

**Deloitte Haskins & Sells LLP
Chennai**

Malar Stars Medicare Limited

Financial Statements

Year Ended 31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAR STARS MEDICARE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MALAR STARS MEDICARE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

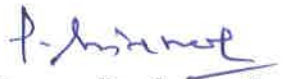
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, May 24, 2016
PS/SG/2016



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MALAR STARS MEDICARE LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, May 24, 2016
PS/SG/2016



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted unsecured Inter Corporate Deposit to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end as per the agreed terms.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business/activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues;
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Cess as at March 31, 2016 which have not been deposited on account of any disputes.



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- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The company has not paid/provided any managerial remuneration to any of the managerial personnel.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, May 24, 2016
PS/SG/2016



Malar Stars Medicare Limited
Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	500,000	500,000
(b) Reserves and Surplus	4	9,761,214	7,835,389
		10,261,214	8,335,389
2. Non-Current liabilities			
(a) Long- Term Provisions	5	309,180	254,788
3. Current liabilities			
(a) Short-Term borrowings	6	617,933,577	617,933,577
(b) Trade Payables	7		
(i) total outstanding dues to Micro Enterprises and Small Enterprises		-	-
(ii) total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		907,788	209,398
(c) Other Current Liabilities	8	15,416,015	15,246,718
(d) Short-Term Provisions	9	54,241	44,063
		634,620,801	633,688,544
TOTAL		644,882,015	642,023,933
II. ASSETS			
1. Non-current assets			
(a) Deferred Tax Asset (Net)	10	145,372	125,420
(b) Long-Term Loans and Advances	11	13,084,158	11,429,375
		13,229,530	11,554,795
2. Current assets			
(a) Trade Receivables	12	832,571	-
(b) Cash and Bank Balances	13	2,013,457	3,185,398
(c) Short-Term Loans and Advances	14	613,000,000	613,000,000
(d) Other Current Assets	15	15,806,457	14,283,740
		631,652,485	630,469,138
TOTAL		644,882,015	642,023,933

See accompanying notes forming part of the Financial Statements.


In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants


Sriraman Parthasarathy
Partner




Place: Chennai
Date: 24 May 2016

For and on behalf of the **Board of Directors**


Raghunath P
Director

Place: Chennai
Date: 24 May 2016


Akshaya Kumar Singh
Additional Director

Place: Chennai
Date: 24 May 2016

Malar Stars Medicare Limited
Statement of Profit and Loss for the Year Ended March 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
I. INCOME			
Revenue from Operations	16	3,588,000	3,657,000
TOTAL (I)		3,588,000	3,657,000
II. EXPENSES			
(a) Employee Benefits Expense	17	3,124,525	3,214,533
(b) Other Expenses	18	255,148	280,389
TOTAL (II)		3,379,673	3,494,922
III EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I) - (II)		208,327	162,078
(a) Finance Costs	19	61,962,654	61,793,357
(b) Interest Income	20	64,541,340	64,581,529
IV PROFIT BEFORE TAX		2,787,013	2,950,250
V TAX EXPENSE			
- Current Tax		881,140	941,208
- Adjustment of tax relating to earlier years		-	14,954
- Deferred Tax		(19,952)	(29,582)
		861,188	926,580
PROFIT FOR THE YEAR (IV) - (V)		1,925,825	2,023,670
Earnings per Equity Share of Rs. 10 each (face value)	25		
- Basic		38.52	40.47
- Diluted		38.52	40.47

See accompanying notes forming part of the Financial Statements.

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants


Sriraman Parthasarathy
Partner




Place: Chennai
Date: 24 May 2016

For and on behalf of the Board of Directors


Raghunath P
Director

Place: Chennai
Date: 24 May 2016


Akshaya Kumar Singh
Additional Director

Place: Chennai
Date: 24 May 2016

Malar Stars Medicare Limited
Cash flow Statement for the Year Ended March 31, 2016

Particulars	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	2,787,013	2,950,250
<i>Adjustments for :</i>		
Interest Income on Inter Corporate Deposit placed	(64,541,340)	(64,377,083)
Interest Expense on Inter Corporate Deposit received	61,962,654	61,793,357
Interest on Income Tax Refunds	-	(204,446)
Operating Profit before changes in Working Capital / Other Changes	208,327	162,078
<i>Changes in Working Capital :</i>		
Adjustments for Increase/(decrease) in operating liabilities :		
Long-Term Provisions	54,392	(66,453)
Trade Payables	698,390	1,235
Short-Term Provisions	10,178	95,733
Other Current Liabilities	16,930	(498,044)
Adjustments for (Increase)/decrease in operating assets :		
Trade Receivables	(832,571)	-
Cash Flow From Operations	155,646	(305,451)
Direct taxes paid	(2,535,923)	(772,523)
Net Cash Flow Used In Operations (A)	(2,380,277)	(1,077,974)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Inter Corporate Deposit realised	-	1,500,000
Interest Received on Inter Corporate Deposit placed	63,018,623	64,412,035
Net Cash Flow From Investing Activities (B)	63,018,623	65,912,035
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid on Inter Corporate Deposit received	(61,810,287)	(61,793,357)
Net Cash Flow Used In Financing Activities (C)	(61,810,287)	(61,793,357)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(1,171,941)	3,040,704
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Refer Note 13)	3,185,398	144,694
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,013,457	3,185,398
Note:		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet (Refer Note 13)	2,013,457	3,185,398
Total	2,013,457	3,185,398

See accompanying notes forming part of the Financial Statements.


In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants


Sriraman Parthasarathy
Partner



Place: Chennai
Date: 24 May 2016

For and on behalf of the **Board of Directors**


Raghunath P
Director

Place: Chennai
Date: 24 May 2016


Akshaya Kumar Singh
Additional Director

Place: Chennai
Date: 24 May 2016

1 CORPORATE INFORMATION

Malar Stars Medicare Limited ('Malar Stars' or 'the Company') was incorporated on July 7, 2009 in Chennai. The Company is a 100% subsidiary of Fortis Malar Hospitals Limited and is primarily engaged in the business of providing medical and surgical consultancy services to its Holding Company. Fortis Healthcare Limited is the Ultimate Holding Company.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and Cash Equivalents (For the purpose of Cash Flow Statements)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



2.5 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

Income from medical and surgical consultancy services provided to its Holding Company based on an agreed cost plus formula.

Interest Income

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

2.6 Fixed Assets - Tangible and Intangible

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.7 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.8 Employee Benefits

Defined Benefit Plan

For defined benefits plans in the form of gratuity, the cost of providing benefits is determined using the Project Unit Credit method, with actuarial valuations being carried out by an independent actuary at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits including performance incentives, expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.



2.9 Employees Stock Option

Where the employees of the Company are granted shares and other stock awards of the Holding Company in accordance with the terms and conditions specified in the Employee Stock and Savings Plan which is assessed, managed and administered by the Holding Company, the costs of such stock shares granted to employees of the Company is accounted for in the financial statements of the Company based on and to the extent of actual debits received from the Holding Company.

2.10 Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

2.11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

2.12 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, if any.

2.13 Taxation

Provision for tax expense comprises current tax and deferred tax and is net of MAT credit

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax ('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 MAT credit becomes eligible to be recognised as an asset in accordance with the provisions contained in the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.



2.14 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

2.15 Provisions and Contingencies

A provision is recognized when the Company 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 and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent Liabilities are not recognised but disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

2.16 Operating Cycle

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.17 Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (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 amortisation expense, interest income, finance costs and tax expense.



3. SHARE CAPITAL

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
(a) Authorised:		
50,000 (March 31, 2015 : 50000) Equity shares of Rs. 10/- each	500,000	500,000
	500,000	500,000
(b) Issued, Subscribed and Fully Paid up:		
50,000 (March 31, 2015 : 50000) Equity shares of Rs. 10/- each	500,000	500,000
TOTAL	500,000	500,000

Notes

(i) Reconciliation of Number of shares and Amounts Outstanding at the Beginning and the End of the Year

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Add: Fresh issue during the year	-	-	-	-
Less: Buyback/Redemption during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	500,000	50,000	500,000

(ii) Details of Shares held by Holding Company and its nominees

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Fortis Malar Hospitals Limited	50,000	100%	50,000	100%

(iii) Details of Shares held by each Shareholder holding more than 5% Shares

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Fortis Malar Hospitals Limited, including nominees	50,000	100%	50,000	100%

(iv) Disclosure of Rights

The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividends proposed by the Board of Directors, if any, is subject to approval of the shareholders at the Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held.

(v) Employee Stock Compensation Cost

The Company is covered under the Employee Stock Option Plan of Fortis Malar Hospitals Limited, the Holding Company. Under the plan, some of the eligible employees of the Company may be granted employee stock option of Fortis Malar Hospitals Limited in accordance with the terms and conditions as specified in the plan. As per the Guidance Note on "Accounting on Employee Share Based Payments", issued by the Institute of Chartered Accountants of India (ICAI), which is recommendatory, the Company is required to record compensation cost and disclose information relating to the shares granted to the employees of the Company under the above plan. The plan is assessed, managed and administered by the Holding Company, whose options have been granted to employees of the Company and the Holding Company has not transferred any charge on account of stock expense to the Company. Consequently, in the opinion of the Management, the accounting and disclosure requirements relating to the above plan as required by the said Guidance Note is not applicable to the Company.



Malar Stars Medicare Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

Particulars	As at March 31, 2016	As at March 31, 2015
4 RESERVES AND SURPLUS		
Surplus in the Statement of Profit and Loss		
Opening balance	7,835,389	5,811,719
Add: Profit for the year	1,925,825	2,023,670
Total	9,761,214	7,835,389

Particulars	As at March 31, 2016	As at March 31, 2015
5 LONG TERM PROVISIONS		
(a) Provision for Employee Benefits		
(i) Provision for Gratuity (Refer Note 23)	309,180	254,788
Total	309,180	254,788

Particulars	As at March 31, 2016	As at March 31, 2015
6 SHORT-TERM BORROWINGS		
Loans and advances from Related Party		
Inter Corporate Deposit from Holding Company (Unsecured) Refer Note 21.	617,933,577	617,933,577
Total	617,933,577	617,933,577

Particulars	As at March 31, 2016	As at March 31, 2015
7 TRADE PAYABLES		
Other than Acceptances		
(i) Total outstanding dues to Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	907,788	209,398
Total	907,788	209,398

Note:
As at 31 March 2016 and 31 March 2015, there are no amounts payable to Micro and Small Enterprises under the Micro Small and Medium Enterprises Development Act, 2006, based on information available with the Company.

Particulars	As at March 31, 2016	As at March 31, 2015
8 OTHER CURRENT LIABILITIES		
(a) Interest accrued but not Due on Inter Corporate Deposit	13,865,413	13,713,046
(b) Statutory Remittances (TDS payable)	1,550,602	1,533,672
Total	15,416,015	15,246,718

Particulars	As at March 31, 2016	As at March 31, 2015
9 SHORT-TERM PROVISIONS		
(a) Provision for Employee Benefits		
(i) Provision for Gratuity (Refer Note 23)	54,241	44,063
Total	54,241	44,063



Malar Stars Medicare Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

Particulars	As at March 31, 2016	As at March 31, 2015
10 DEFERRED TAX ASSETS / (LIABILITES) (NET)		
Deferred Tax Asset		
-Provision for Gratuity	145,372	125,420
Total	145,372	125,420

Particulars	As at March 31, 2016	As at March 31, 2015
11 LONG-TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advance Income Tax / TDS (Net of Provision for Tax of Rs. 3,534,229 (As at 31 March,2015 Rs. 2,653,089))	13,084,158	11,429,375
Total	13,084,158	11,429,375

Particulars	As at March 31, 2016	As at March 31, 2015
12 TRADE RECEIVABLES		
(Unsecured, Considered Good)		
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
Other Trade Receivables	832,571	-
Total	832,571	-

Particulars	As at March 31, 2016	As at March 31, 2015
13 CASH AND BANK BALANCES		
Cash and Cash Equivalents (as per AS 3 Cash flow Statement)		
(a) Balances with banks		
- In current accounts	2,013,457	3,185,398
Total	2,013,457	3,185,398

Particulars	As at March 31, 2016	As at March 31, 2015
14 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Intercorporate Deposits (Refer Note below)	613,000,000	613,000,000
Total	613,000,000	613,000,000

Note:

Loans and advances in the nature of loans given to Fellow Subsidiaries and associates and firms/companies in which directors are interested:

Particulars	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
Escorts Heart Institute and Research Centre Limited		
(i) Balance outstanding at the year end (Refer Note 21)	613,000,000	613,000,000
(ii) Interest Accrued but not due (Refer Note 15)	15,806,457	14,283,740
Total	628,806,457	627,283,740
Maximum amount outstanding during the year	639,804,054	629,223,507

Particulars	As at March 31, 2016	As at March 31, 2015
15 OTHER CURRENT ASSETS		
(Unsecured, Considered good)		
Interest accrued but not due on Inter Corporate Deposits	15,806,457	14,283,740
Total	15,806,457	14,283,740



Malar Stars Medicare Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016 Amounts in Rs.	For the year ended March 31, 2015 Amounts in Rs.
16 REVENUE FROM OPERATIONS		
Sale of Services		
Income from Medical and Surgical Consultancy Services	3,588,000	3,657,000
	3,588,000	3,657,000
17 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,059,955	3,118,800
Gratuity (Refer Note 23)	64,570	95,733
Note: The Company is not covered by the requirements of the Employer's Provident Funds and Miscellaneous Provisions Act, 1952.		
	3,124,525	3,214,533
18 OTHER EXPENSES		
Rates and Taxes	6,240	4,340
Printing and Stationery	-	849
Auditors Remuneration		
-Statutory Audit/Tax Audit	100,000	100,000
-Service Tax	14,500	12,360
-Reimbursement of Expenses	410	2,472
Professional Charges	99,798	160,368
Miscellaneous Expenses	34,200	-
	255,148	280,389
19 FINANCE COST		
Interest Expense on Inter Corporate Deposit received (Refer Note 21)	61,962,654	61,793,357
	61,962,654	61,793,357
20 INTEREST INCOME		
Interest Income on Inter Corporate Deposit placed	64,541,340	64,377,083
Interest on Income Tax Refunds	-	204,446
	64,541,340	64,581,529



Malar Stars Medicare Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

21 Inter corporate deposit

The Company had received an amount of Rs. 617,933,577 as inter corporate deposit from the Holding Company at 10% interest per annum. Further, the Company has placed an amount of Rs. 613,000,000 as inter corporate deposit with one of its group companies Escorts Heart Institute and Research Centre Limited at an interest rate of 10.50% p.a.

22 Segment reportingPrimary Segment

The primary reporting of the Company has been made on the basis of business segments. The Company has a single business segment, namely, providing medical and surgical consultancy services, as per Accounting Standard – 17 “Segment Reporting”. Accordingly, the amounts appearing in these financial statements relate to primary business segment.

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.

23 Gratuity

The Company has a defined benefit gratuity plan, which is unfunded. The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity plan.

Particulars	2015-16	2014-15
	Amount in Rs.	Amount in Rs.
Change in defined benefit obligations during the Year	298,851	203,118
Interest Cost	23,908	18,788
Current Service Cost	53,793	51,300
Benefits Paid	-	-
Actuarial (gain) / loss	(13,131)	25,645
Present Value Defined Benefit obligation at the end of the year	363,421	298,851
Change in Fair Value of Assets during the Year		
Plan Assets at the beginning of the year	-	-
Add: Expected Return on Assets	-	-
Add: Contributions made	-	-
Less: Benefits Paid out of Assets	-	-
Actuarial Gain/(Loss) On Plan Assets	-	-
Plan Assets at the end of the year	-	-
Net Liability recognised in the Balance sheet		
Present Value of Obligation	363,421	298,851
Fair value of Plan assets	-	-
Net Liability as at Balance Date	363,421	298,851
Current	54,241	44,063
Non Current	309,180	254,788
Total Liability	363,421	298,851
Cost of Defined Benefit Plan for the Year		
Interest Cost	23,908	18,788
Current Service Cost	53,793	51,300
Expected Return on Plan Assets	-	-
Net Actuarial (gain) / loss	(13,131)	25,645
Net Cost Recognized in the Statement of Profit and Loss	64,570	95,733



Malar Stars Medicare Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

Particulars	2015-16	2014-15
	Amount in Rs.	Amount in Rs.
Actual Return on Plan Assets		
Expected Return on Plan Assets for the period	NA	NA
Actuarial Gain / (Loss) on Plan Assets	NA	NA
Actual Return on Plan Assets	NA	NA
Assumptions		
Discount Rate	7.75%	8.00%
Expected Return on Plan Assets	NA	NA
Mortality Table	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Attrition Rate per annum	4.00%	4.00%
Salary Escalation Rate	4.00%	4.00%

Notes:

- (a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
(b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
(c) Experience Adjustments:

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015	For the Year Ended 31 March 2014
Projected Benefit Obligation	363,421	298,851	203,318
Fair Value of Plan Assets	-	-	-
Surplus/(Deficit)	(363,421)	(298,851)	(203,318)
Experience Adjustments on Plan Liabilities	(13,131)	25,645	15,350
Experience Adjustments on Plan Assets	-	-	-

The details for experience adjustments have been disclosed to the extent of information available.

24 Related Party Disclosure

(a) Names of Related Parties and Nature of Relationships

Relationship	Name of the Related Party
(i) Ultimate Holding Company	Fortis Healthcare Limited
(ii) Holding Company	Fortis Malar Hospitals Limited
(iii) Entity under Common Control	Escorts Heart Institute and Research Centre Limited

(b) Related Party Transactions

Particulars	Related Party	2015-16 Amount in Rs.	2014-15 Amount in Rs.
Revenue			
Income from Medical and Surgical Consultancy Services	Fortis Malar Hospitals Limited	3,588,000	3,657,000
Interest Income	Escorts Heart Institute and Research Centre Limited	64,541,340	64,377,083
Expenditure			
Finance Costs	Fortis Malar Hospitals Limited	61,962,654	61,793,357
Others			
Repayment of Inter Corporate Deposit Placed	Escorts Heart Institute and Research Centre Limited	-	1,500,000
Liabilities			
Short Term Borrowings - Inter corporate deposit payable	Fortis Malar Hospitals Limited	617,933,577	617,933,577
Interest Accrued but not due on Inter Corporate Deposit Received.	Fortis Malar Hospitals Limited	13,865,413	13,713,046
Assets			
Inter Corporate Deposit receivable	Escorts Heart Institute and Research Centre Limited	613,000,000	613,000,000
Interest accrued but not due on Inter Corporate Deposit Placed	Escorts Heart Institute and Research Centre Limited	15,806,457	14,283,740
Trade Receivables	Fortis Malar Hospitals Limited	832,571	-

Note

The Company accounts for costs incurred by the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2016, there are no further amounts payable to / receivable from them, other than as disclosed above.



Malar Stars Medicare Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

25 Earning Per Share

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Net Profit attributable to Equity Shareholders - in Rs.	1,925,825	2,023,670
Weighted Average Number of Equity Shares (Face Value Rs. 10 Each), for Basic and Diluted	50,000	50,000
Earnings Per Share - in Rs.		
- Basic - in Rs.	38.52	40.47
- Diluted - in Rs.	38.52	40.47
Face Value Per Share - in Rs.	10.00	10.00

26 Contingent Liabilities and Commitments

- (a) The estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided as at 31 March 2016 is Rs. Nil (As at 31 March 2015- Rs. Nil).
- (b) Contingent Liabilities as at 31 March 2016 - Rs. Nil (As at 31 March 2015 - Rs. - Nil).
- (c) Other Commitments as at 31 March 2016 - Rs. Nil (As at 31 March 2015 - Rs. Nil).

27 Foreign Currency Transactions

- (a) Earnings in Foreign Currency for the year ended 31 March 2016 is Rs. Nil (For the year ended 31 March 2015- Rs. Nil).
- (b) Expenditure in Foreign Currency for the year ended 31 March 2016 - Rs. Nil (For the year ended 31 March 2015 - Rs. - Nil).
- (c) Value of Imports of Capital Goods for the year ended 31 March 2016 - Rs. Nil (For the year ended 31 March 2015 - Rs. Nil).
- (d) Unhedged Foreign Currency exposure as at 31 March 2016 - Rs. Nil (As at 31 March 2015 - Rs. Nil).

28 Approval of Financial Statements

The Board of Directors has reviewed the realisable value of all current assets of the Company and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 24 May 2016.


29 Previous Year Figures

Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.



For and on behalf of the **Board of Directors**


Raghunath P
Director
Place: Chennai
Date: 24 May 2016


Akshaya Kumar Singh
Additional Director
Place: Chennai
Date: 24 May 2016