

Malar Stars Medicare Limited
Balance Sheet as at March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
Shareholders' funds			
Share capital	3 (i)	500,000	500,000
Reserves and surplus	3 (ii)	7,835,389	5,811,719
		8,335,389	6,311,719
Current liabilities			
Short-term borrowings	3 (iii)	617,933,577	617,933,577
Trade payables	3 (iv)	209,398	208,163
Other current liabilities	3 (v)	15,246,718	15,811,215
Short-term Provisions	3(vi)	298,851	203,118
		633,688,544	634,156,073
Total		642,023,933	640,467,792
II. Assets			
Non-current assets			
Deferred Tax Asset	3 (vii)	125,420	95,838
Other non-current assets	3 (viii)	11,429,375	11,408,568
		11,554,795	11,504,406
Current assets			
Cash and cash equivalents	3 (ix)	3,185,398	144,694
Short Term Loans and Advances	3 (x)	613,000,000	614,500,000
Other current assets	3 (xi)	14,283,740	14,318,692
		630,469,138	628,963,386
Total		642,023,933	640,467,792

Summary of significant accounting policies 2.1

The notes referred to above form an integral part of the Balance Sheet.
As per our report of even date

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

per Aniruddh Sankaran
Partner
Membership No: 211107

Place: Chennai
Date: April 29, 2015

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

Raghunath.P
Director

Karthik Rajagopal
Director

Place: Chennai
Date: April 29, 2015

Place: Chennai
Date: April 29, 2015

Malar Stars Medicare Limited**Statement of Profit and Loss for the year ended March 31, 2015***(All amounts are in Indian Rupees unless otherwise stated)*

	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	3 (xii)	3,657,000	3,657,000
Total revenue		3,657,000	3,657,000
Expenditure			
Employee benefits expense	3 (xiii)	3,214,533	3,181,952
Other expenses	3 (xiv)	280,389	204,493
Total expenses		3,494,922	3,386,445
Earnings before interest, tax, depreciation and amortization (EBITDA)		162,078	270,555
Interest on Income tax refunds		204,446	90,136
Profit before exceptional items and tax		366,524	360,691
Exceptional items:			
Interest expense on intercorporate deposit received	4	(61,793,357)	(61,793,357)
Interest income on intercorporate deposit placed	4	64,377,083	64,585,239
Profit before Tax		2,950,250	3,152,573
Tax expense			
Current income tax		941,208	999,319
Adjustment of tax relating to earlier years		14,954	-
Deferred Tax		(29,582)	(25,173)
		926,580	974,146
Profit for the year		2,023,670	2,178,427
Earnings per share before exceptional item			
Basic & diluted [Nominal value of shares Rs. 10/- each]		4.77	4.98
Earnings per share after exceptional item		40.47	43.57
Basic & diluted [Nominal value of shares Rs. 10/- each]			

Summary of significant accounting policies**2.1**

The notes referred to above form an integral part of the Statement of Profit and Loss.
As per our report of even date

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

per Aniruddh Sankaran
Partner
Membership No: 211107

Raghunath.P
Director

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Director

Place: Chennai
Date: April 29, 2015

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Malar Stars Medicare Limited
Cash flow statement for the year ended March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flow from operating activities		
Net profit before tax	2,950,250	3,152,573
Interest income	(64,377,083)	(64,585,239)
Interest expense	61,793,357	61,793,357
Operating profit before working capital changes	366,524	360,691
Movements in working capital :		
Increase/(decrease) in trade payables	1,235	53,361
Increase/(decrease) in short term provisions	95,733	28,110
Increase/(decrease) in other current liabilities	(564,497)	(4,099,599)
Cash generated from/ (used in) operations	(101,005)	(3,657,437)
Direct taxes paid	(976,969)	(5,622,341)
Net cash from / (used in) operating activities (A)	(1,077,974)	(9,279,778)
B. Cash flows from investing activities		
Inter Corporate deposit placed	-	(614,500,000)
Inter Corporate deposit refund received	1,500,000	561,677,534
Interest received on Inter Corporate deposit	64,412,035	109,499,395
Net cash from /(used in) investing activities (B)	65,912,035	56,676,929
C. Cash flows from financing activities		
Inter Corporate deposit received	-	64,333,577
Inter Corporate deposit repaid	-	-
Interest on ICD paid	(61,793,357)	(112,413,888)
Net cash from/ (used in) financing activities (C)	(61,793,357)	(48,080,311)
Net increase in cash and cash equivalents (A + B + C)	3,040,704	(683,160)
Total cash and cash equivalents at the beginning of the year	144,694	827,854
Cash and cash equivalents at the end of the year	3,185,398	144,694
Components of cash and cash equivalents:		
Balances with scheduled banks on current accounts	3,185,398	144,694
Total	3,185,398	144,694

As per our report of even date

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W

For and on behalf of the Board of Directors of
Malar Stars Medicare Limited

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Raghunath.P
Director

Karthik Rajagopal
Director

Place: Chennai
Date: April 29, 2015

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Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

1. Corporate information

Malar Stars Medicare Limited ('Malar Stars' or 'the Company') was incorporated in the year 2009. The Company is a 100% subsidiary of Fortis Malar Hospitals Limited. The Company is engaged in the business of providing medical and surgical consultancy to its holding Company on a cost plus model.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b Impairment of Assets

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.

c 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. The following specific recognition criteria must also be met before revenue is recognized.

Operating Income

Income from medical services represents medical and surgical consultancy provided to its holding company based on an agreed cost plus formula.

Interest Income

Interest Income is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

d Retirement and other employee benefits

i. Gratuity

Gratuity liability is a 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.

ii. Actuarial gains/losses

Actuarial gains/ losses are recognized in the statement of profit and loss as they occur.

e Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount and expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects 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 recognized 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 realized.

f Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the 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.

g 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 values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

h Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

i Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

j Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs and tax expense.

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3(i) : Share Capital		
Authorised:		
50,000 (March 31, 2014 : 50,000) Equity shares of Rs.10/- each	500,000	500,000
	500,000	500,000
Issued, Subscribed and Paid up:		
50,000 (March 31, 2014 : 50,000) Equity shares of Rs.10/- each	500,000	500,000
	500,000	500,000

Note A: Reconciliation of Equity Shares outstanding

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	500,000	50,000	500,000

Note B:

Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

Of the above :

50,000 Equity Shares (March 31, 2014: 50,000) are held by Fortis Malar Hospitals Limited, the holding company.

Note C: Details of shareholders having more than 5% interest in the Company

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Fortis Malar Hospitals Limited	50,000	100%	50,000	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note D : Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
Note 3(ii) : Reserves and Surplus		
Surplus/(deficit) in the statement of profit and loss		
Opening balance	5,811,719	3,633,292
Net Profit for the year	2,023,670	2,178,427
Closing balance	7,835,389	5,811,719
Note 3 (iii) : Short-Term Borrowings		
Loans and advances from related party		
Inter corporate deposit from holding company (Unsecured)	617,933,577	617,933,577
	617,933,577	617,933,577
Note 3 (iv) : Trade Payables		
Trade Payables (Refer Note 8)	209,398	208,163
	209,398	208,163
Note 3 (v) : Other Current Liabilities		
Interest accrued but not due on Inter corporate deposit	13,713,046	13,713,046
Statutory payables	1,533,672	1,534,908
Advance received from Customer	-	563,261
	15,246,718	15,811,215
Note 3 (vi) : Short-Term Provisions		
Provision for gratuity (Refer Note 6)	298,851	203,118
	298,851	203,118
Note 3 (vii) : Deferred Tax Assets		
Deferred tax asset arising on account of:		
Effect of expenditure debited to the statement of profit and loss in the current year but not allowed for tax purposes	125,420	95,838
	125,420	95,838
Note 3 (viii) : Other Non-Current Assets		
Unsecured, Considered good		
Advance tax and tax deducted at source	11,429,375	11,408,568
	11,429,375	11,408,568
Note 3 (ix) : Cash and Bank Balances		
Cash and cash equivalents		
Balances with banks		
- On current accounts	3,185,398	144,694
	3,185,398	144,694
Note 3 (x) : Short-Term Loans and Advances		
Unsecured, Considered good		
Intercompany Deposit	613,000,000	614,500,000
(Maximum amount outstanding during the year Rs. 629,223,507 (Previous year Rs.628,818,692))	-	-
	613,000,000	614,500,000
Note 3 (xi) : Other Current Assets		
Unsecured, Considered good		
Interest accrued but not due on Inter corporate deposits	14,283,740	14,318,692
	14,283,740	14,318,692

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 3 (xii) : Revenue from Operations		
Sales of Services		
Income from medical services	3,657,000	3,657,000
	3,657,000	3,657,000
Note 3 (xiii) : Employee Benefits expense		
Salaries, wages and bonus	3,118,800	3,153,842
Gratuity (Refer Note 6)	95,733	28,110
	3,214,533	3,181,952
Note 3 (xiv) : Other Expenses		
Payment to auditors		
-Statutory Audit	84,270	84,270
-Tax Audit	28,090	28,090
-Out of pocket expenses	2,472	1,236
Rates and Taxes	4,340	5,226
Printing & Stationery	849	-
Professional Charges	160,368	85,671
	280,389	204,493

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

4 Inter corporate deposit

Pursuant to a restructuring in the Fortis Group, the Company had received an amount of Rs. 617,933,577 as inter corporate deposit at 10% interest per annum during the previous years. Inter corporate deposits being excess funds with the Company have been placed as inter corporate deposit with one of its group companies at an interest rate of 10.50% p.a.

5 Segment reporting

Primary Segment

The Company is engaged in providing health care services, which in the context of Accounting Standard 17 (Segmental Information) is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

Secondary Segment – Geographical Segment.

The Company only operates in India and therefore it caters to the needs of the domestic market. Therefore, there are no reportable geographical segments.

6 Gratuity

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 service. The gratuity scheme is unfunded.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the fund status and amounts recognized in the balance sheet.

Statement of profit and loss		March 31, 2015	March 31, 2014
Net employee benefit expense recognized in the employee cost			
(i)	Current service cost	51,300	47,283
(ii)	Interest cost on Benefit Obligations	18,788	14,123
(iii)	Expected return on plan assets	-	-
(iv)	Net actuarial (gains)/ losses recognized in the year	25,645	(33,296)
(v)	Net (benefit) / expense	95,733	28,110
(vi)	Actual return on plan assets	-	-

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

Balance Sheet		March 31, 2015	March 31, 2014
Details of Provision for gratuity			
(i)	Defined benefit obligation	2,98,851	203,118
(ii)	Fair value of plan assets	-	-
(iii)	Plan Liability /(Asset)	2,98,851	203,118
(i)	Opening defined benefit obligation	2,03,118	175,008
(ii)	Current service cost	51,300	47,283
(iii)	Interest cost	18,788	14,123
(iv)	Actuarial (gains) / losses on obligation	25,645	(33,296)
(v)	Benefits paid	-	-
(vi)	Closing defined benefit obligation	298,851	203,118
(i)	Opening fair value of plan assets	-	-
(ii)	Expected return	-	-
(iii)	Actuarial gains / (losses)	-	-
(iv)	Contributions by employer	-	-
(v)	Benefits paid	-	-
(vi)	Closing fair value of plan assets	-	-

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

Particulars	March 31, 2015	March 31, 2014
Discount rate	8.00% p.a.	9.25% p.a.
Mortality rate	IALM (2006-08) Ultimate mortality table	LIC (1994-96) Ultimate mortality table
Withdrawal rate	4.00% p.a	4.00% p.a
Salary escalation rate	4.00% p.a	4.00% p.a

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

7 Related Party Disclosures

7.1. List of related parties

Relationship	Name of the related Party
Ultimate Holding Company	Fortis Healthcare Limited
Holding Company	Fortis Malar Hospitals Limited
Enterprises under common control	Fortis Health Management (North) Limited Escorts Heart and Research Institute Limited

7.2. Transactions during the year with related parties

Particulars	March 31, 2015		March 31, 2014	
	Holding Company	Entities under Common Control	Holding Company	Entities under Common Control
Transactions during the year				
Income from services rendered				
Fortis Malar Hospitals Limited	3,657,000	-	3,657,000	-
Inter corporate deposit Received				
Fortis Malar Hospitals Limited	-	-	64,333,577	-
Repayment of Inter corporate deposit placed				
Escorts Heart and Research Institute Limited	-	1,500,000	-	-
Fortis Health Management (North) Limited				561,677,534
Interest Expense				
Fortis Malar Hospitals Limited	61,793,357	-	61,793,357	-
Inter corporate deposit placed				
Escorts Heart and Research Institute Limited	-	-		614,500,000
Interest Earned				
Fortis Health Management (North) Limited	-		-	32,235,602
Escorts Heart and Research Institute Limited	-	643,770,82	-	32,349,637
Balance outstanding at the end of the year				
Short term borrowings - Inter corporate deposit payable				
Fortis Malar Hospitals Limited	617,933,577	-	617,933,577	-
Interest accrued on Inter corporate deposit payable but not due				
Fortis Malar Hospitals Limited	13,713,046	-	13,713,046	-
Inter Corporate deposit receivable				
Escorts Heart and Research Institute Limited		613,000,000		614,500,000

Malar Stars Medicare Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts are Indian Rupees, unless otherwise stated)

Particulars	March 31, 2015		March 31, 2014	
	Holding Company	Entities under Common Control	Holding Company	Entities under Common Control
Interest accrued on Inter corporate deposit receivable but not due				
Escorts Heart and Research Institute Limited	-	14,283,740	-	14,318,692
Advance received from customer				
Fortis Malar Hospitals Limited	-	-	5,63,261	-

- 8 There are no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2015 and year ended March 31, 2014.
- 9 Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W

For and on behalf of the Board of Directors of
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