–**	250.00
	2,562.39	16,180.69
SCHEDULE 5 :		
DEFERRED PAYMENT LIABILITY		
Deferred Payment Credit	**–**	499.33
(Amount payable to HUDA towards land purchased at Gurgaon)	**–**	499.33

SCHEDULE TO THE ACCOUNTS

SCHEDULE 6 : FIXED ASSETS

(Rs. in Lacs)

	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01.04.07	Additions	Deletions/ Adjustments	As at 31.03.08	As at 01.04.07	For the year	Deletions/ Adjustments	As at 31.03.08	As at 31.03.08	As at 31.03.07
Intangible Assets										
Technical Know How Fees	201.42	–	–	201.42	201.42	–	–	201.42	–	–
Softwares	274.38	48.88	–	323.26	151.86	38.47	–	190.33	132.93	122.52
Tangible Assets										
Freehold Land*	1,858.35	–	1,858.35	–	–	–	–	–	–	1,858.35
Plant & Machinery	1,676.12	98.95	–	1,775.07	620.48	167.78	(1.11)	789.37	985.70	1,055.64
Medical Equipments	7,038.11	370.56	34.44	7,374.23	1,741.31	523.75	2.18	2,262.88	5,111.35	5,296.80
Furniture & Fittings	483.14	34.16	–	517.30	197.22	33.13	–	230.35	286.95	285.92
Computers	529.09	118.89	31.54	616.44	323.32	76.21	31.46	368.07	248.37	205.77
Office Equipments	162.43	21.78	–	184.21	33.82	9.43	–	43.25	140.96	128.61
Vehicles	318.28	66.98	48.77	336.49	75.27	30.06	15.54	89.79	246.70	243.01
Leasehold Improvements	1,728.00	108.50	–	1,836.50	719.00	185.37	–	904.37	932.13	1,009.00
Total	14,269.32	868.70	1,973.10	13,164.92	4,063.70	1,064.20	48.07	5,079.83	8,085.09	10,205.62
Previous year	10,836.34	3,490.30	57.32	14,269.32	3,032.97	1,057.04	26.31	4,063.70	10,205.62	7,803.37
Capital Work in Progress (Including Capital Advances of Rs. 13.48 Lacs) (Previous Year Rs. 25.81 Lacs)	–	–	–	–	–	–	–	–	45.00	681.95

Notes:

(1) Capital work in progress include Rs. Nil (Previous Year Rs.540.27 Lacs) relating to expenses incurred during the construction period as per Schedule 6A.

(2) Out of the above asets, certain fixed assets have been given on operating lease (refer Note 6 (b) (ii) of Schedule 25)

(3)* Transferred to Subsidiary (Refer Note 15 of Schedule 25)

SCHEDULES TO THE ACCOUNTS

SCHEDULE 6 A :

Expenditure during Construction Period (Pending Capitalization/Allocation)

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Opening Balance	**540.27**	350.74
Add:Expenditure incurred during the year		
Personnel Expenses		
Salaries, Wages and Bonus	–	68.03
Contribution to Provident & Other Funds	–	3.87
	–	71.90
Operating Expenses		
Power & Fuel	–	0.93
	–	0.93
Selling, General and Administrative Expenses		
Legal & Professional Fee	–	9.29
Travel & Conveyance	–	10.54
Rent	–	7.44
	–	27.27
Financial Expenses		
Interest (on borrowings for Land)	**27.53**	93.30
Sub Total	**27.53**	193.40
Less : Transferred to Subsidiary (refer Note 15 of Schedule 25)	**517.02**	–
Less : Expenses transferred to Profit & Loss Account	**50.78**	3.87
Balance carried forward to Balance Sheet	–	540.27

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
SCHEDULE 7 :		
INVESTMENTS		
Long Term Investments (At Cost)		
Unquoted, fully paid-up		
A. Trade		
Sunrise Medicare Pvt Ltd.	**440.04**	50.94
(4,400,364 (Previous year 509,366) Equity Shares of Rs.10/- each)		
B. In Subsidiary Companies		
Escorts Heart Institute & Research Center Limited	**58,894.80**	58,894.80
(1,800,300 Equity Shares of Rs.10/- each)		
(Of the above, 40 shares are held by nominee shareholders and 1,800,000 shares are pledged with a Bank as security for term loan)		
International Hospital Limited	**4,021.09**	4,021.09
(4,021,090 Equity Shares of Rs.100/- each)		
Fortis Hospotel Limited (formerly Oscar Biotech Pvt Limited)	**7,613.00**	4,500.00
(76,130,000 (Previous year 45,000,000) Equity Shares of Rs.10/- each)		
(Of the above, 100 shares are held by nominee shareholders)		
Hiranandani Healthcare Private Limited	**100.00**	100.00
(1,000,000 (Previous Year 1,000,000) Equity Share of Rs.10/- each)		
(Of the above, 3 shares are held by nominee shareholders)	**71,068.93**	67,566.83

SCHEDULE 8 :		
INVENTORIES		
(at lower of cost and net realisable value)		
Medical Consumables and Pharmacy Items	**233.18**	232.66
Store & Spares	**8.80**	–
Fuel	**6.12**	5.70
	248.10	238.36

SCHEDULE 9 :		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding Six Months		
Unsecured, Considered Good	**1,885.92**	901.58
Considered Doubtful	**151.81**	145.35
Other Debts		
Unsecured, Considered Good	**1,672.95**	2,185.31
	3,710.68	3,232.24
Less : Provision for Doubtful Debts	**151.81**	145.35
	3,558.87	3,086.89

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
SCHEDULE 10 :		
CASH & BANK BALANCES		
Cash in Hand	**3.34**	4.26
Cheques in hand	**329.43**	–
Balances with Scheduled Banks		
- In Current Accounts	**155.68**	118.28
	488.45	122.54
SCHEDULE 11 :		
OTHER CURRENT ASSETS		
Interest Accrued & Not Due on Loans & Deposits	**458.66**	15.53
Accrued Operating Income	**218.65**	196.71
	677.31	212.24
SCHEDULE 12 :		
LOANS & ADVANCES		
Unsecured, Considered good		
Loans to Subsidiaries	**16,651.68**	4,257.44
Loans to Bodies Corporate & Others	**8,925.76**	513.74
Advances Recoverable in cash or in kind or for value to be received	**545.76**	2,080.49
Advance Tax and Tax Deducted at Source	**148.19**	88.68
Balances with Customs, Excise and Other Authorities	**55.07**	–
Security Deposits	**392.48**	139.44
Considered Doubtful		
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	26,739.56	7,100.41
Less : Provision for Doubtful Advances	**20.62**	20.62
	26,718.94	7,079.79
Included in Loans & Advances are:		
i) Dues from Companies under the same Management:		
SRL Ranbaxy Limited (Maximum amount outstanding during the year Rs. 337.92 Lacs; Previous Year Rs. 297.58 Lacs)	**113.11**	297.58
ii) Dues from Subsidiaries		
International Hospital Limited (Maximum amount outstanding during the year Rs. 33,563.63 Lacs; Previous Year Rs. 321.28 Lacs)	**3,780.55**	70.06
Fortis Hospotel Limited (Formerly Oscar Biotech Private Limited) (Maximum amount outstanding during the year Rs. 7,604.10 Lacs; Previous Year Rs. 1,024.37 Lacs)	**7,604.10**	1,024.37
Escorts Heart and Super Speciality Institute Limited (Maximum amount outstanding during the year Rs. 6.43 Lacs; Previous Year Rs. 6.99 Lacs)	**2.45**	6.12
Hiranandani Healthcare Private limited (Maximum amount outstanding during the year Rs. 5,257.81 Lacs; Previous Year Rs. 3,163.02 Lacs)	**5,257.81**	3,163.02
Escorts Heart Institute & Reserch Centre Limited (Maximum amount outstanding during the year Rs. 1,002.34 Lacs; Previous Year Rs. Nil)	**3.98**	–
Escorts Hospital & Reserch Centre Limited (Maximum amount outstanding during the year Rs. 4.69 Lacs; Previous Year Rs. Nil)	**2.79**	–
iii) Dues from a Director		
(Maximum amount outstanding during the year Rs. 31.91 Lacs; Previous Year Rs. 28.67 Lacs)	**–**	–

SCHEDULES TO THE ACCOUNTS

SCHEDULE 13 :

CURRENT LIABILITIES

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Sundry Creditors		
(a) total outstanding dues of Micro, Medium & Small Enterprises (refer note 24 in schedule 25)	**–**	–
(b) total outstanding dues of creditors other than Micro, Medium and Small Enterprises	**1,421.06**	2,395.43
Book Overdraft	**30.00**	–
Advances from Patients	**304.08**	169.81
Security Deposits	**5.52**	7.69
Interest Accrued but Not Due on Loans	**60.21**	328.42
Premium on Redemption of Redeemable Preference Share (refer note 22 & 23 in schedule 25)	**1,437.51**	–
Other Liablities	**378.54**	165.99
	3,636.92	3,067.34

SCHEDULE 14 :

PROVISIONS

Wealth Tax	**1.36**	1.16
Fringe Benefit Tax	**12.00**	–
Gratuity	**251.89**	226.36
Leave Encashment	**296.29**	203.19
	561.54	430.71

SCHEDULE 15 :

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Arrangement Fees on Term Loans		
Balance Brought Forward	**8.63**	12.71
Incurred during the year	**75.00**	–
	83.63	12.71
Less : Written off during the year	**10.75**	4.08
	72.88	8.63

SCHEDULES TO THE ACCOUNTS

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
SCHEDULE 16 :		
OPERATING INCOME		
In Patient	**12,281.06**	11,232.57
Out Patient	**1,293.63**	912.42
Income From Medical Services	**1,312.90**	–
Management Fees from Hospitals	**142.35**	67.73
Income from Rehabilitation Centre	**72.89**	81.91
Income from Rent (refer note 6(b)(i) of schedule 25)	**25.53**	26.57
Equipment Lease Rental (refer note 6(b)(ii) of schedule 25)	**630.61**	435.61
Pharmacy	**217.88**	195.33
	15,976.85	12,952.14
Less: Discounts	**183.46**	105.84
	15,793.39	12,846.30
SCHEDULE 17 :		
OTHER INCOME		
Profit on Redemption of Mutual Funds (current investments) (refer note 5 of schedule 25)	**43.89**	–
Interest		
-Bank Deposits	**143.53**	125.44
(Tax Deducted at Source Rs. 29.98 Lacs (Previous Year Rs. 19.24 lacs))		
-Others	**2,796.84**	164.96
(Tax Deducted at Source Rs. 8.19 Lacs (Previous Year Rs. 31.72 lacs))		
Unclaimed Balances and Excess Provisions Written Back	**15.34**	47.40
Exchange Fluctuation Gain	**153.86**	60.54
Miscellaneous Income	**61.00**	36.88
	3,214.46	435.22
SCHEDULE 18 :		
MATERIALS CONSUMED		
Medical Consumables and Pharmacy Items:		
Opening Stock	**232.66**	202.08
Add: Purchases	**4,969.65**	4,868.49
Less: Closing Stock	**233.18**	232.66
	4,969.13	4,837.91
SCHEDULE 19 :		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**2,939.22**	2,213.69
Gratuity	**44.35**	53.57
Leave Encashment	**107.91**	27.35
Contribution to Provident & Other Funds	**179.80**	137.11
Staff Welfare Expenses	**107.91**	77.67
Recruitment & Training	**105.64**	37.58
	3,484.83	2,546.97

SCHEDULES TO THE ACCOUNTS

SCHEDULE 20 :

OPERATING EXPENSES

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
Contractual Manpower	**113.32**	91.99
Power & Fuel	**357.32**	348.61
Housekeeping Expenses including Consumables	**178.69**	142.24
Patient Food	**140.59**	126.29
Pathology Laboratory Expenses	**158.77**	144.84
Radiology Expenses	**306.67**	168.46
Consultation Fees to Doctors	**426.76**	449.10
Professional Charges to Doctors	**900.42**	807.09
Repairs & Maintenance		
– Building	**55.01**	26.38
– Plant & Machinery	**266.30**	230.21
Rent		
– Hospital Building (Refer note 6(a)(i) of schedule 25)	**609.57**	605.85
– Equipments (Refer note 6(a)(ii) of schedule 25)	**36.81**	25.45
	3,550.23	3,166.51

SCHEDULE 21 :

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Donations	**13.50**	28.00
Legal & Professional Fee	**1,128.82**	202.68
Travel & Conveyance	**330.02**	155.55
Repairs & Maintenance - Others	**68.27**	52.45
Rates & Taxes	**161.59**	171.27
Directors' Sitting Fees	**9.60**	8.10
Insurance	**105.86**	73.95
Rent	**111.28**	98.91
Marketing & Business Promotion	**280.21**	167.03
Wealth Tax	**1.35**	1.10
Loss on Sale of Assets	**9.71**	9.04
Auditors' Remuneration		
– Audit Fee	**10.00**	11.24
– Limited Review Fees	**7.80**	
– Fees for Audit of Consolidated Financial Statement	**3.00**	
– Tax Audit Fee	**2.50**	3.37
– Other Services	**4.25**	–
– Out of pocket Expenses	**0.40**	0.33
Bad Debts and Sundry Balances written off	**21.47**	82.11
Provision for Doubtful Debts	**10.01**	5.87
Miscellaneous Expenses	**377.16**	272.91
	2,656.80	1,343.91

SCHEDULES TO THE ACCOUNTS

SCHEDULE 22 :

FINANCIAL EXPENSES

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
Interest		
– On Fixed Loans	**2,532.89**	4,719.03
– Others	**159.84**	115.62
Finance Charges	**246.18**	116.74
Arrangement Fees Written off	**10.75**	4.08
Bank Charges	**12.43**	9.35
	2,962.09	4,964.82

SCHEDULE 23 :

PRIOR PERIOD ITEMS

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
Material consumed	**6.22**	28.58
Gratuity	**–**	90.95
Leave Encashment	**–**	79.94
Staff Welfare Expenses	**–**	0.59
Recruitment & Training	**–**	0.44
Housekeeping Expenses including Consumables	**–**	0.06
Repairs & Maintenance - Others	**–**	0.63
Insurance	**–**	0.38
Marketing & Business Promotion	**–**	0.54
Miscellaneous Expenses	**–**	1.22
Reversal of Management Fees from Hospitals	**–**	4.92
Reversal of Pathology Laboratory Expenses	**–**	(7.50)
	6.22	200.75

SCHEDULE 24 :

EARNINGS PER SHARE (EPS)

	For the Year Ended March 31, 2008	For the Year Ended March 31, 2007
Net Profit/(loss) as per profit and loss account	**261.77**	(4,868.86)
Weighted average number of equity shares in calculating Basic EPS	**223,022,006**	171,123,304
Add : Weighted average number of equity shares which would be issued on the allotment of equity shares against share option granted to employees of the Company.	**68,577**	–
Weighted average number of equity shares in calculating Diluted EPS	**223,090,583**	171,123,304

SCHEDULES TO THE ACCOUNTS

SCHEDULE 25 : Notes to the Accounts

1. **Nature of Operations**

   The Company was incorporated in the year 1996 to set up, manage and operate a chain of multi speciality hospitals and it commenced its commercial operations by setting up the Fortis Heart Institute and Multi-Speciality Hospital at Mohali in the year 2001. Subsequently, the Company has set up / taken over the management of other hospitals in different parts of the country. During the year, the Company has successfully completed an Initial Public Offer ("IPO") of 45,996,439 equity shares of Rs. 10 each at a premium of Rs. 98 per share. Accordingly, the Company has become a listed entity effective May 9, 2007, with its shares being traded on both BSE and NSE.

2. **Statement of Significant Accounting Policies**

   (a) Basis of preparation of Financial Statements

   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 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 except for the changes in accounting policy discussed more fully below, 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) Changes in Accounting Policies

   Adoption of Accounting Standard 11 'The Effect of Changes in Foreign Exchange Rates

   As per the requirements of the Companies (Accounting Standard) Rules, 2006 read in consonance with notified Accounting Standard 11 which is mandatory for accounting periods commencing on or after December 7, 2006, the exchange differences on foreign currency transactions relating to fixed assets acquired from countries outside India have been recognised as income or expenses, as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets. However, this change has no material impact on the profit for the current year.

   (d) 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.

   (e) Depreciation

   i) Depreciation on Leasehold Improvements is provided over the primary period of lease of 2.5-14 years 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.

   (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 is 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 paid to Partner Healthcare System, Boston (USA) is amortized over a period of 3 years from the date of commencement of commercial operations.

   Softwares

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

   (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 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.

iii) A previously recognised impairment loss, if any, is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(i) 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.

(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 recognise a decline other than temporary in the value of the investments.

(k) Inventories

Inventories are valued as follows:

Medical Consumables, Pharmacy Items, Stores and Spares and Fuel	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 costs incurred to make the sale.

(l) 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 respective agreements.

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 from mutual funds is recognised when the right to dividend is established by the balance sheet date.

(m) Miscellaneous Expenditure

Cost incurred in raising funds (Arrangement Fees on Term Loan) is amortised 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. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are adjusted to the carrying amount of fixed assets.

(o) Retirement and Employee Benefits:

a. Provident Fund

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. There are no other obligations other than the contribution payable to the fund.

b. 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 projected unit credit method.

c. Leave Encashment

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

d. Actuarial Gains/Losses

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

(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. Deferred income taxes 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 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.

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 Minimum Alternative tax (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, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

(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 Institute of Chartered Accountants of India. 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) Derivative Instruments

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. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss 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 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.

(t) 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.

(u) 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 'Segment Reporting'.

4. Related Party Disclosures

Names of Related parties (as certified by the management)

Holding Company	Fortis Healthcare Holdings Limited
Subsidiary Companies	a) Hiranandani Healthcare Private Limited with effect from February 14, 2007. b) International Hospital Limited which was a board subsidiary of the Company since December 20, 2002, has become 99.90% subsidiary of the Company with effect from March 20, 2006. c) Fortis Hospotel Limited (formerly Oscar Bio Tech Private Limited) with effect from March 20, 2006. d) Escorts Heart Institute and Research Centre Limited (EHIRCL) with effect from September 29, 2005. e) Escorts Hospital and Research Centre Limited with effect from September 29, 2005. f) Escorts Heart and Super Speciality Institute Limited with effect from September 29, 2005. g) Escorts Heart and Super Speciality Hospital Limited with effect from September 29, 2005. h) Escorts Heart Centre Limited with effect from September 29, 2005. Companies from (e) to (h) above are subsidiaries of 'EHIRCL'.
Fellow Subsidiaries	a) Fortis Health World Limited b) Fortis Health Staff Limited c) Medsource Health Care Private Limited
Associates	Sunrise Medicare Private Limited with effect from January 3, 2006 Malar Hospitals Limited (Associate of International Hospitals Limited) with effect from October 17, 2007
Key Management Personnel ("KMP")	Mr. Harpal Singh – Chairman (upto June 07, 2007)Mr. Malvinder Mohan Singh – Chairman (with effect from June 07, 2007)Mr. Shivinder Mohan Singh - Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	SRL Ranbaxy Limited ('SRL'), Ranbaxy Laboratories Limited ('RLL'), Ranbaxy Holding Company ('RHC'), Fortis Nursing Education Society, Religare Enterprises Limited, Religare Securities Limited, Religare Finvest Limited, Religare Commodities Limited, Ran Air Services Limited, Religare Travels (India) Limited, Oscar Investments Limited.

The schedule of Related Party Transactions is given in the annexure attached.

Transaction details	2007-08	2006-07
Transactions during the year		
Expenses allocated to related parties		
International Hospital Limited (Subsidiary)	**–**	401.73
Fortis Hospotel Limited* (Subsidiary)	**323.52**	287.86
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**81.16**	261.09
Sunrise Medicare Private Limited (Associates)	**–**	24.39
Operating Income		
Sunrise Medicare Private Limited (Associates)	**162.40**	62.10
International Hospital Limited (Subsidiary)	**515.00**	–
Interest Income		
International Hospital Limited (Subsidiary)	**1,609.60**	6.62
Sunrise Medicare Private Limited (Associates)	**11.14**	34.83
Fortis Hospotel Limited* (Subsidiary)	**151.32**	33.05
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**38.90**	13.03
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**30.06**	15.53
Hiranandani Healthcare Private Limited (Subsidiary)	**255.70**	41.70
Escorts Heart Institute & Research Centre Limited (Subsidiary)	**26.24**	**–**
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**437.55**	**–**
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**84.32**	**–**
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**559.13**	**–**
Interest Expense		
Fortis Hospotel Limited* (Subsidiary)	**–**	25.14
Pathology Expenses		
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**98.72**	97.19
Travelling Expenses		
Ran Air Services Limited (Owned/significantly influenced by KMP/their relatives)	**5.68**	**–**
Religare Travels (India) Limited (Owned/significantly influenced by KMP/their relatives)	**63.21**	**–**
Income from Consultation Fee to Doctors		
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**21.11**	2.29
Consultation Fee to Doctors		
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**2.54**	0.82
Purchases of Medical consumables and pharmacy items		
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**116.65**	193.33
Legal & Professional Fees		
Religare Enterprises Limited (Owned/significantly influenced by KMP/their relatives)	**–**	284.65
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**0.02**	125.73
Managerial Remuneration (Refer note 28.1 of Sechedule 25)		
Mr. Shivinder Mohan Singh (KMP)	**221.40**	140.88
Sale of Fixed Assets		
International Hospital Limited (Subsidiary)	**16.79**	3.00
Loan / Advances given during the year		
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**–**	250.00
Hiranandani Healthcare Private Limited (Subsidiary)	**1,953.62**	3,163.02
Sunrise Medicare Private Limited (Associates)	**14.09**	63.80
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**1,325.00**	**–**
Escorts Heart Institute & Research Centre Limited (Subsidiary)	**1,000.00**	**–**

* Formerly Oscar Bio-Tech Private Limited

Transaction details	2007-08	2006-07
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**7,000.00**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**18,505.00**	–
International Hospital Limited (Subsidiary)	**63,291.82**	–
Fortis Hospotel Limited* (Subsidiary)	**7,228.24**	–
Loan/Advances received back during the year		
Escorts Heart Institute & Research Centre Limited (Subsidiary)	**1,000.00**	–
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**1,325.00**	–
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**7,000.00**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**9,830.00**	–
Sunrise Medicare Private Limited (Associates)	**289.10**	–
International Hospital Limited (Subsidiary)	**60,244.69**	–
Fortis Hospotel Limited* (Subsidiary)	**3,051.16**	–
Investments made during the year		
Hiranandani Healthcare Private Limited (Subsidiary)	**–**	100.00
Fortis Hospotel Limited* (Subsidiary)	**3,113.00**	–
Sunrise Medicare Private Limited (Associates)	**389.10**	–
Subscription of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**60.00**	2,600.00
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**650.00**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**450.00**	–
Share Premium received		
Fortis Healthcare Holdings Limited (Holding Company)	**540.00**	23,400.00
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**5,850.00**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**4,050.00**	–
Redemption of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**2,600.00**	–
Premium on Redemption of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**23,400.00**	–
Personal Guarantee for Loans Taken		
Managing Director (KMP) (refer Note c below)	**7,500.00**	5,000.00
Licence User Agreement Fees		
Ranbaxy Holding Compay (Owned/significantly influenced by KMP/their relatives)	**1.00**	–
Transfer of Freehold Land to-		
Fortis Hospotel Limited* (Subsidiary)	**1,858.35**	–
Transfer of Preoperative Expenses to-		
Fortis Hospotel Limited* (Subsidiary)	**517.02**	–
Transfer of Capital Work in Progress to-		
Fortis Hospotel Limited* (Subsidiary)	**143.97**	–
Transfer of Deferred Payment Liability to-		
Fortis Hospotel Limited* (Subsidiary)	**499.33**	–
Transfer of Current Assets (Project Related) to-		
Fortis Hospotel Limited* (Subsidiary)	**2.80**	–
Transfer of Current Liabilities (Project Related) to-		
Fortis Hospotel Limited* (Subsidiary)	**153.04**	

* Formerly Oscar Bio-Tech Private Limited

	2007-08	2006-07
Balance Outstanding at the year end		
Loans / Advances recoverable		
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	**2.45**	–
International Hospital Limited (Subsidiary)	**3,780.55**	70.06
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**113.11**	297.58
Fortis Hospotel Limited* (Subsidiary)	**7,604.10**	1,024.37
Sunrise Medicare Private Limited (Associates)	**15.29**	304.20
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**250.00**	250.00
Hiranandani Healthcare Private Limited (Subsidiary)	**5,257.81**	3,163.02
Escorts Heart Institute & Reserch Centre Limited (Subsidiary)	**3.98**	–
Escorts Hospital & Reserch Centre Limited (Subsidiary)	**2.79**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**86.75**	–
Fortis Healthworld Limited (Fellow Subsidiary)	**0.65**	–
Fortis Healthstaff Limited (Fellow Subsidiary)	**0.10**	–
Unsecured Loans		
Escorts Heart Institute Research Centre Limited (Subsidiary)	**–**	73.29
Other Current Assets		
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**8.08**	15.53
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**413.60**	–
Sundry Debtors		
Sunrise Medicare Private Limited (Associates)	**49.70**	75.71
Sundry Creditors		
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**16.11**	44.06
Religare Enterprises Limited (Owned/significantly influenced by KMP/their relatives)	**–**	15.21
Investment		
Escorts Heart Institute Research Centre Limited (Subsidiary)	**58,894.80**	58,894.80
International Hospital Limited (Subsidiary)	**4,021.09**	4,021.09
Fortis Hospotel Limited* (Subsidiary)	**7,613.00**	4,500.00
Sunrise Medicare Private Limited (Associates)	**440.04**	50.94
Hiranandani Healthcare Private Limited (Subsidiary)	**100.00**	100.00
Corporate Guarantee for Loans Taken		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)		
(excluding 2,323,000 shares of Ranbaxy Laboratories Limited pledged for loans taken by the Company)	**750.00**	750.00
Personal Guarantee for Loans Taken		
Managing Director (KMP) (refer Note d below)	**8,232.96**	43,000.00

Notes:

* Formerly Oscar Bio-Tech Private Limited

a) All figures are in Rs. lacs.

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

c) This amount excludes Rs. 341.34 lacs (Previous Year Rs. 22.60 lacs) for interest on loan which is also covered under the guarantee given.

d) This amount excludes Rs. 32.88 lacs (Previous Year Rs. Nil) for interest accrued on loan which is also covered under the guarantee given.

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

(Rs. in lacs)

Mutual Fund Scheme	No. of units purchased	Purchase price	No. of units sold/ redeemed	Sale/Redemption value
Reliance Liquid Plus - Institutional Option - Growth Plan	98,316	1,000.43	98,316	1,011.22
Reliance Liquidity Fund - Growth Option	8,794,765	1,000.00	8,794,765	1,000.25
Principal Floating Rate Fund FMP	4,200,413	500.00	4,200,413	507.06
ICICI Prudential Institutional Liquid Plan	13,416,378	1,500.00	13,416,378	1,509.03
Fidelity Cash Fund - Inst Growth	48,20,485	500.00	48,20,485	502.42
HDFC Liquid Fund	3,306,616	500.00	3,306,616	502.93
Templeton Mutual Fund	42,252	500.00	42,252	501.57
JM High Liquidity Plan - Super IP	8,594,548	1,060.00	8,594,548	1,062.81
Standard Chartered Liquidity Manager plus Growth	82,655	897.67	82,655	904.53

6.(a) Assets taken on Operating Lease

(i) Hospital / Office premises are obtained on operating lease for 2.5 to 14 years. 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 payments in respect of such leases recognised in the profit and loss account for the year are Rs. 698.01 lacs (Previous Year Rs. 687.99 lacs). Out of the same, Rs. 88.44 lacs (Previous Year Rs. 82.14 lacs) has been allocated to other companies.

(ii) The Company has also taken few Medical Equipments on non-cancelable operating leases for a period of 7 years. There is no escalation clause in the lease agreements. There is no restriction imposed by lease arrangements and the rent is not determined based on any contingency. The total of future minimum lease payments under the non-cancellable operating leases are as under:

(Rs. in lacs)

	2007-08	2006-07
Lease payments for the year:	**36.81**	25.45
Minimum lease payments due -		
Not later than one year	**45.47**	36.81
Later than one year but not later than five Years	**94.91**	139.96
Later than five years	**–**	0.42

(b) Assets given on Operating Lease

(i) The Company has leased out some portion of hospital premises for a period of 9 months to 10 years. 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 payments received / receivable in respect of the above leases recognised in the profit and loss account for the year are Rs. 25.53 lacs (Previous Year Rs. 26.57 lacs).

(ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its subsidiaries. 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)

	Gross Block as at March 31, 2008	Accumulated Depreciation as at March 31, 2008	Net Block as at March 31, 2008
Software	1.60	1.48	0.12
Plant & Machinery	96.66	17.24	79.42
Medical Equipments	2,880.21	562.17	2,318.05
Furniture & Fittings	177.06	62.15	114.92
Computers	119.92	35.79	84.13
Office Equipments	27.55	2.67	24.89
Vehicles	33.55	6.32	27.23
Total	**3,336.56**	**687.81**	**2,648.75**

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

(Rs. in lacs)

	March 31, 2008	March 31, 2007
Lease payments received for the year:	**630.61**	435.61
Minimum lease payments receivable -		
Not later than one year	**697.13**	607.50
Later than one year but not later than five years	**1,412.08**	759.37
Later than five years	**-**	-

7. The Company has deferred tax liability of Rs. 884.55 lacs on timing differences in depreciation and other differences in block of fixed assets as per the tax books and financial books and deferred tax assets of Rs. 2,675.12 lacs on unabsorbed depreciation as at March 31, 2008. The deferred tax liability being less than the deferred tax assets, in the context of block of assets, has not been provided for at the year end. Also, in accordance with Accounting Standard 22 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India, in view of the losses incurred by the Company during the year and large amount of accumulated losses carried forward at the close of the year, deferred tax assets on timing differences and 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 take advantage of such losses / depreciation.

(Rs. In lacs)

		March 31, 2008	March 31, 2007
8.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Capital Advances of Rs. 13.48 lacs (Previous Year Rs. 25.81 lacs))	**55.11**	278.05
9.	Contingent liabilities (not provided for) in respect of:		
a)	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. As per the management, these claims are not likely to devolve on the Company due to their frivolous nature. Further, the Company has taken professional indemnity /error and omission policies to cover the hospitals, their doctors and staff for any possible liability arising from such claims.	**254.40**	343.25
b)	Claims against the Company not acknowledged as debts (in respect of reinstatement of services of one of its former employees). The matter is pending for adjudication with The Labour Tribunal and liability, if any arising there from is not presently ascertainable.	**–**	–
c)	Unredeemed Bank Guarantees executed in favour of lessor as security for hospital land and building taken on lease.	**139.53**	139.53
d)	Bank Guarantee executed in favour of Bombay Stock Exchange towards listing of the shares of the Company with the exchange.	**252.98**	–
e)	Others	**10.55**	6.47

10. Employee Stock Option Plan

The Company has provided share-based payment scheme to its employees. During the year ended March 31, 2008, the following scheme was in operation:

Date of grant	February 13, 2008
Date of Board Approval	July 30, 2007
Date of Shareholder's approval	September 27, 2007
Number of options granted	458,500
Vesting Period	February 12, 2009 to February 12, 2013
Exercise Period	February 12, 2018

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

	2007 – 08	
	Number of options	**Weighted Average Exercise Price(Rs.)**
Outstanding at the beginning of the year	**–**	**–**
Granted during the year	**458,500**	**71**
Forfeited during the year	**–**	**–**
Exercised during the year	**–**	**–**
Expired during the year	**–**	**–**
Outstanding at the end of the year	**458,500**	**71**
Exercisable at the end of the year	**–**	**–**
Weighted average remaining contractual life (in years)	**9.88**	**–**
Weighted average fair value of options granted (in Rs.)	**26.48**	**–**

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

Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
71	458,500	9.88	71

Stock Options granted

The weighted average fair value of stock options granted during the year was Rs. 26.48. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following:

	2007 – 08
Exercise Price	71
Expected Volatility	34%
Life of the options granted (Vesting and exercise period) in years	6.5 years
Expected dividends	–
Average risk-free interest rate	7.95%
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 April1, 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:

	2007 – 08 **Rs. in lacs**
Profit as reported	**261.77**
Less: Employee stock compensation under fair value method	**3.13**
Proforma profit	**258.64**
Earnings Per Share (In Rs.)	
Basic	
– As reported	**0.12**
– Pro forma	**0.12**
Diluted	
– As reported	**0.12**
– Pro forma	**0.12**

The fair value of total option granted during the year is Rs. 121.40 lacs and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation under fair value method would have been Rs. 3.13 lacs.

11. The Company has earned profits of Rs. 261.77 lacs during the current year and has accumulated losses of Rs. 13,568.97 lacs as at March 31, 2008, which has resulted in erosion of a portion of the Company's net worth. In view of the Company posting profits during the year and the additional funds raised by the Company through the Public Issue during the year to meet the cost of development and construction of new hospital by a subsidiary, to refinance the funds availed for the acquisition of investment in a subsidiary and to prepay some short term loans, the accounts of the Company have been continued to be prepared on a going concern basis.

12. Sundry debtors' balances for Ex-Servicemen Contributory Health Scheme (ECHS) and Serving Defense Personnel of Rs. 2,920.27 lacs and Rs. 34.85 lacs respectively as at the year end remain subject to confirmation. The Company has made the provision for doubtful debts of Rs. 31.48 lacs against the above which, in the opinion of the management, is adequate. The management does not anticipate any material differences in the balance dues considered good for recovery in the financial statements.

13. Disclosures under Accounting Standard – 15 (Revised) on 'Employee Benefits':

A. Defined Contribution Plan

(Rs. in lacs)

	2007-08	**2006-07**
Contribution to Provident Fund	**142.82**	129.91

B. Defined Benefit Plan

The Company 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 services.

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.

(Rs. in lacs)

	Gratuity (Unfunded) 2007-08	Gratuity (Unfunded) 2006-07
Net employee benefit expenses (recognized in Personnel Expenses)		
Current Service cost	**85.37**	65.80
Interest Cost on benefit obligation	**18.11**	13.72
Expected return on plan assets	**–**	–
Actuarial loss/(gain) recognised in the year	**(56.41)**	(11.45)
Past Service Cost	**–**	–
Net benefit expense	**47.07**	68.07
Balance sheet		
Details of Provision for Gratuity as at March 31, 2008		
Present value of defined benefit obligation	**251.89**	226.36
Fair value of plan assets	**–**	–
Surplus/(deficit) of funds	**(251.89)**	(226.36)
Net asset/ (liability)	**(251.89)**	(226.36)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**226.36**	171.51
Current Service cost	**85.37**	65.80
Interest Cost on benefit obligation	**18.11**	13.72
Benefits paid	**(21.55)**	(13.22)
Actuarial loss/ (gain) recognised in the year	**(56.41)**	(11.45)
Closing defined benefit obligation	**251.89**	226.36

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

Discount rate	8%	8%
Expected rate of return on plan assets--		
Expected rate of salary increase	10%	10%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal Rate / Employee Turnover Rate	**Age**	
	Upto 30 years	3%
	Upto 44 years	2%
	Above 44 years	1%

Notes:

a) Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120 (n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Company.

b) 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.

c) 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.

d) The current year being only the second year of adoption of AS 15 (revised) by the Company, disclosures as required by para 120(n) of AS-15 (revised) have been furnished only for the previous year and not for the three years prior to that.

e) Rs. 2.73 lacs out of the net benefit expenses, as above, has been allocated to one of the subsidiaries.

14. 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 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.

15. The Haryana Urban Development Authority has issued the Letter of Allotment for a piece of land for putting up a hospital in Gurgaon to Fortis Hospotel Limited (formerly known as Oscar Bio-Tech Private Limited) which was originally planned to be allotted in the name of Company.

Accordingly, the cost of land aggregating to Rs. 1,858.35 lacs, the deferred payment liability of Rs. 499.33 lacs, pre-operative expenditure relating to this hospital of Rs. 517.02 lacs and other related assets and liabilities incurred by the Company, have been transferred to Fortis Hospotel Limited (formerly Oscar Bio-Tech Limited).

The details of Pre-operative expenditure is as follows:-

(Rs. in lacs)

Personnel Expenses	
Salaries, Wages and Bonus	**68.03**
Contribution to Provident & Other Funds	**3.87**
	71.90
Operating Expenses	
Power & Fuel	**0.93**
	0.93
Selling, General and Administrative Expenses	
Legal & Professional Fee	**9.29**
Travel & Conveyance	**10.54**
Rent	**7.44**
	27.27
Financial Expenses	
Interest (on borrowings for Land)	**416.92**
Total	**517.02**

16. Details of loans given to subsidiaries and associates and parties in which directors are interested

(Rs. in lacs)

Subsidiaries	**As at March 31, 2008**	**As at March 31, 2007**
International Hospital Limited	**3,780.55**	70.06
(Maximum amount outstanding during the year Rs. 33,563.64 lacs; Previous Year Rs. 321.28 lacs)		
Fortis Hospotel Limited (Formerly Oscar Biotech Private Limited)	**7,604.10**	1,024.37
(Maximum amount outstanding during the year Rs. 7,604.10 lacs; Previous Year Rs. 1,024.37 lacs)		
Escorts Heart and Super Speciality Institute Limited	**2.45**	6.12
(Maximum amount outstanding during the year Rs. 6.43 lacs; Previous Year Rs. 6.99 lacs)		
Hiranandani Healthcare Private limited	**5,257.81**	3,163.02
(Maximum amount outstanding during the year Rs. 5,257.81 lacs; Previous Year Rs. 3,163.02 lacs)		
Escorts Heart Institute & Research Centre Limited	**3.98**	–
(Maximum amount outstanding during the year Rs. 1,002.34 lacs; Previous Year Rs. Nil)		
Escorts Hospital & Research Centre Limited	**2.79**	–
(Maximum amount outstanding during the year Rs. 4.69 lacs; Previous Year Rs. Nil)		
Associates		
Sunrise Medicare Private Limited	**15.29**	304.20
(Maximum amount outstanding during the year Rs. 304.20 lacs; Previous Year Rs. 304.20 lacs)		

17. Details of utilisation of proceeds raised through public issue during the year

(Rs. in lacs)

S.No.	Expenditure Program	Proposed expenditure out of IPO proceeds	Amount expended till March 31, 2008
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	10,000.00	3,113.00
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	35,231.15	35,231.15
3	Issue Expenses	4,445.00	3,278.91
	Total	**49,676.15**	**41,623.06**

The Company is having unutilised funds of Rs. 8,053.09 lacs as on March 31, 2008 out of IPO proceeds. These unutilised funds have been invested as Inter Corporate Deposits as on March 31, 2008.

18. The Company has incurred expenses aggregating to Rs. 3,278.91 lacs (including Rs 135.46 lacs paid to auditors) in connection with its Initial Public Offer. In terms of Section 78 of the Companies Act, 1956, the same has been adjusted against the Securities Premium.

19. During the year, the Company has redeemed 26,000,000, Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. In terms of section 78 of the Companies Act, 1956, the redemption premium of Rs. 23,400 lacs has been adjusted against the Securities Premium.

20. During the year, the Company has issued 600, Zero Percent Unsecured Non- Convertible Debentures of Rs. 10,000,000 each which have been redeemed at an aggregate premium of Rs. 1,583.01 lacs. In terms of Section 78 of the Companies Act, 1956, the redemption premium has been adjusted against the Securities Premium.

21. During the year, the Company has received Share Application Money of Rs 15,000 lacs for issuance of 150,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 9,990 per share. The proposed date of allotment of these shares is June 30, 2008 and these shares will be redeemed at various dates between June 30, 2010 and June 30, 2014 at an aggregate premium of Rs. 9,687 lacs.

22. During the year, the Company has issued 11,500,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. These shares are to be redeemed at various dates between October 18, 2008 and October 18, 2013 at a premium of Rs. 165 per share. 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.

23. During the year, the Company has issued 100,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. These shares are to be redeemed at various dates between December 19, 2008 and December 19, 2013 at a premium of Rs. 166.05 per share. 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.

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

	March 31, 2008	March 31, 2007
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	**Nil**	Nil
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**Nil**	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**Nil**	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**Nil**	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	**Nil**	Nil

25. As a result of the Shareholders' Agreement dated January 3, 2006 entered into with Sunrise Medicare Private Limited ("SMPL") and certain existing shareholders of that entity, the Company has acquired certain rights which confer on it the power to participate in the financial and operating policy decisions at SMPL. Also, the Company has increased its investment in SMPL from 5% to 31.26% during the year.

26. Particulars of Unhedged Foreign Currency Exposure:

(Rs. in lacs)

	March 31, 2008	March 31, 2007
Import Creditors	21.74	–
ECB Loan (Principal Amount)	1,134.84	2,045.16
ECB Loan (Interest Accrued but not due)	32.18	56.75
Professional Fees	**–**	342.06

27. Supplementary Statutory Information **(Rs. in lacs)**

27.1

Directors' Remuneration	**2007-08**	2006-07
Salaries ,Wages & Bonus	**195.45**	98.00
Gratuity (refer note b below)	-	5.90
Leave Encashment (refer note b below)	-	24.02
Contribution to Provident & Other Funds	**25.95**	12.96
Total	**221.40**	140.88

a) Total remuneration for the year 2007-08 includes Rs. 110 lacs relating to the year 2006 – 07 paid / provided pursuant to the Central Government approval dated November 7, 2007 obtained under section 269, 198/309 and 637AA of the Companies Act, 1956.

b) The amount of Gratuity & Leave Encashment for the current year have not been included above as not ascertainable separately.

(Rs. in lacs)

27.2

Expenditure in Foreign Currency (considered on accrual basis)	**2007-08**	2006-07
Seminar Expenses	**0.27**	-
Marketing & Business Promotion	**10.31**	6.86
Travelling Expenses	**6.70**	12.44
Professional Fees	**348.40**	15.24
ECB Interest	**102.65**	170.33
Recruitment & Training	**19.42**	4.68
Subscription	**1.76**	-
Membership Fees	**1.44**	-
Printing & stationery	–	3.35
Total	**490.95**	**212.90**

(Rs. in lacs)

27.3

Value of imports calculated on CIF basis	**2007-08**	2006-07
Capital goods	**68.41**	450.72

27.4 Materials Consumed (including consumables)

	% of Total Consumption		**Value (Rs. in lacs)**	
	2007-08	2006-07	**2007-08**	2006-07
Indigenous*	**100**	100	**5,042.25**	4,880.87
Imported	**–**	–	**–**	–
Total	**100**	100	**5,042.25**	4,880.87

* Including consumables of Rs.73.12 lacs (Previous Year Rs. 42.96 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. Previous year's figures have been regrouped / recasted, wherever necessary to confirm to this year's classification.

In terms of our report of even date attached.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	76704	State Code	55
Balance Sheet Date	31.03.2008		

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

Public Issue	Right Issue
459,964	–
Bonus Issue	Private Placement (Incl.Share Application Money)
–	1,616,000

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

Total Liabilities	Total Assets
10,676,511	10,676,511

Sources of Funds

Paid-up Capital (Incl.Share Application Money)	Reserve & Surplus
3,882,665	6,326,466
Secured Loans	Unsecured Loans (Incl. Deferred Payment Liability)
1,569,838	256,239

Application of Funds

Net Fixed Assets	Investments
813,009	7,106,893
Net Current Assets	Misc. Expenditure
2,749,321	7,288
Accumulated Losses	
1,358,697	

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

		Turnover/Income			Total Expenditure
		1,900,785			1,869,350
+	–	Profit/(Loss) Before Tax	+	–	Profit/(Loss) After Tax
✓		31,435	✓		26,177
+	–	Earning per share in Rs.			Dividend Rate%
✓		0.12			0.00

V. Generic Names of Three Principal Products/Service of Company - Healthcare Services (As per monetary terms)

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

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 31/03/2008 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	31/03/2008	4,021,090	100	(245.19)	(471.60)	–	–	
Fortis Hospotel Limited (erstwhile Oscar BioTech Private Limited)	31/03/2008	76,130,000	100	(558.22)	(717.05)	–	–	
Hiranandani Healthcare Private Limited	31/03/2008	1,000,000	100	(421.10)	(37.90)	–	–	
Escorts Heart Institute And Research Centre Limited	31/03/2008	1,800,300	90	(3,082.83)	934.48	–	–	
Escorts Hospital And Research Centre Limited (Note 1)	31/03/2008	Step Subsidiary	90	98.03	155.54	–	–	
Escorts Heart Centre Limited (Note 1)	31/03/2008	Step Subsidiary	90	(151.17)	(0.28)	–	–	
Escorts Heart And Super Speciality Institute Limited (Note 1 & 2)	31/03/2008	Step Subsidiary	92	(1,432.38)	(197.87)	–	–	
Escorts Heart And Super Speciality Hospital Limited (Note 1)	31/03/2008	Step Subsidiary	90	3.67	–	–	–	

Notes :

1. Held through Escorts Heart Institute And Reseach Centre Limited
2. Held through Escorts Heart Institute And Reseach Centre Limited (82.61%) & International Hospital Limited (17.39%)

On behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Date : June 30, 2008
Place : New Delhi

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS ON MARCH 31, 2008

(Rs. In Lacs)

Particulars	International Hospital Limited	Escorts Heart Institute And Research Centre Limited, Delhi	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 (erstwhile Oscar BioTech Private Limited)	Hiranandani Healthcare Private Limited
Capital	4,025.12	200.03	1,570.11	197.00	2,200.00	915.00	7,613.00	100.00
Reserves & Surplus	4,856.30	18,864.63	3,322.47	–	7,363.74	2,069.41	23,097.53	–
Total Assets (including debit balance of profit & loss account)	19,891.81	36,166.42	9,406.59	540.60	11,020.47	3,899.14	40,838.57	6,953.19
Total Liabilities	19,891.81	36,166.42	9,406.59	540.60	11,020.47	3,899.14	40,838.57	6,953.19
Details of Investment (except in case of investment in subsidiaries)	4,027.93	–	–	–	–	–	–	–
Turnover	10,108.71	19,532.49	2,597.82	32.69	5,148.41	62.00	804.80	1.57
Profit/(Loss) before Taxation	(237.20)	(2,856.63)	(452.51)	5.51	145.57	6.17	(590.08)	(417.77)
Provision for Taxation	7.99	568.73	1,108.86	173.48	36.66	2.10	1.19	3.33
Profit/(Loss) after Taxation	(245.19)	(3,425.36)	(1,561.36)	(167.97)	108.92	4.07	(558.22)	(421.10)

* Held through Escorts Heart Institute And Research Centre Limited

** Held through Escorts Heart Institute And Reseach Centre Limited (82.61%) & International Hospital Limited (17.39%)

On behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Date : June 30, 2008
Place : New Delhi

Sanjeev Vashishta
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 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008

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 31st March 2008, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date. These consolidated 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 consolidated 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 dis-closures 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

4. *A matter regarding Escorts Heart Institute and Research Centre Limited (one of the subsidiaries' of the Company) land under leasehold arrangement with the Delhi Development Authority is pending in appeals at various stages, the eventual outcome of which cannot be estimated presently. Also, the liability as an outcome of a Public Interest Litigation (PIL), if any, remains unascertained as the matter is pending with the court of law. Therefore, we are unable to express an opinion at this stage in respect of these matters (refer Note 9 of Schedule 26). The same was the subject matter of qualification by us in previous year as well.*

5. *Certain tax demands aggregating to Rs. 12,437 lacs (net of demands raised twice in respect of certain years and also excluding the demand of Rs. 8,149 lacs in respect of Assessment Year 2001-02 which has been referred back to the Assessing Officer for reassessment), raised on Escorts Heart Institute and Research Centre Limited (one of the subsidiaries' of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated. We are unable to express an opinion at this stage in respect of these matters (refer Note 10 of Schedule 26). The same was the subject matter of qualification by us in previous year as well.*

   Subject to our comments in paragraphs 4 and 5 above and based on our audit and to the best of our information and according to the explanations given to us, the 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, 2008;

   (b) in the case of the Consolidated Profit and Loss account, of the net losses of the Fortis Group for the year then ended ; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Fortis Group for the year then ended.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Raj Agrawal
Partner
Membership No.: 82028

Place : New Delhi
Date : June 30, 2008

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	Schedules	As at March 31, 2008 Rs. in Lacs	As at March 31, 2007 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**23,826.65**	20,767.01
Share Application Money Pending Allotment		**15,000.00**	–
Reserves & Surplus	2	**100,561.12**	37,447.58
		139,387.77	58,214.59
Minority Interest		**2,141.83**	1,935.09
Loan Funds			
Secured Loans	3	**27,540.55**	35,571.62
Unsecured Loans	4	**10,005.15**	23,648.11
		37,545.70	59,219.73
Deferred Payment Credit	5	**249.67**	499.33
TOTAL		**179,324.97**	119,868.74
APPLICATION OF FUNDS			
Goodwill arising on Consolidation			
(Refer Note B(b) (ii) of Schedule 26)		**39,269.48**	38,171.00
Fixed Assets			
Gross Block	6	**112,569.38**	65,926.55
Less : Accumulated depreciation and amortisation		**29,237.26**	25,478.62
Net Block		**83,332.12**	40,447.93
Capital Work in Progress including Capital Advances		**12,001.68**	10,400.90
		95,333.80	50,848.83
Investments	7	**3,306.29**	44.19
Deferred Tax Assets (Net)	8	**84.68**	1,943.68
(Refer Note 5 of Schedule 26)			
Current Assets, Loans & Advances			
Inventories	9	**1,234.55**	1,083.84
Sundry Debtors	10	**9,590.66**	9,182.97
Cash & Bank Balances	11	**1,606.42**	3,068.05
Other Current Assets	12	**1,308.85**	1,026.35
Loans & Advances	13	**18,234.25**	9,121.83
		31,974.73	23,483.04
Less : Current Liabilities & Provisions			
Current Liabilities	14	**12,466.81**	10,646.15
Provisions	15	**5,127.26**	5,313.30
		17,594.07	15,959.45
Net Current Assets		**14,380.66**	7,523.59
Miscellaneous Expenditure	16	**72.88**	8.62
(to the extent not written off or adjusted)			
Debit balance in Profit & Loss Account		**26,877.17**	21,328.83
TOTAL		**179,324.97**	119,868.74

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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedules		For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
INCOME				
Operating Income	17		50,709.52	51,943.00
Other Income	18		4,089.38	597.51
TOTAL			54,798.90	52,540.51
EXPENDITURE				
Materials Consumed	19		16,151.42	17,727.00
Personnel Expenses	20		13,879.05	13,448.94
Operating Expenses	21		12,203.40	10,573.96
Selling, General and Administrative Expenses	22		6,389.37	4,638.37
			48,623.24	46,388.27
Profit before Financial Expenses, Depreciation and Amortisation			6,175.66	6,152.24
Financial Expenses	23		5,547.74	6,600.43
Profit / (Loss) before Depreciation and Amortisation			627.92	(448.19)
Depreciation and Amortisation	6		4,682.48	3,827.61
Amortisation of Goodwill arising on Consolidation (Refer Note B(b) (ii) of Schedule 26)			–	4,552.81
(Loss) before Taxes and Prior Period Items			(4,054.56)	(8,828.61)
Current Income Tax		16.56		
Less : Mat Credit Recoverable (refer note no. 25 of schedule 26)		(56.59)	(40.03)	868.37
Deferred Tax charge/ (credit) (refer Note 5 of Schedule 26)			60.70	(263.82)
Fringe Benefit Tax (includes Rs. 0.23 lacs (Previous Year Rs. 3.37 lacs for earlier years))			135.93	123.39
Reversal of Deferred Tax Assets created in earlier years (Refer Note 5 of Schedule 26)			1,798.30	–
Net (Loss) after Taxes and before Prior Period Items			(6,009.46)	(9,556.55)
Prior Period Items	24		(11.38)	182.95
Net (Loss) before Minority Interest and share in losses of Associate Companies			(5,998.08)	(9,739.50)
Profits attributable to Minority Interest			(504.16)	62.32
Share in current year (losses)/profits of Associate Companies			54.43	(9.77)
(Loss) attributable to the shareholders of Fortis Healthcare Limited			(5,548.35)	(9,811.59)
Add: Balance brought forward from previous year			(21,328.83)	(11,202.65)
Add: Adjustment on account of implementation of Revised AS-15 on Employee Benefits			–	(314.59)
Net (Loss) carried to the Consolidated Balance Sheet			(26,877.18)	(21,328.83)
Earnings Per Share	25			
Basic [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]			(2.49)	(5.73)
Computed on the basis of earnings including prior period items				
Diluted [Nominal value of shares Rs. 10/- each (Previous Year Rs. 10/-)]			(2.49)	(5.73)
Computed on the basis of earnings including prior items				
Notes to Accounts	26			

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.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Particulars	Year Ended March 31, 2008 Rs.in Lacs	Year Ended March 31, 2007 Rs.in Lacs
A.	**Cash flow from operating activities**		
	Loss before tax and prior period items	(4,054.56)	(8,828.61)
	Add: Prior period items	(11.38)	182.95
	Adjustments for:		
	Depreciation and Amortisation	4,682.48	8,380.42
	Loss / (Profit) on sale of fixed assets (Net)	(159.39)	9.32
	Profit on sale of investments	(45.30)	–
	Provision for Doubtful Debts	447.68	26.05
	Bad Debts / Sundry Balances written off	88.50	134.29
	Arrangement Fee written off	10.75	4.08
	Miscellaneous expenditure written off	–	10.41
	Foreign Exchange Gain	(154.13)	(62.52)
	Interest income	(3,062.86)	(274.37)
	Interest expense	5,193.13	6,352.66
	Operating profit before working capital changes	2,957.68	5,568.78
	Movements in working capital :		
	Decrease / (Increase) in sundry debtors	(855.37)	(2,117.98)
	Decrease / (Increase) in inventories	(150.71)	(59.08)
	Decrease / (Increase) in loans and advances	(711.71)	(1,311.08)
	Decrease / (Increase) in other current assets	222.18	(139.71)
	Increase / (Decrease) in current liabilities	480.66	2,722.30
	Cash used in operations	1,942.71	4,663.23
	Direct taxes (paid)/ refunded (including Fringe Benefits Tax)	(782.21)	(1,367.87)
	Net cash from / (used in) operating activities (A)	1,160.50	3,295.36
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(12,287.39)	(7,227.68)
	Proceeds from sale of fixed assets	1,099.66	62.61
	Fixed Deposits with Banks	(72,668.28)	(4,986.00)
	Fixed Deposits Matured	74,056.76	4,654.12
	Inter corporate deposits given	(8,902.92)	(313.80)
	Inter corporate deposits received back	132.74	863.00
	Outflow on acquisition of subsidiaries	–	(100.00)
	Purchase of investments	(11,686.03)	–
	Proceeds from sale of investments	7,603.22	
	Interest received	2,572.90	293.79
	Net cash from / (used in) investing activities (B)	(20,079.34)	(6,753.96)
C.	**Cash flows from financing activities**		
	Proceeds from issuance of equity share capital	4,599.64	1,067.02
	Proceeds from issuance of preference share capital	1,160.00	14,301.94
	Premium on issuance of equity share capital	45,076.51	–
	Premium on issuance of preference share capital	10,440.00	–
	Share issue expenses	(3,278.91)	(410.36)
	Proceeds from receipt of share application money (net of refunds)	15,000.00	–
	Redemption of Non Cumulative Redeemable Preference Shares	(2,700.00)	–
	Premium on redemption of Non Cumulative Redeemable Preference Shares	(23,400.00)	–
	Refund of Share Application Money	–	(0.45)
	Proceeds from issuance of Non convertible debentures	60,000.00	–
	Redemption of Non convertible debentures	(60,000.00)	–
	Premium on redemption of Non convertible debentures	(1,583.01)	–
	Proceeds from long-term borrowings	17,207.07	4,062.83
	Repayment of long-term borrowings	(23,265.76)	(18,892.90)
	Proceeds / (Repayments) of short-term borrowings (Net)	(14,638.97)	11,151.93
	Decrease in deferred payment liabilities	(249.67)	(537.04)
	Loan Arrangement fees paid	(75.00)	–
	Interest paid	(5,446.19)	(6,330.75)
	Net cash from /(used in) financing activities (C)	18,845.71	4,412.22
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	(73.13)	953.62
	Cash and cash equivalents at the beginning of the year	1,536.17	431.31
	Add: Cash acquired on acquisition of a subsidiary	–	151.24
	Cash and cash equivalents at the end of the year	1,463.04	1,536.17
	Components of cash and cash equivalents:		
	Cash Balance	61.12	147.10
	Cheques on hand	329.48	–
	Balances with Scheduled Banks on Current Accounts	824.91	–
	Balances with Scheduled Banks on Cash Credit Accounts	5.77	–
	Balances with Scheduled Banks on Deposit Account	241.76	1,389.07
	*Rs. 38.40 lacs (Previous Year Rs. 38.12 lacs) are under lien against letters of credit and bank guarantees.		
	** Including Rs. 3.89 lacs on Special Disbursement Account		
	Total	1,463.04	1,536.17

Notes:

1. The Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 :

SHARE CAPITAL

			As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Authorised :				
322,000,000	(Previous Year 272,000,000) Equity Shares of Rs. 10/- each		**32,200.00**	27,200.00
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 26,000,000) Class 'B' Non Cumulative Redeemable Preference Shares of Rs. 10/- each		**1,149.88**	2,600.00
64,501,154	(Previous Year Nil) Class 'C' Cumulative Redeemable Preference Shares of Rs. 10/- each		**6,450.12**	–
			40,000.00	30,000.00
Issued :				
226,666,533	(Previous Year 180,670,094) Equity Shares of Rs. 10/- each fully paid up		**22,666.65**	18,067.01
Nil	(Previous Year 100) Class 'A' 1% Non Cumulative Redeemable Preference Shares of Rs. 100,000/- each		**–**	100.00
Nil	(Previous Year 26,000,000) Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each		**–**	2,600.00
11,900,000	(Previous Year Nil) Class 'C' Zero percent Redeemable Preference Shares of Rs. 10/- each		**1,190.00**	–
			23,856.65	20,767.01
Subscribed :				
226,666,533	(Previous Year 180,670,094) Equity Shares of Rs. 10/- each fully paid up		**22,666.65**	18,067.01
Nil	(Previous Year 100) Class 'A' 1% Non Cumulative Redeemable Preference Shares of Rs. 100,000/- each		**–**	100.00
Nil	(Previous Year 26,000,000) Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each		**–**	2,600.00
11,600,000	(Previous Year Nil) Class 'C' Zero percent Cumulative Redeemable Preference Shares of Rs. 10/- each		**1,160.00**	–
Of the above:				
	i) 154,383,974 (Previous Year 154,326,940) Equity Shares are held by Fortis Healthcare Holdings Limited, the Holding Company.			
	ii) 520,000 Equity Shares of Rs.10 each are alloted as fully paid up pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005, for consideration other than cash.			
			23,826.65	20,767.01

SCHEDULE 2 :

RESERVES & SURPLUS

		As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
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 (refer note 23 of schedule 26)		**37,296.46**	–
Securities Premium Account			
Balance as per last account	**37,291.58**		
Add : Premium received during the year on issue of shares	**55,516.51**		
Less : Applied towards writing off expenses incurred for issue of shares	**3,278.91**		
Less : Applied towards payment of Premium on Redemption of Non Convertible Debentures	**1,583.01**		
Less : Applied towards payment of Premium on Redemption of Non Cumulative Redeemable Preference Shares	**23,400.00**		
Less : Accrual for Premium on Redemption of Redeemable Preference Shares (refer note 20 of Schedule 26)	**1,437.51**	**63,108.66**	37,291.58
		100,561.12	37,447.58

SCHEDULES TO THE ACCOUNTS

SCHEDULE 3 :

SECURED LOANS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Term Loans from Banks	**12,877.71**	31,065.12
(Amount repayable within one year Rs. 4,023.05 lacs (Previous Year Rs. 21,968.31 lacs))		
ECB Loan from a bank	**1,134.84**	2,045.16
(Amount repayable within one year Rs. 756.56 lacs (Previous Year Rs. 818.06 lacs))		
Term Loans from Bodies Corporate	**10,047.15**	1,958.75
(Amount repayable within one year Rs. 1,531.19 lacs (Previous Year Rs. 475.33Lacs))		
Short Term Loans From Banks		
Working capital demand loan	**–**	57.70
Bank Overdraft	**324.31**	168.98
Bills Discounted	–	104.23
Commercial Papers (Short term)	**3,000.00**	–
(Maximum amount outstanding during the year Rs. 3,000 lacs (Previous Year Rs. Nil))		
Vehicle Loans	**105.63**	127.79
(Amount repayable within one year Rs. 52.63 lacs (Previous Year Rs. 61.38 lacs))		
Interest Accrued & due	**50.91**	43.89
	27,540.55	35,571.62

Notes :-

1. ECB loan from Bank amounting to Rs. 1,134.84 lacs (Previous Year Rs. 2,045.16 lacs) is secured by first charge by way of hypothecation of all present and future moveable properties of the Company which inter alia include plant & machinery , medical equipments, computers, furniture and fixtures and other fixed assets installed / stored at Mohali, Punjab or kept at any other hospital site (excluding vehicles hypothecated against specific loans).
2. Term Loan from Bank amounting to Rs. 4,768.99 lacs (Previous Year Rs. 4,939.03 lacs) in respect of a subsidiary is secured against first exclusive hypothecation/mortgage charge on the existing and future movable and immovable assets of the entity.
3. Term Loan from Bank amounting to Rs. 347.25 lacs (Previous Year Rs. 348.16 lacs) in respect of a subsidiary is secured by first charge on the residential flats of the entity.
4. Term Loan from Banks amounting to Rs. 411.12 lacs (Previous Year Rs. Nil) are secured by way of first & exclusive charge on specific Medical Equipments.
5. Term loan from Bank amounting to Rs. 549.01 lacs (Previous Year Rs. 1,049.00 lacs) in respect of a subsidiary is secured by way of first and exclusive charge over the moveable and immovable assets of the entity and further secured by equitable mortgage of Hospital land and building of the entity.
6. Term loan from Bank amounting to Rs. 2,489.04 lacs (Previous Year Rs. 2,489.04 lacs) in respect of a subsidiary is secured by way of equitable mortgage of entity's land and building and hypothecation of all other fixed assets. This is further secured by a corporate guarantee given by Escorts Hearts Institute and Research Centre Ltd.
7. Term loan from Bank amounting to Rs. 2,312.50 lacs (Previous Year 1,500.00 lacs) in respect of a subsidiary is secured by mortgage of land situated at Jaipur belonging to a subsidiary of the entity.
8. Term Loans from Banks amounting to Rs. 1,999.83 lacs and Commercial Papers of Rs. 3,000.00 lacs (Previous Year Rs. Nil) are secured by way of subservient charge on the movable fixed assets of the Company and also secured by pledge of 10,417,000 shares of Fortis Healthcare Limited held by Fortis Healthcare Holdings Ltd.
9. Term loan from Bank amounting to Rs. Nil (Previous Year Rs. 20,730.00 lacs) was secured by pledge of 1,800,000 shares of Escorts Heart Institute & Research Center Limited (EHIRCL) and is also secured by Personal Guarantee of the Managing Director & another Director of the Company.
10. Term loan from a Body Corporate amounting to Rs. 1,254.99 lacs (Previous Year Rs. 1,500.00 lacs) is secured by first charge by way of hypothecation of specific equipments.
11. Term loan from a Body Corporate amounting to Rs. 1,292.17 lacs (Previous Year Rs. 458.75 lacs) in respect of a subsidiary is secured by way of first and exclusive charge over the specific assets financed.
12. Term Loan from a Body Corporate amounting to Rs. 7,500.00 lacs (Previous Year Rs. Nil) is secured by way of subservient charge on present and future fixed assets of the Company except assets of Escorts Heart Institute & Research Centre Limited and subsidiaries (till the time legal proceedings in respect thereof are settled) & subservient mortgage & charge to be created on hospital property of International Hospital Limited, Noida (a subsidiary of the Company). This is also secured by way of pledge of 22,000,000 shares of Fortis Healthcare Ltd. held by Fortis Healthcare Holdings Ltd. and personal Guarantee of the Managing Director of the Company.
13. Bank overdraft facility from Bank amounting to Rs. 324.31 lacs (Previous Year Rs. 168.98 lacs) is secured by first charge on current assets both present & future of the Company situated at Fortis Hospital Mohali and is also secured by Corporate Guarantee from Ranbaxy Holding Company (RHC).
14. Bill discounted from Bank amounting to Rs. Nil (Previous Year Rs. 104.23 lacs) was secured by second charge on all present and future fixed assets of the Company on pari passu basis with other lenders and is also secured by Corporate Guarantee from Ranbaxy Holding Company (RHC).
15. Loans for Vehicles amounting to Rs. 105.63 lacs (Previous Year Rs. 127.79 lacs) are secured by hypothecation of respective vehicles.

SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 :

UNSECURED LOANS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Term Loans from Banks	**6,000.00**	14,500.00
(Amount repayable within one year Rs. 6,000.00 lacs (Previous Year Rs. 14,500.00 lacs))		

Out of the above:

i) Term Loan of Rs. 3,000.00 Lacs is obtained on Personal Guarantee of Managing Director of the Company.

ii) Term Loan of Rs. Nil (Previous Year Rs. 3,000 lacs) was obtained by pledge of 1,573,000 Shares of Ranbaxy Laboratories Limited held by Ranbaxy Holding Company.

ii) Term Loan of Rs. Nil (Previous Year Rs. 2,500 lacs) was obtained by pledge of 1,282,100 Shares of Ranbaxy Laboratories Limited held by Oscar Investments Limited.

Short Term Loans From Banks	**–**	3,571.96
Bank Overdraft	**1,763.10**	1,357.40
Bank Overdraft facility of Rs. 732.96 lacs (Previous Year Rs. 1,357.40 lacs) is obtained on Personal Guarantee of the Managing Director & another Director of the Company.		
From Bodies Corporate	**2,220.00**	4,218.75
Interest Accrued and Due	**22.05**	–
	10,005.15	23,648.11

SCHEDULE 5 :

DEFERRED PAYMENT CREDIT

Deferred Payment Credit	**249.67**	499.33
(Amount payable to HUDA towards land purchased at Gurgaon)		
(Amount repayable within one year Rs. 249.67 lacs (Previous Year Rs. 249.67 lacs))	**249.67**	499.33

SCHEDULES TO THE ACCOUNTS

SCHEDULE 6 :
FIXED ASSETS

(Rs. in Lacs)

	GROSS BLOCK					DEPRECIATION & AMORTISATION					NET BLOCK	
	As at 01.04.07	Additions on acquisition of a subsidiary during the year	Additions during the year	Deletions/ Adjustments during the year	As at 31.03.08	As at 01.04.07	Additions on acquisition of a subsidiary during the year	For the year	On Deletions/ Adjustments	As at 31.03.08	As at 31.03.08	As at 31.03.07
Intangible Assets												
Technical Know How Fees	201.42	–	–	–	201.42	201.42	–	–	–	201.42	–	–
Licence Fee	3,792.59	–	–	–	3,792.59	277.43	–	380.30	–	657.73	3,134.86	3,515.16
Softwares	472.06	–	76.93	–	548.99	260.58	–	85.91	–	346.49	202.50	211.48
Tangible Assets												
Building (refer note 5 below)	13,357.44	–	5,089.43	18.47	18,428.40	3,494.64	–	860.05	17.97	4,336.72	14,091.68	9,862.80
Leasehold Land (refer note 5 below)	3,016.10	–	12,590.13	–	15,606.23	–	–	–	–	–	15,606.23	3,016.10
Freehold Land	3,703.79	–	24,367.38	795.01	27,276.16	–	–	–	–	–	27,276.16	3,703.79
Leasehold Improvements	1,728.01	–	108.50	–	1,836.51	719.00	–	185.37	–	904.37	932.14	1,009.01
Plant & Machinery	8,834.12	–	2,714.97	16.49	11,532.60	3,478.45	–	783.47	10.14	4,251.78	7,280.82	5,355.67
Medical Equipments	26,194.27	–	2,893.81	710.64	28,377.44	14,409.52	–	1,951.30	668.54	15,692.28	12,685.16	11,784.75
Furniture & Fittings	1,403.58	–	149.18	34.09	1,518.67	814.40	–	129.64	29.80	914.24	604.43	589.18
Computers	1,315.80	–	254.77	59.87	1,510.70	916.04	–	154.36	58.11	1,012.29	498.41	399.76
Office Equipments	1,011.13	–	102.99	0.45	1,113.67	448.57	–	75.27	0.20	523.64	590.03	562.26
Vehicles	896.24	–	158.85	229.09	826.00	458.57	–	76.81	139.08	396.30	429.70	437.67
Total	65,926.55	–	48,506.94	1,864.11	112,569.38	25,478.62	–	4,682.48	923.84	29,237.26	83,332.12	40,447.93
Capital Work in Progress (Including Capital Advances of Rs. 1984.72 Lacs) (Previous Year Rs. 532.06 Lacs)											12,001.68	10,400.90
Grand Total	65,926.55	–	48,506.94	1,864.11	112,569.38	25,478.62	–	4,682.48	923.84	29,237.26	95,333.80	50,848.83
Previous Year	58,071.32	414.23	7,796.34	355.34	65,926.55	21,926.74	7.68	3,827.61	283.41	25,478.62	50,848.83	

Note:

(1) Freehold land at one of the subsidiaries includes Rs. 1,858.35 lacs (Previous year Rs. 1,858.35 lacs) which is pending registration in the name of the Company.

(2) Leasehold Land at one of the subsidiaries includes Rs. 398.22 lacs (Previous Year Rs. 398.22 lacs), for which, during the year, Delhi Development Authority has determined all allotment letters / lease deeds, and for which, the Company has filed appeal in the Delhi High Court.Repossesion of land has been stayed by an interim stay order passed by the Delhi High Court.

(3) Plant and Machinery at one of the subsidiaries includes Rs.19.24 lacs (Previous Year Rs. 19.24 lacs) being the cost of independent feeder installed by Punjab State Electricity Board, (PSEB), ownership of which vests with PSEB.

(4) Capital work in progress includes Rs. 1,967.11 lacs (Previous Year Rs. 1981.06 lacs) relating to expenses incurred during the construction period, pending capitalization/allocation as per Schedule 6A.

(5) Additions during the year included Rs. 36,626.93 lacs in freehold land and Rs. 1,382.44 lacs in building on account of revaluation of land and building as at March 31, 2008 (also refer note 23 of schedule 26)

(6) Out of the above assets, certain fixed assets have been given on operating lease (refer Note 4 (b) (ii) of Schedule 26)

SCHEDULES TO THE ACCOUNTS

SCHEDULE 6A :

Expenditure during Construction Period (Pending Capitalization/Allocation)

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Opening Balance	**1,981.06**	935.88
Add: Additions on acquisition of subsidiaries during the year	–	478.06
Add: Expenditure incurred during the year		
Personnel Expenses		
Salaries, Wages and Bonus	**247.61**	160.27
Contribution to Provident & Other Funds	–	3.87
	247.61	164.14
Operating Expenses		
Power & Fuel	**74.95**	29.75
Consultation Fees to Doctors	–	72.41
Housekeeping Expenses including Consumables	**6.77**	2.51
Rent	–	6.98
	81.72	111.65
Selling, General and Administrative Expenses		
Legal & Professional Fee (including Architect fees of Rs. 139.89 lacs)	**272.04**	13.95
Travel & Conveyance	**33.28**	23.48
Repairs & Maintenance - Others	**12.35**	2.00
Rates & Taxes	**25.34**	0.85
Insurance	**10.10**	–
Rent	**103.48**	84.89
Ground Rent	**24.33**	72.98
Inaguration Expenses	**24.33**	–
Marketing & Business Promotion	**35.46**	3.73
Miscellaneous Expenses	**41.16**	15.67
	581.87	217.55
Financial Expenses		
Interest	**304.59**	190.09
Arrangement Fees	**1.50**	–
	306.09	190.09
Less: Expenses transferred to Profit & Loss Account	**176.77**	116.31
Less: Expenses allocated to Fixed Assets	**1,054.47**	–
Balance carried forward to Consolidated Balance Sheet	**1,967.11**	1,981.06

SCHEDULES TO THE ACCOUNTS

SCHEDULE 7 :

INVESTMENTS

		As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Investment in Associates (Unquoted,trade)			
4,400,364 (Previous Year 509,366) Equity Shares of Sunrise Medicare Pvt. Ltd. of Rs. 10 each fully paid up (including goodwill of Rs. 307.91 lacs)	440.04		50.94
Add : Share in post acquisition profits / (losses) upto the beginning of the year	(6.76)		3.02
Less : Share in profits /(losses) for the current year	(32.71)	**400.57**	(9.77)
90,79,002 (Previous Year Nil) Equity Shares of Malar Hospital Ltd. of Rs. 10 each fully paid up (including goodwill of Rs. 2,976.24 lacs)	2,927.44		
Add : Share of (losses) for the current year	(21.72)	**2,905.72**	–
		3,306.29	44.19

SCHEDULE 8 :

DEFERRED TAX ASSETS (NET)

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Deferred tax asset arising on account of:		
Effect of expenditure debited to profit and loss account in the current year but not allowed for tax purposes	**92.96**	696.54
On Carry forward business losses and unabsorbed depreciation	**210.13**	1,631.91
Others	**0.44**	6.47
	303.53	2,334.92
Deferred tax liability arising on account of:		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**218.85**	391.24
	218.85	391.24
Deferred Tax Assets (Net)	**84.68**	1,943.68

SCHEDULE 9 :

INVENTORIES

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
(at lower of cost and net realisable value)		
Medical Consumables and Pharmacy Items	**1,069.98**	920.47
Stores and spares	**149.67**	151.47
Fuel	**14.90**	11.90
	1,234.55	1,083.84

SCHEDULE 10 :

SUNDRY DEBTORS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Debts outstanding for a period exceeding Six Months		
Unsecured, Considered Good	**4,600.85**	3,837.23
Considered Doubtful	**663.25**	232.50
Other Debts		
Unsecured, Considered Good	**4,989.81**	5,345.74
Considered Doubtful	**16.92**	–
	10,270.83	9,415.47
Less : Provision for Doubtful Debts	**680.17**	232.50
	9,590.66	9,182.97

SCHEDULES TO THE ACCOUNTS

SCHEDULE 11 :

CASH & BANK BALANCES

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
Cash in hand	**61.12**	147.10
Cheques in hand	**329.48**	–
Balances with Scheduled Banks		
– In Current Accounts*	**824.91**	1,389.07
– In Cash Credit Accounts	**5.77**	–
– In Deposit Accounts**	**385.14**	1,531.88
* Including Rs. 3.90 lacs in Special Disbursement Account		
**Rs. 38.40 lacs (Previous Year Rs. 38.12 lacs) are under lien against letters of credit and bank guarantees.		
** Rs.5 lacs deposited under the directions of the Court.	**1,606.42**	3,068.05

SCHEDULE 12 :

OTHER CURRENT ASSETS

Interest Accrued on Loans & Deposits	**521.88**	17.20
Accrued Operating Income	**786.97**	1,009.15
	1,308.85	1,026.35

SCHEDULE 13 :

LOANS & ADVANCES

Unsecured, Considered good		
Loans to Bodies Corporate & Others	**9,718.10**	165.37
Loans to Employees	**22.39**	26.12
Advances Recoverable in cash or in kind or for value to be received	**1,886.52**	3,673.66
Advance Tax and Tax Deducted at Source	**4,208.14**	3,550.92
Deposit with Income Tax authorities	**1,079.21**	1,078.78
Balances with Customs, Excise and Other Authorities	**630.54**	150.50
Security Deposits	**632.76**	476.48
MAT Credit Recoverable (Refer note 25 of schedule 26)	**56.59**	-
Considered Doubtful		
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	18,254.87	9,142.45
Less : Provision for Doubtful Advances	**20.62**	20.62
	18,234.25	9,121.83

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2008 Rs.in Lacs	As at March 31, 2007 Rs.in Lacs
SCHEDULE 14 :		
CURRENT LIABILITIES		
Sundry Creditors		
(a) total outstanding dues of Micro, Medium & Small Enterprises	–	–
(b) total outstanding dues of creditors other than Micro, Medium and Small Enterprises	**8,272.45**	8,505.59
Book Overdraft	**357.10**	–
Advances from Patients	**836.25**	894.90
Security Deposits	**56.91**	119.41
Interest Accrued but Not Due on Loans	**261.28**	496.56
Liability for Rent Equalisation	**3.72**	–
Payable against purchase of Investment	**400.00**	–
Premium on Redemption of Redeemable Preference Shares (refer note 20 of Schedule 26)	**1437.51**	–
Other Liabilities	**841.59**	629.69
	12,466.81	10,646.15
SCHEDULE 15 :		
PROVISIONS		
Wealth Tax	**1.65**	2.39
Fringe Benefit Tax	**185.75**	146.46
Current Tax	**2,970.67**	2,981.54
Gratuity	**850.09**	829.38
Leave Encashment	**1,119.10**	1,353.53
	5,127.26	5,313.30
SCHEDULE 16 :		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance Brought Forward	**8.63**	12.70
Incurred during the year	**75.00**	–
	83.63	12.70
Less : Written off during the year	**10.75**	4.08
	72.88	8.62
Preliminary Expenses		
Balance Brought Forward	–	10.41
Incurred during the year	–	–
	–	10.41
Less : Written off during the year	–	–
	72.88	8.62

SCHEDULES TO THE ACCOUNTS

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
SCHEDULE 17 :		
OPERATING INCOME		
In Patient	**44,421.57**	49,329.95
Out Patient	**4,968.87**	4,132.51
Income From Medical Services	**1,635.54**	–
Management Fees from Hospitals	**719.92**	396.56
Income from Satellite Centres	**321.26**	489.37
Income from Rehabilitation Centre	**72.89**	81.91
Income from Rent (refer note 4(b)(i)&(iii) of schedule 26)	**259.52**	190.09
Equipment Lease Rental (refer note 4(b)(ii) of schedule 26)	**661.94**	435.61
Pharmacy	**373.18**	279.36
	53,434.69	55,335.36
Less: Discounts	**2,725.17**	3,392.36
	50,709.52	51,943.00
SCHEDULE 18 :		
OTHER INCOME		
Profit on Redemption of Mutual Funds (Current Investments)	**45.30**	–
Interest		
– Bank Deposits	**204.08**	171.74
(Tax Deducted at Source Rs. 37.66 Lacs (Previous Year Rs. 27.57 Lacs))		
– Others	**2,858.78**	102.63
(Tax Deducted at Source Rs. 98.28 Lacs (Previous Year Rs. 45.68 lacs))		
Unclaimed Balances and Excess Provisions Written Back	**169.59**	75.87
Exchange Fluctuation Gain (Net)	**153.86**	60.48
Claim Received Against Keyman Insurance Policy	**318.89**	–
Profit on Sale of Fixed Assets (Net)	**159.39**	–
Miscellaneous Income	**179.49**	186.79
	4,089.38	597.51
SCHEDULE 19 :		
MATERIALS CONSUMED		
Medical Consumables and Pharmacy Items		
Opening Stock	**920.47**	982.94
Add: Purchases	**16,300.93**	17,664.53
Less: Closing Stock	**1,069.98**	920.47
	16,151.42	17,727.00
SCHEDULE 20 :		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**11,976.09**	11,270.21
Gratuity	**261.58**	230.17
Leave Encashment	**100.93**	571.37
Contribution to Provident & Other Funds	**722.73**	635.72
Staff Welfare Expenses	**638.46**	674.97
Recruitment & Training	**179.26**	66.50
	13,879.05	13,448.94

SCHEDULES TO THE ACCOUNTS

SCHEDULE 21 :

OPERATING EXPENSES

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
Contractual Manpower	**749.91**	779.81
Power & Fuel	**1,905.62**	1,841.52
Housekeeping Expenses including Consumables	**974.91**	589.47
Patient Food	**778.63**	777.11
Pathology Laboratory Expenses	**750.81**	553.68
Radiology Expenses	**520.69**	261.17
Consultation Fees to Doctors	**1,148.78**	1,487.86
Professional Charges to Doctors	**3,175.73**	2,524.12
Repairs & Maintenance		
– Building	**199.19**	104.19
– Plant & Machinery	**1,137.94**	1,022.86
Rent		
– Hospital Building (refer note 4(a)(i) of schedule 26)	**791.47**	605.85
– Equipments (refer note 4(a)(ii) of schedule 26)	**48.26**	26.32
Other Expenses	**21.46**	–
	12,203.40	10,573.96

SCHEDULE 22 :

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
Donations	**45.59**	60.72
Legal & Professional Fee	**1,645.89**	668.93
Travel & Conveyance	**831.71**	557.34
Repairs & Maintenance - Others	**419.11**	415.41
Rates & Taxes	**300.07**	290.98
Directors' Sitting Fees	**12.70**	10.75
Insurance	**218.63**	454.75
Rent	**125.77**	337.69
Ground Rent	**48.65**	–
Marketing & Business Promotion	**867.53**	417.62
Wealth Tax	**1.63**	1.10
Loss on Sale of Fixed Assets (Net)	**–**	9.32
Auditors' Remuneration	**107.00**	42.83
Bad Debts and Sundry Balances written off	**88.50**	134.29
Provision for Doubtful Debts	**461.19**	26.05
Miscellaneous Expenditure Written Off	**–**	10.41
Miscellaneous Expenses	**1,215.40**	1,200.18
	6,389.37	4,638.37

SCHEDULES TO THE ACCOUNTS

	For the Year Ended March 31, 2008 Rs.in Lacs	For the Year Ended March 31, 2007 Rs.in Lacs
SCHEDULE 23 :		
FINANCIAL EXPENSES		
Interest		
– On Fixed Loans	**4,364.81**	5,823.23
– Others	**828.32**	529.43
Finance Charges	**272.58**	153.02
Arrangement Fees Written off	**10.75**	4.08
Bank Charges	**71.28**	90.67
	5,547.74	6,600.43
SCHEDULE 24 :		
PRIOR PERIOD ITEMS		
Material consumed	**6.24**	28.58
Rent	**5.85**	–
Staff Welfare Expenses	**9.58**	–
Reversal of Interest Expenses	**(33.05)**	
Gratuity & Leave Encashment	–	203.82
Reversal of Management Fees from Hospitals	–	4.92
Reversal of Other Expenses	–	(54.37)
	(11.38)	182.95
SCHEDULE 25 :		
EARNINGS PER SHARE (EPS)		
Net loss as per consolidated profit and loss account	**(5,548.35)**	(9,811.59)
Weighted average number of equity shares used for calculating Basic EPS	**223,022,006**	171,123,304
Add : Weighted average number of equity shares which would be issued on the allotment of equity shares against share options granted to employees of the Company.	**68,577**	–
Weighted average number of equity shares used for calculating Diluted EPS	**223,090,583**	171,123,304

SCHEDULE TO THE ACCOUNTS

SCHEDULE 26: Notes to the Accounts

A. BACKGROUND

Fortis Healthcare Limited ('FHL' or the 'Company') was incorporated in the year 1996 to set up, manage and operate a chain of multi speciality hospitals and it commenced its commercial operations by setting up the Fortis Heart Institute and Multi-Speciality Hospital at Mohali in the year 2001. Subsequently, the Company has set up / taken over the management of other hospitals in different parts of the country. During the year, the Company has successfully completed an Initial Public Offer ("IPO") of 45,996,439 equity shares of Rs. 10 each at a premium of Rs. 98 per share. Accordingly, the Company has become a listed entity effective May 9, 2007, with its shares being traded on both BSE and NSE.

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. 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 is carried out (refer note 23 below).

The accounting policies have been consistently applied by the Group and except for the changes in accounting policies discussed more fully below, are consistent with those used in the previous year.

(b) Changes in Accounting Policies

i) **Adoption of Accounting Standard 11 'The Effect of Changes in Foreign Exchange Rates'**

As per the requirements of the Companies (Accounting Standard) Rules, 2006 read in consonance with notified Accounting Standard 11 which is mandatory for accounting periods commencing on or after December 7, 2006, the exchange differences on foreign currency transactions relating to fixed assets acquired from a country outside India have been recognised as income or expenses, as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets. However, this change has no material impact on the loss for the current year.

ii) Amortisation of Goodwill

The Company has during the year changed the accounting policy of goodwill amortization. As against the hitherto followed policy of amortizing the goodwill over a period of 10 years, the Company has started testing the goodwill for impairment. Had the Company continued to use the earlier basis of amortizing goodwill, the charge to the Profit and Loss Account for the current year and the loss for the year would have been higher by Rs. 4,560.90 lacs.

(c) Principles of Consolidation

The CFS relates to FHL and its subsidiaries and associates (hereinafter collectively referred to as the "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), issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Holding company.

iv). Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake is identified as Goodwill 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 the Company) are recouped.

v). As far as possible, the consolidated financial statements 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 statement 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. the year ended March 31, 2008.

(d) 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.

(e) Fixed Assets

Fixed assets are stated at cost (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.

(f) 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 the 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 for over the primary lease period of 2.5-14 years or over the estimated useful lives of the respective fixed assets, whichever is shorter.

iii) No amortization is being made in respect of Leasehold Land, these being long term leases.

iv) In respect of certain subsidiaries, depreciation is being provided for on the written down value method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. (47% of the total net block of Fixed Assets (excluding leasehold and freehold land) of the Fortis Group aggregating to Rs. 40,448.60 lacs as at March 31, 2008).

v) Individual assets purchased with a 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.

(g) 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.

(h) Intangibles

Technical Know-how Fees

Technical Know-how Fees paid to Partner Healthcare System, Boston (USA) is amortized over a period of 3 years from the date of commencement of commercial operations by the Company.

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 one of the subsidiaries of the Company where software is amortized over a period of five years (34 % of net block of software of the Fortis Group aggregating to Rs. 202.50 lacs on as at March 31, 2008).

License Fees

License fee capitalized as an Intangible asset denotes the amount paid by a subsidiary to a registered society for acquiring the right to receive a share of the gross billings generated from the operations of the hospital in respect of which it has entered into an O&M Agreement. The license fee is being amortised over a period of 10 years, being the management estimate of the useful life of the intangible asset, on a pro- rata basis from the date of commencement of commercial operations at the hospital.

(i) 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.

iii) A previously recognized impairment loss, if any, is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(j) Leases

Where a group entity is the lessee

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.

(k) 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 the investments.

(l) Inventories

Inventories are valued as follows:

(i) Medical Consumables, Pharmacy Items, Stores and Spares & Fuel	Valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis except for one of the subsidiaries where it is determined on FIFO basis (14 % of total Medical Consumables, Pharmacy Items, Stores and Spares & Fuel inventories of Fortis Group aggregating Rs 1,224.55 lacs as at March 31, 2008)

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.

(m) 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 recognized as and when the services are rendered/ pharmacy items are sold. Management fee from hospitals is recognized as per the terms of the respective agreements.

Rehabilitation Centre Income

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.

Interest

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

Income from satellite centres

Income from satellite centres is recognized on an accrual basis in accordance with the terms of respective agreements entered into in respect thereof.

Dividends

Dividend from mutual funds is recognised when the right to dividend is established by the balance sheet date.

(n) Miscellaneous Expenditure

Costs incurred in raising funds (Arrangement fees on Term Loans) is amortised over the period for which the funds are obtained.

(o) 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. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are adjusted to the carrying amount of fixed assets.

(p) Employee Benefits

i) Contributions to Provident and Other Funds

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. There are no other obligations 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.

iii) Leave Encashment

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

iv) Actuarial Gains/Losses

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

(q) 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. Deferred income taxes 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 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.

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 Minimum Alternative tax (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, 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.

(r) 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 Institute of Chartered Accountants of India. 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.

(s) Derivative Instruments

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. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(t) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit or loss 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 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.

(u) 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.

(v) 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 Associate 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, 2008	Proportion of ownership interest as at March 31, 2007
a) Subsidiaries			
Fortis Hospotel Limited (formerly Oscar Biotech Private Limited)(Refer Note (a) below)	India	100.00%	100.00%
International Hospital Limited (Refer Note (b) below)	India	100.00%	99.90%
Hiranandani Healthcare Private Limited (Refer note (c) below)	India	100.00%	100.00%
Escorts Heart Institute And Research Centre Limited (Refer note (d) below)	India	90.00%	90.00%
b) Associate			
Sunrise Medicare Private Limited (Refer note (e) below)	India	31.26%	5.00%
Malar Hospitals Limited (Refer note (f) below)	India	48.83%	–

a) Fortis Hospotel Limited (formerly Oscar Biotech Private Limited) ("FHPL") became a wholly owned subsidiary of the Company consequent to acquisition of 100% stake in the entity from a Promoter Group company on March 20, 2006.

b) International Hospital Limited ("IHL") became a Board Controlled subsidiary of FHL effective December 20, 2002. In March 2006, FHL acquired a majority stake in IHL, resulting in IHL becoming a majority owned subsidiary of FHL.

c) Escorts Heart Institute And Research Centre Limited ("EHIRCL") became a subsidiary of the Company consequent to acquisition of 90% stake in the entity effective September 29, 2005. Accordingly, the CFS of the Fortis Group include a consolidation of the consolidated financial statements of EHIRCL and its following subsidiaries (hereinafter collectively referred to as the "Escorts Group"):

Name of the Company	Country of Incorporation	% of voting power held by EHIRCL	% of voting power held by EHIRCL
		As at March 31, 2008	As at March 31, 2007
Escorts Heart Centre Limited (EHCL)	India	100.00	100.00
Escorts Heart And Super Specialty Institute Limited (EHSSIL)*	India	82.61	82.61
Escorts Heart And Super Specialty Hospital Limited (EHSSHL)	India	100.00	100.00
Escorts Hospital And Research Centre Limited (EHRCL)	India	100.00	100.00

* The balance 17.39% shares were acquired by IHL on March 17, 2008.

d) As a result of the Shareholders' Agreement dated January 3, 2006 entered into with Sunrise Medicare Private Limited ("SMPL") and certain existing shareholders of that entity, FHL has acquired certain rights which confer on it the power to participate in the financial and operating policy decisions at SMPL. Also, FHL has during the year, increased its investment in SMPL from 5% to 31.26%. Consequently, in the consolidated financial statements, the Company has applied the equity method of accounting for investment in SMPL effective January 3, 2006.

e) During the year, International Hospital Limited ("IHL"), a wholly owned subsidiary of the Company made an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for acquiring equity shares of Malar Hospitals Limited (MHL). Consequent to the above and in terms of the Agreement entered into by IHL with the erstwhile promoters of MHL, IHL has acquired 48.83% shareholding in MHL on various dates between October 18, 2007 and February 18, 2008.

2. Segment Reporting

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

3. Related Party Disclosures

Names of Related parties (As certified by the management)

Holding Company	Fortis Healthcare Holdings Limited
Associates	Sunrise Medicare Private Limited with effect from January 3, 2006 Malar Hospitals Limited with effect from October 17, 2007
Fellow Subsidiaries	Fortis Health Staff Limited Fortis Health World Limited Medsource Healthcare Private Limited
Key Management Personnel ('KMP') & there relatives	Mr. Harpal Singh - Chairman of FHL upto June 07, 2007 and Chairman of EHIRCL upto May 29, 2007 Mr. Shivinder Mohan Singh - Managing Director of FHL and EHIRCL Mr. Malvinder Mohan Singh – Chairman of FHL (with effect from June 07, 2007) and Chairman of EHIRCL (with effect from May 29, 2007) Mr. N. K. Pandey - Manager at EHRCL Mrs. Padamavati Pandey (Relative of Mr. N.K. Pandey) Mr. Praveen Chawla - Manager at IHL with effect from April 02, 2007 Dr. C.M. Bhasin – Manager at FHPL with effect from January 08, 2008 Dr. (Lt. Gen.) M.L.Chawla - Manager at EHSSIL
Enterprises owned or significantly influenced by key management personnel or their relatives	SRL Ranbaxy Limited, Ranbaxy Laboratories Limited, Ranbaxy Holding Company, Fortis Nursing Education Society, Religare Enterprises Limited, Religare Securities Limited, Religare Finvest Limited, Religare Commodities Limited, Oscar Investments Limited, Ran Air Services Limited, Religare Travels (India) Limited, Fortis Financial Services Limited

The schedule of Related Party Transactions is given in the annexure attached.

Transaction details	2007-08	2006-07
Transactions during the year		
Expenses allocated to related parties		
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**81.16**	261.09
Sunrise Medicare Private Limited (Associates)	–	24.39
Operating Income		
Sunrise Medicare Private Limited (Associates)	**162.40**	62.10
Medsource Healthcare Private Limited (Fellow Subsidiary)	**50.52**	–
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**166.83**	163.52
Fortis Health World Limited (Fellow Subsidiary)	**0.98**	–
Ranbaxy Laboratories Limited (Fellow Subsidiary)	**4.45**	–
Interest Income		
Sunrise Medicare Private Limited (Associates)	**11.14**	34.83
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**38.90**	13.03
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**30.06**	15.53
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**437.55**	–
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**84.32**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**559.13**	–
Malar Hospitals Limited (Associates)	**15.16**	–
Interest Expense		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**469.16**	101.32
Oscar Investments Limitd (Owned/significantly influenced by KMP/their relatives)	**94.39**	–
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**34.70**	–
Pathology Expenses		
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**554.28**	352.97
Travelling Expenses		
Ran Air Services Ltd (Owned/significantly influenced by KMP/their relatives)	**6.49**	–
Religare Travels (India) Ltd (Owned/significantly influenced by KMP/their relatives)	**107.01**	–
Purchases of Medical consumables and pharmacy items		
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**116.65**	193.33
Medsource Healthcare Private Limited (Fellow Subsidiary)	**552.92**	–
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**3.61**	–
Fortis Health World Limited (Fellow Subsidiary)	**724.21**	–
Equipment Hire Charges		
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**11.45**	–
Legal & Professional Fee		
Religare Enterprises Limited (Owned/significantly influenced by KMP/their relatives)	**112.38**	284.65
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**0.02**	125.73
Managerial Remuneration		
Mr. Jasbir Grewal (KMP)	–	31.21
Mr. (Lt. Gen.) Harcharan Singh (KMP)	–	–
Dr. N. K. Pandey (KMP)	**62.95**	63.12
Dr. (Lt.Gen.) M.L.Chawla (KMP)	**3.21**	12.42
Mr. Shivinder Mohan Singh (KMP)	**221.40**	195.88
Mr. Praveen Chawla (KMP)	**34.76**	–
Rent Expense		
Dr. N. K. Pandey (KMP)	**6.78**	12.76
Padmawati Pandey (KMP)	**6.78**	–
Purchase of Fixed Assets		
Fortis Financial Services Limited (Owned/significantly influenced by KMP/their relatives)	**3.54**	–
Loans given during the year		
Sunrise Medicare Private Limited (Associates)	**14.09**	63.80
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	–	250.00
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**1,325.00**	–
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**7,000.00**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**18,505.00**	–
Malar Hospitals Limited (Associates)	**1,200.00**	–
Loans received back during the year		
Religare Commodities Limited (Owned/significantly influenced by KMP/their relatives)	**1,325.00**	–
Religare Securities Limited (Owned/significantly influenced by KMP/their relatives)	**7,000.00**	–
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**9,830.00**	–
Sunrise Medicare Private Limited (Associates)	**289.10**	–
Loans taken during the year		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**2,920.00**	3,987.00
Oscar Investments Limitd (Owned/significantly influenced by KMP/their relatives)	**1,400.00**	–

Transaction details	2007-08	2006-07
Loans paid back during the year		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**5,768.75**	20.00
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**300.00**	–
Investments made during the year		
Sunrise Medicare Private Limited (Associates)	**389.10**	–
Malar Hospitals Limited (Associates)	**292.74**	–
Subscription of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**60.00**	2,600.00
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**650.00**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**450.00**	–
Share Premium received		
Fortis Healthcare Holdings Limited (Holding Company)	**540.00**	23,400.00
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**5,850.00**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**4,050.00**	–
Redemption of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**2,600.00**	–
Premium on Redemption of Share Capital		
Fortis Healthcare Holdings Limited (Holding Company)	**23,400.00**	–
Personal Guarantee for Loans Taken		
Managing Director (KMP)	**7,500.00**	5,000.00
Licence User Agreement Fees		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**1.00**	–
Balance Outstanding at the year end		
Loans / Advances recoverable		
Sunrise Medicare Private Limited (Associates)	**15.29**	304.20
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	–	7.07
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**113.11**	297.58
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**250.00**	250.00
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**86.75**	–
Malar Hospitals Limited (Associates)	**200.00**	–
Fortis Healthworld Limited (Fellow Subsidiary)	**0.65**	–
Fortis Healthstaff Limited (Fellow Subsidiary)	**0.10**	–
Unsecured Loan		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**1,120.00**	3,968.75
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**1,100.00**	–
Interest Accrued and Due		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives)	**22.05**	–
Other Current assets		
Fortis Nursing Education Society (Owned/significantly influenced by KMP/their relatives)	**8.08**	15.53
Religare Finvest Limited (Owned/significantly influenced by KMP/their relatives)	**413.60**	–
Malar Hospitals Limited (Associates)	**13.59**	–
Sundry Debtors		
Sunrise Medicare Private Limited (Associates)	**49.70**	75.71
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	–	0.04
Fortis Health Staff Limited (Fellow Subsidiary)	**0.02**	–
Fortis Health World Limited (Fellow Subsidiary)	**1.18**	–
Sundry Creditors		
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**16.11**	44.06
SRL Ranbaxy Limited (Owned/significantly influenced by KMP/their relatives)	**38.54**	207.85
Religare Enterprises Limited (Owned/significantly influenced by KMP/their relatives)	–	15.21
Fortis Healthworld Limited (Fellow Subsidiary)	**16.45**	–
Medsource Healthcare Private Limited (Fellow Subsidiary)	**57.70**	–
Mr. N. K. Pandey (KMP)	**25.35**	–
Religare Travel (India) Limited (Owned/significantly influenced by KMP/their relatives)	**5.66**	–
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	**1.60**	–
Ranbaxy Laboratories Limited (Owned/significantly influenced by KMP/their relatives)	**8.89**	–
Investment		
Sunrise Medicare Private Limited (Associates)	**440.04**	50.94
Malar Hospital Limited (Associates)	**292.74**	–
Corporate Guarantee for Loans Taken		
Ranbaxy Holding Company (Owned/significantly influenced by KMP/their relatives) (excluding 2,323,000 shares of Ranbaxy Laboratories Limited pledged for loans taken by the Company	**750.00**	750.00
Personal Guarantee for Loans Taken		
Managing Director (KMP)	**8,232.96**	43,000.00

Notes:

a) All figures are in Rs. lacs.

b) 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

(i) In respect of the Company, hospital / office premises are obtained on operating lease for periods ranging from 2.5 to 14 years. 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 payments in respect of such leases recognised in the profit and loss account for the year are Rs. 698.01 lacs (Previous Year Rs. 687.99 lacs). Out of the same, Rs. 88.44 lacs (Previous Year Rs. 82.14 lacs) has been allocated to other companies.

(ii) The Company has also taken few Medical Equipments on non-cancellable operating leases for a period of 7 years. There is no escalation clause in the lease agreements. There is no restriction imposed by lease arrangements and the rent is not determined based on any contingency. The total of future minimum lease payments under the non-cancellable operating leases are as under:

(Rs. in lacs)

	As at/ for the year ended March 31, 2008	As at/ for the year ended March 31, 2007
Lease payments for the year	**36.81**	25.45
Minimum Lease Payments due-		
Not later than one year	**45.47**	36.81
Later than one year but not later than five years	**94.91**	139.96
Later than five years	–	0.42

(iii) In respect of few subsidiaries within the Escorts Group, certain premises have been taken on operating leases that are renewable on a yearly basis subject to mutual agreement and are cancelable by either party by giving notice for the agreed period as specified in the respective lease agreements. Rent expenses included in profit and loss account for the year towards such operating leases aggregate to Rs. 176.62 lacs (Previous Year Rs. 172.73 lacs). Similarly, lease charges paid for a vehicle taken on operating lease which is renewable annually amount to Rs. Nil (Previous Year Rs. 1.32 lacs).

(b) Assets given on Operating Lease

(i) The Company has leased out some portion of hospital premises for periods ranging from 9 months to 10 years. 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 payments received / receivable in respect of such leases recognised in the profit and loss account for the year are Rs. 25.53 lacs (Previous Year Rs. 26.57 lacs).

(ii) The Company has leased out certain capital assets during the year on operating lease to a Trust managing hospital operations. 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. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(Rs. in lacs)

	Gross Block as at March 31, 2008	**Accumulated Depreciation as at March 31, 2008**	**Net Block as at March 31, 2008**
Software	**1.60**	**1.48**	**0.12**
Plant & Machinery	**96.66**	**17.24**	**79.42**
Medical Equipments	**2,419.12**	**350.07**	**2,069.05**
Furniture & Fittings	**177.06**	**62.15**	**114.91**
Computers	**119.92**	**35.79**	**84.13**
Office Equipments	**27.55**	**2.67**	**24.88**
Vehicles	**33.55**	**6.32**	**27.23**
Total	**2,875.46**	**475.72**	**2,399.74**

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

(Rs. in lacs)

	As at / for the year ended March 31, 2008	As at / for the year ended March 31, 2007
Lease payments received during the year	**630.61**	435.61
Minimum Lease Payments receivable-		
Not later than one year	**652.57**	607.50
Later than one year but not later than five years	**1,305.15**	759.37
Later than five years	**–**	–

(iii) Few subsidiaries within the Escorts Group have given hospital premises on operating leases that are renewable on a periodic basis by either party by giving a notice of one to six months. Rent income included in the Profit and Loss Account for the year towards such operating leases aggregates to Rs. 57.15 lacs (Previous Year Rs. 31.83 lacs).

Future minimum lease payments under non-cancellable operating lease contracts are as under-

(Rs. in lacs)

	As at / for the year ended March 31, 2008	As at / for the year ended March 31, 2007
Lease income for the year from non-cancellable operating lease	7.92	7.20
Minimum Lease Payments-		
Due Not later than one year	6.60	7.20
Due later than one year but not later than five years	–	6.00

(iv) One of the subsidiaries of the Company (EHIRCL) has leased out certain medical equipment on operating lease to another hospital. The lease term is for 3 to 5 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 cancellable in nature. The total lease income in respect of such leases recognised in the profit and loss account for the year are Rs. 31.33 lacs (Previous Year Rs. 32.78 lacs).

The detail of such capital asset given on cancellable operating lease is disclosed as under: **(Rs. in lacs)**

	Gross Block as at March 31, 2008	**Accumulated Depreciation as at March 31, 2008**	**Net Block as at March 31, 2008**
Medical Equipments	209.23	144.62	64.61
Total	**209.23**	**144.62**	**64.61**

(v) One of the subsidiaries 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 is to be increased by 7% after the end of 3rd year i.e. w.e.f. January 1, 2008 and is further to be increased by 20% after the end of 5th year i.e. 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 payments received / receivable in respect of the above leases recognised in the profit and loss account for the year are Rs. 168.91 lacs (Previous Year Rs. 163.52 lacs).

5. Deferred tax assets on account of unabsorbed depreciation and carried forward losses in the standalone financial statements of the respective group companies have been recognized only to the extent the company is of the opinion that there is virtual certainty supported by convincing evidence that such unabsorbed depreciation and carried-forward losses can be realised against future taxable profits. In view of the same, deferred tax assets on unabsorbed depreciation and carried forward losses has not been recognized by some of the subsidiaries. Further, deferred tax assets (DTA) (net) of Rs. 173.48 lacs at EHCL, Rs. 1,104.74 lacs at EHSSIL and Rs. 520.08 lacs at EHIRCL recognised by these companies in earlier years have been reversed in the current year.

6. Capital Commitments

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances of Rs. 2,773.47 lacs (Previous Year Rs. 532.05 lacs))	**15,232.22**	2,185.48

7. Contingent Liabilities (not provided for) in respect of :

(Rs. in lacs)

S. No.	**Particulars**	**As at March 31, 2008**	As at March 31, 2007
(a)	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. As per management, these claims are not likely to devolve on the Fortis Group due to their frivolous nature. Further, Fortis Group has taken professional indemnity/error and omission policies to cover the hospitals, their doctors and staff for any possible liability arising from such claims.	**4,589.18**	4,313.44
(b)	Unredeemed Bank Guarantees executed by the Company in favour of lessor as security for hospital land and building taken on lease.	**139.53**	139.53
(c)	Bank Guarantee executed in favour of Bombay Stock Exchange by the Company towards listing of the shares of the Company with the exchange.	**252.98**	–
(d)	In respect of one of the subsidiaries of the Company (IHL), assessment proceeding in the sale tax matter lying with Deputy Commissioner, Trade Tax, Noida is still underway (refer note 8 (a) below).	**320.50**	320.50

(e)	In respect of one of the subsidiaries (EHIRCL), case for determination of liability to pay Value Added Tax ("VAT") pending at the Hon'ble High Court of Delhi, the amount of which cannot be presently estimated (refer note 8 (b) below).	**–**	–
(f)	In respect of FHL, claim in respect of reinstatement of services of one of its former employees is pending for adjudication with the Labour Tribunal and liability, if any, which may arise on the matter, is not presently determinable.	**–**	–
(g)	In respect of one of the subsidiaries (EHIRCL), income tax litigations for various years are pending, as further explained in detail in note 10 below. This excludes demands aggregating to Rs. 828.42 lacs relating to A.Y. 2003-04 and 2004-05 which have been allowed by CIT (A) in favour of the company, but the Department has filed an appeal before ITAT against such order (refer note 10 below).	**22,820.14**	31,091.18
(h)	In respect of one of the subsidiaries (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, cases for which are pending with Central Excise and Service Tax Appellate Tribunal (refer note 11 below).	**770.27**	–
(i)	Others	**18.36**	21.72

8. **(a)** A subsidiary of the Company (IHL) has received an ex-parte order under the U.P. Trade Tax Act, 1948 from the Deputy Commissioner, Trade Tax, Noida for the Assessment Years 2004-05 and 2005-06. Under the said order, the Deputy Commissioner has raised demands of Rs. 105.45 lacs and Rs. 215.05 lacs for Assessment Years 2004-05 and 2005-06 respectively for sales tax in respect of drugs, consumables and implants etc. which are administered in the course of treatment of patients. The company has filed an application under Section 30 of the U.P. Trade Tax Act, 1948 seeking the recalling of the ex-parte order and reopening of the proceedings.

(b) Pursuant to a notice under Section 59 of the Delhi Value Added Tax Act, 2004, in case of a subsidiary of the Company (EHIRCL), the company submitted an application dated September 21, 2005, before the Commissioner of Trade and Taxes ("Commissioner"), New Delhi for determination of whether it is liable to pay tax under the provisions of the Delhi Value Added Tax Act, 2004 in respect of medicines, diet, drugs, implants, devices, consumables etc., which are administered in the course of treatment of patients. The application was made on the basis that the above items are not marketable commodities and, hence, are not goods. The Commissioner, vide his order dated March 17, 2006, has held that the company is liable to pay VAT on the said items. The company has filed an appeal before the Delhi Value Added Tax Appellate Authority against the aforesaid order of Commissioner on April 27, 2006, which is pending for disposal. In the mean time, a Writ Petition challenging the validity of certain provisions of Delhi Value Added Tax Act and also Order dated September 20, 2005 passed by Commissioner, Trade and Taxes, Delhi was filed before the Hon'ble High Court of Delhi, which was admitted on April 4, 2007 and the matter is now pending before the Hon'ble High Court of Delhi.Recently, on grounds similar to those in 8(a) and (b) above, the Hon'ble Jharkhand High Court has pronounced a judgement in favour of another hospital. The Special Leave Petition ("SLP") filed by the State of Jharkhand against this judgement was dismissed by the Hon'ble Supreme Court. In view of the same and also on the basis of the legal opinions taken by the companies in the matter, the companies are of the opinion that they have a good case for favourable decision and no provision is required to be made in the books of account.

9. **(a)** A Civil suit ("Civil Suit") has been filed for declaration and permanent injunction against one the subsidiaries 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 has, ordered the parties to maintain status quo as of September 30, 2005. Further, the Hon'ble High Court of Delhi, vide order dated April 4, 2007, has impleaded Fortis Healthcare Limited (holding company of EHIRCL) as a party in the suit. The matter is being duly defended in the Court.

(b) Delhi Development Authority (DDA) vide its Order dated October 6, 2005 ("DDA Order") has terminated the lease deeds and allotment letters of one of the subsidiaries of the Company (EHIRCL). The company has filed an Original Miscellaneous Petition 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 has granted a stay restraining DDA from recovering physical possession of the property. The matter 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 one of the subsidiaries 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 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 has dismissed the LPA. The Estate Officer thereafter has 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 has 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 has ordered that proceedings before the Estate Officer may continue but no final order to be passed. The matter is yet to come up for further hearing.

(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 have 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 has issued a notice and directed the stay. The proceedings are pending with the court of law.

10. 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 has been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 has been brought to tax and the income of the respective years thereafter has 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 has 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 has directed the Assessing Officer to complete the assessments for all these years and has 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 has filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

(b) The Additional Commissioner of Income Tax, Chandigarh, has 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, Chandigarh. The Tribunal, vide its Order dated March 18, 2008, has remanded the matter back to the Assessing Officer for fresh adjudication.

(c) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment years 2003-04 and 2004-05 whereby the assessing officer has raised a demand of Rs. 424.20 lacs (including interest of Rs. 54.20 lacs) and Rs. 404.22 lacs (including interest of Rs. 97.55 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company has filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the assessing officer. The Commissioner of Income Tax (Appeals) has allowed these claims in favour of the company. The Income Tax Department has filed an appeal before the ITAT, New Delhi against the Order of Commissioner of Income Tax (Appeals).

(d) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer has raised a demand of Rs. 282.03 lacs (including interest of Rs. 56.80 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowances made in the assessment order, which is pending disposal.In view of the management, the eventual outcome of the above matters cannot presently be estimated.

11. The Commissioner of Customs (Import and General), Delhi has 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 impugned imported surgical machine with a redemption fine of Rs. 75 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 has 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 department.

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.

12. Employee Stock Option Plan

The Company has provided share-based payment scheme to its employees. During the year ended March 31, 2008, the following scheme was in operation:

Date of grant	February 13, 2008
Date of Board Approval	July 30, 2007
Date of Shareholder's approval	September 27, 2007
Number of options granted	458,500
Vesting Period	February 12, 2009 to February 12, 2013
Exercise Period	February 12, 2018

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

	2007 – 08	
	Number of options	**Weighted Average Exercise Price (Rs.)**
Outstanding at the beginning of the year	**–**	**–**
Granted during the year	**458,500**	**71**
Forfeited during the year	**–**	**–**
Exercised during the year	**–**	**–**
Expired during the year	**–**	**–**
Outstanding at the end of the year	**458,500**	**71**
Exercisable at the end of the year	**–**	**–**
Weighted average remaining contractual life (in years)	**9.88**	**–**
Weighted average fair value of options granted (in Rs.)	**26.48**	**–**

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

Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
71	458,500	9.88	71

Stock Options granted

The weighted average fair value of stock options granted during the year is Rs. 26.48. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	2007 – 08
Exercise Price	71
Expected Volatility	34%
Life of the options granted (Vesting and exercise period) in years	6.5 years
Expected dividends	–
Average risk-free interest rate	7.95%
Expected dividend rate	–

In March 2005, 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 April1, 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:

	2007 – 08
As per Consolidated Financial Statements of the Company	**Rs. in lacs**
Loss as reported	**(5,548.35)**
Add: Employee stock compensation under fair value method	**3.13**
Proforma loss	**(5,551.48)**
Earnings Per Share (amount in Rs.)	
Basic	
– As reported	**(2.49)**
– Pro forma	**(2.49)**
Diluted	
– As reported	**(2.49)**
– Pro forma	**(2.49)**

The fair value of total option granted during the year is Rs. 121.40 lacs and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation under fair value method would have been Rs. 3.13 lacs.

13. **(a)** The Company has incurred losses of Rs. 5,548.34 lacs during the current year and has accumulated losses of Rs. 26,877.17 lacs as at March 31, 2008, which has resulted in erosion of a portion of the Company’s net worth. In view of the Company posting profits during the year and the additional funds raised by the Company through the Public Issue during the year to meet the cost of development and construction of new hospital by a subsidiary (FHPL), to refinance the funds availed for the acquisition of investment in a subsidiary (EHIRCL) and to prepay some short term loans, the accounts of the Company have been continued to be prepared on a going concern basis.

(b) One of the subsidiaries of the Company (HHPL), has incurred losses of Rs. 421.10 lacs during the current year and has accumulated losses of Rs. 522.80 lacs as at March 31, 2008, which has resulted in complete erosion of HHPL's net worth. However, the hospital operations by HHPL are yet to be commenced. In view of the above, and the commitment of continued financial support by the shareholders and the expected financial results projected by the management, the accounts of HHPL have been continued to be prepared on a going concern basis.

(c) One of the subsidiaries of the Company (EHCL), has incurred losses of Rs. 167.97 lacs during the current year and has accumulated losses of Rs. 511.97 lacs as at March 31, 2008, which has resulted in complete erosion of EFCL's net worth. However, in view of EHCL posting cash profits during the 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 continued to be prepared on a going concern basis.

(d) One of the subsidiaries of the Company (EHSSIL), has incurred losses of Rs. 1,561.36 lacs during the current year and has accumulated losses of Rs. 3,728.79 lacs as at March 31, 2008, which has resulted in erosion of a substantial portion of EHSSIL's net worth. However, in view of commitment of continued financial support by the shareholders and the expected improvement in the financial results projected by the management, the accounts of EHSSIL have been continued to be prepared on a going concern basis.

(e) One of the subsidiaries of the Company (IHL), has incurred losses of Rs. 245.19 lacs during the current year and has accumulated losses of Rs. 2,286.90 lacs as at March 31, 2008, which has resulted in erosion of a portion of IHL's net worth. However, IHL has posted cash profits of Rs. 182.57 lacs in the current year. In view of above and the commitment of continued financial support by the shareholders and the expected improvement in the financial results projected by the management, the accounts of IHL have been continued to be prepared on a going concern basis.

14. Sundry debtors' balances for Ex-Servicemen Contributory Health Scheme (ECHS) and Serving Defense Personnel (CGHS) of Rs. 4,082.80 lacs and Rs. 1,905.86 lacs respectively as at the year end remain subject to confirmation. The Company has made the provision for doubtful debts of Rs. 325.23 lacs against the above which, in the opinion of the management, is adequate. The management does not anticipate any material adjustments in the balance dues considered good for recovery in the financial statements.

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

(Rs. in lacs)

A.

Defined Contribution Plan	**2007-08**	2006-07
Contribution to Provident fund and other fund (Unfunded)	**632.34**	596.16
Contribution to Gratuity Trust (Funded)	–	6.78

B. Defined Benefit Plan

The Company 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 services.

The Company 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)

	2007-08	2006-07
Net employee benefit expenses (recognized in Personnel expenses)		
Current Service cost	**184.38**	166.98
Interest Cost on benefit obligation	**74.98**	60.31
Expected return on plan assets	**(9.49)**	(9.70)
Actuarial loss/(gain) recognised in the year	**7.67**	11.17
Past Service Cost	–	–
Net benefit expense	**257.54**	228.76
Balance sheet Details of Provision for Gratuity at March 31, 2008		
Present value of defined benefit obligation	**963.42**	945.07
Fair value of plan assets	**113.33**	115.69
Surplus/(deficit) of funds	**(850.09)**	(829.38)
Net asset/ (liability)	**(850.09)**	(829.38)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**945.07**	761.66
Current Service cost	**184.38**	166.98
Interest Cost on benefit obligation	**74.99**	60.30
Benefits paid	**(249.70)**	(55.06)
Actuarial (loss)/ gain recognised in the year	**7.67**	11.18
Closing defined benefit obligation	**962.41**	945.07

Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	**115.71**	111.13
Expected return	**9.49**	9.70
Contributions by employer	–	–
Benefits paid	**(12.89)**	(5.13)
Actuarial gains / (losses)	**1.01**	–
Closing fair value of plan assets	**113.33**	115.69

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

Actuarial Assumptions	**All group entities excluding the Escorts Group**	**Escorts Group**
1. Discount rate	8%	7.5% - 8%
2. Expected rate of return on plan assets	–	–
3. Expected rate of salary increase	10%	5%
4. Mortality	LIC (1994 - 96) duly modified	
5. Withdrawal rate	Age	
	Upto 30 years	3%
	Upto 44 years	2%
	Above 44 years	1%

Notes:

a) Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120 (n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Fortis Group.

b) 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.

c) 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.

d) The current year being only the second year of adoption of AS 15 (revised) by the Fortis Group, disclosures as required by para 120(n) of AS-15 (revised) have been furnished only for the previous year and not for the three years prior to that.

16. 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 in this case is 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.

17. Details of utilisation of proceeds raised through public issue during the year

(Rs in lacs)

S. No.	**Expenditure Program**	**Proposed expenditure out of IPO proceeds**	**Amount expended till March 31, 2008**
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	10,000.00	3,113.00
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	35,231.15	35,231.15
3	Issue Expenses	4,445.00	3,278.91
	Total	**49,676.15**	**41,623.06**

The Company is having unutilised funds of Rs. 8,053.09 lacs as on March 31, 2008 out of IPO proceeds. These unutilised funds have been invested as Inter Corporate Deposits as on March 31, 2008.

18. (a) The Company has incurred expenses aggregating to Rs. 3,278.91 lacs (including Rs 135.46 lacs paid to auditors) in connection with its Initial Public Offer. In terms of Section 78 of the Companies Act, 1956, the same has been adjusted against the Securities Premium.

(b) During the year, the Company has redeemed 26,000,000, Class 'B' 5% Non Cumulative Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. In terms of section 78 of the Companies Act, 1956, the redemption premium of Rs. 23,400 lacs has been adjusted against the Securities Premium.

(c) During the year, the Company has issued 600, Zero Percent Unsecured Non- Convertible Debentures of Rs. 10,000,000 each which have been redeemed at an aggregate premium of Rs. 1,583.01 lacs. In terms of Section 78 of the Companies Act, 1956, the redemption premium has been adjusted against the Securities Premium.

19. During the year, the Company has received Share Application Money of Rs 15,000 lacs for issuance of 150,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 9,990 per share. The proposed date of allotment of these shares is June 30, 2008 and these shares will be redeemed at various dates between June 30, 2010 and June 30, 2014 at an aggregate premium of Rs. 9,687 lacs.

20. **(a)** During the year, the Company has issued 11,500,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. These shares are to be redeemed at various dates between October 18, 2008 and October 18, 2013 at a premium of Rs. 165 per share. 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.

(b) During the year, the Company has issued 100,000, Class 'C' Zero Percent Redeemable Preference Shares of Rs. 10 each at a premium of Rs. 90 per share. These shares are to be redeemed at various dates between December 19, 2008 and December 19, 2013 at a premium of Rs. 166.05 per share. 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.

21. Goodwill appearing in consolidated financial statements is after netting off Capital Reserve aggregating Rs. 103.12 lacs arising on the acquisition of one of the subsidiaries (FHPL).

22. **Particulars of Unhedged Foreign Currency Exposure:** **(Rs. in lacs)**

Particulars	**As at / for the year ended March 31, 2008**	As at / for the year ended March 31, 2007
Import Creditors	**238.72**	24.21
ECB Loan (Principal Amount)	**1,134.84**	2,045.16
ECB Loan (Interest Accrued but not due)	**32.18**	56.75
Professional Fees	**Nil**	342.06

23. In the view of the management, there has been a significant appreciation in the value of land and building in the past few years. Thus, the Fortis Group has, on the basis of the report of an external valuer, done the revaluation of its Land and Buildings appearing in the books of EHSSIL, EHSSHL, EHRCL, FHPL and IHL. As per the report of the valuer, Land has been revalued at Rs. 42,485.31 lacs and Buildings at Rs. 7,012.10 lacs as against the net book value of Rs. 5,858.37 lacs and Rs. 5,629.66 lacs respectively as at March 31, 2008. Accordingly, the Fortis Group has increased the book value of Land by Rs. 36,626.93 lacs and of Buildings by Rs. 1,382.44 lacs (being the difference between the revalued amount and the net book value) and credited the same to the revaluation reserve account.

24. **(a)** One of the subsidiaries of the Company (HHPL) has, vide application dated March 6, 2007, applied to Navi Mumbai Municipal Corporation (NMMC) for registration of the Hospital under the Bombay Nursing Homes (Registration) Act. NMMC is in the process of granting the registration and as per the information received by the company, the registration certificate shall be received in the due course.

(b) HHPL has entered into an agreement dated January 20, 2006 with Navi Mumbai Municipal Corporation (NMMC) to develop a state of the art, super speciality referral hospital and diagnostic services at NMMC's F.R.U. Hospital. The company has received a notice from NMMC whereby NMMC has alleged that sale of 100% stake of the company to FHL (the holding company) amounts to assignment of the contract or allowing a third party to join in the running of the proposed hospital. Further NMMC has issued a show cause notice to explain why legal action should not be initiated against the company for terminating the NMMC agreement. The company has replied to NMMC that Fortis brand name is being used pursuant to a name user letter and that there is no agreement between HHPL and FHL for operation of the hospital. Further, the sale of shares held by the erstwhile shareholders of HHPL in favour of FHL does not impact the status of the company. No further formal document has been sent by NMMC in respect of the matter. On the basis of the legal opinion taken by the company, it is of the opinion that it has a good case in the matter.

25. One of the subsidiaries of the Company (EHRCL) is liable to pay Income tax for the year under the provisions of Section 115 JB of the Income Tax Act, 1961. As per the provisions of the Section 115JAA of the Income Tax Act, 1961, minimum alternate tax ("MAT") credit is available to the company in subsequent assessment years in respect of the MAT paid in current and previous year. Accordingly, MAT credit of Rs. 56.59 lacs (including Rs. 42.13 lacs for MAT paid in earlier years) is recognised in the current year.

26. According to Companies (Appointment and Qualifications of Secretary) Rules, 1988 and Notification to Companies Act, 1956, a company having a paid up share capital exceeding Rs. 2 crores is compulsorily required to appoint a Whole Time Company Secretary. Few of the subsidiaries of the Company had Company Secretaries who resigned during the year. As a result, these companies do not presently have a Company Secretary. However, the management is making concerted efforts to appoint Company Secretaries in these companies as required to be appointed under Section 383A of the Companies Act, 1956.

27. Previous year figures have been regrouped wherever considered necessary. 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

For S.R. BATLIBOI & CO.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : June 30, 2008

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Chairman

Shivinder Mohan Singh
CEO & Managing Director

Sanjeev Vashishta
Company Secretary

Yogesh Sareen
Chief Financial Officer

Fortis Network Hospitals

Fortis Hospital, Mohali
Sector 62, Phase - VIII, SAS Nagar,
Mohali, Punjab - 160 062

Escorts Heart Institute and Research Centre Ltd.
Okhla Road, New Delhi - 110 025

Fortis Flt. Lt. Rajan Dhall Hospital
Sector B, Pocket 1, Aruna Asaf Ali Marg,
New Delhi - 110 070

Fortis Hospital, Noida
Plot No. 22, Block B, Sector-62,
Institutional Area, Phase II, Noida - 201 301

Fortis La Femme
S-549, Greater Kailash - II,
New Delhi - 110 048

Fortis Escorts Hospital
Jawaharlal Nehru Marg, Malviya Nagar,
Jaipur - 302 017

Fortis Escorts Hospital, Faridabad
Neelam Bata Road, New Industrial Township,
Faridabad - 121 001

Fortis Hospital
"Nagpal Towers", SCO 128, District Shopping
Centre, Ranjit Avenue, Amritsar - 143 001

Fortis Escorts Hospital, Amritsar
Plot Private 21, Khasra No. X3, Majitha - Verka
Bypass Road, Amritsar - 143 004

Fortis Escorts Hospital, Raipur
Pt. J N M Medical College,
Raipur, Chattisgarh - 492 001

Fortis Jessa Ram Hospital
Karol Bagh, New Delhi - 110 005

Hiranandani Fortis Hospital
Mini Sea Shore Road, Sector 10-A
Vashi, Navi Mumbai - 400 703

Fortis Malar Hospital, Chennai
No. 52, First Main Road, Gandhi Nagar,
Adyar, Chennai - 600 020

Fortis Hospital
Shalimar Bagh*, Delhi

Fortis International Institute of Bio-Medical Sciences
Gurgaon*

Fortis

Fortis Healthcare Limited

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

*Under construction