DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated September 29, 2006
(The Draft Red Herring Prospectus will be updated upon RoC filing)
100% Book Built Issue

FORTIS HEALTHCARE LIMITED

(Incorporated on February 28, 1996 under the Companies Act, 1956 as a public limited company. For details in changes of name and registered office, see the section titled "History and Certain Corporate Matters" beginning on page [●] of this Draft Red Herring Prospectus. Registered Office: Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, India. Tel: +91 11 4229 5222. Fax: +91 11 4180 2121. Contact Person: Ms. Geeta Puri Seth, Company Secretary. Tel: +91 11 2682 5000, Fax: +91 11 4162 8435. E-mail: fortisipo@fortishealthcare.com. Website: www.fortishealthcare.com.

PUBLIC ISSUE OF 56,666,633 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") OF FORTIS HEALTHCARE LIMITED ("THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLION (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES OF RS. [●] EACH ("THE NET ISSUE") AND A FIRM ALLOTMENT OF 500,000 EQUITY SHARES OF RS. [●] EACH TO THE ELIGIBLE EMPLOYEES OF THE COMPANY ("FIRM ALLOTMENT PORTION"). THE ISSUE WILL CONSTITUTE [●]% OF THE POST-ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. *

****The Company is considering a Pre-IPO Placement of up to 17,884,614 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.***

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10
THE FACE VALUE OF EQUITY SHARES IS RS.10 AND THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital of the Company, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to QIB Bidders, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue price. If at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital. The Company has not opted for the grading of this Issue by a SEBI registered credit rating agency.

RISK IN RELATION TO THE FIRST PUBLIC ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does the SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page [•] of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [•] and [•], respectively. For the purposes of this Issue, the BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
JM MORGAN STANLEY PRIVATE LIMITED 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India. Tel: + 91 22 6630 3030 Fax: + 91 22 2204 7185 E-mail: fhl.ipo@jmmorganstanley.com Website: www.jmmorganstanley.com Contact Person: Ms. Hina Israr	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** 4th Floor, Bakhtawar 229 Nariman Point, Mumbai 400 021, India. Tel: +91 22 5631 9999 Fax: +91 22 5631 9803 E-mail: fortis.ipo@citigroup.com Website: www.citibank.co.in Contact Person: Mr. Pankaj Jain	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai 400 021, India. Tel.: +91 22 5634 1100 Fax. : +91 22 2284 0492 E-mail: fhl.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	**INTIME SPECTRUM REGISTRY LIMITED** C-13, Pannalal Silk Mills Compound LBS Road, Bhandup (West) Mumbai 400 078, India. Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 E-mail: fhlipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr.Vishwas Attawar

ISSUE PROGRAMME			
BID/ISSUE OPENS ON	[●]	**BID/ISSUE CLOSES ON**	[●]

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“Fortis Healthcare Limited,” or, “FHL”, or, “the Company”, or “or, “the Issuer”	Fortis Healthcare Limited, a public limited company incorporated under the Companies Act, 1956.
“we” or “us” or “our”	Unless the context otherwise requires, Fortis Healthcare Limited, its subsidiaries, namely, Escorts Heart Institute and Research Centre Limited, Escorts Heart and Super Speciality Institute Limited, Escorts Heart Centre Limited, Escorts Hospital and Research Centre Limited, Escorts Heart and Super Speciality Hospital Limited, International Hospital Limited and Oscar Bio-Tech Private Limited.

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to the Issue.
Allottee(s)	The successful Bidder to whom the Equity Shares are/have been issued.
Articles/Articles of Association	Articles of Association of the Company.
Auditors	The statutory auditors of the Company namely M/s S.R. Batliboi and Co, Chartered Accountants.
BRLMs/ Book Running Lead Managers	Book running lead managers to the Issue, namely JM Morgan Stanley Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited.
BSE	The Bombay Stock Exchange Limited, earlier known as The Stock Exchange, Mumbai.
Banker(s) to the Issue	[•].
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which date shall be notified in an English national newspaper and a Hindi national newspaper.
Bid/Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which date shall be notified in an English national newspaper and a Hindi national newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issuance of Equity Shares

Term	Description
	pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof.
Board of Directors/Board	The board of directors of the Company or a committee duly constituted thereof.
Book Building Process	The Book Building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
CAN/ Confirmation of Allocation Note	The notes, advice or intimations of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Chandigarh Society	The non-charitable society registered with the Registrar of Societies, Chandigarh, under the Societies Registration Act, 1860, on November 11, 1999.
Citigroup	Citigroup Global Markets India Private Limited.
Companies Act	The Companies Act, 1956 as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLMs. A Bid submitted at the Cut-off Price is a valid Bid at all price levels within the Price Band.
Delhi Society	The charitable society registered with the Registrar of Firms and Societies, New Delhi, under the Societies Registration Act, 1860, on October 21, 1981.
Demat/Dematerialised	Refers to a process by which the physical share certificates of an investor are converted into or credited as, electronic balances maintained in the investor's account with the Depository.
Demat Account	The account held by a Depository, in which the physical share certificates of an investor are credited as electronic balances.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account(s) to the Issue Account(s), which in no event shall be earlier than the date on which the Prospectus is filed with the RoC.
Designated Stock Exchange	BSE for the purposes of the Issue.
Director(s)	Director(s) of the Company, unless otherwise specified.
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated September 29, 2006 issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. Upon filing with the RoC at least three days before the Bid/Issue Opening Date, it will be termed as the Red Herring Prospectus. It will become

Term	Description
	the Prospectus upon filing with the Registrar of Companies after the determination of the Issue Price.
Eligible Employees	Such permanent employees and Directors of the Company, except any Promoters or members of the Promoter Group, present in India as on the date of the Red Herring Prospectus and as identified in the section titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make a Bid in the Issue.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) and in whose favour the Bidders will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement dated [●], to be entered into among the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders, on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI, acting as Banker(s) to the Issue at which the Escrow Accounts will be opened, in this case being [●].
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.
Firm Allotment Portion	The portion of the Issue being 500,000 Equity Shares to be allotted to the Eligible Employees.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
IFRS	
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 56,666,633 Equity Shares at a price of Rs. [●] each for cash aggregating up to Rs. [●] million under the Red Herring Prospectus and the Prospectus. The Issue comprises a Net Issue to the Public of [●] Equity Shares and a Firm Allotment Portion to the Eligible Employees of 500,000 Equity Shares. The Company is also considering a Pre-IPO Placement of up to 17,884,614Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will

Term	Description
	be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
JMMS	JM Morgan Stanley Private Limited.
Kotak	Kotak Mahindra Capital Company Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount; as applicable.
Memorandum / Memorandum of Association/MoA	The memorandum of association of the Company.
Monitoring Agency	[●]
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Mutual Fund Portion	5% of the QIB Portion or [●] Equity Shares (assuming the QIB Portion is for 60% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
NSE	National Stock Exchange of India Limited
Net Issue	The Issue less the Firm Allotment Portion.
Non-Institutional Bidders	The Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Net Issue being not less than [●] Equity Shares available for allocation to Non-Institutional Bidders.
Non Residents	A person resident outside India, as defined under FEMA and the regulations framed hereunder, as amended from time to time.
NRI/ Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. OCBs are not allowed to participate in the Issue.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to QIBs the period commencing on the

Term	Description
	Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Preference Shares (Class A)	1% redeemable non-cumulative preference shares of the Company of face value of Rs. 100,000 each.
Preference Shares (Class B)	5% redeemable non cumulative preference shares of the Company of face value of Rs. 10 each
Price Band	The price band with a minimum price (Floor Price) of Rs. [•] and the maximum price (Cap Price) of Rs. [•], including any revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price.
Promoter Group	The following natural persons, companies, HUF's and partnerships form a part of the Promoter group; a) Ms. Japna Malvinder Singh; b) Ms. Nimmi Singh; c) Ms. Aditi Shivinder Singh; d) Ms. Nimrita Parvinder Singh; e) Ms. Nanki Parvinder Singh; f) Mr. Anhad Parvinder Singh; g) Mr. Udayveer Parvinder Singh; h) Mr. Vivan Parvinder Singh; i) Mr. Kabir Parvinder Singh; j) Fortis Financial Services Limited; k) Oscar Investments Limited; l) Ranbaxy Laboratories Limited; m) Malav Holdings Private Limited; n) Shivi Holdings Private Limited; o) Chetak Pharmaceuticals Private Limited; p) Luxury Farms Private Limited; q) Fortis Health Staff Private Limited; r) Religare Enterprises Limited; s) Religare Securities Limited; t) Religare Finvest Limited; u) Religare Commodities Limited; v) Religare Insurance Broking Limited; w) R.C. Nursery Private Limited; x) Ranbaxy Holding Company; y) SRL Ranbaxy Limited; z) Fortis Healthworld Private Limited; aa) Vistas Realtors Private Limited bb) Greenview Buildtech Private Limited; cc) Malsh Healthcare; and dd) Oscar Traders.
Promoters	Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Fortis Healthcare Holdings Limited.
Prospectus	The prospectus to be filed with the Registrar of Companies after pricing, containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin	An amount representing 10% of the Bid Amount submitted at the time of submission of Bid.
QIB Portion	The portion of the Net Issue being at least [●] Equity Shares available for allocation to QIBs.
RTGS	Real Time Gross Settlement.

Term	Description
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable.
Refund Account (s)	Account(s) opened with an Escrow Collection Bank(s), from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registered Office	Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, India.
Registrar/ Registrar to the Issue	Registrar to the Issue in this case being Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their *karta*) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Issue (including HUF applying through their kartas and Eligible NRIs.
Retail Portion	The portion of the Net Issue being not less than [●] Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated [●] to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue, including any addenda or corrigendum thereof. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
RoC	Registrar of Companies, NCT
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time.
Stock Exchanges	The BSE and the NSE.
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement dated [●] to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in the Issue.
Syndicate Members	JM Morgan Stanley Financial Services Private Limited and Kotak Securities Limited.
TRS/ Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.

Term	Description
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.
VCF/Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

Industry Related Terms and Abbreviations

Abbreviation	Full Form
IPD	In-patient department
OPD	Out patient department
O&M	Operation and Management

Abbreviations

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BPLR	Below prime lending rate.
ECS	Electronic Clearing Services.
EGM	Extraordinary General Meeting.
EHC	Escorts Heart Centre.
EHCL	Escorts Heart Centre Limited.
EHCR	Escorts Heart Centre at Raipur.
EHIRC	Escorts Heart Institute and Research Centre.
EHIRCL	Escorts Heart Institute and Research Centre Limited.
EHRC	Escorts Hospital and Research Centre.
EHRCL	Escorts Hospital and Research Centre Limited.
EHSSH	Escorts Heart and Super Speciality Hospital.
EHSSHL	Escorts Heart and Super Speciality Hospital Limited.
EHSSI	Escorts Heart and Super Speciality Institute.
EHSSIL	Escorts Heart and Super Speciality Institute Limited.
EPS	Earnings per share.
FDI	Foreign direct investment.
FIPB	Foreign Investment Promotion Board.
FMCHL	Fortis Medical Centre Holdings Limited.
Financial year /Fiscal	Period of twelve months ending March 31 of that particular year, unless otherwise stated.
GDR	Global Depository Receipts.
GoI	Government of India.

IHL	International Hospital Limited.
IT Act	The Income Tax Act 1961, as amended from time to time.
LIBOR	London Inter Bank Offered Rate.
NAV	Net Asset Value.
NCR	National Capital Region.
NCT	National Capital Territory.
NSDL	National Securities Depository Limited.
OBPL	Oscar Bio-Tech Private Limited.
p.a.	per annum.
PAN	Permanent Account Number.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
RoNW	Return on Net Worth.
SLR	Statutory Liquidity Ratio.

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data and other financial information in this Draft Red Herring Prospectus is derived from the restated consolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus.

The financial statements of the Company are based on Indian GAAP, which differ in certain significant respects from U.S. GAAP. For more information on these differences, see the section titled "Summary of Significant Differences between Indian GAAP, U.S. GAAP and IFRS", beginning on page [●] of this Draft Red Herring Prospectus.

The fiscal year of the Company ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The revenue of the Company is referred to herein and in the financial statements as income.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus and elsewhere in this Draft Red Herring Prospectus.

The financial statements and other financial information regarding the Company included in this Draft Red Herring Prospectus may not be comparable to the financial statements and other financial information of the Company in future periods because the acquisition of International Hospital Limited ("IHL") and Escorts Heart Institute Research Centre Limited ("EHIRCL"), and thereby its subsidiaries in December 2002 and September 2005 respectively, significantly increased the size of the Company. Although, the Company has included a pro forma presentation and the financial results of the acquisition of EHIRCL and the IHL for the Fiscal 2006, such pro forma presentation may not necessarily reflect what the consolidated financial results and condition of the Company would have been had the acquisition of EHRICL and IHL occurred at the beginning of Fiscal 2006 or what the consolidated financial results and condition will be in the future. The Company has only been able to include consolidated financial statements as at and for the year ended March 31, 2006 for the Company and its subsidiaries since the respective dates such subsidiaries were acquired: December, 2002 for IHL, September 29, 2005 for EHIRCL and its subsidiaries; and March 21, 2006 for OBPL. Because of the lack of comparable data available, the Company has not included a discussion of such pro forma or consolidated results in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page [●] of this Draft Red Herring Prospectus.

For more information on the results of operations and financial condition of the Company, see the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

Currency of Presentation

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "U.S. Dollar" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Market Data

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

The Company has included statements in this Draft Red Herring Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements".

Similarly, statements that describe the Company's objectives, strategies, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements.

Important factors that could cause results to differ materially from the Company's expectations, include, among others: regulatory changes pertaining to the industries in India in which our Company has its businesses and our ability to respond to them, the Company's ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management Discussion of Financial Condition and Results of Operations" beginning on pages [●] and [•] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither the Company, or its Directors and officers, nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prior to making a decision to invest in our Equity Shares, prospective investors and purchasers should carefully consider all the information contained in this Draft Red Herring Prospectus, including the risks and uncertainties described below and the sections titled "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Summary of Significant Differences Between Indian GAAP, U.S. GAAP and IFRS" beginning on pages [●], [●] and [●], respectively, of this Draft Red Herring Prospectus as well as other financial information contained in this Draft Red Herring Prospectus. Any potential investors in, and purchasers of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States, the European Union and other countries. If any of the following risks actually occurs, our business, results of operations, financial condition and prospects could suffer and the market price of our Equity Shares and the value of your investment in our Equity Shares could decline.

Internal Risk Factors

In the past twelve months we have more than doubled the size of our operations with the acquisition of the Escorts hospitals and we may be unable to successfully integrate these hospitals with our existing facilities or achieve the synergies and other benefits we expect from the acquisition.

Our acquisition in September 2005 of a 90% interest in Escorts Heart Institute & Research Centre Limited ("EHIRCL"), a provider of private healthcare services that owns and operates three majority-owned hospitals in north India and operates and manages a fourth hospital in collaboration with the Government of Chattisgarh (collectively, the "Escorts hospitals") and, at the time of the acquisition, 10 satellite and heart command centers for total consideration of Rs. 5,850.10 million (the "Escorts hospitals acquisition"), significantly increased the size of our business and the scope and complexity of our operations. We may not be able to effectively manage this larger enterprise or achieve the desired profitability from the Escorts hospitals acquisition. As a consequence of the Escorts hospitals acquisition, we may also be exposed to certain additional risks, including:

- difficulties arising from operating a significantly larger and more complex organization and expanding into new areas and territories;
- difficulties in the assimilation of the assets and operations of the Escorts hospitals with our existing hospitals;
- the loss of patients or key doctors;
- the diversion of management's attention from other hospitals;
- the failure to realize expected profitability or growth;
- the failure to realize expected synergies and cost savings;

- difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures; and

- unforeseen legal, regulatory, contractual, labor or other issues.

Moreover, although we completed the Escorts hospitals acquisition in September 2005 and have initiated the process of integrating the Escorts hospitals and our other hospitals, the Escorts hospitals generally continue to exist as a discrete unit with their own resources, employees and management. If we are unable to manage the growth in our business due to the Escorts hospitals acquisition or are unable to successfully integrate the Escorts hospitals and our other hospitals, our ability to compete effectively and our financial results may be adversely affected.

There is significant outstanding litigation against EHIRCL and its subsidiaries involving, among other things, its corporate existence, tax payments and land rights, and such litigation may materially adversely affect our operations and financial condition and could cause the value of your Equity Shares to decline significantly.

Our largest subsidiary, EHIRCL, is involved in various significant legal proceedings challenging (i) its right to a leasehold interest on the land on which the EHIRC hospital is located, (ii) its corporate existence, and, by implication, the validity of the Escorts hospitals acquisition, (iii) the application of a condition in an allotment letter in respect of the EHIRC hospital site requiring the provision of free treatment to indigent patients at EHIRC, (iv) non-renewal of EHIRC's nursing license and (v) certain income tax exemptions claimed by EHIRCL's predecessors. In addition, EHIRCL's subsidiary, EHRCL, is involved in significant legal proceedings challenging the application of a free treatment condition in the allotment letter in respect of the EHRC hospital site requiring the provision of free treatment to local residents of Faridabad at EHRC. The proceedings are in various stages and the outcome is uncertain. EHIRCL and its subsidiaries had total income of Rs. 2,922.88 million for fiscal 2006, and FHL on a pro forma consolidated basis taking into account the full fiscal 2006 had total income of Rs. 4,435.30 million.

EHIRCL's predecessor was a charitable society and subsequently merged with a non-charitable society in the nature of a joint stock company, which was thereafter incorporated as a company with limited liability under Part IX of the Companies Act. The validity of the initial merger of the societies and the subsequent incorporation as a company are now being challenged in the Delhi High Court. The Delhi Development Authority (the "DDA"), the owner of the land on which the EHIRC hospital is located, has treated both the initial merger of the societies and the subsequent conversion to a company as prohibited transfers of property under the terms of its lease of the land and, accordingly, has terminated the lease deeds and allotment letters in respect of the land on which the EHIRC hospital is located by its order dated October 6, 2005 (the "DDA Order"). EHIRCL has filed an original miscellaneous petition (the "OMP") and a civil suit in the Delhi High Court seeking both a declaration that the DDA Order is illegal and a permanent injunction restraining the DDA from dispossessing EHIRCL without due process of law. The High Court has granted a stay restraining DDA from recovering physical possession of property in both the OMP and the civil suit, and the stay is still in operation. EHIRCL has also filed a letters patent appeal in the Delhi High Court against an order dismissing its writ petition seeking to quash the DDA Order and stay the eviction proceedings before the Estate Officer of the DDA. These matters are currently pending in the Delhi High Court. In addition, EHIRCL has recently received a show cause notice from the Directorate of Health Services (the "DHS") requiring EHIRCL to show cause why its nursing license, which expired on March 31, 2005 and for which application for renewal was made on January 23, 2006, should be renewed, based in part on the cancellation of the lease deed by the DDA. Appropriate replies to the DHS notice have been sent.

A civil suit has been filed by Anil Nanda, a member of the former Delhi Society, for a declaration and permanent injunction against EHIRCL, among others, in the Delhi High Court seeking, *inter alia*, (a) to void the amalgamation of EHIRCL's predecessors, Delhi Society and Chandigarh Society, and the subsequent incorporation of the amalgamated society as a limited company (*i.e.*, EHIRCL) and, by implication, void the Escorts hospitals acquisition and (b) to restrain Escorts Limited from transferring or creating any third party rights with respect to its shares in EHIRCL. The High Court has ordered the parties to maintain the status quo as of September 30, 2005. If the plaintiff in this matter is successful, the merger and incorporation which made EHIRCL a for-profit limited company in April and May 2000, respectively, could be annulled, as could our acquisition of EHIRCL. The matter is currently pending before the High Court.

In March 2004, the Delhi High Court made EHIRC party to a public interest litigation ("PIL") filed in July 2002 regarding the applicability of conditions regarding the provision of free treatment to indigent patients in hospitals located on certain plots of land allotted by DDA at concessional rates. In 2004, we attempted to initiate settlement discussions with the DDA but the DDA did not respond to our initial correspondence, and we have not made any further attempts to contact the DDA. The matter is currently pending in the Delhi High Court, and the High Court is presently reviewing the status report filed by a court-appointed independent committee in respect of the compliance with free treatment conditions by 26 hospitals to which land has been allotted at concessional rates, including EHIRC.

A private plaintiff has filed a writ petition against us in the High Court of Punjab and Haryana in 2000 alleging that EHRC at Faridabad was being operated in violation of the condition in the allotment of land to provide free medical treatment. The hospital filed a scheme of compliance with the High Court to provide free medical care to residents of Faridabad who are below the poverty line. The High Court directed the State of Haryana to examine the hospital's scheme of compliance with the terms of the allotment letter, and to make suitable corrections in operations. We filed a special leave petition in the Supreme Court on March 8, 2002 against the interim order of the High Court. The Supreme Court has directed a stay in the proceedings at the High Court pending final disposal of the matter.

The Central Government's Income Tax Department has re-opened certain tax assessments of EHIRCL's predecessors, Delhi Society and Chandigarh Society. The Income Tax Department has assessed additional income tax payments in an aggregate amount of Rs. 3,044.30 million for periods ranging between fiscal 1997 and fiscal 2001. An additional Rs. 42.40 million has been assessed for fiscal 2003 for EHIRCL. The assessing officer has also initiated penalty proceedings in respect of the re-opened assessments. We have filed appeals with the Commissioner of Income Tax (Appeals) - II, New Delhi and the Income Tax Appellate Tribunal and the matters are currently pending. We have also filed a writ petition in the Delhi High Court seeking to quash orders passed by the Assessing Officer, including the re-opening of tax assessments and the raising of certain tax demands. Although a portion of the consideration we paid in connection with the Escorts hospitals acquisition remains in an escrow account pending the resolution of the income tax matters, amounts found to be due under the income tax proceedings may exceed the escrow amount, and we may not be able to recover amounts due to us under the indemnity arrangements in the acquisition agreement relating to the Escorts hospitals acquisition. We expect the indemnity in the Escorts hospitals acquisition agreement and the escrow of a portion of the purchase price to cover approximately 47.37% of the total potential tax assessment for previous periods as described above. The escrow will cover the first Rs. 650.00 million of such liability, and the indemnity covers one-third of any amounts actually assessed in excess thereof. Escorts Limited has recently taken action in the courts to enjoin the tax authorities from unilaterally attaching any of the escrow amounts and has added us as a party in the proceedings.

Given the importance of EHIRCL to the Company, and the EHIRC hospital in particular, any adverse development in any of these cases or the perception of an adverse development could have a materially adverse impact on our business and our results of operations and the value of your Equity Shares could decline significantly. If any of these matters is resolved in a manner adverse to us, we could be required to make large payments to governmental authorities or could, in some circumstances, lose our right to the shares in EHIRCL and its subsidiaries for which we paid Rs. 5,850.10 million or our right to the EHIRC and EHRC hospital facilities or our right to operate our inpatient business at EHIRC. Other than with respect to the tax litigation and the litigation brought by Anil Nanda, we may not have any recourse against the sellers in the Escorts hospitals acquisition. Although we may have a claim against the sellers in the Escorts hospitals acquisition for breach of warranty in the event the litigation challenging our corporate existence is resolved in a manner adverse to us, we may not be able to recover amounts paid by us in connection therewith from the sellers. In addition, in connection with the licensing matter, we and our personnel could also face civil and criminal liability.

These legal proceedings against EHIRCL and EHRCL may also divert management attention from our hospitals, increase our expenses and slow or prevent the integration process of the Escorts hospitals and our other hospitals and attract negative publicity, thereby adversely affecting our business and financial results. For more information regarding these legal proceedings, see the sections titled “Our Business” and “Outstanding Litigation and Material Developments” beginning on pages [●] and [●] of this Draft Red Herring Prospectus, respectively.

If we are unable to identify expansion opportunities or we experience delays or other problems in implementing such projects, our growth, financial condition and results of operations may be adversely affected. In addition, we may choose to fund some of these projects from the proceeds of this Issue.

Our growth strategy depends on our ability to build, acquire and manage additional hospitals which may in some cases be funded from the proceeds of this Issue. We also may expand, improve and augment our existing hospitals. We have several such projects pending, and are continuously evaluating other projects. For more information, see the section titled “Our Business-Future Plans” beginning on page [●] of this Draft Red Herring Prospectus. We may not be able to identify suitable greenfield sites for new hospitals, acquisition candidates or hospital management opportunities, or negotiate attractive terms for such projects. The number of attractive expansion opportunities may be limited, and may command high valuations. We may be unable to secure the necessary financing to implement expansion projects. Any new project we undertake could be subject to a number of risks, including the types of risks associated with the Escorts hospitals acquisition described above. We may face challenges while renovating and rebuilding existing hospitals or re-positioning existing hospitals that we have acquired or for which we assume management responsibility. We may also be unable to effectively integrate such facilities with our current operations. Integrating the new hospitals with our other hospitals will require significant managerial and financial resources. The costs and time required to integrate the new hospitals with our business could cause the interruption of, or a loss of momentum in, the activities of such hospitals or our other facilities. All of these factors may adversely affect our business and growth.

Businesses that we acquire may have unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations, and we may become liable for the past activities of such businesses. Moreover, our ability to build, acquire and operate new hospitals is subject to various factors that may involve delays or problems, including the failure to receive or renew regulatory approvals, constraints on human and capital resources, the unavailability of equipment or supplies or other reasons, events or circumstances. Future projects may incur significant cost overruns and may not be completed on time or at all. We generally rely on the owners of the hospitals we operate under operations and management or maintenance ("O&M") contracts to pay for infrastructure maintenance and upgrades at those hospitals. If these owners do not provide adequate resources for such improvements, the quality of care at these hospitals may decline, and the reputation of all the hospitals within our network and our fee income may suffer as a result.

New hospital projects are characterized by long gestation periods and substantial capital expenditures, and hospitals we operate pursuant to O&M contracts may also involve significant investment. We may not achieve the operating levels that we expect from future projects and we may not be able to achieve our targeted return on investment on, or intended benefits from, these projects. Current and potential title uncertainties regarding the lands on which our hospitals and potential acquisition targets and operation and management opportunities are or may be located, including related litigation, may also cause delays in, and may otherwise curtail, the acquisition of other hospitals, the building of new hospitals and other expansion opportunities. Our planned projects to build hospitals in Shalimar Bagh and Gurgaon, areas located in and around New Delhi, are the largest that we have yet attempted, and the scale of these projects may exacerbate any or all of the abovementioned factors. In addition, we are currently in various stages of negotiations, including in some cases having signed a non-binding memorandum of understanding, with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions, as well as to undertake a joint project with a state government and manage a hospital in a rural area as part of our corporate social responsibility initiative, some of which are larger in scale than any project we have attempted to date. Some or all of these projects may not be undertaken or, if undertaken, may be altered or take longer than anticipated to complete or may exceed our cost expectations.

We are highly dependent on our doctors, nurses and other healthcare professionals, as well as other key personnel, and the loss of, or inability to attract or retain, such persons could adversely affect our business and results of operations.

Our performance and the execution of our growth strategy depend substantially on our ability to attract and retain leading doctors and other healthcare professionals in the fields and regions relevant to our growth plans. We compete for these personnel with other healthcare providers, including providers located in the United States and Europe.

The market for doctors is highly competitive, and according to "Healthcare in India: The Road Ahead," a report published in October 2002 by the Confederation of Indian Industry and McKinsey & Company, there is a general shortage of doctors in India. The factors that doctors consider important before deciding where they will work include the level of compensation, the reputation of the hospital and its owner, the quality of the facilities, research opportunities and community relations. We may not compare favorably with other healthcare providers on these factors. Many of these healthcare professionals are well-known personalities in their fields and regions with large patient bases and referral networks, and it may be difficult to negotiate favorable terms and arrangements with them. Our agreements with doctors typically include mutual termination provisions with prior notice of one to six months, or in some cases on the payment of compensation to or from the doctor, typically determined as compensation of one to six months.

Our performance also depends on our ability to identify, attract and retain other healthcare professionals, including nurses, to support the multi-specialty and super-specialty practices at our hospitals. In particular, the worldwide nursing shortage may make it difficult for us to attract and retain nurses who may choose to pursue similar opportunities abroad and may also cause salaries and wages for nurses to rise.

If we are unable to attract or retain doctors or other medical personnel as required, we may not be able to maintain the quality of our services and we could be forced to admit fewer patients to our hospitals. We have also incurred increased costs to retain and recruit medical personnel, and we expect such costs to continue to increase in the future. For further information on compensation paid to doctors and other medical professionals, see the section titled "Our Business-Personnel" beginning on page [●] of this Draft Red Herring Prospectus.

We are also highly dependent on members of our senior management team, including some who have been with our Company since its inception, to manage our current operations and meet future business challenges. In particular, the services of Mr. Harpal Singh, our Chairman, Mr. Shivinder Mohan Singh, our Managing Director, and our most senior doctors, who typically practice at individual hospitals, have been integral to the development and business of our Company. For example, Dr. Naresh Trehan, the Executive Director of EHIRC, has been crucial to the development of the Escorts hospitals. The loss of the services of any of these persons would have a material adverse impact on our business. In particular, Dr. Trehan has announced plans to build and lead several "Medicity" projects in India. Even if he maintains his affiliation with EHIRC after these "Medicity" projects are completed, his time and attention may be diverted, which could have a negative impact on our results, especially at EHIRC. In prior periods, EHIRCL maintained key man insurance policies for its former Promoters, as well as Dr. Trehan, but these have now all expired.

Our arrangements with some of our doctors may give rise to conflicts of interest and time-allocation constraints and adversely affect our operations.

Our contracts and other arrangements with some of our multi-specialty doctors, primarily those who provide non-core specialty services such as dentistry and ophthalmology on a part-time basis, also permit them to maintain their own private practices, as well as positions at a limited number of other hospitals. Certain of our most senior doctors may also maintain positions at local clinics or affiliations with teaching hospitals. These arrangements may give rise to conflicts of interest, including with regard to how these doctors allocate their time and other resources between our hospitals and other clinics or hospitals at which they work and where doctors refer patients. Such conflicts may prevent us from providing a high quality of service at our hospitals and adversely affect the level of our patient intake.

Our gross income may decrease if our O&M contracts or our contract with the Government of Chattisgarh in respect of EHCR with the other hospitals are not renewed, are renewed on terms that are unfavorable to us or are terminated.

We do not own six of our 12 network hospitals, or any of our 16 satellite and heart command centers. We operate these hospitals and satellite and heart command centers under contracts for a fee, which is typically an identified percentage of gross income or profits of the hospital, subject to certain targets being reached or profits being achieved and, in the case of certain satellite and heart command centers, a fee per procedure performed. In the case of EHCR, the Government of Chattisgarh owns the building in which the hospital operates and owns and funds the purchase of all hospital equipment, and all operating expenses and any profits and losses from the operation of the hospital are for the account of EHIRCL. Most of the contracts may be terminated on several months' notice, at the discretion of either party or, in some cases, by one party if the other materially breaches its obligations under the contract. Accordingly, these relationships may not continue for the full term of the contract or may not be renewed, and the owner of a hospital may terminate its relationship with us, including after we have made improvements at a hospital. The loss of one or more of these contracts or the renewal of any such contract on unfavorable terms could have a material adverse impact on our results of operations. Further, if a dispute occurs between us and the owner of a hospital or the owner encounters financial difficulties, we may not receive fees owed to us or costs borne by us in relation to the operation and management of the hospitals and satellite and heart command centers.

In addition, under the terms of our O&M contract for Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, we are required to arrange funding for the hospital. The funds we arrange are for the account of the applicable society or trust that owns the hospital. If we are unable to arrange funding from third parties, we may elect to make such loans directly to the hospital owner. As we anticipate operating shortfalls at this hospital for at least the next few years, we may need to make substantial payments pursuant to these obligations, which may adversely affect our financial results. For further details regarding our O&M contracts, see the section titled "History and Certain Corporate Matters" beginning on page [●] of this Draft Red Herring Prospectus.

We operate in a fragmented industry and face increasing competition from other hospitals and healthcare providers, which may have adverse effects on our competitive position and results of operations.

We compete with government-owned hospitals, other private hospitals, smaller clinics, hospitals owned or operated by non-profit and charitable organizations and hospitals affiliated with medical colleges. We will also have to compete with any future healthcare facilities located in the regions in which we operate. Recent press reports indicate that some of these competitors have also planned "Medicities" with facilities offering various levels of healthcare services, as well as medical teaching institutions. Moreover, some of these competitors may be more established and have greater financial, personnel and other resources than our hospitals. In particular, our competitors include hospitals owned or managed by government agencies and trusts, which may be able to obtain financing or make expenditures on more favorable terms than private hospitals owned and managed by for-profit interests, such as ourselves. In addition, even in situations where one of our hospitals is the dominant or sole provider of healthcare in a city or region, patients may yet favor other hospitals. New or existing competitors may price their services at a significant discount to ours or offer greater convenience or better services or amenities than we provide. Smaller hospitals, stand-alone clinics and other hospitals may exert pricing pressures on some or all of our services and also compete with us for doctors and other medical professionals. Some of our competitors also have plans to expand their hospital networks, which may exert further pricing and recruiting pressure on us. If we are forced to reduce the price of our services or are unable to attract patients and doctors and other healthcare professionals to our hospitals, our business and financial results may be adversely affected. For further details, see the section titled "Our Business—Competition" beginning on page [●] of this Draft Red Herring Prospectus.

Our hospitals are currently geographically concentrated and we may not gain acceptance or be able to replicate our business strategy successfully outside our current markets, all of which may place us at a competitive disadvantage and limit our growth opportunities.

We currently operate hospitals primarily in north India, with most of our hospitals located in the NCR. This concentration increases the risk that, should adverse economic, regulatory or other developments occur within north India, our business and financial results may be adversely affected. Moreover, our performance at our existing super-specialty hospitals will depend in part on our ability to attract patients from regions outside north India.

In addition, our plans to expand throughout India subject us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions and our lack of brand recognition and reputation in such regions. We are currently in various stages of negotiations, including in some cases having signed a non-binding memorandum of understanding, with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions. If one or more of these hospitals joins our network, it may be more difficult for us to integrate them or capitalize on our existing brand equity with respect to these hospitals as our experience operating outside north India is limited. If we are not successful in expanding our hospital network, our business may be adversely affected.

Our financial statements for the fiscal year ended March 31, 2006 and prior periods may be of little relevance as they will not be comparable to those for future periods because of the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition.

The financial statements and other financial information regarding our Company included in this Draft Red Herring Prospectus may not be comparable to our financial statements and other financial information in future periods because the acquisition of the Escorts hospitals and Fortis Hospital, Noida in September 2005 and March 2006, respectively, significantly increased our size. Although we have included a pro forma presentation and the financial results take into account the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition for the full fiscal year ended March 31, 2006, such pro forma presentation may not necessarily reflect what our consolidated financial results and condition would have been had the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition occurred at the beginning of fiscal 2006 or what our consolidated financial results and condition will be in the future. We have included consolidated financial statements as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 for FHL, all its subsidiaries and its associate, Sunrise Medicare Private Limited ("SMPL") (the corporate owner of Fortis La Femme) since the respective dates such subsidiaries were acquired (or, in the case of IHL, since it became a board controlled subsidiary) and SMPL became our associate: September 29, 2005 for EHIRCL and its subsidiaries; March 21, 2006 for OBPL, December 20, 2002 for IHL and January 3, 2002 for SMPL. Because of the lack of comparable data available, we have not included a discussion of such pro forma or consolidated results in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page [●] of this Draft Red Herring Prospectus. As the results of SMPL, with respect to which we hold a small minority interest, included in our consolidated restated financial statements are based only on management accounts prepared by SMPL's management, over whom we exercise no control, these financial statements may not be prepared on the same basis as the financial statements of FHL and its subsidiaries and may differ from the results that would have been reported had the SMPL financial statements been audited by an independent auditor.

For more information on our results of operations and financial condition, see the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

Our financial statements, as well as those of EHIRCL, both on a consolidated and standalone basis, are subject to significant limitations and may not provide a complete presentation of the financial condition of the Company.

The auditors for EHIRCL have qualified their opinion in respect of the EHIRCL financial statements, both on a standalone and consolidated basis, and provide no opinion on the impact our outstanding litigation with the DDA and Income Tax Authorities may have on the results of operations of EHIRCL. The qualifications are due to the potentially high liability to which these cases expose EHIRCL. The auditor's report in respect of the FHL restated financial statements also makes note of this qualification. In addition, the notes to the FHL audited and restated consolidated financial statements of FHL include notes explaining that although FHL has experienced net losses that have eroded the Company's net worth, its financial statements have been prepared on a going concern basis due to management's projections of better financial performance in fiscal 2007. If these projections are inaccurate, we may be unable to operate as a going concern in the future.

Our gross income is dependent on inpatient income and occupancy rates, which could decline due to a variety of factors.

Our primary source of gross income is from inpatient treatments. Growth in inpatient income and increasing or maintaining occupancy rates at our hospitals is highly dependent on brand recognition, wider acceptance in the communities in which we operate, our ability to attract and retain well-known and respected doctors, our ability to offer the most desired services in the communities in which we operate, our ability to develop "super-specialty" practices and our ability to compete effectively with other hospitals and clinics. Growth in inpatient income may also be impaired by the absence of a developed health insurance sector, lack of appropriate government programs and the small proportion of people in India with health insurance. In addition, inpatient income and occupancy rates at our super-specialty hospitals are partly dependent on referrals from our general multi-specialty hospitals and satellite and heart command centers. Our inability to increase growth in inpatient treatments or occupancy rates may adversely affect our business and results of operations.

Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements may limit our ability to acquire more hospitals and increase growth.

As at March 31, 2006, we had Rs. 5,984.61 million of total debt, approximately 82% of which matures within the next twelve months. Our existing operations and our acquisition and development program require substantial capital resources. We intend to incur additional debt in the future, including as part of our expansion plans. We expect to borrow approximately 55% of the purchase price and capital expenditures for future hospital acquisitions, although this ratio may vary from project to project and may be much higher, especially on a temporary basis before we secure permanent financing for a new project. However, we may be unable to obtain sufficient financing on terms satisfactory to us, or at all. Rising interest rates may make credit more difficult to obtain. Moreover, much of our debt bears interest at floating rates, and this may increase the cost of our borrowings. As a result, our acquisition and development activities may have to be curtailed or eliminated and our financial results may be adversely affected.

The agreements governing certain of our debt obligations include terms that require us to maintain certain financial ratios and comply with certain reporting requirements, and restrict our ability to make capital expenditures and investments, declare dividends, merge with other entities, incur further indebtedness and incur liens on, or dispose of, our assets, undertake new projects, change management and the boards of directors of FHL and its subsidiaries and modify our capital structure. Certain debt agreements also provide the lenders with the right to appoint a nominee director to the board of FHL and one or more nominee or whole-time directors to the board of EHIRCL, as well as convert the outstanding loan into equity of EHIRCL. Failure to comply with the terms of our debt agreements or obtain waivers thereunder could result in the acceleration of some or all of the debt, as well as the cross-acceleration of other debt, which could adversely affect our liquidity and restrict our expansion plans.

Our level of indebtedness could have other important consequences, including:

- requiring us to dedicate a substantial portion of our operating cash flow to making periodic principal and interest payments on our debt, thereby limiting our ability to take advantage of significant business opportunities and placing us at a competitive disadvantage compared to healthcare providers that have less debt;

- making it more difficult for us to satisfy our obligations with respect to our debt;

- increasing our vulnerability to general adverse economic and industry conditions;

- limiting our flexibility in planning for, or reacting to, changes in our businesses; and

- limiting our ability to borrow additional funds or to sell or transfer assets in order to fund future working capital, capital expenditures, any future acquisitions, research and development and technology processes and other general business requirements.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see the section titled "Financial Indebtedness" beginning on page [●] of this Draft Red Herring Prospectus.

We do not own the "Fortis" and "Escorts" trademarks, including their respective names and logos, and the value of such intellectual property may be impaired by the actions of others. In addition, our use of the "Escorts" trademark may exceed our rights thereto.

We do not own the trademarks, including the respective names and logos, of "Fortis" or "Escorts", which are important assets of our hospitals and our business. Maintaining and enhancing the reputation associated with this intellectual property is integral to our success. Infringement of the "Fortis" and "Escorts" trademarks, for which we may not have recourse, may adversely affect our reputation, and, thereby, our business. In addition, the activities of businesses that are completely independent of us and that use the "Fortis" or "Escorts" name may result in a negative public perception of our hospitals, which could lead to decreased demand for our services.

The rights to the "Fortis" name and logo, are owned by our affiliate, Ranbaxy Holding Company. We use the name and logo under an exclusive license for the healthcare delivery business. The license fee is Rs. 100,000 per year. The license runs until April 2015, and is automatically renewable for a subsequent 10-year period on the same terms and conditions, unless terminated earlier with the consent of both parties. At the end of the license period, we may no longer be able to use the "Fortis" name and logo in connection with our business and, consequently, we may be unable to capitalize on our brand recognition. The "Fortis" name and logo have not yet been registered as trademarks by Ranbaxy Holding Company, which has made an application to do so.

We have a perpetual, non-exclusive, royalty-free license to use the "Escorts" trademark in respect of medical and healthcare services and research related thereto as a part of the corporate name of EHIRCL and its subsidiaries, including the subsidiary that owns the planned hospital in Jaipur. The license has been granted by Har Parshad Company Private Limited, a company affiliated with Escorts Limited, the former majority-owner of the Escorts hospitals with interests in the manufacturing industry. The name is also used by Escorts Limited and its affiliates, and the owner is free to license the name to other parties. Although broad use of the Escorts trademark was contemplated in the acquisition agreement relating to the Escorts hospitals acquisition, the license does not permit EHIRCL and its subsidiaries to use the trademark for any other activities or to sub-license or register the trademark, including in connection with the names of the Escorts hospitals. To date, Har Parshad Company Private Limited has not objected to our use of the "Escorts" trademark in connection with our hospitals, but could do so in the future. Any restriction on our ability to use the "Escorts" trademark could have an adverse effect on our ability to market our hospitals and could have an adverse effect on our patient volumes.

For further details, see the section titled "Our Business-Intellectual Property and Information Technology" beginning on page [●] of this Draft Red Herring Prospectus.

We may not have clear title to our property, and our usage of such properties may not meet legal requirements. Title uncertainties may also delay acquisitions of other hospitals, the building of new hospitals and other expansion plans.

Title records in India do not provide conclusive evidence of title, and title insurance is generally not available. The title to our properties has not been independently verified. Some of the property for our hospitals has been acquired in fragmented portions, and we may not have the same quality of title for all portions relevant to any particular hospital. Further, the allotments of the land on which the EHIRC hospital and Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj are situated and the allotment of part of the land on which Fortis Jessa Ram Hospital is situated have been cancelled and are the subject of ongoing litigation. If the litigation in respect of EHIRC is not decided in our favor, we may lose title to the land or have to make substantial payments to governmental agencies. Further, in relation to the hospitals which we operate through O&M contracts, we may be unable to recover any investments made in such hospitals and centers and may be unable to continue operating at these facilities. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus. Title uncertainties, including related litigation, may also cause delays in, and may otherwise curtail, the acquisition of other hospitals, the building of new hospitals and other expansion plans.

Leases for land on which our hospitals are located may not be renewed, and we may lose possession of the leased properties and related buildings and other improvements.

We lease the land on which four of our six owned hospitals are located: Fortis Hospital, Mohali; Fortis Hospital, Noida; Fortis Hospital, Amritsar; and EHIRC; as well as the land on which our future hospitals in northwest Delhi and Jaipur will be located. Our leases have terms that expire between January 30, 2009 and December 22, 2098, or are perpetual.

Moreover, the lessors of these properties may terminate the leases early in the event of any breach of the terms of allotment, including delay in payment of annual rent, usage of the property other than for the purpose for which it was allotted, or transfer or assignment of land without prior consent of the lessor. If any of these leases is terminated or expires and is not renewed, we may be unable to continue operations at the hospital located at the leased site, and we could lose our investments, including the hospital buildings, located on the leased sites. We are currently involved in litigation with the Delhi Development Authority, owner of the land on which our EHIRC hospital is located. If this litigation is not decided in our favor, we may lose title to the EHIRC hospital buildings and possession of the land on which they are located, which would adversely affect our financial results.

The land on which the Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and Fortis Jessa Ram Hospital are situated are also subject to litigation. In the event of an adverse ruling, we may be unable to operate and manage these hospitals and recover investments made in them.

The DDA, which owns the land on which Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj is located, has terminated the lease deed in respect of such land. In the order terminating the lease, the DDA alleges that the society that owns the hospital did not use the property in accordance with the terms of the lease, leaving the property vacant for a number of years. The society filed a suit in the Delhi High Court for declaration and permanent injunction against the DDA. THE DDA thereafter filed an application with the Delhi High Court seeking a restraining order against the entry by the trust into agreements with third parties, including our O&M contract. The Delhi High Court has granted a stay restraining DDA from recovering physical possession of property. These matters are currently pending in the Delhi High Court. See the section titled "Outstanding Litigation and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus for additional information regarding these proceedings. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire Rs. 350 million investment in respect of the license fee we paid to obtain the O&M rights for this hospital and the Rs. 29.26 million we have spent on improvements to the hospital building and pre-operative expenses, as well as the portion of the Rs. 470.17 million we have spent on medical and other equipment and other hospital infrastructure that is not movable. Although the society that owns the hospital is required under the O&M contract to reimburse us for amounts invested with interest, the society does not currently have, and in the future may not have (even if it were successful in claiming compensation from the DDA for the hospital building), sufficient funds to do so.

The Land & Development Office of the Ministry of Urban Development of the Government of India (the "L&DO"), which owns approximately 12% of the land on which Fortis Jessa Ram Hospital is located, has terminated the lease deed in respect of such land. In the order terminating the lease, the L&DO alleges, *inter alia*, the land allotted by the L&DO has been lying vacant and has been taken over by us as a result of our entry into the O&M contract with the trust that owns the hospital. The trust has filed a suit in the Delhi High Court for declaration and permanent injunction against the L&DO. The Delhi High Court has granted a stay and has restrained the L&DO from giving effect to the termination order and from recovering physical possession of property from the trust. These matters are currently pending in the Delhi High Court. See the section titled "Outstanding Litigation and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus for additional information regarding these proceedings. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose all or some of our investment in the infrastructure of the hospital. Although we may have a breach of warranty claim under our O&M contract with the trust that owns the hospital, in which the trust represented to us that it was operating in compliance with all agreements and deeds, we may not be successful in bringing any such claim, and even if such a claim were successful, the trust may not have sufficient funds to compensate us in full or at all.

We have yet to obtain certain licenses, registrations and other approvals and renewals thereof required in the ordinary course of our business, and the failure to obtain these approvals in a timely manner or at all may materially adversely affect our operations. In some cases, we may be operating without all the required permissions, risking civil and criminal sanctions.

We have applied for but have not received certain licenses, registrations and other approvals and renewals required in the ordinary course of our business as a result of the expiration of existing approvals. For further details on these licenses, registrations and other approvals see the section titled "Government and Other Approvals" beginning on page [●] of this Draft Red Herring Prospectus. If we do not receive such approvals, we may be unable to offer certain of our services or may be required to discontinue operations at one or more hospitals, and this may have a material adverse effect on our financial results.

As described above, EHIRCL has recently received a show cause notice from the Directorate of Health Services (the "DHS") requiring EHIRCL to show cause why its nursing license, which expired on March 31, 2005 and for which application for renewal was made on January 23, 2006, should be renewed, based in part on the cancellation of the lease deed by the DDA. Appropriate replies to the DHS notice have been sent. If the hospital fails to obtain a nursing license, it would no longer be able to perform inpatient procedures at the hospital.

Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj applied for a nursing license in March 2006 and commenced operations in May 2006 prior to obtaining the nursing license based on a deemed license. The hospital has received a show cause notice from the DHS that it is operating in violation of the licensing requirement, as well as an order from the DHS to cease operations of its inpatient department. The society that owns the hospital has filed appropriate replies to the show cause notice and order and, based on an independent legal opinion, believes that a nursing license is deemed granted upon receipt of an application therefor by the DHS unless it is refused by the licensing authorities. Without a nursing license, the hospital would be banned from performing inpatient procedures at the hospital. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire Rs. 350 million investment in respect of the license fee we paid to obtain the O&M rights for this hospital and the Rs. 29.26 million we have spent on improvements to the hospital building and pre-operative expenses, as well as the portion of the Rs. 470.17 million we have spent on medical and other equipment and other hospital infrastructure that is not movable. Although the charitable society that owns the hospital is required under the O&M contract to reimburse us for these amounts with interest in such an event, the society does not currently have, and in the future may not have (even if it were successful in claiming compensation from the DDA for the hospital building), sufficient funds to do so.

In addition, an application for renewal of the Fortis Jessa Ram Hospital's nursing license was filed in January 2006, but to date, the hospital has not received a renewal. The existing nursing license expired in March 2006 and the hospital is currently operating without a valid nursing license. Without a nursing license, the hospital would be banned from performing inpatient procedures at the hospital. If this matter is resolved in a manner adverse to the hospital, our

O&M contract for the hospital would no longer be effective, and we could lose our entire investment in respect of the hospital.

We and our personnel in control positions and, in the case of the matters relating to O&M contract hospitals, the owners of such hospitals and their personnel in control positions could also face civil and criminal sanctions in connection with the operation of these hospitals in the absence of a nursing license.

Compliance with applicable safety, health, environmental and other governmental regulations may be costly and adversely affect our competitive position and results of operations.

We are subject to central and local laws, rules and regulations governing, among other things, the:

- conduct of our operations;
- additions to facilities and services;
- adequacy of medical care;
- quality of medical equipment and services;
- discharge of pollutants to air and water and handling and disposal of bio-medical, radioactive and other hazardous waste;
- qualifications of medical and support personnel;
- confidentiality, maintenance and security issues associated with health-related information and medical records; and
- screening, stabilization and transfer of patients who have emergency medical conditions.

Safety, health and environmental laws and regulations in India are stringent and it is possible that they will become significantly more stringent in the future. If we are held to be in violation of such regulatory requirements, including conditions in the permits required for our operations, by courts or governmental agencies, we may have to pay fines, modify or discontinue our operations, incur additional operating costs or make capital expenditures. Any public interest or class action legal proceedings related to such safety, health or environmental matters could also result in the imposition of financial or other obligations on us. Any such costs could adversely affect our competitive position and results of operations. For more information on the regulations applicable to us, see the section titled “Regulations and Policies” on page [●] of this Draft Red Herring Prospectus.

We have a limited history of operations, and we have incurred net losses to date and may incur additional net losses in the future.

We were founded in 1996, but commenced hospital operations only in 2001. In addition, we acquired the Escorts hospitals only in September 2005. We have limited experience in operating the facilities we acquired in that transaction and in the operations and management of hospitals in general. As a result, we have a limited history of operations upon which you can evaluate us or our prospects. We have incurred cumulative restated consolidated net losses of approximately

Rs. 1,206.37 million. The net losses for both FHL and EHIRCL and its consolidated subsidiaries increased significantly in fiscal 2006. We may incur additional losses in the future. In addition, our newly acquired, built or managed hospitals typically incur net losses during the initial years of operations, unless and until admissions grow at these hospitals.

Rapid technological advances, technological failures and other challenges related to our medical equipment could adversely affect our business.

We use sophisticated and expensive medical equipment in our hospitals to provide services, including devices required for super-specialty procedures such as the Da Vinci Robotic System. Medical equipment often needs to be replaced frequently as innovation can rapidly make existing equipment obsolete. Replacement of equipment may involve significant costs, as well as foreign currency risks, since some equipment is imported from other countries. In addition, because of the high costs of medical equipment, we may not maintain back-up equipment, and, therefore, if such equipment is damaged or breaks down, our ability to provide services to our patients may be impaired.

We are vulnerable to failures of our information technology systems, which could adversely affect our business.

Our information technology systems are a critical part of our business and help us manage clinical systems, medical records and inventory. We also rely on our information technology systems to practice telemedicine, where our doctors consult with each other and patients via advanced video conferencing arrangements. Any technical failures associated with our information technology systems, including those caused by power failures and computer viruses and other unauthorized tampering, may cause interruptions in our ability to provide services to our patients. Corruption of certain information could also lead to delayed or inaccurate judgments or diagnoses in our treatment of patients and could result in damage to the welfare of our patients. In addition, we may be subject to liability as the result of any theft or misuse of personal information stored on our systems.

Some of our employees are unionized, and we may be subject to labor unrest, slowdowns and increased wage costs.

As of March 31, 2006, we had 4,535 personnel (including doctors and other personnel who act as independent contractors), 57 of which were members of labor unions. This does not include the 55 unionized employees at our Fortis Jessa Ram Hospital, who are not compensated by us. India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal, and legislation that imposes certain financial obligations on employers upon retrenchment. We are also party to legal proceedings in 23 labor matters pending in various courts. If these cases are not decided favorably, we may be required to make payments to compensate former and current employees and other personnel. If more of our personnel or personnel of our O&M contract hospitals unionize, it may become difficult for us to maintain flexible labor policies, and may increase our costs and adversely affect our business.

Our Promoters and our Promoter Group have equity interests in affiliated companies that manufacture products and offer services that are related to our business, which may create conflicts of interest.

Our Promoters and our Promoter Group have equity interests or other investments in other companies and trusts that manufacture products and offer services that are related to our business, such as Ranbaxy Laboratories Limited, which manufactures pharmaceuticals, SRL Ranbaxy Limited, which offers diagnostic laboratory services, Fortis Health Staff Private Limited, which trains nurses, and Fortis Healthworld Private Limited, which operates pharmacies. There may be conflicts of interest in addressing business opportunities and strategies in circumstances where our interests differ from other companies in which one or more of our Promoters or one or more members of our Promoter Group has an interest. None of our Promoters or the members of our Promoter Group has undertaken to refrain from competing with our business. In addition, none of the Promoters or members of the Promoter Group is obligated to direct any opportunities in the healthcare industry to us. In some cases, we share members of management and key employees and other resources and office space with these affiliated companies, which may divert management attention and resources away from our business and create conflicts of interest. In addition, new business opportunities may be directed to these affiliated companies instead of our Company. Our Promoters and our Promoter Group may also keep us from entering into certain businesses related to our own, which may be important for our growth the in the future, as they may already have interests in other similar businesses.

In the past, our Promoters and our Promoter Group have undertaken projects, such as Fortis Hospital, Noida, independently of us and later sold such projects to us, the payment consideration for which we financed through equity contributions from the Promoter Group. The valuation for such asset contributions has been based on book value. Future projects developed by our Promoters and our Promoter Group may not be contributed to us or may be contributed on different terms and conditions than in the past. We have historically depended on guarantees and share pledges provided to our lenders by our Promoters and our Promoter Group in order to help fund our acquisitions and other expansion projects, as well as improvements to our existing hospitals and other business requirements. The Promoters and other members of the Promoter Group have not committed to provide such forms of credit support on a going-forward basis. Although we expect that in the future such forms of credit support will be unnecessary in light of our improved liquidity due to the completion of the Issue, as well as increased income from operations as our existing hospitals mature, we may be unable to obtain future funds from lenders on favorable terms or at all without such support, and without such support our expansion plans may be curtailed.

Our Promoters will hold a majority of our Equity Shares after the Issue and can therefore determine the outcome of any shareholder voting.

After the completion of the Issue, our Promoters will hold approximately 68.09% of our paid up Equity Shares capital; however, in the event any Eligible Employee is allotted Equity Shares in the Firm Allotment Portion and does not take up such Equity Shares, the Promoters will take up such Equity Shares, and the percentage of Equity Shares held by our Promoters will increase. So long as our Promoters own a majority of our Equity Shares, they will be able to elect our entire Board of Directors and control most matters affecting us, including the appointment and removal of our officers, our business strategy and policies, any determinations with respect to mergers, business combinations and acquisitions or dispositions of assets, our dividend policy and our capital structure and financing. Further, the extent of the Promoters' shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to our other shareholders.

Your holdings may be diluted by additional issuances of Equity Shares, including pursuant to our pending Pre-IPO Placement, or sales of Equity Shares by our Promoters, which may also adversely affect the market price of our Equity Shares.

Any future issuance of our Equity Shares by us, including pursuant to the exercise of stock options under any future employee stock option scheme or any other similar scheme in the future, may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. We intend to issue Equity Shares in the future in order to help fund acquisitions and other expansion plans, as well as improvements to our existing hospitals and other business activities. Our financing plans assume a debt to equity ratio of 1.25:1.00, although this could change in the future depending on market conditions and other factors. Any such future issuance of Equity Shares, or the possibility of such sales, could negatively impact the market price of our Equity Shares. Such Equity Shares also may be issued at prices below the then-current market price.

Sales of a large number of our Equity Shares by our Promoters, or the possibility of such sales, also could adversely affect the market price of our Equity Shares. Upon completion of the Issue, all Equity Shares that are outstanding prior to the Issue (including the Equity Shares to be sold in the planned Pre-IPO Placement and the Equity Shares issued in the Firm Allotment Portion to Eligible Employees), (approximately 80.22% of our post-Issue paid-up equity) will be subject to selling restrictions for a period of one year from the date of allotment of Equity Shares in the Issue. In addition, approximately, 20% of our post-Issue paid-up capital held by certain of our Promoters will be subject to such selling restrictions for a period of three years. For further information relating to such selling restrictions, see the section titled "Capital Structure" beginning on page [●] of this Draft Red Herring Prospectus.

We have not entered into definitive agreements to utilize any of the net proceeds of the Issue and our expansion plans have not been appraised.

We intend to use the net proceeds of the Issue to repay short-term indebtedness, including indebtedness related to the Escorts hospitals acquisition, redeem the 26,000,000 Preference Shares (Class B) of Rs. 10 each issued to FHHL on September 26, 2006 at a premium of Rs. 90, build new hospitals, pay Issue-related expenses and for general corporate purposes. For further information, see the section titled "Objects of the Issue" beginning on page [●] of this Draft Red Herring Prospectus.

We have not entered into definitive agreements to utilize any of the net proceeds of the Issue, and we may not be able to conclude definitive agreements for such investments on terms favorable to us or at all. Our expenditure plans are based on management estimates and have not been appraised by any bank or financial institution or any other independent organization. Accordingly, our directors and management will have significant flexibility in applying the proceeds received by us from the Issue. In addition, our expenditure plans are subject to a number of variables, including possible cost overruns and changes in our management's views of the desirability of our current plans. Any unanticipated increase in the cost of our intended expansion plans could adversely affect our estimates of the cost of such expansion.

There is other outstanding litigation against us and we may become subject to additional litigation in the future which may adversely affect our reputation and competitive position, as well as our liquidity and financial position.

There are 117 cases in various courts and agencies pending against us and our subsidiaries concerning allegations of medical negligence at our hospitals and by our healthcare professionals, including 10 cases where the amount claimed as damages or otherwise is more than Rs. 5 million. From time to time, we may be subject to additional litigation alleging, among other things, medical negligence and product liability for medical devices we use or pharmaceuticals we dispense. Damages awarded by Indian law and Indian courts may vary and tend to be unpredictable. Our insurance coverage also may be inadequate. If any of our current cases or future cases are not resolved in our favor, and if our insurance coverage or any applicable indemnity is insufficient to cover the damages awarded, we may be required to make substantial payments or modify or restrict our operations, which could have an adverse impact on our business and financial results.

For more information regarding legal proceedings, see the sections titled "Outstanding Litigation and Material Developments" and "Our Business—Legal Proceedings" on pages [●] and [●] of this Draft Red Herring Prospectus, respectively.

We may not have adequate insurance coverage for our current or future litigation, including claims against us outside of India, and adverse orders, judgments or other resolutions in such cases may adversely affect our financial condition and results of operations.

We are exposed to potential liability risks that are inherent in the provision of healthcare services. Liabilities may exceed our available insurance coverage or arise from claims outside the scope of our insurance coverage. In addition, we have commenced provision of medical services to patients resident outside India, including countries such as the United Kingdom. Claims under the laws in such foreign countries may expose us to far greater liability than exists in India, and we may not have adequate insurance to cover such liability. Although the owners under most of the management contracts with hospitals we do not own are responsible for the costs and liabilities incurred by the hospital, we may not be indemnified against losses that arise from the acts or omissions of our employees at the hospitals. Moreover, there is no guarantee that the hospital owners will have the resources to pay any indemnity owed to us. In addition, several of our O&M contracts do not expressly require the hospital owner to maintain insurance coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, including in the case of claims exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our financial condition and results of operations may be adversely affected.

For more information, see the section titled "Our Business-Insurance" on page [●] of this Draft Red Herring Prospectus.

We have certain contingent liabilities, including as a result of certain litigation, which may adversely affect our financial condition.

As of March 31, 2006, contingent liabilities not provided for and appearing in our consolidated restated financial statements aggregated Rs. 457.74 million. These included liabilities relating to medical negligence claims and various corporate and bank guarantees.

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information, please see note 13 to our restated consolidated financial statements in the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

A significant portion of our outstanding debt is subject to fluctuations in interest rates, which may adversely affect our financial results.

At March 31, 2006, approximately 26% of our outstanding debt was subject to interest payments based on floating rates. Interest rate fluctuations can be highly unpredictable, and can be further affected by a number of factors, including global economic trends and adverse events in the global financial markets. We have not invested in any instruments to hedge against interest rate risk. Our failure to effectively manage our interest rate risk sensitivity could result in increased debt service costs and adversely affect our results of operations.

Some of our subsidiaries have incurred losses, which may adversely affect our results of operations. In addition, some companies in the Promoter Group have also incurred losses, which are not expected to have a negative impact on our business.

Some of our subsidiaries and companies in the Promoter Group have incurred losses in the years ended March 31, 2004, 2005 and 2006 (in respect of our subsidiaries) and March 31, 2003, 2004 and 2005 (in respect of companies in the Promoter Group), as set forth below:

Subsidiaries that have incurred losses:

Name of the Subsidiary	Profit (loss) in the year ended March 31, (audited)		
	2004	2005	2006
	(Rs. millions)		
Escorts Heart and Super Specialty Institute Limited	(60.49)	(57.68)	(141.49)
Escorts Heart Centre Limited	(6.90)	(10.26)	(4.10)
Escorts Hospital and Research Centre Limited	(65.79)	(20.49)	3.00
International Hospital Limited	--	(116.91)	(38.67)

Companies in the Promoter Group that have incurred losses:

Name of the Company in the Promoter Group	Profit (loss) in the year ended March 31, (audited)		
	2003	2004	2005
	(Rs. millions)		
Fortis Healthcare Holdings Limited	(0.34)	(1.62)	(8.40)
Fortis Financial Services Limited	(15.35)	52.73	4.12
Malav Holdings Private Limited	0.17	2.77	(0.44)
Shivi Holdings Private Limited	(0.05)	3.89	--
Luxury Farms Private Limited	(3.90)	(3.24)	(3.45)
Fortis HealthStaff Private Limited	0.00	(0.01)	(0.01)
Religare Enterprises Limited	(0.22)	0.31	(0.75)
Religare Securities Limited	(0.18)	26.86	74.90
Religare Commodities Limited		--	(1.72)
R.C. Nursery Private Limited	(0.55)	(0.55)	(0.56)

SRL Ranbaxy Limited	(20.01)	79.97	0.83

We currently do not intend to pay dividends, and we may not pay dividends in the future.

We currently intend to retain all of our earnings to finance the development and expansion of our business and, therefore, do not intend to declare dividends on our Equity Shares in the foreseeable future. Nevertheless, we may pay dividends in the future, and such payments will depend upon our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the board of FHL. Our ability to pay dividends is also subject to restrictive covenants contained in financing and loan agreements governing indebtedness we and our subsidiaries have incurred or may incur in the future.

There are certain legal proceedings against our directors, subsidiaries, Promoters and the Promoter Group.

Our directors, subsidiaries, Promoters and members of the Promoter Group are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For more information regarding legal proceedings against our directors, subsidiaries, Promoters and members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus.

We have in the last 12 months issued Equity Shares at a price which may be lower than the Issue Price.

We have in the last 12 months made the following issuances of Equity Shares to the Promoters and other persons and at a price which may be lower than the Issue Price:

Date of Allotment and Date on which Fully Paid Up	Number of Equity Shares	Issue Price	Consideration	Reasons for Allotment
February 10, 2006	520,000	-	10	Allotment to the shareholders of erstwhile FMCHL pursuant to order of the Delhi High Court dated October 7, 2005*
March 31, 2006	85,200,000	10	10	Preferential Allotment

For more information on such issuances, see the section titled "Capital Structure" on page [●] of this Draft Red Herring Prospectus.

External Risk Factors

Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets that we serve.

Our performance and growth are dependent on the state of the Indian economy and in particular the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, including the recent terrorist attack in Mumbai, natural calamities, interest rates, commodity and energy prices and various other factors. In particular, we are currently operating a hospital in the state of Jammu & Kashmir, which has, in the past, been prone to terrorist activities and, consequently, heightened security and policing activities. Any slowdown in these economies could adversely affect the ability of our patients to afford our services, which in turn would adversely impact our business and financial performance and the price of our Equity Shares.

Challenges that affect the healthcare industry may also have an effect on our operations.

We are impacted by the challenges currently facing the healthcare industry. We believe that the key ongoing industry-wide challenges are providing quality patient care in a competitive environment and managing costs.

In addition, our business and results of operations may also be affected by other factors that affect the entire industry, including us, such as:

- technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, healthcare;
- general economic and business conditions, both nationally and regionally;
- demographic changes; and
- changes in the distribution process or other factors that increase the cost of supplies.

In particular, the patient volumes and operating income at our hospitals are subject to economic and seasonal variations caused by a number of factors, including, but not limited to:

- unemployment levels;
- the business environment of local communities;
- the number of uninsured and underinsured patients in local communities;
- seasonal cycles of illness;
- climate and weather conditions; and
- physician recruitment, retention and attrition.

Any failure by us to effectively face these challenges could have a material adverse effect on our results of operations.

There is no existing market for the Equity Shares, and a market with adequate liquidity may not develop. Our stock price may fluctuate after the Issue and, as a result, you may lose a significant part or all of your investment.

Prior to the Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after the Issue due to a wide variety of factors, including our results of operations and the performance of our business, competitive conditions and general economic, political and social factors, volatility in the Indian and global securities markets, the overall market for healthcare services, the performance of the Indian and global economy and significant developments in India's fiscal regime. The Issue Price will be determined by us in consultation with the BRLMs and may differ significantly from the price at which the Equity Shares will trade subsequent to completion of the Issue. Even after the Equity Shares have been approved for listing on the Stock Exchanges, an active trading market for the Equity Shares may not develop or be sustained after the Issue. In addition, future sales of Equity Shares by current shareholders may cause the price of the Equity Shares to decline.

Volatile conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than the securities markets in the United States and Europe and have experienced volatility from time to time. The regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the United States and some European countries. Indian stock exchanges have experienced problems, including temporary closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if those or similar problems were to continue or recur, could adversely affect the market price and liquidity of the securities of Indian companies, including the Equity Shares.

If financial instability occurs in certain countries, particularly emerging market countries in Asia and other countries, our business and the price of our Equity Shares may be adversely affected.

Indian markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia and certain other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and may harm our business, our future financial performance and the price of our Equity Shares.

You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.

Under the SEBI Guidelines, we are permitted to allot Equity Shares within 15 days of the closure of a public issue. Consequently, the Equity Shares you purchase in the Issue may not be credited to your dematerialized account with Depository Participants until approximately 15 days after the issuance of the Equity Shares. You can begin trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions have been received from the Stock Exchanges. Final trading permissions may not be received from the Stock Exchanges, the Equity Shares allocated to you may not be credited to your dematerialized account and trading in the Equity Shares may not commence within the time periods specified above.

Exchange rate instability may adversely affect our financial condition and results of operations.

Our gross income is denominated substantially in Indian Rupees and a part of our operating expenses, such as medical equipment and interest and principal obligations under the terms of our debt payments are denominated in, or linked to, currencies other than Indian Rupees, such as U.S. Dollars and Euros. We face exchange rate risks to the extent that our expenses and debt repayments are denominated in currencies other than Indian Rupees. In the year ended March 31, 2006, FHL, EHIRCL and its subsidiaries and IHL had total expenses (including capital expenditures) denominated in currencies other than Indian rupees of approximately Rs. 0.14 million, Rs. 67.40 million and Rs. 18.44 million, respectively. These were predominantly in U.S. dollars. In addition, as of March 31, 2006, we had a U.S. dollar-denominated loan outstanding in a principal amount of USD 6.56 million.

As we do not hedge against exchange rate fluctuations, any decline in the value of the Indian Rupee relative to the U.S. dollar or other currencies may lead to a decrease in our profit margins, or to operating losses caused by increases in costs denominated in U.S. dollars and other currencies, increases in interest expense or exchange losses on fixed obligations and indebtedness denominated in currencies other than Indian Rupees.

Equity Shares of a listed Promoter Group company are infrequently traded on the Stock Exchanges.

During the last five years, the equity shares of our listed Promoter Group company, Oscar Investments Limited, have been infrequently traded. For further details on our group companies, see the section titled "Our Promoters and Group Companies" beginning on page [●] of this Draft Red Herring Prospectus.

Notes to Risk Factors

- Public Issue of 56,666,633 Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue would constitute [●]% of the post issue paid-up equity share capital of the Company. The Issue comprises a Net Issue to the public of [●] Equity Shares of Rs. [●] each and a Firm Allotment Portion of 500,000 Equity Shares of Rs. [●] each to the Eligible Employees. The Company is considering a Pre-IPO Placement of up to 17,884,614 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.

- In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to

Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money with be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further 500,000 Equity Shares shall be allotted to Eligible Employees in the Firm Allotment Portion, subject to valid Bids being received at or above the Issue Price. For further details, see the section titled "Issue Structure" beginning on page [●] of this Draft Red Herring Prospectus.

- The book value per Equity Share of Rs. 10 each was Rs.4.82 as of March 31, 2006 as per the restated unconsolidated financial statements under Indian GAAP.

- The net worth of the Company was Rs. 3419.93 million (including Rs. 2600 million share application money) as of March 31, 2006 as per its restated unconsolidated financial statements under Indian GAAP.

- For information on related party transactions, see the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

- For information on the interests of Promoters, Directors and key managerial personnel, other than reimbursement of expenses incurred or normal remuneration or benefits, see the section titled "Our Management" beginning on page [●] of this Draft Red Herring Prospectus.

- The Promoter Group holds 99.24% of the paid-up Equity Share capital of the Company and 100% of the Preference Share (Class B) capital. The Promoter Group does not hold any portion of the Preference Share (Class A. The average cost of acquisition per Equity Share to the Promoter Group is Rs.10.09.

- For any clarification or information relating to the Issue, investors are free to contact the BRLMs, who will be obliged to provide such clarification or information to the investors.

- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.

- Investors are advised to see the section titled "Basis for Issue Price" beginning on page [●] of this Draft Red Herring Prospectus.

SUMMARY

Overview

We believe that we are one of the largest private healthcare companies in India, based on the number of hospital beds, according to information provided by CRIS-INFAC's report published in 2005. We currently have a network of 12 hospitals primarily in north India, 15 satellite and heart command centers in hospitals across the country and one heart command center in Afghanistan. We are committed to delivering quality healthcare services to our patients in modern facilities using advanced technology and our teams of doctors, nurses and other healthcare professionals, who follow international protocols. Most of our hospitals are multi-specialty hospitals, which provide secondary and tertiary healthcare to patients. Some of our multi-specialty hospitals also include super-specialty "centers of excellence" providing quaternary healthcare to patients in key specialty areas such as cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care. In addition, two of our hospitals, Escorts Heart Institute & Research Centre at New Delhi ("EHIRC") and Escorts Heart Centre at Raipur ("EHCR"), focus primarily on cardiac patients, with EHIRC serving as a super-specialty "center of excellence" for cardiac care. We also operate Fortis La Femme, a "boutique" style hospital that focuses on women's health and maternity care.

Drawing on the experience of our Promoters as promoters of Ranbaxy Laboratories Limited, a multi-national pharmaceutical company headquartered in India ("RLL"), and with a vision of creating an integrated healthcare delivery system, we opened our first hospital in Mohali in 2001. Since 2001, we have expanded our operations by opening multi-specialty hospitals (including some with super-specialty "centers of excellence"), a "boutique" style hospital and various satellite and heart command centers. Our hospital network consists of multi-specialty "spoke" hospitals, which provide comprehensive general healthcare to patients in their local communities, and super-specialty "hub" hospitals, which also provide more advanced care to patients, including patients from our "spoke" hospitals and other hospitals in the surrounding area. Six of our hospitals are owned or majority-owned by us, and we operate and manage EHCR in collaboration with the Government of Chattisgarh; the remaining five, together with our satellite and heart command centers, are operated and managed by us but owned by trusts or societies or other corporate owners, except for Fortis La Femme, in which we currently own a 5% interest.

On September 28, 2005, we acquired a 90% interest in Escorts Heart Institute & Research Centre Limited ("EHIRCL"), a provider of private healthcare services that owns and operates three majority-owned hospitals in north India and operates and manages a fourth hospital in collaboration with the Government of Chattisgarh (collectively, the "Escorts hospitals") and, at the time of the acquisition, operated and managed 10 satellite and heart command centers, for total consideration of Rs. 5,850.10 million (the "Escorts hospitals acquisition"). The Escorts hospitals acquisition more than doubled our gross income and increased our expertise and prominence, especially in the cardiac care specialty area, and enhanced our profile among patients.

On March 20, 2006, we acquired a 99.9% interest in International Hospital Limited ("IHL") from the Promoter Group for total consideration of approximately Rs. 301.5 million, financed through an equity contribution from FHHL (the "IHL acquisition"). IHL owns Fortis Hospital, Noida, which commenced operations in August 2004. Although the IHL acquisition did not occur until March 20, 2006, the results of IHL have been included in our restated consolidated financial statements with effect from December 20, 2002, the date on which IHL became a board-controlled subsidiary of FHL pursuant to an agreement between FHL and IHL. Following the IHL acquisition, FHL made an additional Rs. 100.6 million equity contribution to IHL.

Also on March 20, 2006, we acquired a 100% interest in Oscar Bio-Tech Private Limited ("OBPL") from a Promoter Group company for total consideration of approximately Rs. 30.5 million (the "OBPL acquisition"). OBPL has 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 northwest Delhi. Following the OBPL acquisition, FHL made additional equity contributions of Rs. 329.5 million and Rs. 90 million to OBPL.

During fiscal 2006, we performed over 5,000 open heart surgeries, 5,000 angioplasties and 15,000 angiographies on a pro forma basis taking into account the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition. We currently have approximately 1,580 inpatient beds in use across our network of 12 hospitals, with capacity to increase our inpatient beds to approximately 1,890. In fiscal 2006, our pro forma average occupancy rate for our owned hospitals and EHCR, taking into account the Escorts hospitals acquisition and the IHL acquisition, would have been approximately 70%. Restated total income for fiscal 2006 for FHL, EHIRCL and its subsidiaries and IHL was Rs. 999.82 million, Rs. 2,894.56 million and Rs. 504.73 million, respectively. Restated net loss for the same period for FHL, EHIRCL and its subsidiaries and IHL was Rs. 276.71 million, Rs. 84.67 million and Rs. 67.29 million, respectively.

Below is a chart outlining our corporate structure and our hospital ownership interests.

Fortis Healthcare Limited
("FHL")

Owned Hospitals
- Fortis Hospital, Mohali (includes the Fortis Ciy Centre clinic in Chandigarh)
- Fortis Hospital, Amritsar

O&M Contracts
- Fortis La Femme, New Delhi (5% equity ownership)
- Fortis Jessa Ram Hospital, New Delhi
- Jeewan Mala Hospital, New Delhi
- Khyber Medical Institute, Srinagar

Other Facilities
- 1 Satellite Center

Future Project
- Fortis Hospital, Gurgaon

99.9% owned

International Hospital Limited
("IHL")

Owned Hospital
- Fortis Hospital, Noida

100% owned

Oscar Bio-Tech Private Limited
("OBPL")

O&M Contract
- Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, New Delhi

Future Project
- Fortis Hospital, Shalimar Bagh, New Delhi

90% owned

Escorts Heart Institute & Research Centre Limited
("EHIRCL")

Owned Hospitals
- Escorts Heart Institute & Research Centre, New Delhi ("EHIRC")

Collaboration with the Government of Chattisgarh
- Escorts Heart Centre, Raipur ("EHCR")

Other Facilities
- 15 Satellite and Heart Command Centers

100% owned

Escort Hospital & Research Centre Limited ("EHRCL")

Owned Hospital
- Escorts Hospital and Research Centre, Faridabad ("EHRC")

82.61% owned

Escorts Heart & Super Speciality Institute Limited
("EHSSIL")

Owned Hospital
- Escorts Heart & Super Specialty Institute, Amritsar ("EHSSI")

100% owned

Escorts Heart & Super Speciality Hospital Limited
("EHSSHL")

Future Project
- Jaipur Hospital

100% owned

Escorts Heart Centre Limited ("EHCL")

No Operations

Our Competitive Strengths

We believe the following competitive strengths distinguish us from our peers and provide us with significant opportunities to grow our business:

Skilled doctors dedicated to quality patient care. As of March 31, 2006, we had a team of 621 doctors at our owned hospitals and EHCR, complemented by 2,359 nurses and 526 other medical personnel. We adhere to international clinical protocols in patient handling, operating theaters, intensive care unit management and emergency care set by leading international hospitals and accreditation bodies. For example, the internal operational protocols at Fortis Hospital, Noida, EHIRC and EHRC have been designated as ISO 9001:2000-compliant. In addition, our doctors are dedicated to clinical research and have published numerous studies on topics including cardiology, cardiac surgery, diabetes, infectious diseases, oncology, nephrology and neuro-surgery. Some of our doctors also have a history of pioneering innovative techniques for patient treatment, such as minimally invasive cardiac and orthopedic surgeries, both in India and, in some cases, on a global basis.

Modern, patient-centric hospital facilities. Our hospitals have been designed to ensure that we are able to offer quality care to our patients. For example, Fortis Hospital, Mohali was awarded the "Best Design of the Year" award by the American Institute of Architects in 1999. The layouts at our facilities minimize inpatient movement, with outpatient facilities located near diagnostic facilities within the hospital. Other characteristics of many of our facilities, such as attractive architectural and design features, the use of special lighting and color and the reduction of "hospital odors", also enhance the patient experience. Our hospital staff is being trained to care for patients with 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 also emphasize pre-emptive and high quality maintenance of our facilities. In addition, we focus on obtaining current technologies for providing healthcare services. Our information technology or "IT" infrastructure has been recognized as among the best in the healthcare delivery industry. We were named "Best IT User" for "Infrastructure in Healthcare" at the 2005 NASSCOM India IT User Awards and also received an award for "Best IT Implementation of the Year 2005" for hospital implementation systems from PC Quest. In addition, our hospitals are fitted with modern medical technology and equipment, including the Da Vinci Robotic System available at EHIRC, which is used to conduct minimally invasive cardiac surgeries.

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-specialty facilities, while also delivering sophisticated, advanced procedures and quaternary care at our super-specialty "centers of excellence". By focusing on super-specialty "centers of excellence" at our "hub" hospitals, we can serve patients referred from doctors working at a number of nursing homes and multi-specialty 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-specialty facilities. This model also allows us to efficiently deploy resources across our network and, as our super-specialty expert clinicians also provide expertise and support at our multi-specialty hospitals, also serves to increase the quality of care throughout our network.

Depth of coverage. In the regions in which we operate, we generally have a broad presence. For example, we have seven hospitals in the National Capital Region (the "NCR"). We believe that having many hospitals within the same region helps potential patients gain familiarity with our brand and our network. Having multiple hospitals in the same area also provides us with depth of coverage, allowing us to serve all of a patient's medical needs, including maternity services and open heart surgeries and transplants.

Proven ability to develop and integrate facilities. Since 2001, we have grown from one hospital, Fortis Hospital, Mohali, to a network of 12 hospitals and 16 satellite and heart command centers. We have a history of launching greenfield hospital projects quickly and efficiently. For example, we opened Fortis Hospital, Mohali within 18 months of breaking ground. Our management team subsequently opened Fortis Hospital, Noida, then owned by members of the Promoter Group, within 16 months of breaking ground. In general, we have been able to generate operating profit at our greenfield hospitals within three to five years of their launch. We believe the experience we have gained from building and operating hospitals over the past five years has enabled us to improve the rate at which our new hospitals gain acceptance in their local communities and achieve profitable occupancy rates.

Professionally managed administration. Our senior management team is composed of experienced managers from the manufacturing, service and other sectors, as well as doctors with both clinical and administrative experience. Our senior managers have an average of 20 years of experience in management and an average of six to seven years of experience in management in the healthcare industry in particular. Several members of our senior management team also have experience working with our Promoter Group companies, such as RLL and SRL-Ranbaxy Limited, an Indian clinical reference laboratory company. We believe our combination of a professionally managed administration with a commitment to patient care and high ethical standards enables us to operate our hospitals more efficiently and leads to greater innovation in the management philosophy across our hospitals, while at the same time providing quality care to our patients.

Brand equity. We believe the "Escorts" and "Fortis" healthcare brands are widely recognized by both healthcare professionals and patients in specialty areas, such as cardiac care, orthopedics, neuro-sciences, renal care, oncology, gastroenterology and mother and child care. We believe our reputation and affiliation with RLL help us attract not only patients, but also well-known doctors and other healthcare professionals to our facilities, who in turn draw additional patients to our facilities. Furthermore, we believe our name recognition extends beyond the NCR and the other areas in which we currently operate to all over India and, in some cases, even internationally. In fiscal 2006, approximately 34% and 23% of the inpatients and outpatients, respectively, at Fortis Hospital, Mohali came from outside the hospital's core region of Punjab, Chandigarh & Panchkula and approximately 50% and 44% of the inpatients and outpatients, respectively, at EHIRC came from outside the hospital's core region of the NCR. We believe this level of name recognition on a national scale will facilitate the acceptance by both patients and doctors of hospitals in other regions across India that we intend to add to our network.

Our Strategy

We continuously strive to improve the quality of healthcare services provided by our hospitals, while at the same time improving our financial results. Below are the key strategies we are employing to achieve these goals:

Continue to grow with a flexible expansion program. We intend to utilize our existing experience in building, operating and acquiring hospitals to continue our high rate of growth. We employ a flexible approach to our expansion by building new hospitals, such as our planned hospitals in Jaipur, northwest Delhi and Gurgaon, as well as acquiring existing hospitals, such as our acquisition of the Escorts hospitals in September 2005. Additionally, we seek to continue our strategy of entering into O&M contracts with the owners of both existing and new hospitals, such as Fortis Jessa Ram Hospital, Jeewan Mala Hospital, Fortis La Femme, Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and Khyber Medical Institute, as well as entering into new satellite and heart command center arrangements. We have an acquisitions team, which is dedicated to continuously evaluating potential greenfield, acquisition and O&M opportunities in both our existing and new regions. We also consult with third party experts, such as McKinsey & Company, regarding our expansion strategy. Our evaluation criteria for new opportunities include the cost, the quality of the infrastructure, work culture and specialties at a facility (for existing facilities), location (with a focus on properties located in major cities), population base, the skill and reputation of the doctors and other medical and non-medical staff at existing facilities and the attractiveness to leading doctors of the location of new sites.

Expand into new regions. We believe the growing affluence, sophistication and awareness about healthcare services of patients throughout India will lead to higher demand for our healthcare services. The Indian healthcare market is highly fragmented throughout the country, with many small "nursing home" or hospice facilities run by one or two doctors and some larger facilities run by trusts, societies, corporate entities and the local, state and central governments. We seek to replicate the model we have applied in north India to establish a network of super-specialty "centers of excellence" and multi-specialty hospitals to deliver quality healthcare to patients across the country and leverage our extensive knowledge of the healthcare sector and brand recognition to attract both doctors and patients to our future facilities. We are currently in various stages of negotiations with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions, including in the state of Maharashtra in west India. In particular, as we expand into a new region, we intend to roll out in that region quickly to hire doctors and also establish our network in the community before our competitors do.

Focus on high-growth segments of the healthcare market. The growth in the Indian economy, together with an increase in purchasing power, an increase in awareness about health and healthcare and an increase in lifestyle-related diseases such as heart disease, has created a new and expanding group of patients. This group is increasingly demanding higher levels of quality medical services, particularly tertiary and quaternary healthcare services, including cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care. For example, according to a joint report of Ernst & Young and the India Brand Equity Foundation, the number of cardiac disease-related treatments in India is expected to grow from 1.5 million in 2004 to 1.9 million in 2008, and, according to CII-McKinsey, the total cardiac care market in 2000-2001 was Rs. 49,000 million, including Rs. 18,000 million for inpatient acute cardiac care. Due to their complex nature, these procedures command relatively high prices and these specialties are among the most profitable for a hospital. During fiscal 2006, we performed over 5,000 open heart surgeries, 5,000 angioplasties and 15,000 angiographies on a pro forma basis, taking into account the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition. Through our super-specialty "centers of excellence" with well-known doctors in their fields and our particular focus on high-growth areas such as cardiac care and orthopedics, we believe we are well-positioned to serve this increasing demand for sophisticated medical procedures.

Attract and retain prominent, skilled doctors. The skill level of a hospital's doctors is key to its success. We believe that hiring surgeons and other physicians who have established reputations for clinical excellence in their communities is key to the successful implementation of our strategy to acquire, develop and operate hospitals. As at March, 31, 2006, 72% of the doctors at our owned hospitals had advanced medical degrees. For fiscal 2006, on a pro forma basis taking into account the Escorts hospitals acquisition and the IHL acquisition, our retention rate for consultants and other senior doctors at our owned hospitals would have been approximately 95%. We believe that we have been successful in attracting doctors to our hospitals and retaining them due to the quality and comprehensive capabilities of our facilities, the reputation of the other doctors at our facilities, our extensive continuing education program, our community outreach initiatives and the research opportunities available at our hospitals. In addition, we employ a "staff" model at our hospitals under which most of our doctors, including all of the doctors practicing within core specialty areas at our owned hospitals and EHCR are compensated on a salary plus incentives or retainership basis, and practice exclusively at hospitals within the FHL network. We believe that the guaranteed income, the predictable working hours and, in the case of senior doctors, the autonomy of heading a department, which characterize the "staff model", will continue to help us attract and retain skilled doctors at our hospitals.

Improve occupancy rates and increase average income per bed in use. For fiscal 2006, the average occupancy rate and average income per bed in use at Fortis Hospital, Mohali, EHIRC, Fortis Hospital, Noida and EHRC were 78% and Rs. 4.50 million, 84% and Rs. 7.11 million, 64% and Rs. 3.80 million and 81% and Rs. 2.02 million, respectively. We seek to improve occupancy rates by expanding the referral network for our hospitals and increasing community outreach programs to gain market share in the regions in which we operate. We also seek to increase our average income per bed in use by focusing on high-end healthcare services, reducing the average length of stay of our inpatients and improving utilization rates.

Maximize efficiencies across our hospitals through greater integration and better supply chain management. We continue to strive to maximize efficiencies across our hospitals and are in the process of integrating the Escorts hospitals and our existing network of hospitals. The integration will enable us to adopt the best practices from the Escorts hospitals across our existing network, as well as install the best practices from our existing hospitals across the Escorts hospitals. In addition, our increasing size will enable us to benefit from economies of scale. For example, we procure equipment and medical consumables on a centralized basis for many of our owned hospitals and EHCR. We are also integrating the operations of Fortis Hospital, Noida and Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj through the sharing of doctors, medical equipment, laboratories and the hosting of joint medical symposia in order to generate operational synergies at both facilities.

Pursue strategic relationships with leading healthcare partners. Our scientific association through Fortis Hospital, Mohali with organizations such as the United States-based Partners Healthcare Systems Inc., the members of which include the Massachusetts General Hospital and the Brigham & Women's Hospital in Boston, USA, provides us with a collaborative partner for academic exchange, hosting joint conferences and conducting joint clinical research. We believe that such associations enable us to improve the quality of our patient care, introduce new and innovative procedures for our patients and help us attract overseas patients to our hospitals. In addition, approximately 72% of the doctors at our hospitals have received advanced training at leading hospitals in India, the United States and Europe and approximately 10% have had or maintain faculty positions at medical teaching institutions in India and abroad. We believe these associations also provide a source of innovation and advanced clinical learning for our doctors and other personnel at our hospitals.

THE ISSUE

Issue*:	56,666,633 Equity Shares
Of which:	
Firm Allotment Portion	500,000 Equity Shares
Therefore, Net Issue to the Public*	[●] Equity Shares
A. QIB Portion[(1)]:	At least [●] Equity Shares (allocation on proportionate basis)
Of which Available for allocation to Mutual Funds only	At least [●] Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	At least [●] Equity Shares (allocation on proportionate basis)
B. Non-Institutional Portion[(2)]:	[●] Equity Shares (allocation on proportionate basis)
C. Retail Portion[(2)]:	[●] Equity Shares (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue*:	169,999,900 Equity Shares
Equity Shares outstanding after the Issue*:	226,666,533 Equity Shares
Objects of the Issue:	For details of the Objects of the Issue, see the section titled "Objects of the Issue" beginning on page [●] of this Draft Red Herring Prospectus.

**The Company is considering a Pre-IPO Placement of up to 17,884,614Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.*

(1) Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

(2) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories or combination of categories, at the discretion of the Company in consultation with the BRLMs.

SUMMARY FINANCIAL INFORMATION

The following tables set forth our restated consolidated summary statements as of and for the fiscal years ended March 31, 2006, 2005 and 2004, and the Unaudited Pro Forma Restated Consolidated Summary Statement of Profits and Losses for the Year ended March 31, 2006. The restated consolidated summary financial information presented below should be read in conjunction with the financial statements included in this Draft Red Herring Prospectus, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page [•]. The Unaudited Pro Forma Restated Consolidated Summary Statement of Profits and Losses should be read in conjunction with the Restated consolidation adjustments and Restated Consolidated Pro Forma Adjustments. Indian GAAP differs in certain significant respects from U.S. GAAP and IFRS. For more information on these differences, see the section titled "Summary of Significant Differences between Indian GAAP, U.S. GAAP & IFRS" on page [•].

<u>Restated Consolidated Summary Statement of Profits and Liabilities</u>

(Rs.in Million)

PARTICULARS	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**	**Year Ended March 31, 2004**
Income			
Operating Income	2,925.53	737.26	491.43
Other Income	46.04	41.91	9.56
Total Income	**2,971.57**	**779.17**	**500.99**
Expenditure			
Materials Consumed	1,034.13	272.37	179.53
Personnel Expenses	686.29	172.90	155.72
Operating Expenses	667.14	267.69	129.32
General and Administration Expenses	291.19	55.64	55.85
Selling and Distribution Expenses	35.79	40.51	21.39
Interest Expense	342.70	43.52	78.75
Preoperative & Preliminary Expenditure Written Off	0.53	10.33	3.49
Depreciation & Amortization of Intangibles	227.47	87.01	69.90
Amortization of Goodwill	222.31	-	-
Total Expenditure	**3,507.55**	**949.97**	**693.95**
Profits / (Losses) before Tax	**(535.98)**	**(170.80)**	**(192.96)**
Fringe Benefit Tax	8.59	-	-
Deferred Tax Expense	80.07	26.06	-
Income Tax Expense	25.41	-	-
Net Profits / (Losses) before Prior period & Exceptional Items	**(650.05)**	**(196.86)**	**(192.96)**
Exceptional Item (Refer Note 8a in Annexure IV)	-	-	107.02
Prior Period Items	25.02	(2.99)	-
Net Profits / (Losses) as per audited financials after eliminating inter	**(625.03)**	**(199.85)**	**(85.94)**

company transactions			
Adjustments on restatement (Refer Note 2 in Annexure IV)	(25.82)	32.52	(3.37)
Share in profits of an associate company	0.30	-	-
Net Profits / (Losses) as restated	**(650.55)**	**(167.33)**	**(89.31)**
Less: Loss transferred to Minority Interest	77.89	84.10	21.30
Net Profits/ (Losses) as allocable to shareholders of Fortis Healthcare Limited	**(572.66)**	**(83.23)**	**(68.01)**
Profit & Loss Account at the beginning of the year (Refer Note 5 in Annexure IV)	(633.71)	(531.27)	(463.26)
Losses Brought forward from Amalgamating Company (Refer Note 2k in Annexure IV)	-	(19.21)	-
Balance Carried Forward as restated	**(1,206.37)**	**(633.71)**	**(531.27)**

<u>Restated Consolidated Summary Statement of Assets and Liabilities</u>

(Rs. in Million)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**
Fixed Assets			
Gross Block	5,821.29	1,458.13	842.00
Less: Accumulated Depreciation / Amortization	2,192.68	254.48	168.76
Net Block	3,628.61	1,203.65	673.24
Capital Work in Progress including capital advances	864.98	18.19	234.63
Expenditure during Construction Period	47.48	-	75.52
(Pending Capitalization/Allocation)			
TOTAL	**4,541.07**	**1,221.84**	**983.39**
Investments	5.40	-	-
Deferred tax assets (Refer Note 10 in Annexure IV)	55.01	-	0.01
Goodwill	4,265.91	-	-
Current Assets, Loans & Advances			
Inventories	102.48	21.28	12.46
Sundry Debtors	704.94	61.76	9.51
Cash and Bank Balances	167.44	16.25	14.07
Other Current Assets	54.23	17.67	7.42
Loans & Advances	380.58	56.83	31.04
Total	**10,277.06**	**1,395.63**	**1,057.90**
Liabilities and Provisions			
Secured Loans	4,819.50	731.09	434.26
Unsecured Loans	1,165.12	-	44.50
Deferred Payment Liabilities	103.64	-	-

Current Liabilities	789.54	213.95	202.66
Provisions	102.69	9.45	14.40
Deferred Tax Liability (Refer Note 10 in Annexure IV)	-	0.58	-
Minority Interest	179.61	213.61	144.30
Total	**7,160.10**	**1,168.68**	**840.12**
Net Worth	**3,116.96**	**226.95**	**217.78**
Represented by			
Equity Share Capital	1,700.00	846.54	749.05
1% Non Cumulative Redeemable Preference Share Capital	10.00	-	-
Share Application Money (Pending Allotment)	2,600.04	0.20	-
Reserves & Surplus	15.60	15.60	-
Less:			
Debit Balance of Profit & Loss Account	1,206.37	633.71	531.27
Miscellaneous Expenditure	2.31	1.68	-
(To the extent not written off or adjusted)			
Net Worth	**3,116.96**	**226.95**	**217.78**

Unaudited Pro Forma Restated Consolidated Summary Statement of Profits and Losses for the Year endd March 31, 2006

The following unaudited pro forma restated consolidated summary statement of profits and losses (the 'Pro Forma Statement') of Fortis Healthcare Limited ('FHL') for the year ended March 31, 2006 has been derived by applying pro forma adjustments and other adjustments on consolidation (arising from elimination of inter company transactions) to the amounts calculated by an aggregation of-

- the amounts in the restated unconsolidated summary statements of profits and losses for the year ended March 31, 2006 for FHL, International Hospital Limited ('IHL') and Oscar Biotech Private Limited ('OBPL'); and

- the amounts in the restated consolidated summary statement of profits and losses for the year ended March 31, 2006 for Escorts Heart Institute and Research Centre Limited ('EHIRCL').

These restated unconsolidated summary statements of profits and losses for the year ended March 31, 2006 for FHL, IHL and OBPL and the restated consolidated summary statement of profits and losses for the year ended March 31, 2006 for EHIRCL form part of the financial information included elsewhere in this Draft Red Herring Prospectus.

The Pro Forma Statement gives effect to the acquisition of IHL, OBPL and EHIRCL (collectively, the 'Subsidiaries') and the investment in Sunrise Medicare Private Limited (the 'Associate') by FHL as if they occurred on April 1, 2005.

The Pro Forma Statement is provided for informational purposes only and has not been prepared to comply with Indian GAAP, U.S. GAAP or U.S. Securities and Exchange Commission requirements.

The pro forma acquisition adjustments described in the succeeding paragraphs are based on available information and certain assumptions made by our management. We have not yet completed our final assessments of the fair value of the assets and liabilities acquired and accordingly cannot assure you that our actual results will be the same or similar to those presented in the following pro forma statement. We have also not made any adjustments for alignment of accounting policies within the Group. In addition, the Pro Forma Statement does not purport to represent what our results of operations actually would have been if the transactions had occurred on the dates indicated, nor does it purport to represent our results of operations for any future period.

The Pro Forma Statement should be read in conjunction with the restated consolidated summary statements which are included elsewhere in this Draft Red Herring Prospectus and 'Management's Discussion and Analysis of Financial Condition and Results of Operations'.

Restated consolidation adjustments

1. Reflects the elimination of interest expense incurred at FHL and attributable to outstanding loans from IHL and OBPL during the period from March 20, 2006 to March 31, 2006 (being the period subsequent to the date on which these entities became a majority owned and a wholly owned subsidiary of FHL respectively).

2. Reflects the elimination of depreciation expense for the year on the component of interest expense incurred at IHL relating to outstanding loans from FHL during the period prior to commencement of commercial operations at IHL & capitalized under Fixed Assets at IHL.

3. Reflects the amortization charge for goodwill appearing in restated consolidated summary statement of profits and losses for FHL for the year ended March 31, 2006 as reduced by the amortization charge for goodwill appearing in the restated consolidated summary statement of profits and losses for EHIRCL for the year ended March 31, 2006.

4. Reflects the adjustment on account of equity accounting of the Associate for the year ended March 31, 2006 (wherein the Associate has incurred a net loss of Rs 1.90 Million). The period from January 3, 2006 to March 31, 2006 (wherein the Associate made a net profit of Rs 0.30 Million) was considered in preparation of the restated consolidated summary statements.

5. Reflects the loss incurred at IHL & EHIRCL during the period subsequent to the dates on which these entities have become majority owned subsidiaries of FHL, which in the preparation of the restated consolidated summary statements, has been allocated to Minority Interest.

6. Reflects the impact of adjustments relating to inter company transactions in earlier years eliminated in the preparation of restated consolidated summary statements. Some of these eliminations had a corresponding impact on the Consolidated Fixed Assets of the group and accordingly an adjustment was necessary to the brought forward balance of Profit and Loss Account of previous years to arrive at the brought forward debit balance in Restated Consolidated Profit and Loss Account of FHL as at April 1, 2005.

Restated Consolidated Pro Forma Adjustments

7. Reflects the elimination of interest expense incurred at FHL and attributable to the outstanding loan in FHL from OBPL during the period from April 1, 2005 to March 20, 2006 (being the date when OBL has become a subsidiary of FHL). A portion of the interest paid by FHL was allocated to the statement of profits and losses and the rest was capitalized under the head Leasehold land. Accordingly, adjustments have been made to Gross Block of Fixed Assets at FHL, interest expense at FHL and operating income at OBPL.

8. Reflects the impact of goodwill amortization for the full year as against amortization on a proportionate basis for the number of days that the respective Subsidiary has been a subsidiary of FHL, considered in the preparation of the restated consolidated summary statements.

9. Reflects the impact of loss incurred at IHL during the period from April 1, 2005 to March 20, 2006, which in the restated consolidated summary statements, was allocated to Minority Interest. In the accompanying Pro Forma Statement, such loss is included in Net Profits/(losses) as allocable to the shareholders of Fortis Healthcare Limited'.

Unaudited Pro Forma Restated Consolidated Summary Statement of Profits and Losses for the year ended March 31, 2006

(Rs. In Million)

PARTICULARS	Fortis Healthcare Limited	International Hospital Limited	Escorts Heart Institute & Research Centre Limited	Oscar Biotech Private Limited	Restated consolidation adjustments	Restated consolidated	Restated consolidation pro forma adjustments	Restated consolidated pro forma
Income								
Operating Income	977.29	486.20	2,894.56	19.15	(0.30) (Note a)	4,376.90	(10.83) (Note g)	4,366.07
Other Income	22.53	18.52	28.32	-	(0.14) (Note a)	69.23		69.23
Total Income	**999.82**	**504.72**	**2,922.88**	**19.15**	**(0.44)**	**4,446.13**	**(10.83)**	**4,435.30**
Expenditure								
Materials Consumed	369.52	171.96	987.53	-		1,529.01		1,529.01
Personnel Expenses	184.51	78.99	828.81	8.92		1,101.22		1,101.22
Operating Expenses	251.65	182.82	472.57	0.55		907.59		907.59
General and Administration Expenses	102.90	41.22	295.26	7.58		446.96		446.96
Selling and Distribution Expenses	20.92	14.87	-	-		35.79		35.79
Interest Expense	272.75	40.48	62.26	-	(0.45) (Note a)	375.04	(1.61) (Note g)	373.43
Preoperative & Preliminary Expenses Written Off	-	-	1.04	-		1.04		1.04
Depreciation & Amortization of Intangibles	73.35	39.12	225.56	-	(0.64) (Note b)	337.39		337.39
Amortization of Goodwill	-	-	20.45	-	201.86 (Note c)	222.31	226.86 (Note h)	449.17
Total Expenditure	**1,275.60**	**569.46**	**2,893.48**	**17.05**	**200.77**	**4,956.35**	**225.25**	**5,181.60**
Profits /(Losses) before Tax	**(275.78)**	**(64.74)**	**29.40**	**2.10**	**(201.21)**	**(510.22)**	**(236.08)**	**(746.30)**
Fringe Benefit Tax	2.20	1.52	7.90	0.23		11.85		11.85
Deferred Tax Expense	-	(1.04)	58.81	-		57.77		57.77
Income Tax	-	-	56.38	-		56.38		56.38
Net Profits /(Losses) before Prior period & Exceptional Items	**(277.98)**	**(65.22)**	**(93.69)**	**1.87**	**(201.21)**	**(636.22)**	**(236.08)**	**(872.30)**
Exceptional Item	-	-	-	-		-		-
Prior Period Items	1.53	(26.54)	-	-		(25.01)		(25.01)
Net Profits /(Losses) as per audited financials after eliminating inter company transactions	**(279.51)**	**(38.68)**	**(93.69)**	**1.87**	**(201.21)**	**(611.21)**	**(236.08)**	**(847.29)**
Adjustments on restatement	2.80	(28.62)	-	-		(25.82)		(25.82)
Share in Loss of an associate company	-	-	-	-	0.30 (Note d)	0.30	(1.90) (Note d)	(1.60)
Net Profits /(Losses) as restated	**(276.71)**	**(67.30)**	**(93.69)**	**1.87**	**(200.91)**	**(636.73)**	**(237.98)**	**(874.71)**
Less: Loss transferred to Minorty Interest	-	-	9.02	-	72.57 (Note e)	81.59	(64.04) (Note i)	17.55
Net Profits/ (Losses) as allocable to shareholders of Fortis Healthcare Limited	**(276.71)**	**(67.30)**	**(84.67)**	**1.87**	**(128.34)**	**(555.14)**	**(302.02)**	**(857.16)**
Profit & Loss Account at the beginning of the year	(618.96)	-	-	-	(14.75) (Note f)	(633.71)		(633.71)
Balance Carried Forward as restated	**(895.67)**	**(67.30)**	**(84.67)**	**1.87**	**(143.09)**	**(1,188.85)**	**(302.02)**	**(1,490.87)**

GENERAL INFORMATION

Registered Office and Registrar of Companies

The registered office of Fortis Healthcare Limited is located at Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, India and the registration number of the Company is 55 76704 and the corporate identification number is U85110DL1996PLC076704. The Company is registered with the RoC described below:

The Registrar of Companies, NCT of Delhi and Haryana
Paryavaran Bhawan,
CGO Complex,
Lodi Road,
New Delhi 110 003, India.

Board of Directors

The following persons constitute the Board of Directors:

a. Mr. Harpal Singh, Executive Chairman;
b. Mr. Malvinder Mohan Singh, Non-Executive Director;
c. Mr. Shivinder Mohan Singh, Managing Director;
d. Mr. V.M. Bhutani, Independent Director;
e. Mr. Vinay Kaul, Independent Director;
f. Mr. Ramesh L. Adige, Independent Director;
g. Mr. Gurcharan Das, Independent Director;
h. Justice S.S. Sodhi, Independent Director;
i. Mr. Rajan Kashyap, Independent Director;
j. Dr. Yoginder Nath Tidu Maini, Independent Director;
k. Lt. General Tejinder Singh Shergill, Independent Director; and
l. Dr. P.S. Joshi, Independent Director.

For further details of the Directors, see the section titled “Our Management” beginning on page **[•]** of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Ms. Geeta Puri Seth
Escorts Heart Institute and Research Centre Limited,
Okhla Road,
New Delhi 110 025, India.
Tel: +91 11 2682 5000 Extn: 4971
Fax: +91 11 4162 8435
E-mail: fortisipo@fortishealthcare.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refunds.

Book Running Lead Managers

JM Morgan Stanley Private Limited
141, Maker Chambers III,
Nariman Point, Mumbai 400 021, India.
Tel: +91 22 6630 3030
Fax: +91 22 2204 7185
Contact Person: Ms. Hira Israr
E-mail:fhl.ipo@jmmorganstanley.com
Website: www.jmmorganstanley.com

Citigroup Global Markets India Private Limited
4th Floor, Bakhtawar,
229 Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 5631 9999/ 1600 22 996
Fax: +91 22 5631 9803
Contact Person: Mr. Pankaj Jain
E-mail: fortis.ipo@citigroup.com
Website: www.citibank.co.in

Kotak Mahindra Capital Company Limited
Bakhtawar, 3rd Floor,
229, Nariman Point,
Mumbai 400 021, India.
Tel.: +91 22 6634 1100
Fax. : +91 22 2284 0492
Contact Person: Mr. Chandrakant Bhole
E-mail: fhl.ipo@kotak.com
Website: www.kotak.com

Syndicate Members

JM Morgan Stanley Financial Services Private Limited
Apeejay House,
3 Dinshaw Waccha Road,
Churchgate, Mumbai 400 020, India.
Tel: +91 22 6704 3184/3185
Fax: +91 22 6654 1511
Contact Person: Mr. Deepak Vaidya
E-mail: fhl.ipo@jmmorganstanley.com
Website: www. jmmorganstanley.com

Kotak Securities Limited
Bakhtawar, 1st Floor,
229, Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 5634 1100
Fax: +91 22 5630 3927
Contact person: Mr. Umesh Gupta
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com.

Legal Advisors

Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff and Co.,
Amarchand Towers,
216, Okhla Industrial Estate, Phase – III,
New Delhi 110 020, India.
Tel: +91 11 2692 0500
Fax: +91 11 2692 4900

Domestic Legal Counsel to the Underwriters

S&R Associates
K 40 Connaught Circus,
New Delhi 110 001, India.
Tel: +91 11 4289 8000
Fax: +91 11 4289 8001

International Legal Counsel to the Underwriters

Cravath, Swaine & Moore LLP
Citypoint,
One Ropemaker Street,
London EC2Y 9HR,
United Kingdom.
Tel: +44 20 7453 1000
Fax: +44 20 7860 1150

Monitoring Agency
[●]

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai 400 078, India.
Tel: +91 22 2596 0320
Fax: +91 22 596 0329
E-mail:fhlipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr.Vishwas Attawar

Bankers to the Issue and Escrow Collection Banks
[●]

Auditors

S.R. Batliboi & Co., Chartered Accountants
B-26, Qutab Institutional Area,
New Delhi, 110 016, India.
Tel: +91 11 2661 1004
Fax: +91 11 2661 1012
E-mail: ey.ind@in.ey.com
Website: www.ey.com/india

A.F. Ferguson & Co., Chartered Accountants
9, Scindia House,
Karturba Gandhi Marg,
New Delhi 110 001, India.
Tel: +91 11 2331 5884
Fax: +91 11 2371 3899
E-mail: affdelhi@vsnl.com

Bankers to the Company

ABN Amro Bank N.V
DLF Center, Sansad Marg,
New Delhi 110 001, India.
Tel: +91 11 4212 1416
Fax: +91 11 4212 1213
E-mail: reena.rastogi@in.abnamro.com

Bank of America
DCM Building, 5th floor,
16, Barakhamba Road,
New Delhi 110 001, India.
Tel: +91 11 2371 5565
Fax: +91 11 2371 4042
E-mail: nitika.sharma@bankofamerica.com

HDFC Bank Limited
New Friends Colony,
New Delhi 110 065, India.
Tel: +91 11 5102 7756
Fax: +91 11 4162 9562
E-mail: ankurg@hdfcindia.com

Industrial Development Bank of India Limited
19, K.G. Marg
New Delhi 110 001, India.
Tel: +91 11 2586 1118
Fax: +91 11 2586 1120
E-mail: sanjaykumar_singh@idbibank.com

Standard Chartered Bank
304, 'A' 3rd floor, JMD Regent Square,
DLF Phase-II, Gurgaon -Mehrauli Road,
Gurgaon 122 001, India.
Tel: +91 124 256 4624
Fax: +91 124 256 4625/26
E-mail:Raveesh.Bhatia@in.standardchartered.com

UTI Bank Limited
13th Floor, Statesman House,
148, Barakhamba Road,
New Delhi 110 001, India.
Tel: +91 98109 67361
Fax: +91 11 4152 1953
E-mail: vibha.jain@utibank.co.in

The Hongkong and Shanghai Banking Corporation Limited
JMD Regent Square, DLF Phase II, Gurgaon
Mehrauli Road,
Gurgaon 122 002, Haryana, India
Tel: +91 124 418 2104
Fax: + 91 124 505 8974
E-mail: tusharpatankar@hsbc.co.in

IndusInd Bank Limited
Nehru place Branch
International trade tower,
'F' block, Ground Floor, Nehru Place,
New Delhi 110 019, India.
Tel: +91 11 2648 119-20/36
Fax: +91 11 2623 6537
E-mail: denpcredit@indusind.com

Statement of Inter-se Allocation of Responsibilities for the Issue

Activity	Responsibility	Co-ordination
Capital structuring with the relative components and formalities.	JMMS, Kotak, Citigroup	Kotak
Due diligence of the Company's operations / management / business plans/legal documents etc. Drafting and design of the Draft Red Herring Prospectus and of the statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	JMMS, Kotak, Citigroup	JMMS
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	JMMS, Kotak, Citigroup	Kotak
Appointment of Registrar to the Issue and Bankers to the Issue.	JMMS, Kotak, Citigroup	Citigroup
Appointment of the printer.	JMMS, Kotak, Citigroup	Kotak
Appointment of the advertising agency.	JMMS, Kotak, Citigroup	JMMS
Non-institutional and retail marketing of the Issue, which will cover, *inter alia,* • Formulating marketing strategies, preparation of publicity budget; • Finalise media and personal relations strategy; • Finalising centers for holding conferences for brokers, etc; • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and • Finalise collection centres.	JMMS, KOTAK, Citigroup	Kotak
Domestic institutional marketing of the Issue, which will cover, *inter alia,* • Finalising the list and division of investors for one to one meetings; and • Finalising road show schedule and investor meeting schedules.	JMMS, Kotak, Citigroup	JMMS
International institutional marketing of the Issue, which will cover*, inter alia*, • Finalising the list and division of investors for one to one meetings; and • Finalising road show schedule and investor meeting schedules.	JMMS, Kotak, Citigroup	Citigroup

Activity	Responsibility	Co-ordination
Finalising of pricing in consultation with Company.	JMMS, Kotak, Citigroup	Citigroup
Post bidding activities including management of Escrow Accounts, co-ordination with Registrar to the Issue and Bankers to the Issue, refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow-up steps, which must include finalisation of listing of instruments and despatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue, and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Company.	JMMS, Kotak, Citigroup	Citigroup

Credit Rating

As the Issue is of Equity Shares, a credit rating is not required.

Grading

The Company has not opted for the grading of the Issue by a SEBI registered credit rating agency.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. the Company;
2. the BRLMs;
3. the Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with the BSE/NSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs;
4. the Registrar to the Issue; and
5. the Escrow Collection Banks(s).

This being an Issue for less than 25% of the post-Issue capital, the securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines read with Rule 19(2)(b) of the SCRR, wherein: (i) at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders; and (iii) not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 500,000 Equity Shares shall be allotted to the Eligible Employees, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, the entire application money will be refunded. The Company is considering a Pre-IPO Placement of up to 17,884,614Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see the section titled "Terms of the Issue" beginning on page [●] of this Draft Red Herring Prospectus.

The Company shall comply with the SEBI Guidelines and any other anxillary directions issued by the in this Issue. In this regard, the Company has appointed JM Morgan Stanley Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited as the BRLMs to manage the Issue and to procure subscription for the Issue.

Illustration of Book Building and Price Discovery Process *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*.

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE (www.bseindia.com) and the NSE (www.nseindia.com). The illustrative book, as shown below, shows the demand for the shares of a company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription (%)
500	48	500	8.33
700	47	1,200	20.00
1,000	46	2,200	36.67
400	45	2,600	43.33
500	44	3,100	51.67
200	43	3,300	55.00
2,800	42	6,100	101.67
800	41	6,900	115.00
1,200	40	8,100	135.00

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is Rs. 42 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such price i.e. at or below Rs. 42. All bids at or above this issue price and bids at cut-off are valid bids and are considered for allocation in respective category.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see the section titled "Issue Procedure - Who Can Bid?" beginning on page [●] of this Draft Red Herring Prospectus);
2. Ensure that you have a Demat account and the Demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see the section titled "Issue Procedure - 'PAN' or 'GIR' Number" beginning on page [●] of this Draft Red Herring Prospectus);

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reasons therefor.

Bid/Issue Programme

Bidding Period/Issue Period

BID ISSUE OPENS ON	**[●]**
BID ISSUE CLOSES ON	**[●]**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date Bids shall be accepted only between 10.00 am and 1.00 pm (Indian Standard Time)** and uploaded until such time as permitted by the BSE and the NSE. Bids will only be accepted on working days i.e., Monday to Friday (excluding any public holiday).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the Floor Price advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, the Company proposes to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs.millions)
JM Morgan Stanley Private Limited	[●]	[●]

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs.millions)
141, Maker Chambers III, Nariman Point, Mumbai 400 021, India. Tel: +91 22 6630 3030 Fax: +91 22 2204 7185 E-mail: fhl.ipo@jmmorganstanley.com Website: www. jmmorganstanley.com		
Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India. Tel: +91 22 5631 9999/ 1600 22 996 Fax: +91 22 5631 9803 E-mail: fortis.ipo@citigroup.com Website: www.citibank.co.in	[●]	[●]
Kotak Mahindra Capital Company Limited Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai 400 021, India. Tel.: +91 22 6634 1100 Fax. : +91 22 2284 0492 E-mail: fhl.ipo@kotak.com Website: www.kotak.com	[●]	[●]
JM Morgan Stanley Financial Services Private Limited Apeejay House, 3 Dinshaw Waccha Road, Churchgate, Mumbai 400 020, India. Tel: +91 22 6704 3184/3185 Fax: +91 22 6654 1511 E-mail: fhl.ipo@jmmorganstanley.com Website: www. jmmorganstanley.com	[●]	[●]
Kotak Securities Limited, Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai 400 021, India. Tel: +91 22 5634 1100 Fax: +91 22 5630 3927 E-mail: umesh.gupta@kotak.com Website: www.kotak.com.	[●]	[●]

The above mentioned amounts are indicative and will be finalised after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on certificates given to them by the BRLMs and the Syndicate Members dated [•], 2006), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of the Company as at the date of filing this Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below.

(Rs.millions, except share data)

	Aggregate nominal value	**Aggregate Value at Issue Price**
A. Authorised Share Capital[(1)]		
272,000,000 Equity Shares of face value of Rs. 10 each	2,720.00	
200 Preference Shares (Class A) of face value of Rs. 100,000 each	20.00	
26,000,000 Preference Shares (Class B) of face value of Rs. 10 each	260.00	
B. Issued, Subscribed and Paid-Up Share Capital before the Issue		
169,999,900 Equity Shares of face value of Rs. 10 each	1,699.99	
100 Preference Shares (Class A) of face value of Rs. 100,000 each	10.00	
26,000,000 Preference Shares (Class B) of face value of Rs. 10 each	260.00	
C. Present Issue in terms of this Draft Red Herring Prospectus		
56,666,633 Equity Shares of face value of Rs. 10 each	**[●]**	**[●]**
Of which		
Firm Allotment Portion		
500,000 Equity Shares of face value of Rs. 10 each	**[●]**	
Net Issue to the Public		
[●] Equity Shares of face value of Rs. 10 each	**[●]**	
D. Equity Share Capital after the Issue		
226,666,533 Equity Shares of face value of Rs. 10 each		
E. Preference Share Capital after the Issue		
100 Preference Shares (Class A) of face value of Rs. 100,000 each		
26,000,000 Preference Shares (Class B) of face value of Rs. 10 each		
F Share Premium Account		
Before the Issue		
Equity Shares of face value of Rs. 100,000 each	Nil	
Preference Shares (Class A) of face value of Rs. 100,000 each	Nil	
Preference Shares (Class B) of face value of Rs. 10 each	2,340.00	
After the Issue		
Equity Shares		**[●]**
Preference Shares (Class A)		**[●]**
Preference Shares (Class B)		**[●]**

**The Company is considering a Pre-IPO Placement of up to 17,884,614 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.*

(1) The authorised share capital of the Company was increased from Rs. 10 million to Rs. 150 million through a special resolution passed by the shareholders of the Company at the general meeting on November 9, 1998 and from Rs. 150 million to Rs. 550 million through a special resolution passed by the shareholders of the Company at the general meeting on June 28, 2000. The authorised share capital of the Company was further increased from Rs. 550 million to Rs. 750 million through a special resolution passed by the shareholders of the Company at the general meeting on July 10, 2001 and from Rs. 750 million to Rs. 775 million through a special resolution passed by the shareholders of the Company at the general meeting on September 27, 2002. Further, the authorised share capital of the Company was increased from Rs. 775 million to Rs. 890 million (divided into 87,000,000 Equity Shares and 200 Preference Shares (Class A)) through a special resolution passed by the shareholders of the Company at the general meeting on September 30, 2004. Subsequently, the authorised capital of the Company was increased from Rs. 890 million to Rs. 2,000 million (divided into 198,000,000 Equity Shares and 200 Preference Shares (Class A)) through a special resolution passed by the shareholders of the Company at the general meeting on March 8, 2006. Subsequently, the authorised capital of the Company was increased to Rs. 3,000 million (divided into 298,000,000 Equity Shares and 200 Preference Shares (Class A)) through a special resolution passed by the shareholders of the Company at the general meeting on August 30, 2006. Subsequently, the authorised capital was re-classified as Rs. 3,000 million (divided into 272,000,000 Equity Shares, 200 Preference Shares (Class A) and 26,000,000 Preference Shares (Class B)) through a special resolution passed by the shareholders of the Company at the general meeting on September 25, 2006.

Notes to the Capital Structure

1. Share Capital History of the Company

a. Equity Share Capital

The following is the history of the equity share capital of the Company:

Date of Allotment and when made fully paid up	Number of Equity Shares	Issue Price per Equity Share (Rs.)	Face value per Equity Share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment	Cumulative Share Capital (Rs.)
March 27, 1996	700	10	10	Cash	Subscription on signing of the Memorandum of Association	7,000
March 17, 1997	10,000	10	10	Cash	Preferential Allotment	107,000
June 9, 1999	2,845,300	10	10	Cash	Preferential Allotment	28,560,000
September 6, 2000	4,340,000	10	10	Cash	Preferential Allotment	71,960,000
September 6, 2000	1,520,000	10	10	Cash	Preferential Allotment	87,160,000
November 27, 2000	28,035,800	10	10	Cash	Preferential Allotment	367,518,000
May 21, 2001	6,838,200	10	10	Cash	Preferential Allotment	435,900,000
August 30, 2001	6,410,000	10	10	Cash	Preferential Allotment	500,000,000
December 28, 2001	10,698,200	10	10	Cash	Preferential Allotment	606,982,000
May 21, 2002	9,301,800	10	10	Cash	Preferential Allotment	700,000,000
December 27, 2002	3,953,360	10	10	Cash	Preferential Allotment	739,533,600

Date of Allotment and when made fully paid up	Number of Equity Shares	Issue Price per Equity Share (Rs.)	Face value per Equity Share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment	Cumulative Share Capital (Rs.)
June 25, 2003	904,540	10	10	Cash	Preferential Allotment	748,579,000
January 10, 2004	47,000	10	10	Cash	Preferential Allotment	749,049,000
December 20, 2004	9,229,500	10	10	Cash	Preferential Allotment	841,344,000
April 21, 2005	145,500	10	10	Cash	Preferential Allotment	842,799,000
February 10, 2006	520,000	-	10	Other than cash	Allotment to the shareholders of erstwhile FMCHL pursuant to order of the Delhi High Court dated October 7, 2005*	847,999,000
March 31, 2006	85,200,000	10	10	Cash	Preferential Allotment	1,699,999,000

* Pursuant to the order of the High Court of Delhi dated October 7, 2005 sanctioning the scheme of amalgamation between the Company and Fortis Medical Centre Holdings Limited ("FMCHL"), the Company allotted 520,000 Equity Shares to the 10 equity shareholders of erstwhile FMCHL in the ratio 1:4 (i.e., one Equity Share for every four equity shares of FMCHL). For further details with respect to the scheme of amalgamation, see the section titled "History and Certain Corporate Matters" beginning on page [●] of this Draft Red Herring Prospectus.

b. Preference Share Capital:

i. The history of the Preference Share (Class A) capital of the Company is as follows:

Date of Allotment and when made fully paid up	Number of Preference Shares (Class A)	Issue Price per Preference Share (ClassA) (Rs.)	Face Value per Preference Shares (Class A) (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment	Cumulative Preference Share (ClassA) Capital (Rs.)
August 4, 2005	100	100,000	100,000	Cash	Preferential allotment	10,000,000

ii. The history of the Preference Share (Class B) capital of the Company is as follows:

Date of Allotment and when made fully paid up	Number of Preference Shares (Class B)	Issue Price per Preference Share (Class B) (Rs.)	Face Value per Preference Shares (ClassB) (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment	Cumulative Preference Share Capital (ClassB) (Rs.)
September 26, 2006	26,000,000	100	10	Cash	Preferential allotment	260,000,000

2. Promoter's Contribution and Lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Issue equity share capital of the Company shall be locked in by the Promoters for a period of three years from the date of Allotment in the Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoter's contribution under Clause 4.6 of the SEBI Guidelines.

a. Details of Promoters' contribution by Fortis Healthcare Holdings Limited and lock-in for three years are as follows:

Date of Allotment/ Acquisition	Consideration and Equity Share) (Rs.)	No. of Equity Shares	Nature of allotment/ acquisition	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital
2002-2003	10	16,758,267	Purchase of Equity Shares from various parties.	9.86	7.39
December 20, 2004	10	7,661,300	Preferential Allotment	4.51	3.38
August 30, 2005	10	20,913,740	Purchase of Equity Shares from Shivi Holdings Private Limited, Malav Holdings Private Limited and Ranbaxy Holding Company	12.30	9.23
		45,333,307			**20.00**

The Promoters contribution in to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Guidelines.

b. Details of pre-Issue Equity Share capital locked in for one year:

In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of the post-Issue shareholding of the Promoters for three years, as specified above, the entire pre-Issue share capital of the Company shall be locked-in for a period of one year from the date of Allotment in the Issue. The total number of Equity Shares which are locked-in, including those specified above, for one year is 181,333,226 Equity Shares.

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only to banks or financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares issued in the Firm Allotment Portion to Eligible Employees aggregating to 500,000 Equity Shares are proposed to be Allotted shall be locked in for a period of one year from the date of Allotment in the Issue.The Promoters have confirmed that in the event any Eligible Employee to whom 500,000 Equity Shares are proposed to be Allotted in the Firm

Allotment Portion, withdraws partially or fully, from the offer made to him/her in the Firm Allotment Portion, the Promoters shall apply to the extent of Equity Shares offered to such Eligible Employee upto a maximum of 500,000 Equity Shares. The Issue Price for such number of Equity Shares shall be brought in by the Promoters at least one day prior to the Bid/Issue Opening Date. Except as stated above, the Promoters will not participate in the Issue. The Equity Shares so acquired by the Promoters, if any, shall also be subject to a lock-in for a period of one year from the date of Allotment of the Equity Shares in the Issue.

d. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by the Company or the Promoters in this Issue to the Eligible Employees applying in the Firm Allotment Portion.

3. Shareholding Pattern of the Company

a. Pre-Issue

(i) The table below presents the shareholding pattern of Equity Shares before the proposed Issue:

Name of Shareholder	Pre-Issue	
	Number of Equity Shares	Percentage of Equity Share capital
Promoters		
Mr. Malvinder Mohan Singh	6,394	0.00
Mr. Shivinder Mohan Singh	6,394	0.00
Fortis Healthcare Holdings Limited	154,326,940	90.78
Total Holding of Promoters	**154,339,728**	**90.79**
Promoter Group (other than the Promoters)		
Ranbaxy Laboratories Limited	14,097,660	8.29
Malav Holdings Private Limited	133,750	0.08
Ranbaxy Holding Company	121,250	0.07
Total Holding of Promoter Group (other than Promoters)	**14,352,660**	**8.44**
Others	1,307,512	0.77
Total	**169,999,900**	**100.00**

(ii) The table below presents the shareholding pattern of Preference Shares (Class A) before the proposed Issue:

Name of Shareholder	Pre-Issue	
	Number of Preference Shares (Class A)	Percentage of Preference Share capital
Dr. Ashok Rajagopal	100	100.00

(iii) The table below presents the shareholding pattern of Preference Shares (Class B) before the proposed Issue:

Name of Shareholder	Pre-Issue	
	Number of Preference Shares(Class B)	Percentage of Preference Share capital
Fortis Healthcare Holdings Limited	26,000,000	100.00

b. Post-Issue

(i) The table below presents the shareholding pattern of Equity Shares as adjusted for the Issue.

Name of Shareholder	Number of Equity Shares	Percentage of equity share capital (%)
Promoters		
Mr. Malvinder Mohan Singh	6,394	0.00
Mr. Shivinder Mohan Singh	6,394	0.00
Fortis Healthcare Holdings Limited	154,326,940	68.09
Total Holding of Promoters	**154,339,728**	68.09
Promoter Group (other than the Promoters)		
Ranbaxy Laboratories Limited	14,097,660	6.22
Malav Holdings Private Limited	133,750	0.06
Ranbaxy Holding Company	121,250	0.05
Total Holding of Promoter Group (other than Promoters)	**14,352,660**	6.33
Others	57,974,145	0.58
Total	**226,666,533**	**75.00**

The Company proposes to redeem the Preference Shares (Class B) from the proceeds of this Issue or from the proceeds of the Pre-IPO Placement if any. The shareholding pattern of Preference Shares (Class A) post-Issue will remain the same as the pre-Issue shareholding pattern of Preference Shares (Class A).

4. The Company, the Directors, the Promoters, the Promoter Group, their respective directors, and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person, including the Eligible Employees to whom Equity Shares are proposed to be Alloted in the Firm Allotment Portion.

5. The list of top ten shareholders of the Company and the number of Equity Shares held by them is as under:

   (a) The top ten shareholders of the Company as of the date of filing of the Draft Red Herring Prospectus and as on September 18, 2006 (i.e., 10 days prior to filing the Draft Red Herring Prospectus) are as follows:

S. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding (%)
1.	Fortis Healthcare Holdings Limited	154,326,940	90.78
2.	Ranbaxy Laboratories Limited	14,097,660	8.29
3.	Prime Trust- Dera Baba Jaimal Singh	235,000	0.14
4.	Malav Holdings Private Limited	133,750	0.08
5.	Ranbaxy Holding Company	121,250	0.07
6.	Mr. Harpal Singh	50,003	0.03
7.	Davinder Singh Brar (HUF)	50,000	0.03
8.	Mr. Bala Kaul	50,000	0.03
9.	Mr. Lakhi Samtani	50,000	0.03
10.	Mr. Maninder Singh	25,000	0.01
11.	Ms. Preetinder Singh Joshi	25,000	0.01

(b) The top ten shareholders of the Company as on September 30, 2004 (i.e., two years prior to filing the Draft Red Herring Prospectus) were as follows:

S. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding (%)
1.	Fortis Healthcare Holdings Limited	34,300,000	45.79
2.	Ranbaxy Holding Co.	12,706,140	16.96
3.	Ranbaxy Laboratories Limited	12,529,460	16.73
4.	Oscar Investments Limited	6,000,000	8.01
5.	Malav Holdings Private Limited	4,127,000	5.51
6.	Shivi Holdings Private Limited	4,080,000	5.45
7.	Prime Trust -Dera Baba Jaimal Singh	235,000	0.31
8.	Davinder Singh Brar (HUF)	50,000	0.07
9.	Mr. Harpal Singh	50,000	0.07
10.	Mr. Lakhi Samtani	50,000	0.07

6. None of our Directors, key managerial personnel hold Equity Shares of Preference Shares in the Company, except as stated in the section titled "Our Management" beginning on page [●] of this Draft Red Herring Prospectus.

7. Shareholding of the Promoter Group in the Company:

(a) The shareholding of the Promoter Group and directors of the Promoters in the Company as on September 26, 2006 was as below:

Name of Promoter Group /directors of the Promoters	Number of Equity Shares	% of pre Issue share capital
Fortis Healthcare Holdings Limited	154,326,940	90.78
Ranbaxy Laboratories Limited	14,097,660	8.29
Malav Holdings Private Limited	133,750	0.08
Ranbaxy Holding Company	121,250	0.07
Mr. Malvinder Mohan Singh	6,394	0.00
Mr. Shivinder Mohan Singh	6,394	0.00
Mr. V.M. Bhutani	5,102	0.00
Mr. Vinay Kaul	103	0.00
Total	**168,697,593**	**99.24**

8. The Promoter Group, the directors of the Promoters have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

9. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

11. Subject the Pre-IPO Placement, if any, there will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.

12. Subject to the Pre-IPO Placement, the Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

14. As on September 26, 2006 the total number of holders of the Equity Shares was 124.

15. The Company has not raised any bridge loans against the proceeds of the Issue.

16. We have not issued any Equity Shares out of revaluation reserves. Except as disclosed in the sections titled "Capital Structure – Notes to the Capital Structure" and "Other Regulatory and Statutory Disclosures – Issues Otherwise than for Cash" beginning on pages [●] and [●], respectively of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.

17. An over subscription to the extent of 10% of the Issue can be retained for the purposes of rounding to the nearest multiple of [●] while finalizing the basis of Allotment.

18. As per the RBI regulations, OCBs are not allowed to participate in the Issue.

19. The Equity Shares held by the Promoters are not subject to any pledge.

20. Except as disclosed in this Draft Red Herring Prospectus, none of the Directors or key managerial personnel holds any Equity Share or Preference Share.

21. At least 60% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money with be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further 500,000 Equity Shares shall be allotted to Eligible Employees in the Firm Allotment Portion, subject to valid Bids being received at or above the Issue Price. The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.Under-subscription, if any, in any category except in the QIB category and the Firm Allotment Portion would be met with spill- over from other categories in the Company's sole discretion, in consultation with the BRLMs and the Designated Stock Exchange.

For further details, see the section titled "Issue Structure" beginning on page [●] of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The object of the Issue are to: (a) meet the cost of development and construction of a new hospital owned by OBPL, a subsidiary of the Company; (b) Refinancing of funds availed for the acquisition of Escorts Heart Institute Research Centre Limited; (c) Prepay some our short term loans; and (c) achieve the benefits of listing on the Stock Exchanges.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enables the Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Issue.

The fund requirements described below are based on management estimates and the Company's current business plan and have not been appraised by any bank or financial institution. In view of the dynamic nature of the healthcare delivery industry and on account of new projects that the Company may pursue, including potential merger and acquisition opportunities for existing hospitals or hospitals under development, the Company may have to revise its capital expenditure requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of the management of the Company. This may entail rescheduling or revising the planned capital expenditure and increasing or decreasing the capital expenditure for a particular purpose from its planned expenditure at the discretion of the Company's management. In case of any variations in the actual utilization of funds earmarked for the activities described below, increased fund deployment for a particular activity will be met from internal accruals of the Company and debt.

The net proceeds of the Issue after deducting expenses for the Issue are estimated at Rs. [●] million. The details of the utilization of the proceeds of the Issue are as follows:

(Rs. million)

S.No	Proposed Expenditure Program	Estimated amount of Company's contribution to be raised from the Issue
1.	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by Oscar Bio-Tech Private Limited ("OBPL"), a subsidiary of the Company.	1,000.00
2.	Refinancing of funds availed for the acquisition of Escorts Heart Institute Research Centre Limited ("EHIRCL").	5,600.00
3.	Prepayment of short term loans of the Company.	700.00
4.	General Corporate Purposes	[●]
5.	Issue Expenses *	[●]
	Total	

** To be finalised upon determination of Issue Price.*

1. *Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by OBPL, a subsidiary of the Company*

The Company proposes to invest Rs. 1,000.00 million of the net proceeds of the Issue in its subsidiary, OBPL for the construction and development of a new hospital to be located at Shalimar Bagh, New Delhi. The project shall consist of the construction of a 250 bed hospital and is expected to be completed by March 2008. The hospital is to be set up over 7.32 acres of land and it is proposed to provide healthcare to patients in key specialty areas such as cardiac care, gastroenterology, orthopedics, neuro-sciences, renal care and mother and child care.

In connection with the investment by the Company in OBPL from the net proceeds of the Issue, it is proposed that OBPL will issue equity shares to the Company. The Company is not assured of dividends pursuant to such investment in equity shares of OBPL.

The total cost of this project, is approximately Rs. 2,000 million of which Rs. 1,000 million is proposed to be financed through debt and Rs. 1,000 million is proposed to be financed through equity investment by the Company. OBPL has already incurred an expenditure of Rs. 162.67 million as per the certificate of Walker, Chandiok & Co. dated September 27, 2006, forming a part of the debt component, in relation to the acquisition of land for the project.

No second-hand equipment and instruments have been bought or are proposed to be bought from the proceeds of this Issue. The estimated cost of the project is detailed in the following table:

(Rs. Million)

Sl. No.	Particulars	Expenditure incurred or proposed to be incurred
1.	Land*	200.00
2.	Civil Interiors and consultancy fees	548.40
3.	Engineering Services	360.70
4.	Medical Equipment	434.10
5.	Hospital Engineering and Support Services	86.00
6.	Information Technology	20.00
7.	Contingencies	50.00
8.	Pre-operative and preliminary expenses	110.00
9.	Finance Cost, margin money and Cash losses	190.80
	Total	**2,000.00**

** This amount has been incurredbyOBPL as of [●].*

OBPL has not yet placed orders for machinery, civil construction, medical and other equipment for this project.

2. Refinancing of funds availed for the acquisition of EHIRCL

The Company executed a share purchase agreement on September 25, 2005 pursuant to which the Company acquired 90% of the equity share capital of EHIRCL including its subsidiaries. For details on the acquisition of EHIRCL, see the section titled "History and Certain Corporate Matters" beginning on page [●] of this Draft Red Herring Prospectus.

The total cost of the acquisition was Rs. 5,850.10 million. In accordance with the terms of the share purchase agreement, the Company paid the entire consideration for the acquisition from short term loans (as per the certificate of Walker, Chandiok & Co. dated September 27, 2006).

In March 2006, Fortis Healthcare Holdings Limited ("FHHL"), a Promoter of the Company advanced Rs. 2,600.00 million as share application money. The Company utilized a part of such amounts, i.e Rs. 2,575.00 million (as per the certificate of Walker, Chandiok & Co. dated September 27, 2006) towards repayment of certain term loans availed from banks and financial institutions for funding the acquisition of EHIRCL. Subsequently on September 26, 2006, in lieu of such share application amounts the Company issued 26,000,000 Preference Shares (Class B) each to FHHL, at a premium of Rs. 90 each aggregating Rs. 2,600.00 million.

The Company proposes to redeem the Preference Shares (Class B) issued to FHHL, out of the proceeds of this Issue.

Further, the Company proposes to utilise an aggregate amount of Rs. 3,000 million from the net proceeds of the Issue in connection with the prepayment of the loans obtained by the Company for the acquisition of EHIRCL, details of which are provided below:

Lender	Facility and Loan Documentation	Interest Rate and Repayment Schedule	Security
HDFC Limited	Short term loan of Rs. 3,000 million availed pursuant to agreement dated March 27, 2006.	**Interest:** 10% per annum. **Repayment:** Principal amount to be repaid in 12 months.	Pledge of 1.8 million equity shares of EHIRCL. Personal guarantees of Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh.

For further details of the terms and conditions of the loan, see the section titled "Financial Indebtedness" beginning on page [●] of this Draft Red Herring Prospectus. For the restated income statement and balance sheet of EHIRCL for the years ended March 31, 2002, 2003, 2004, 2005 and 2006, see the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

Funds raised from the Pre-IPO Placement, if any, will be utilised towards redemption of Preference Shares (Class B).

3. *Repayment of short term loans availed by the Company*

The Company has entered into various financing arrangements with a number of banks/ financial institutions and other lenders. These arrangements include fund based facilities from banks/ financial institutions and other lenders aggregating Rs. 1,800 million as on September 26, 2006. As on September 26, 2006 the amount outstanding from the Company under these facilities was Rs. 1,350 million. Details of the amounts outstanding have been provided in the table below:

(In Rs. Million)

Bank/Financial Institution/Lender	Total Amount Sanctioned Under Fund Based Facilities	Amount Outstanding as on September 25, 2006
Kotak Mahindra Bank Limited	500	500
Bank of Rajasthan	300	300
HDFC Limited	300	300
Indusind Bank Limited	200	200
HSBC Bank Limited	500	50

For further details of the terms and conditions of the loans, see section titled "Financial Indebeted ness" beginning on page [●] of this Draft Red Herring Prospectus.

Some of the financing arrangements of the Company contain provisions relating to prepayment penalties. The Company will take these provisions into consideration in prepaying debt from the proceeds of the Issue. In the event of any surplus with respect to the proceeds of the Issue, the Company will, in accordance with the policies established by the Board, have flexibility in applying such surplus towards further repayment of debt or for general corporate purposes. The Company will approach the banks/financial institutions/lenders or clients after the completion of this Issue for pre-payment of some of the above high-cost loans/advances. In the event of any shortfall in using the net proceeds of the Issue as described in the Objects of the Issue, the Company will reduce the amount of prepayment of high cost debt.

4. General corporate purposes including strategic initiatives

4A. Growth opportunities through strategic initiatives of acquisitions / investments

In addition to the proposed capital expenditure by the Company in building new hospitals and continued investment in existing facilities, it is also a key component of the Company's strategy to expand through viable acquisitions and strategic partnerships. The Company has in the past, grown its business and operations through both organic and inorganic routes. Going forward, the Company believes that strategic investments and acquisitions may act as an enabler to growing its business. While this would be a component of its strategy, the Company, presently does not have any legally binding commitments to enter into any such investments or acquisitions.

Accordingly, the Company intends to use a part of the proceeds received by the Company from the Issue for investment in acquiring existing hospitals and other strategic investments and acquisitions.

Our evaluation criteria for new opportunities include the cost, the quality of the infrastructure, work, culture and specialities at a facility (for existing facilities), location (with a focus on properties located in major cities), population base, the skill and reputation of the doctors and other medical and non-medical staff at existing facilities and the attractiveness to leading doctors of the location of new sites.

The Company intends to use approximately Rs [●] towards such strategic initiatives. In case of a shortfall of funds toward this purpose, we intend to fund it through alternative means of funding, including by means of external debt.

4B. General Corporate Purposes

We intend to use a part of the net proceeds, approximately Rs. [●] million, out of the net Issue toward general corporate purposes to drive our business growth.

The management of the Company, in accordance with the policies of the Board, will have the flexibility in utilizing any surplus amounts from the net proceeds of the Issue.

IV. Issue Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

S. No.	Activity Expense	Amount (Rs. millions)	Percentage of Total Expenditure	Percentage of Issue Size
1.	Lead management, underwriting and selling commissions*	[●]	[●]	[●]
2.	Advertising and marketing expenses**	[●]	[●]	[●]
3.	Printing and stationary expenses**	[●]	[●]	[●]
4.	Others (Registrar fees, legal fees etc.)**	[●]	[●]	[●]
	Total	[●]	[●]	[●]

** The amounts will be incorporated on finalisation of the Issue Price.*
*** The amounts will be finalised at the time of filing of the Red Herring Prospectus.*

Schedule of Implementation and deployment of funds

The Company proposes to deploy the net proceeds of the Issue in the aforesaid projects in the next three Fiscals. The total amount to be deployed in Fiscal 2007, 2008 and 2009 are Rs. 123.21 million, Rs. 560.28 million and Rs. 112.96 million, respectively. The following are the details of the estimated schedule of deployment of funds and the schedule of implementation of the projects:

S. No.	Object	Expenditure incurred as on August [31],2006	Schedule of Deployment of funds			Estimated time of completion or repayment
			Fiscal 2007	Fiscal 2008	Fiscal 2009	
		(Rs. million)				
1.	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by OBPL	162.67*	123.21	560.28	112.96	Fiscal 2009
2.	Refinancing of funds availed for the acquisition of Escorts Heart Institute Research Centre Limited	Nil	5,600.00	-	-	January 2007
3.	Repayment of short term loans availed by the Company.	Nil	700.00	-	-	January 2007

* Expenditure incurred by OBPL, a subsidiary of the Company.

Appraisal Report

None of the projects for which the net proceeds of the Issue will be utilised have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company and quotes received from vendors of equipment and consideration payable for contracts already executed.

Interim Use of Proceeds

The management of the Company, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation for the purposes described above, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

Monitoring of Utilisation of Funds

The Board and the monitoring agency ([●]) so appointed for this purpose will monitor the utilisation of the proceeds of the Issue. The Company will disclose the utilization of the proceeds of the Issue under a separate head in its balance sheets for Fiscal 2007, 2008 and 2009 clearly specifying the purposes for which such proceeds have been utilised. The Company will also, in its balance sheets for Fiscal 2007, 2008 and 2009, provide details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

No part of the net proceeds will be paid by the Company as consideration to the Promoters, the Directors, the Company's key managerial personnel or companies promoted by the Promoters except in the ordinary course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following quantitative and qualitative factors for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections titled "Risk Factors" and "Financial Statements" beginning on pages [●] and [●] of this Draft Red Herring Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

Internal Factors

- We believe that we are one of the largest private healthcare companies in India, based on the number of hospital beds, according to information provided by CRIS-INFAC's report published in 2005. We currently have a network of 12 hospitals primarily in north India and 15 satellite and heart command centers in hospitals across the country and one heart command center in Afghanistan.
- We deliver quality healthcare services to our patients in modern, patient- centric facilities using advanced technology and our teams of doctors, nurses and other healthcare professionals who follow international protocols.
- We have a team of skilled doctors dedicated to quality patient care, many of whom have a history of pioneering innovative techniques for patient treatment.
- We have a cost-effective business model which allows us to deploy resources across our network and 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 to patients in key specialty areas such as cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care at our super-specialty "centers of excellence".
- Since 2001, we have grown from one hospital, Fortis Hospital, Mohali, to a network of 12 hospitals and 17 satellite and heart command centers, and have established a track record of launching green field hospital projects in a timely manner, and integrating facilities into our operations.
- We have a professional management team which is composed of experienced managers from different industries, as well as doctors with both clinical and administrative experience. We believe our combination of a professionally managed administration with a commitment to patient care and high ethical standards enables us to operate our hospitals more efficiently and leads to greater innovation in the management philosophy across our hospitals, while at the same time providing quality care to our patients.
- We believe our reputation through the Fortis and Escorts Healthcare brands, and Ranbaxy Laboratories Limited heritage, attracts patients and leading doctors to our facilities, and will also facilitate the acceptance by both patients and doctors of hospitals in other regions across India that we intend to add to our network.

Other Factors

- Despite increasing expenditure on healthcare, India lags behind other developing nations in many health categories, including life expectancy and infant mortality.
- Government healthcare delivery infrastructure in India is not well-developed, and consequently, India's growing middle class is increasingly choosing private hospitals. Privately operated healthcare delivery accounted for over half of all inpatient hospital visits in India and 82% of all outpatient visits according to CRIS-INFAC's report published in 2005.

- Socio-economic and demographic changes within the Indian population have increased the incidence of lifestyle diseases like cancer, diabetes and cardiovascular disease.
- The increasing awareness about health and medical procedures has created increased demand for advanced healthcare services, particularly tertiary and quaternary healthcare services.
- The rapid growth of the middle and upper classes in India, particularly the urban middle class, a segment that accounts for a substantial proportion of healthcare expenditure, is likely to lead to higher per capita expenditure on treatment of lifestyle diseases
- The recent entry of private insurance companies, which has deepened health insurance penetration in India, increased spending on healthcare infrastructure and growth in medical value travel is likely to further fuel the growth of the private healthcare delivery market in the country.
- We believe we are well-positioned to serve this increasing demand for sophisticated medical procedures and explore emerging opportunities in this growing market.

For detailed discussion on the above factors, see the sections titled "Industry" and "Our Business" beginning on pages [●] and [●] of this Draft Red Herring Prospectus.

Quantitative Factors

The information presented in this section is derived from the Company's unconsolidated audited restated financial statements for the years ended March 31, 2004, March 31, 2005 and March 31, 2006.

The Company's consolidated financials have historically included its own operations, primarily consisting of two owned Hospitals in Mohali and Amritsar, and those of IHL consolidated as a board controlled subsidiary since December 20, 2002. Following acquisitions as described on page [-] of this Draft Red Herring Prospectus, the Company acquired a 90% interest in EHIRCL, which owns and operates the Escorts hospital chain (including three majority-owned hospitals) in September, 2005 and a 100% stake in OBTPL in March, 2006. In addition, the Company also acquired a majority stake in IHL, resulting in IHL becoming a majority owned subsidiary of the Company in March, 2006. The information presented in this section derived from the Company's unconsolidated audited restated financial statements for the years ended March 31, 2004, March 31, 2005 and March 31, 2006, and does not fully reflect the effect of the acquisitions mentioned above.

1. *Weighted average earnings per share (EPS)*

Financial Period	EPS Unconsolidated (Rs.)	Weight
Year ended March 31, 2004	(0.77)	1
Year ended March 31, 2005	(2.80)	2
Year ended March 31, 2006	(4.81)	3
Weighted Average	**(3.47)**	

2. *Price Earnings Ratio (P/E Ratio)*

   a. P/E based on the year ended March 31, 2006: [●]
   b. Peer group P/E(1)
      (i) Apollo Hospitals: 35.8 times

   1) P/E ratios for peer group from "Capital Market" Volume XXI/ 14 dated September 11, 2006 to September 24, 2006.

3. *Weighted average return on net worth*

Financial Period	Return on Net Worth – Unconsolidated (%)	Weight
Year ended March 31, 2004	-25%	1
Year ended March 31, 2005	-67%	2
Year ended March 31, 2006	-52%	3
Weighted Average	**-53%**	

4. *Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS.*
   a. The minimum return on increased net worth required to maintain pre-Issue EPS on an unconsolidated basis is [●]%.

5. *Net Asset Value (NAV)*
   a. NAV per Equity Share after the Issue is Rs. [●].
   b. Issue Price per Equity Share is Rs. [●].
   c. NAV per Equity Share for the year ended March 31, 2004, 2005 and 2006 is as follows:

Financial Period	Net Asset Value per Equity Share (Rs.) – Unconsolidated	Weight
Year ended March 31, 2004	3.11	1
Year ended March 31, 2005	3.92	2
Year ended March 31, 2006	7.43	3
Weighted Average	**5.54**	

The Issue Price of Rs. [●] per Equity Share has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the above accounting ratios.

6. *Comparison with Industry Peers*

	EPS (Rs.)	P/E (times)	Return on Net Worth (%)	Net Asset Value per Equity Share (Rs.)
Fortis Healthcare Limited (1)	(4.81)	[●]	-52%	7.43
Peer Group (2)				
Apollo Hospitals	11.3	35.8	12.3%	128.7

1) Earnings Per Share, Return on Net Worth and Net Asset Value of the Company are based on the last audited unconsolidated restated financial statements for the year ended March 31, 2006.
2) Source: "Capital Market" Volume XXI/ 14 dated September 11, 2006 to September 24, 2006.

The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the sections titled "Risk Factors" and "Financial Statements" beginning on pages [●] and [●] of this Draft Red Herring Prospectus.

STATEMENT OF TAX BENEFITS

Auditor's Report

The Board of Directors,
Fortis Healthcare Limited,
Escorts Heart Institute & Research Centre,
Okhla Road,
New Delhi – 110 025.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its share holders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co
Chartered Accountants

Per Raj Agrawal
Partner
Membership No: 82028
Place: New Delhi
Date: September 29,2006

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

1. To the Company - Under the Income-tax Act, 1961 (the Act)

1.1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.

1.2 Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998

1.3 Under section 80-IB of the Act, profits of an undertaking deriving profits from the business of operating and maintaining a hospital in rural area, is eligible for 100% deduction for first five years subject to conditions specified in that section. However, Finance Act 2006 has introduced section 80AC which provides that no deduction under section 80-IB shall be allowed if the return is not filed on or before the due date.

1.4 In terms of Section 115JAA (1A) of the Act tax credit shall be allowed for any Assessment Year commencing on or after April 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set-off any tax payable under the normal provisions in excess of MAT payable for that relevant year. MAT credit in respect of MAT paid prior to AY 2007-08 shall be available for set-off upto 5 years succeeding the year in which the MAT credit initially arose. However, as per Finance Act 2006 MAT credit for MAT paid for AY 2007-08 or thereafter shall be available for set-off upto 7 years succeeding the year in which the MAT credit initially arose.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006, long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –

   (i) National Highways Authority of India (‘NHAI’) constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
   (ii) Rural Electrification Corporation Limited (‘RECL’), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

   (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
   (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.

i) **Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]**

   (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

(ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

(iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

(iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

(v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

2.3 Foreign Institutional Investors (FIIs)

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions.

d) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

e) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

2.4 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

c) In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

INDUSTRY

The industry data set forth below is based on industry information collected by third parties. The industry sources cited herein include the CRIS-INFAC Hospitals Annual Review published in November 2005 ("CRIS-INFAC"), "Healthcare in India: The Road Ahead," published in October 2002 by the Confederation of Indian Industry and McKinsey & Company ("CII-McKinsey"), "Working Together for Health -- The World Health Report 2006" published by the World Health Organization in 2006 (the "WHO"), the "Tenth Five Year Plan (2002-2007)" published by the Planning Commission, Government of India, in 2002 (the "Planning Commission (2002)"), "Healthcare", a report by Ernst & Young for India Brand Equity Foundation and published in February 2006 ("IBEF-E&Y") and "Changing Health Budgets" by Ravi Duggal, published in 2006 by the Centre for Enquiry into Health and Allied Themes, Research Centre of Anusandhan Trust ("CEHAT"). This data has not been prepared or independently verified by us or the BRLMs or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

INTRODUCTION

ACCORDING TO THE WHO, TOTAL EXPENDITURE ON HEALTHCARE IN INDIA CONSTITUTED 4.8% OF THE GROSS DOMESTIC PRODUCT IN 2003 AND WAS LOWER THAN IN 1999, WHEN IT CONSTITUTED 5.1%. THIS IS LOWER THAN HEALTHCARE SPENDING IN OTHER DEVELOPING COUNTRIES SUCH AS BRAZIL (7.6%), CHINA (5.6%) AND MEXICO (6.2%), BUT HIGHER THAN SPENDING IN COUNTRIES LIKE THAILAND (3.3%) AND MALAYSIA (3.8%). CRIS-INFAC ESTIMATED THAT INDIA SPENT ROUGHLY RS. 1,700 BILLION ON HEALTHCARE IN 2004, WITH APPROXIMATELY RS. 910 BILLION BEING SPENT ON HEALTHCARE DELIVERY SERVICES. ACCORDING TO CEHAT, THE TOTAL VALUE OF THE HEALTH SECTOR IN INDIA IN 2006 IS OVER RS. 2150 BILLION. THIS EQUALS APPROXIMATELY RS. 2,000 PER CAPITA, AND 6.5% OF THE GROSS DOMESTIC PRODUCT.

According to the WHO, despite increasing expenditure on healthcare, India lags behind other developing nations in many health categories, including life expectancy and infant mortality. In 2004, government spending on healthcare amounted to 24.8% of total healthcare expenditure in India, as compared to 45.3% in Brazil and 49.4% in South Korea. Similarly, per capita total expenditure on healthcare was US$ 82 in India as compared to US$ 597 in Brazil and US$ 278 in China during 2003. Indian healthcare infrastructure and the number of healthcare professionals also compare poorly to other developing countries. According to CII-McKinsey, India had only 1.5 hospital beds per thousand people in 2001, while countries such as China, Brazil, Thailand and South Korea had an average of 4.3 beds per thousand people. Moreover, physicians in India only numbered 0.60 per thousand in 2005 compared to 1.15 in Brazil, 1.06 in China and 1.57 in the Republic of Korea, according to the WHO. The worldwide nursing shortage is also reflected in India, which is mentioned among the countries with the greatest shortage, in absolute terms, of health workers, with nurses numbering only 0.80 per thousand people in 2004, according to the WHO, compared to 3.84 in Brazil, 1.05 in China, and 1.75 in the Republic of Korea. The following table sets forth certain key healthcare indicators for India and certain other countries:

	Life Expectancy at Birth	Infant Mortality Rate	Government Expenditure on Healthcare	Per Capita Total Expenditure on Healthcare	Number of Physicians	Physicians – Density	Number of Nurses	Nurses – Density
	(Years)	(Per 1,000)	(% of total Healthcare Expenditure)	(US$)	(Nos.)	(Per 1,000)		(Per 1,000)

	2004	2004	2003	2003	2000 (1)	2000 (1)	2000 (1)	2000 (1)
India	*62*	*85*	*24.8*	*82*	*645,825*	*0.60*	*865,135*	*0.80*
Brazil	70	34	45.3	597	198,153	1.15	659,111	3.84
China	72	31	36.2	278	1,364,000	1.06	1,358,000	1.05
Malaysia	72	12	58.2	374	16,146	0.70	31,129	1.35
Mexico	74	28	46.4	582	195,897	1.98	88,678	0.90
Republic of Korea	77	6	49.4	1,074	75,045	1.57	83,333	1.75
Thailand	70	21	61.6	260	22,435	0.37	171,605	2.82
Japan	82	4	81.0	2,244	251,889	1.98	993,628	7.79
United Kingdom	79	6	85.7	2,389	133,641	2.30	704,332	12.12
United States	78	8	44.6	5,711	730,801	2.56	2,669,603	9.37

Source: The WHO

(1) 2005 for India; 2001 for China; 2003 for South Korea; 2002 for Japan; and 1997 for the United Kingdom.

Although many parts of India remain poor and access to basic healthcare remains the focus in those regions, according to CRIS-INFAC, socio-economic and demographic changes within certain segments of the Indian population, particularly in urban areas, have created increased demand for advanced healthcare services. Not only is there a growing awareness and sophistication among healthcare consumers who are demanding more services, there is also an increase in the incidence of so-called "lifestyle" diseases like cancer, diabetes and cardiovascular disease, which are more expensive to treat than communicable and infectious diseases.

Structure of the Healthcare Delivery Industry

Type of Facilities

Healthcare facilities in India vary by the level and complexity of treatment offered, quality of infrastructure facilities and availability of qualified doctors and support staff. They can be divided into:

- *Primary care facilities,* which offer basic, point-of-contact medical services and healthcare prevention services in an outpatient setting. Primary care facilities are typically clinics with one or more general practitioners on site. CII-McKinsey estimates that the total spending in this market in India was approximately Rs. 370 billion in 2001.

- *Secondary care facilities*, which offer both inpatient and outpatient medical services, including simple surgical procedures. Such facilities offer basic medical specialties including internal medicine, pediatrics, obstetrics and gynecology, and limited coverage of other specialties including gastroenterology, urology, dermatology, and cardiology. CII-McKinsey estimates that the total spending in this market in India was approximately Rs. 250 billion in 2001.

- *Tertiary care facilities*, which offer highly specialized and sophisticated medical care and surgical procedures in a primarily inpatient setting. Such facilities offer treatment in specialty and "super-specialty" areas of cardiology, neurology, oncology, and orthopedics, among others. CII-McKinsey estimates that between 5% and 10% of total beds in India were in the tertiary care segment in India in 2001. CRIS-INFAC estimates that the expenditure on tertiary care hospitals comprised approximately 15% of the total Rs. 910 billion spending for healthcare delivery in India in 2004. According to CRIS-INFAC, this segment is expected to grow faster than the primary or secondary care segments because of an expected rise in complex lifestyle diseases like cardiovascular diseases, diabetes and cancer.

- *Quaternary care facilities*, which offer similar services to tertiary care facilities with a focus on "super-specialty" surgical procedures, including advanced cardiac, neurosurgical and joint-replacement surgeries.

Healthcare facilities in India typically have both inpatient (IPD) and outpatient (OPD) departments. CRIS-INFAC, in its 2005 report, indicates that in most single and multi-specialty hospitals in India, the IPD represented approximately 10% of total volume of patient visits and 85% of revenues, when compared with the OPD. These percentages may vary from hospital to hospital. According to CRIS-INFAC, IPD facilities also typically require more extensive capital expenditures for beds, operating theaters, intensive care units, nursing services, pharmaceutical services, laboratory and diagnostic centers and a central sterile and supply department. OPD facilities, by contrast, require more basic facilities such as examination rooms and less complex operating rooms. OPDs are also an important source of patients for a hospital's diagnostic centers and IPDs, referring an average of approximately 30% of outpatients in 2004 to the IPD.

Ownership and Operating Models

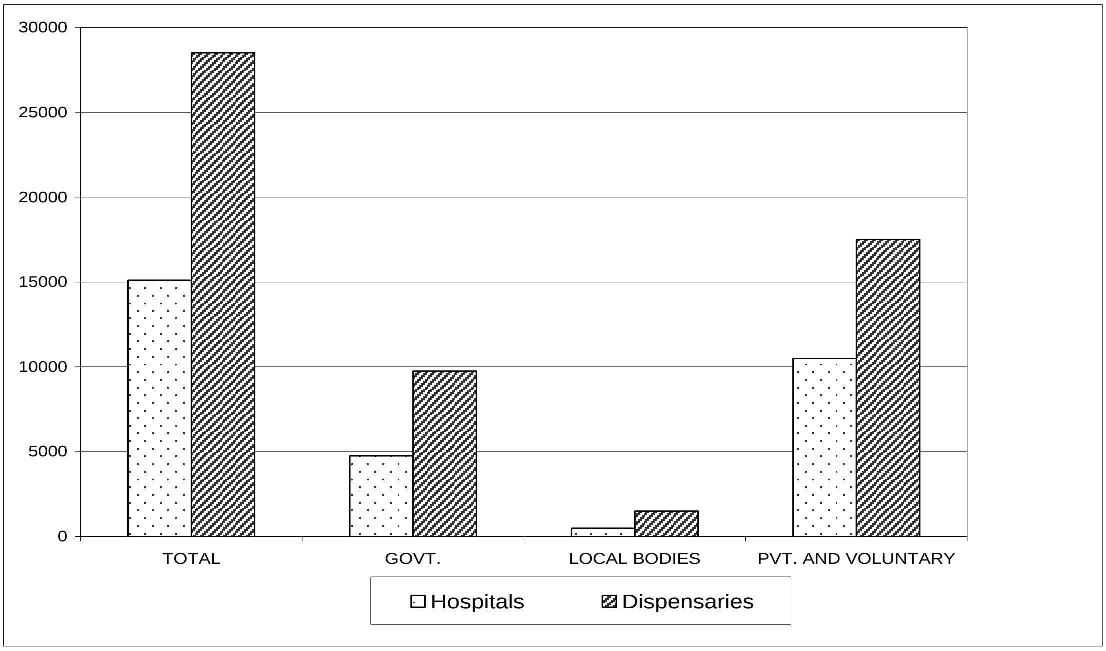
There are five basic operating models for hospitals in India:

- facilities owned and operated by the government and local bodies;
- facilities owned and operated by charitable trusts;
- facilities owned and operated by for-profit corporations;
- institutions and facilities owned by charitable trusts, the government, local bodies or for-profit institutions but operated by separate for-profit institutions; and
- collaborations between government bodies and for-profit corporations (i.e., joint ventures and public-private partnerships).

Certain for-profit hospital operators have become integrated healthcare providers by expanding into a wide variety of healthcare services including pharmacy, health insurance and telemedicine. Other for-profit hospital operators have chosen to focus primarily on healthcare delivery, adding tertiary and quaternary care facilities that serve as hubs for, and admit patients from, smaller primary and secondary care facilities in local communities.

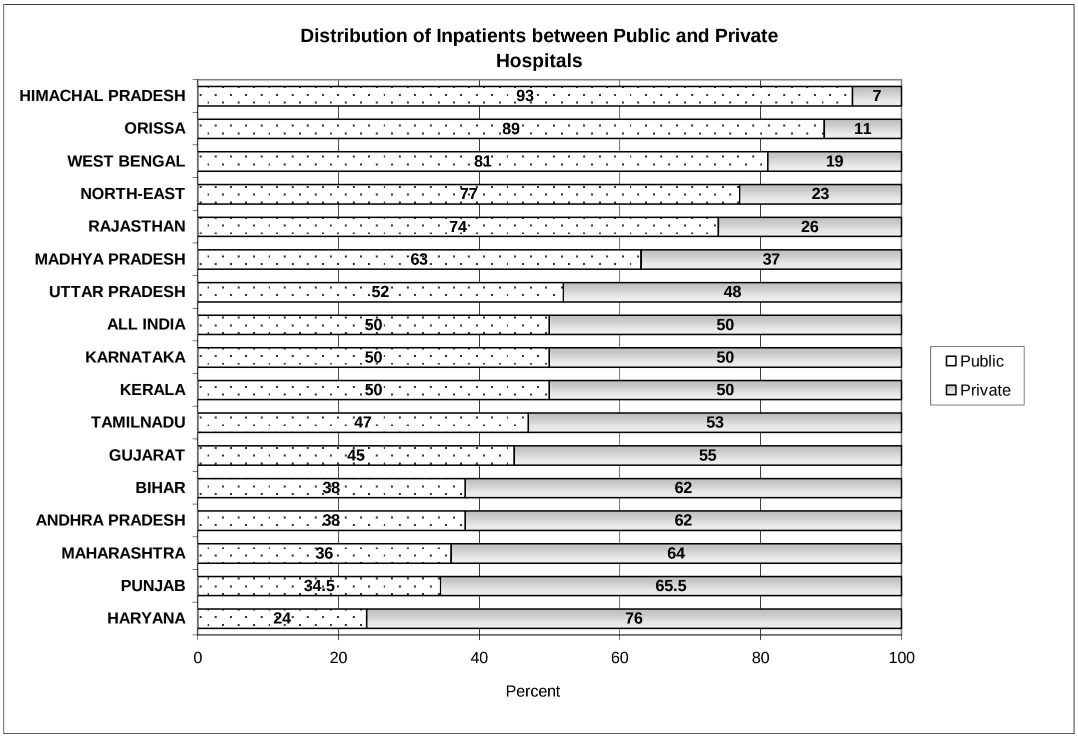
Public vs. Private Provision of Healthcare Services

Although access to government run hospitals is widely available in both urban and rural areas in India, healthcare delivery infrastructure is typically not well-developed, and there is a strain on existing resources. Patients may be required to wait in long queues for treatment at these hospitals, and many doctors are over-worked. India's growing middle class is, therefore, increasingly choosing private hospitals. Privately-operated healthcare delivery accounted for over half of all inpatient hospital visits in India and 82% of all outpatient visits according to CRIS-INFAC's report published in 2005. The following chart shows hospitals and dispensaries in the private and public sector from both rural and urban areas:

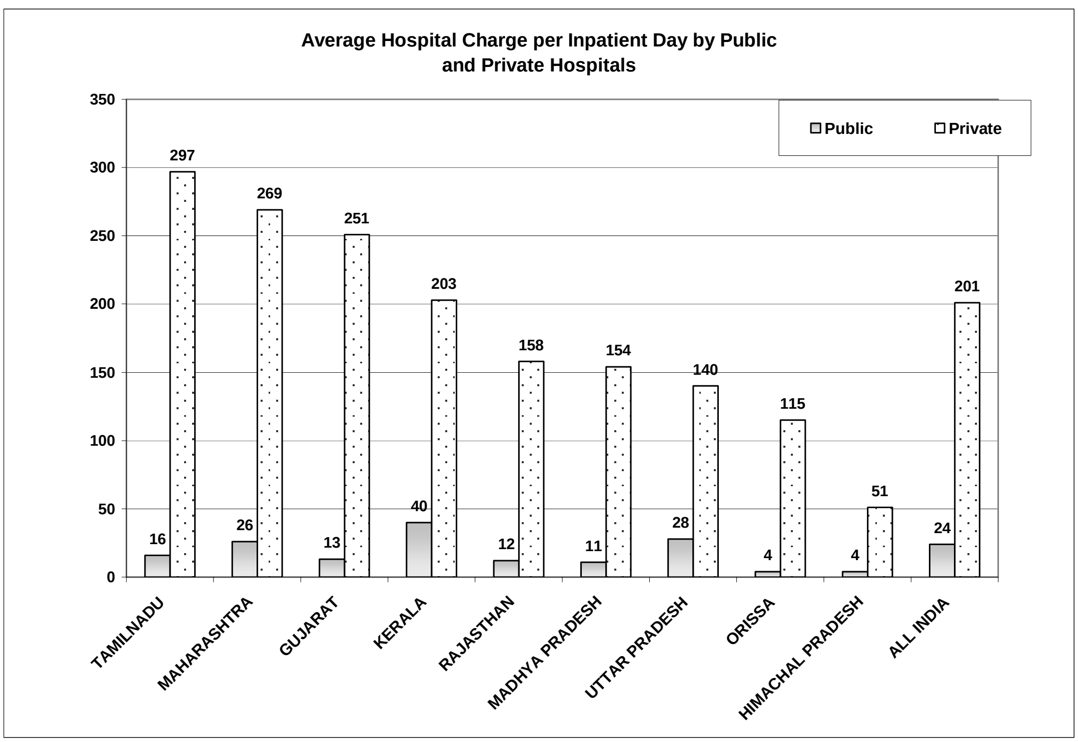


Source: Planning Commission (2002)

Private sector healthcare services range from those provided by large corporate hospitals and smaller hospitals or nursing homes to clinics/dispensaries run by qualified personnel and services provided by unlicensed practitioners. According to CII-McKinsey, a majority of the private facilities in India in 2001 were small: approximately 84% had fewer than 30 beds and only 6% had more than 100 beds. The use of private facilities also tends to vary from state to state in India with a majority of patients in the states of Punjab, Haryana and Maharashtra going to private hospitals. In addition, although a significant share of healthcare services in India is delivered by the private sector rather than the public sector, the costs of such services tend to be higher. According to the Planning Commission (2002), the average cost of treatment per day for inpatients at a public healthcare facility was Rs. 24 in 2000, which is a fraction of the cost incurred at a private healthcare facility. The following charts show the distribution of inpatients between public and private hospitals among various states in India and the average hospital charge per inpatient day for public and private hospitals:



Source: Planning Commission (2002)

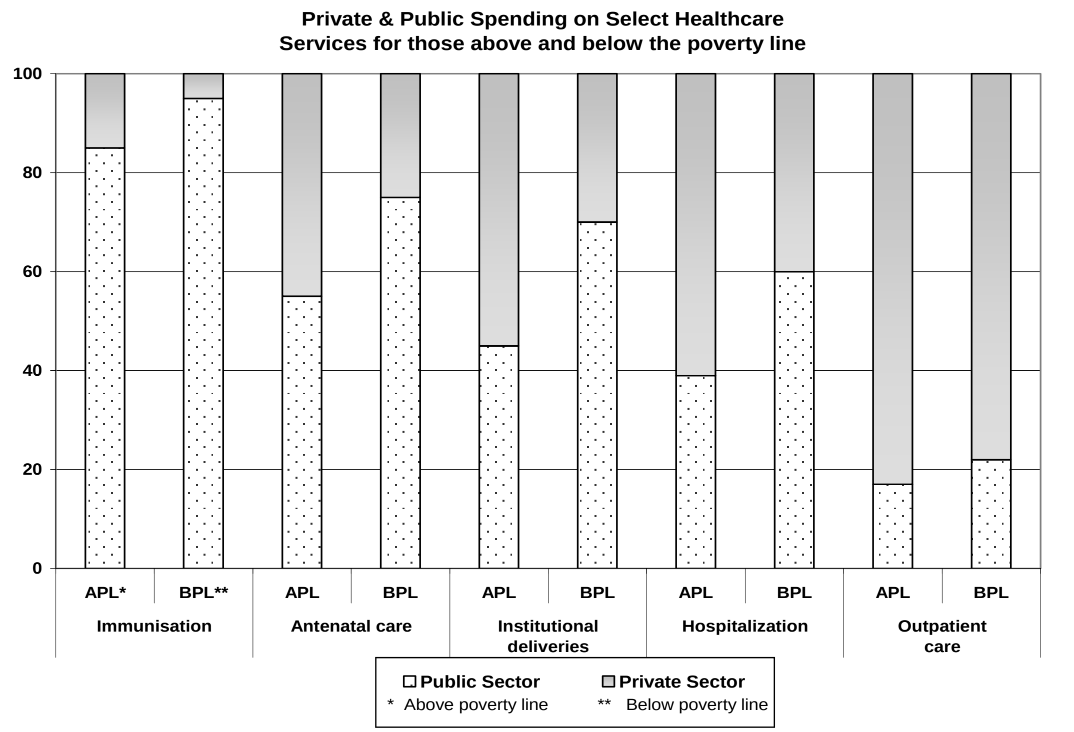


Source: Planning Commission (2002)

Important factors for success for a private sector healthcare provider are location, brand equity, quality of care provided, choice of specialty and specialty level, project cost and ability to control operating costs. While the first four factors are important to attract patients and improve occupancy rates and profitability, the other two, that is, project cost and operating margins, are important to ensure the financial viability of the hospital.

Healthcare Funding and Insurance

Healthcare spending in India is primarily sourced from private funds; according to CRIS-INFAC, in 2004, 82% of healthcare spending came from private out-of-pocket funding, with much of the represented spending coming from higher income groups. According to the WHO, private health expenditure was 75.2% of total health expenditure in India in 2003, of which 97% was out-of-pocket private expenditure. There are also significant differences in private spending on health care services in public and private facilities between states, with a large part of private expenditure in states like Kerala, Punjab and Haryana going to private healthcare facilities. The following charts show the private and public spending on select healthcare services by those above and below the poverty line, and the breakdown by state of private spending on healthcare services at private and public facilities:



Source: Planning Commission (2002)

According to the Planning Commission (2002), less than 10% of the population in India was covered by some form of health insurance. According to CRIS-INFAC, the recent entry of private insurance companies has deepened health insurance penetration in India. Health insurance in India may be categorized as follows:

- *Private Insurance*. Premium paid through an employer's health plan or directly by the insured. According to CII-McKinsey, while the Indian health insurance industry is open to the private sector, most insurance companies have participated only to a limited extent. Government-owned insurance companies covered approximately four million people (0.4% of the population) in 2001. As a result of regulatory barriers, large international health insurance companies have adopted a wait-and-see policy before deciding whether to enter.

- *Social Insurance*. Mandatory wage-based contribution from employee. According to CII-McKinsey, social insurance covered approximately 30 million people in India (3% of the population) in 2001.

- *Employer Spending*. Employer provides reimbursement or complimentary access to employer's own healthcare facilities. According to CII-McKinsey, such schemes covered approximately 50 million people in India (5% of the population) in 2001.

- *Community Insurance*. Scheme managed by local provider, insurer, non-governmental organization, association of the insured or governmental authority. According to CII-McKinsey, local community insurance schemes covered approximately 50 million people in India (5% of the population) in 2001. Four types of community insurance exist in India: (i) insurer-driven, (ii) provider-driven, (iii) self-managed, and (iv) government-managed.

PRIVATE HEALTHCARE PROVIDERS

According to CRIS-INFAC, there are six major providers of private healthcare in India, namely the Apollo Group, CARE Hospitals, Fortis Healthcare, Manipal Group, Max Healthcare, and Wockhardt Hospitals. The table below summarizes certain key statistics regarding these healthcare providers, and is sourced from CRIS-INFAC and hospital published data, except as indicated. In addition, statistics for the All Institute of Medical Sciences, a large government-run hospital in the NCR, are also included in the table below.

	Number of beds *	Year	Location(s) in India	Type of Facility**
Apollo	2,164***	2005	Pan India	P, T, Q
CARE	642	2005	South	P, S, T
Fortis Healthcare^	1,593	2006	NCR	S, T, Q
Max Healthcare	~530	2005	NCR	P, S, T, Q
Wockhardt	700	2005	South, West and East	T, Q
Manipal Group	~7,000	2005	South	P, S, T
All India Institute of Medical Sciences	1,543	2000	NCR	P, S, T, Q

Source for Apollo (number of beds): Apollo published figures, 2005
Source for Fortis Healthcare (number of beds): Company data at September 1, 2006
Source for All India Institute of Medical Sciences (number of beds): http://www.aiims.edu/aiims/aboutaiims/aboutaiims_glance.htm (as accessed on September 24, 2006)

^ Includes Escorts hospitals; number of beds only includes beds in use, but does not include beds in satellite/heart command centers
*** Providers may not use the same criteria for counting the number of beds**
**** P: Primary; S: Secondary; T: Tertiary; Q: Quaternary**
***** Number of beds does not include beds operated by subsidiaries, joint ventures, associates or those in managed hospitals.**

BESIDES COMPETING WITH EACH OTHER, THE MAJOR PRIVATE HEALTHCARE PROVIDERS ALSO COMPETE WITH HEALTHCARE DELIVERY FACILITIES THAT ARE OWNED BY INDIVIDUALS OR NON-PROFIT ENTITIES SUPPORTED BY ENDOWMENTS, GOVERNMENTAL AGENCIES AND CHARITABLE CONTRIBUTIONS IN CERTAIN LOCATIONS. THESE INCLUDE MAJOR HOSPITALS SUCH AS THE ALL INDIA INSTITUTE OF MEDICAL SCIENCES IN NEW DELHI, AS DESCRIBED IN THE TABLE ABOVE.

THE LARGE PRIVATE HEALTHCARE PROVIDERS ARE ACTIVELY SEEKING GROWTH BY ENHANCING THEIR REACH ACROSS THE COUNTRY THROUGH THE

BUILDING OF NEW HOSPITALS, ACQUISITION OF EXISTING HOSPITALS AND ARRANGEMENTS WITH SMALL HEALTHCARE PROVIDERS, WIDENING THEIR PRESENCE ACROSS PRIMARY, SECONDARY AND TERTIARY HEALTHCARE, UPGRADING THEIR EXISTING FACILITIES AND REACHING OUT TO PROSPECTIVE PATIENTS THROUGH INITIATIVES SUCH AS COMMUNITY OUTREACH PROGRAMS, FREE HEALTH CHECK-UPS, AND ARRANGEMENTS WITH EMPLOYERS TO PROVIDE HEALTHCARE SERVICES TO THEIR EMPLOYEES. RECENT PRESS REPORTS INDICATE THAT OTHER ENTITIES ALSO PLAN TO ESTABLISH "MEDICITIES" WITH FACILITIES OFFERING VARIOUS LEVELS OF HEALTHCARE SERVICES, AS WELL AS MEDICAL TEACHING INSTITUTIONS.

ACCREDITATION AND CERTIFICATION

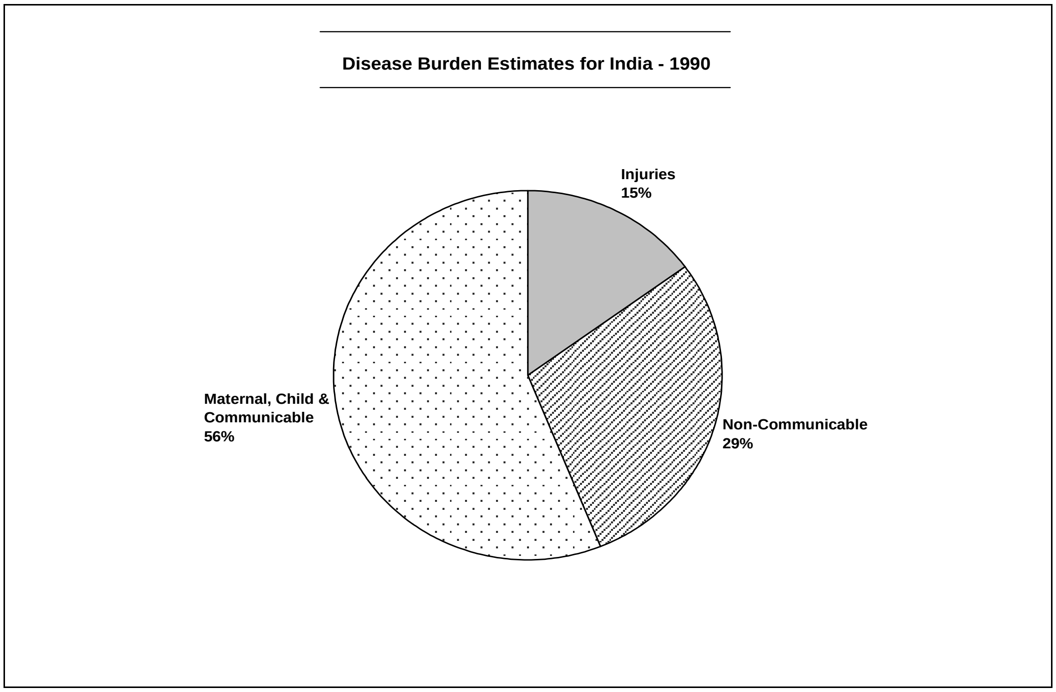
Until recently, India had no national accreditation body for hospitals. As a result, there has been wide variance in the quality of healthcare services provided in India. Today, Indian hospitals may apply for accreditation from the newly formed National Accreditation Board for Hospitals and Healthcare Providers (NABH), an autonomous body established by the Quality Council of India to set benchmarks in the healthcare industry, which first published its hospital accreditation standards and procedures in February 2006.

Certain Indian hospitals, especially those run by large for-profit organizations, are also now applying for international accreditation from bodies such as the Joint Commission International (JCI), an affiliate of the Joint Commission on Accreditation of Healthcare Organization, which is an independent not-for-profit organization and is the predominant standards-setting and accrediting body in healthcare in the United States. As of June 30, 2006, four hospitals have been accredited by the JCI: Apollo Hospital, Chennai; Indraprastha Apollo Hospital, New Delhi; Wockhardt Hospital, Mumbai; and Apollo Hospital, Hyderabad. Certain hospitals in India have also applied for and received certification from the International Standards Organization (ISO), which monitors the quality of implementation of internal operational procedures.

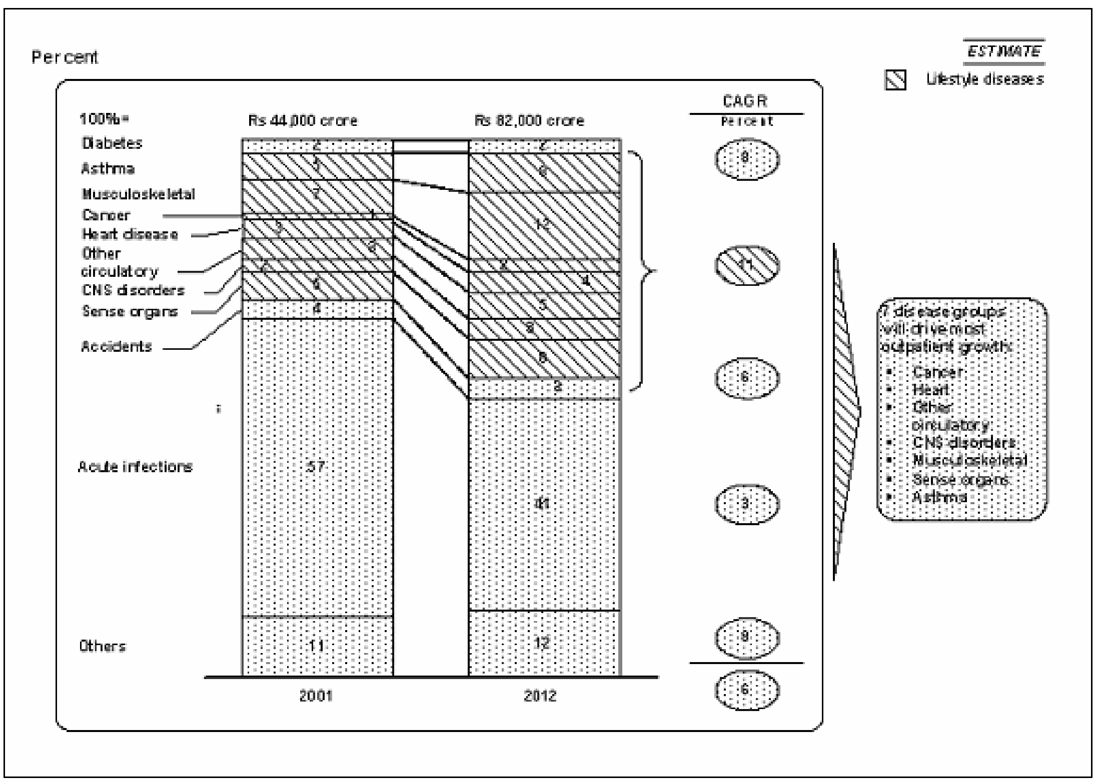
EMERGING TRENDS AND INDUSTRY OUTLOOK

SHIFTING DEMOGRAPHICS AND SOCIO-ECONOMIC TRENDS

Socio-economic and demographic changes within the Indian population have increased the incidence of lifestyle diseases like cancer, diabetes and cardiovascular disease. For instance, people aged 15 to 64, a population CRIS-INFAC identifies as more prone to lifestyle diseases, are expected to increase as a share of the total population from 61.5% in 2000 to 65% in 2010. CRIS-INFAC also notes the expected increase in the share of people older than 65, a group that exhibits a higher incidence of musculoskeletal diseases. According to the Planning Commission (2002), it is estimated that the occurrence of non-communicable diseases is likely to grow faster than communicable and infectious diseases over the next five to ten years and that it will constitute approximately 57% of disease occurrences by 2020. The following charts show India's disease burden estimates for 1990, 2001 and 2020:



Source: Planning Commission (2002)



Source: CII-McKinsey

The increasing affluence of the Indian population and increased awareness of healthcare options as a result of improved literacy and education is also likely to contribute to the increase in the demand for healthcare services. CRIS-INFAC notes that the rapid growth of the middle and upper classes in

India, particularly the urban middle class, a segment that accounts for a substantial proportion of healthcare expenditure, will lead to higher per capita expenditure on treatment of lifestyle diseases.

Market Growth

Due to the increase in treatment of complex lifestyle diseases, which generally entail higher average expenditure per treatment, the growth in income levels of the urban middle class and the expansion of healthcare infrastructure and health insurance across India, CRIS-INFAC expects the healthcare delivery market to double by 2010 from Rs. 910 billion in 2004. Private healthcare is expected by CII-McKinsey to continue to be the largest component of healthcare spending in 2012 and could increase to Rs. 1,560 billion by 2012 if health insurance coverage becomes more widely available to the upper and middle classes. CII-McKinsey expects public spending to double by 2012 from Rs. 170 billion in 2001 if the Government of India reaches its target spending level of 2% of the gross domestic product, up from 0.9% in 2001. According to the Planning Commission (2002), 4.5% of India's gross domestic product was spent on health in 2002, of which 0.9% was public expenditure. Further, according to IBEF-E&Y, approximately US$34.9 billion or 5.2% of India's gross domestic product was spent on healthcare in 2004, and this figure is expected to touch 5.5%, or approximately US$60.9 billion, by 2012.

Shifting Spending Patterns

The growth in private healthcare delivery is likely to be accompanied by a shift in spending patterns with greater emphasis on inpatient spending to tackle the incidence of lifestyle diseases. According to CII-McKinsey, in 2001, outpatient care accounted for approximately 61% of private healthcare spending, with over 55% of outpatient expenditure on acute infections such as fevers, diarrhea and gastro-intestinal diseases. Approximately 85% of private inpatient expenditure was spent on acute infections, accidents and injuries, cancer, heart disease and maternal care.

According to CII-McKinsey, spending patterns are expected to shift by 2012. Of the expected Rs. 1,560 billion private healthcare spending, inpatient spending will account for 47%, up from 39% in 2001. This growth is expected to be driven by the rise in lifestyle diseases, especially cancer and cardiovascular disease, which are growing rapidly. CII-McKinsey expects that these two diseases alone will constitute more than 35% of inpatient expenditure by 2012 (up from 27% in 2001). Outpatient expenditure is expected to decrease in terms of share but increase in absolute terms to Rs. 740 billion in 2012 from approximately 61% of the Rs. 690 billion private healthcare expenditure in 2001, with lifestyle diseases such as asthma, cancer, heart disease and musculoskeletal diseases driving this increase, according to CII-McKinsey. Inpatient expenditures on cancer and heart diseases services are expected to reach approximately Rs. 140.6 billion and approximately Rs. 133.2 billion in 2012, respectively, according to CII-McKinsey.

Increasing Penetration of Health Insurance

A number of private insurance companies have entered the Indian market and are establishing arrangements with hospitals to provide treatment to their subscribers without upfront cash payments. Competition among insurers is likely to lead to increased marketing efforts which in turn could lead to an increase in the number of Indians with voluntary health insurance which in turn is likely to lead to higher affordability of healthcare services. In addition, employers are increasingly subsidizing their employees' health costs through direct arrangements with medical providers. The potential increase in the penetration rate of medical insurance and employer plans could result in higher demand for premium healthcare services in India, although the insurance companies and employers will, at the same time, negotiate for lower rates to be charged by healthcare providers.

MEDICAL VALUE TRAVEL

According to CII-McKinsey, medical value travel in India is expected to grow to an approximately Rs. 100 billion industry by 2012. In 2004, according to CRIS-INFAC, between 150,000 and 180,000 international patients received medical treatment in India, up from approximately 10,000 in 1995. Patients from approximately 55 countries were treated at Indian hospitals. However, most of the foreign patients are from nearby developing countries such as Afghanistan, Pakistan, Nepal, Bangladesh and Sri Lanka, which lack top-quality hospitals and health professionals; patients from the US and Europe are relatively few. 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. For example, a cardiovascular surgery, which costs approximately US$50,000 in the United States and approximately US$14,250 in Thailand, costs approximately US$6,000 in India, and orthopedic surgery, which costs approximately US$6,900 in Thailand, costs approximately US$4,500 in India (Sources: CRIS-INFAC and IBEF-E&Y). India has recently introduced a visa category for individuals seeking medical treatment in India.

INCREASED SPENDING ON INFRASTRUCTURE

In order to meet the demand for healthcare in India and improve the availability of hospital beds and doctors, it is widely acknowledged that India's infrastructure will need to be improved significantly. According to CII-McKinsey, approximately 750,000 additional beds, including 150,000 tertiary care beds, will need to be added in India to the 2001 base of 1.5 million beds to meet increasing demand for inpatient services by 2012, and bring the hospital bed to population ratio to 1.9:1,000. CII-McKinsey also estimates that 20% of the additional beds will be required for specialty healthcare needs such as cancer and cardiac diseases.

According to CII-McKinsey, an additional 520,000 doctors will be required over and above the numbers that will be added through existing medical colleges by 2012 to reach a ratio of one medical doctor per thousand people in India. In order to maintain the current doctor/nurse ratio of 1:1.6, an additional 770,000 nurses will have to be trained over and above those who will be trained at current nursing schools by 2012.

According to CII-McKinsey, creating this infrastructure in India will require investments of approximately Rs. 1,000 billion to Rs. 1,400 billion by 2012 in secondary and tertiary care hospitals, medical colleges, nursing schools and hospital management schools. After taking into account the expected investment by government and other agencies during this period, almost 80% of this amount will need to come from the private sector.

OUR BUSINESS

Overview

We believe that we are one of the largest private healthcare companies in India, based on the number of hospital beds, according to information provided by CRIS-INFAC's report published in 2005. We currently have a network of 12 hospitals primarily in north India, 15 satellite and heart command centers in hospitals across the country and one heart command center in Afghanistan. We are committed to delivering quality healthcare services to our patients in modern facilities using advanced technology and our teams of doctors, nurses and other healthcare professionals, who follow international protocols. Most of our hospitals are multi-specialty hospitals, which provide secondary and tertiary healthcare to patients. Some of our multi-specialty hospitals also include super-specialty “centers of excellence” providing quaternary healthcare to patients in key specialty areas such as cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care. In addition, two of our hospitals, Escorts Heart Institute & Research Centre at New Delhi (“EHIRC”) and Escorts Heart Centre at Raipur (“EHCR”), focus primarily on cardiac patients, with EHIRC serving as a super-specialty “center of excellence” for cardiac care. We also operate Fortis La Femme, a “boutique” style hospital that focuses on women’s health and maternity care.

Drawing on the experience of our Promoters as promoters of Ranbaxy Laboratories Limited, a multi-national pharmaceutical company headquartered in India (“RLL”), and with a vision of creating an integrated healthcare delivery system, we opened our first hospital in Mohali in 2001. Since 2001, we have expanded our operations by opening multi-specialty hospitals (including some with super-specialty “centers of excellence”), a “boutique” style hospital and various satellite and heart command centers. Our hospital network consists of multi-specialty “spoke” hospitals, which provide comprehensive general healthcare to patients in their local communities, and super-specialty “hub” hospitals, which also provide more advanced care to patients, including patients from our “spoke” hospitals and other hospitals in the surrounding area. Six of our hospitals are owned or majority-owned by us, and we operate and manage EHCR in collaboration with the Government of Chattisgarh; the remaining five, together with our satellite and heart command centers, are operated and managed by us but owned by trusts or societies or other corporate owners, except for Fortis La Femme, in which we currently own a 5% interest.

On September 28, 2005, we acquired a 90% interest in Escorts Heart Institute & Research Centre Limited (“EHIRCL”), a provider of private healthcare services that owns and operates three majority-owned hospitals in north India and operates and manages a fourth hospital in collaboration with the Government of Chattisgarh (collectively, the “Escorts hospitals”) and, at the time of the acquisition, operated and managed 10 satellite and heart command centers, for total consideration of Rs. 5,850.10 million (the “Escorts hospitals acquisition”). The Escorts hospitals acquisition more than doubled our gross income and increased our expertise and prominence, especially in the cardiac care specialty area, and enhanced our profile among patients.

On March 20, 2006, we acquired a 99.9% interest in International Hospital Limited (“IHL”) from the Promoter Group for total consideration of approximately Rs. 301.5 million, financed through an equity contribution from FHHL (the “IHL acquisition”). IHL owns Fortis Hospital, Noida, which commenced operations in August 2004. Although the IHL acquisition did not occur until March 20, 2006, the results of IHL have been included in our restated consolidated financial statements with effect from December 20, 2002, the date on which IHL became a board-controlled subsidiary of FHL pursuant to an agreement between FHL and IHL. Following the IHL acquisition, FHL made an additional Rs. 100.6 million equity contribution to IHL.

Also on March 20, 2006, we acquired a 100% interest in Oscar Bio-Tech Private Limited (“OBPL”) from a Promoter Group company for total consideration of approximately Rs. 30.5 million (the

"OBPL acquisition"). OBPL has 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 northwest Delhi. Following the OBPL acquisition, FHL made additional equity contributions of Rs. 329.5 million and Rs. 90 million to OBPL.

During fiscal 2006, we performed over 5,000 open heart surgeries, 5,000 angioplasties and 15,000 angiographies on a pro forma basis taking into account the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition. We currently have approximately 1,580 inpatient beds in use across our network of 12 hospitals, with capacity to increase our inpatient beds to approximately 1,890. In fiscal 2006, our pro forma average occupancy rate for our owned hospitals and EHCR, taking into account the Escorts hospitals acquisition and the IHL acquisition, would have been approximately 70%. Restated total income for fiscal 2006 for FHL, EHIRCL and its subsidiaries and IHL was Rs. 999.82 million, Rs. 2,894.56 million and Rs. 504.73 million, respectively. Restated net loss for the same period for FHL, EHIRCL and its subsidiaries and IHL was Rs. 276.71 million, Rs. 84.67 million and Rs. 67.29 million, respectively.

Below is a chart outlining our corporate structure and our hospital ownership interests.

Fortis Healthcare Limited
("FHL")

Owned Hospitals

- Fortis Hospital, Mohali (includes the Fortis Ciy Centre clinic in Chandigarh)
- Fortis Hospital, Amritsar

O&M Contracts

- Fortis La Femme, New Delhi (5% equity ownership)
- Fortis Jessa Ram Hospital, New Delhi
- Jeewan Mala Hospital, New Delhi
- Khyber Medical Institute, Srinagar

Other Facilities

- 1 Satellite Center

Future Project

- Fortis Hospital, Gurgaon

99.9% owned

International Hospital Limited
("IHL")

Owned Hospital

- Fortis Hospital, Noida

100% owned

Oscar Bio-Tech Private Limited
("OBPL")

O&M Contract

- Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, New Delhi

Future Project

- Fortis Hospital, Shalimar Bagh, New Delhi

90% owned

Escorts Heart Institute & Research Centre Limited
("EHIRCL")

Owned Hospitals

- Escorts Heart Institute & Research Centre, New Delhi ("EHIRC")

Collaboration with the Government of Chattisgarh

- Escorts Heart Centre, Raipur ("EHCR")

Other Facilities

- 15 Satellite and Heart Command Centers

100% owned

Escort Hospital & Research Centre Limited ("EHRCL")

Owned Hospital

- Escorts Hospital and Research Centre, Faridabad ("EHRC")

82.61% owned

Escorts Heart & Super Speciality Institute Limited
("EHSSIL")

Owned Hospital

- Escorts Heart & Super Specialty Institute, Amritsar ("EHSSI")

100% owned

Escorts Heart & Super Speciality Hospital Limited
("EHSSHL")

Future Project

- Jaipur Hospital

100% owned

Escorts Heart Centre Limited ("EHCL")

No Operations

Our Competitive Strengths

We believe the following competitive strengths distinguish us from our peers and provide us with significant opportunities to grow our business:

Skilled doctors dedicated to quality patient care. As of March 31, 2006, we had a team of 621 doctors at our owned hospitals and EHCR, complemented by 2,359 nurses and 526 other medical personnel. We adhere to international clinical protocols in patient handling, operating theaters, intensive care unit management and emergency care set by leading international hospitals and accreditation bodies. For example, the internal operational protocols at Fortis Hospital, Noida, EHIRC and EHRC have been designated as ISO 9001:2000-compliant. In addition, our doctors are dedicated to clinical research and have published numerous studies on topics including cardiology, cardiac surgery, diabetes, infectious diseases, oncology, nephrology and neuro-surgery. Some of our doctors also have a history of pioneering innovative techniques for patient treatment, such as minimally invasive cardiac and orthopedic surgeries, both in India and, in some cases, on a global basis.

Modern, patient-centric hospital facilities. Our hospitals have been designed to ensure that we are able to offer quality care to our patients. For example, Fortis Hospital, Mohali was awarded the "Best Design of the Year" award by the American Institute of Architects in 1999. The layouts at our facilities minimize inpatient movement, with outpatient facilities located near diagnostic facilities within the hospital. Other characteristics of many of our facilities, such as attractive architectural and design features, the use of special lighting and color and the reduction of "hospital odors", also enhance the patient experience. Our hospital staff is being trained to care for patients with 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 also emphasize pre-emptive and high quality maintenance of our facilities. In addition, we focus on obtaining current technologies for providing healthcare services. Our information technology or "IT" infrastructure has been recognized as among the best in the healthcare delivery industry. We were named "Best IT User" for "Infrastructure in Healthcare" at the 2005 NASSCOM India IT User Awards and also received an award for "Best IT Implementation of the Year 2005" for hospital implementation systems from PC Quest. In addition, our hospitals are fitted with modern medical technology and equipment, including the Da Vinci Robotic System available at EHIRC, which is used to conduct minimally invasive cardiac surgeries.

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-specialty facilities, while also delivering sophisticated, advanced procedures and quaternary care at our super-specialty "centers of excellence". By focusing on super-specialty "centers of excellence" at our "hub" hospitals, we can serve patients referred from doctors working at a number of nursing homes and multi-specialty 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-specialty facilities. This model also allows us to efficiently deploy resources across our network and, as our super-specialty expert clinicians also provide expertise and support at our multi-specialty hospitals, also serves to increase the quality of care throughout our network.

Depth of coverage. In the regions in which we operate, we generally have a broad presence. For example, we have seven hospitals in the National Capital Region (the "NCR"). We believe that having many hospitals within the same region helps potential patients gain familiarity with our brand and our network. Having multiple hospitals in the same area also provides us with depth of coverage, allowing us to serve all of a patient's medical needs, including maternity services and open heart surgeries and transplants.

Proven ability to develop and integrate facilities. Since 2001, we have grown from one hospital, Fortis Hospital, Mohali, to a network of 12 hospitals and 16 satellite and heart command centers. We have a history of launching greenfield hospital projects quickly and efficiently. For example, we opened Fortis Hospital, Mohali within 18 months of breaking ground. Our management team subsequently opened Fortis Hospital, Noida, then owned by members of the Promoter Group, within 16 months of breaking ground. In general, we have been able to generate operating profit at our greenfield hospitals within three to five years of their launch. We believe the experience we have gained from building and operating hospitals over the past five years has enabled us to improve the rate at which our new hospitals gain acceptance in their local communities and achieve profitable occupancy rates.

Professionally managed administration. Our senior management team is composed of experienced managers from the manufacturing, service and other sectors, as well as doctors with both clinical and administrative experience. Our senior managers have an average of 20 years of experience in management and an average of six to seven years of experience in management in the healthcare industry in particular. Several members of our senior management team also have experience working with our Promoter Group companies, such as RLL and SRL-Ranbaxy Limited, an Indian clinical reference laboratory company. We believe our combination of a professionally managed administration with a commitment to patient care and high ethical standards enables us to operate our hospitals more efficiently and leads to greater innovation in the management philosophy across our hospitals, while at the same time providing quality care to our patients.

Brand equity. We believe the "Escorts" and "Fortis" healthcare brands are widely recognized by both healthcare professionals and patients in specialty areas, such as cardiac care, orthopedics, neuro-sciences, renal care, oncology, gastroenterology and mother and child care. We believe our reputation and affiliation with RLL help us attract not only patients, but also well-known doctors and other healthcare professionals to our facilities, who in turn draw additional patients to our facilities. Furthermore, we believe our name recognition extends beyond the NCR and the other areas in which we currently operate to all over India and, in some cases, even internationally. In fiscal 2006, approximately 34% and 23% of the inpatients and outpatients, respectively, at Fortis Hospital, Mohali came from outside the hospital's core region of Punjab, Chandigarh & Panchkula and approximately 50% and 44% of the inpatients and outpatients, respectively, at EHIRC came from outside the hospital's core region of the NCR. We believe this level of name recognition on a national scale will facilitate the acceptance by both patients and doctors of hospitals in other regions across India that we intend to add to our network.

Our Strategy

We continuously strive to improve the quality of healthcare services provided by our hospitals, while at the same time improving our financial results. Below are the key strategies we are employing to achieve these goals:

Continue to grow with a flexible expansion program. We intend to utilize our existing experience in building, operating and acquiring hospitals to continue our high rate of growth. We employ a flexible approach to our expansion by building new hospitals, such as our planned hospitals in Jaipur, northwest Delhi and Gurgaon, as well as acquiring existing hospitals, such as our acquisition of the Escorts hospitals in September 2005. Additionally, we seek to continue our strategy of entering into O&M contracts with the owners of both existing and new hospitals, such as Fortis Jessa Ram Hospital, Jeewan Mala Hospital, Fortis La Femme, Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and Khyber Medical Institute, as well as entering into new satellite and heart command center arrangements. We have an acquisitions team, which is dedicated to continuously evaluating potential greenfield, acquisition and O&M opportunities in both our existing and new regions. We also consult with third party experts, such as McKinsey & Company, regarding our expansion strategy. Our evaluation criteria for new opportunities include the cost, the quality of the infrastructure, work culture and specialties at a facility (for existing facilities), location (with a focus on properties located in major cities), population base, the skill and reputation of the doctors and other medical and non-medical staff at existing facilities and the attractiveness to leading doctors of the location of new sites.

Expand into new regions. We believe the growing affluence, sophistication and awareness about healthcare services of patients throughout India will lead to higher demand for our healthcare services. The Indian healthcare market is highly fragmented throughout the country, with many small "nursing home" or hospice facilities run by one or two doctors and some larger facilities run by trusts, societies, corporate entities and the local, state and central governments. We seek to replicate the model we have applied in north India to establish a network of super-specialty "centers of excellence" and multi-specialty hospitals to deliver quality healthcare to patients across the country and leverage our extensive knowledge of the healthcare sector and brand recognition to attract both doctors and patients to our future facilities. We are currently in various stages of negotiations with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions, including in the state of Maharashtra in west India. In particular, as we expand into a new region, we intend to roll out in that region quickly to hire doctors and also establish our network in the community before our competitors do.

Focus on high-growth segments of the healthcare market. The growth in the Indian economy, together with an increase in purchasing power, an increase in awareness about health and healthcare and an increase in lifestyle-related diseases such as heart disease, has created a new and expanding group of patients. This group is increasingly demanding higher levels of quality medical services, particularly tertiary and quaternary healthcare services, including cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care. For example, according to a joint report of Ernst & Young and the India Brand Equity Foundation, the number of cardiac disease-related treatments in India is expected to grow from 1.5 million in 2004 to 1.9 million in 2008, and, according to CII-McKinsey, the total cardiac care market in 2000-2001 was Rs. 49,000 million, including Rs. 18,000 million for inpatient acute cardiac care. Due to their complex nature, these procedures command relatively high prices and these specialties are among the most profitable for a hospital. During fiscal 2006, we performed over 5,000 open heart surgeries, 5,000 angioplasties and 15,000 angiographies on a pro forma basis, taking into account the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition. Through our super-specialty "centers of excellence" with well-known doctors in their fields and our particular focus on high-growth areas such as cardiac care and orthopedics, we believe we are well-positioned to serve this increasing demand for sophisticated medical procedures.

Attract and retain prominent, skilled doctors. The skill level of a hospital's doctors is key to its success. We believe that hiring surgeons and other physicians who have established reputations for clinical excellence in their communities is key to the successful implementation of our strategy to acquire, develop and operate hospitals. As at March, 31, 2006, 72% of the doctors at our owned hospitals had advanced medical degrees. For fiscal 2006, on a pro forma basis taking into account the Escorts hospitals acquisition and the IHL acquisition, our retention rate for consultants and other senior doctors at our owned hospitals would have been approximately 95%. We believe that we have been successful in attracting doctors to our hospitals and retaining them due to the quality and comprehensive capabilities of our facilities, the reputation of the other doctors at our facilities, our extensive continuing education program, our community outreach initiatives and the research opportunities available at our hospitals. In addition, we employ a "staff" model at our hospitals under which most of our doctors, including all of the doctors practicing within core specialty areas at our owned hospitals and EHCR are compensated on a salary plus incentives or retainership basis, and practice exclusively at hospitals within the FHL network. We believe that the guaranteed income, the predictable working hours and, in the case of senior doctors, the autonomy of heading a department, which characterize the "staff model", will continue to help us attract and retain skilled doctors at our hospitals.

Improve occupancy rates and increase average income per bed in use. For fiscal 2006, the average occupancy rate and average income per bed in use at Fortis Hospital, Mohali, EHIRC, Fortis Hospital, Noida and EHRC were 78% and Rs. 4.50 million, 84% and Rs. 7.11 million, 64% and Rs. 3.80 million and 81% and Rs. 2.02 million, respectively. We seek to improve occupancy rates by expanding the referral network for our hospitals and increasing community outreach programs to gain market share in the regions in which we operate. We also seek to increase our average income per bed in use by focusing on high-end healthcare services, reducing the average length of stay of our inpatients and improving utilization rates.

Maximize efficiencies across our hospitals through greater integration and better supply chain management. We continue to strive to maximize efficiencies across our hospitals and are in the process of integrating the Escorts hospitals and our existing network of hospitals. The integration will enable us to adopt the best practices from the Escorts hospitals across our existing network, as well as install the best practices from our existing hospitals across the Escorts hospitals. In addition, our increasing size will enable us to benefit from economies of scale. For example, we procure equipment and medical consumables on a centralized basis for many of our owned hospitals and EHCR. We are also integrating the operations of Fortis Hospital, Noida and Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj through the sharing of doctors, medical equipment, laboratories and the hosting of joint medical symposia in order to generate operational synergies at both facilities.

Pursue strategic relationships with leading healthcare partners. Our scientific association through Fortis Hospital, Mohali with organizations such as the United States-based Partners Healthcare Systems Inc., the members of which include the Massachusetts General Hospital and the Brigham & Women's Hospital in Boston, USA, provides us with a collaborative partner for academic exchange, hosting joint conferences and conducting joint clinical research. We believe that such associations enable us to improve the quality of our patient care, introduce new and innovative procedures for our patients and help us attract overseas patients to our hospitals. In addition, approximately 72% of the doctors at our hospitals have received advanced training at leading hospitals in India, the United States and Europe and approximately 10% have had or maintain faculty positions at medical teaching institutions in India and abroad. We believe these associations also provide a source of innovation and advanced clinical learning for our doctors and other personnel at our hospitals.

Our Hospitals and Other Facilities

The table below lists each of our 12 hospitals. For additional detail on our hospitals, see "—Our Hospitals" below under this section titled "Our Business" beginning on page [●] of this Draft Red Herring Prospectus:

Hospital	Location	Ownership/ Management Structure	Date of Commencement of Operations/ Acquisition/ Affiliation
Owned Hospitals			
Fortis Hospital, Mohali	Mohali, Punjab (includes the Fortis City Centre clinic in Chandigarh)	Owned by FHL	June 2001
EHIRC	New Delhi	Owned by FHL through its 90%-owned subsidiary – EHIRCL	September 2005 (hospital commenced operations in 1988)
Fortis Hospital, Noida	Noida, Uttar Pradesh (NCR)	Owned by FHL through its 99.9%-owned subsidiary – IHL	March 2006 (hospital commenced operations in August 2004)

Hospital	Location	Ownership/ Management Structure	Date of Commencement of Operations/ Acquisition/ Affiliation
EHRC	Faridabad (NCR)	Owned by FHL through a 100% subsidiary (EHRCL) of EHIRCL, which is a 90%-owned subsidiary of FHL	September 2005 (hospital commenced operations in August 1982)
EHSSI	Amritsar, Punjab	Owned by FHL through an 82.61%-owned subsidiary (EHSSIL) of EHIRCL, which is a 90%-owned subsidiary of FHL	September 2005 (hospital commenced operations in January 2003)
Fortis Hospital, Amritsar	Amritsar, Punjab	Owned by FHL	August 2003
Collaboration with the Government of Chattisgarh			
EHCR	Raipur, Chattisgarh	Operated and managed by FHL through its 90%-owned subsidiary – EHIRCL pursuant to a five-year O&M contract, expiring 2007, which will automatically renew for an additional five-year period by mutual consent or either party can terminate it after a six-month notice period; all operating expenses and any profits and losses from the operation of the hospital are for the account of EHIRCL; the hospital building and all hospital equipment are owned by the Government of Chattisgarh	September 2005 (hospital commenced operations in November 2002)
Operation & Management ("O&M") Contracts			
Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj	New Delhi	Perpetual O&M contract between Flt. Lt. Rajan Dhall Charitable Trust, Vaitalik and FHL's 100%-owned subsidiary, OBPL, pursuant to which OBPL replaced Vaitalik as the O&M provider and assumed all of its rights and obligations under the contract; either party can terminate the	Agreement dated May 2005 (hospital commenced operations in May 2006)

Hospital	Location	Ownership/ Management Structure	Date of Commencement of Operations/ Acquisition/ Affiliation
		agreement upon breach of any obligation	
Fortis Jessa Ram Hospital	New Delhi	20-year O&M contract among FHL, the R.B. Seth Jessa Ram and Bros. Charitable Hospital Trust and certain trustees, expiring 2023, which will automatically renew for an additional 20-year period unless FHL terminates the contract with three months' notice	Agreement dated October 2003 (hospital commenced operations in 1952)
Jeewan Mala Hospital	New Delhi	10-year O&M contract between FHL and Jeevan Mala Hospital Private Limited, expiring 2015, which will automatically renew for an additional five-year period unless either party elects not to renew the contract or terminates it after a six-month notice period during which period both parties must attempt to avert the termination or terminates it in the event of a material breach; FHL nominates one director on the board of the corporate owner of the hospital	Agreement dated October 2005 (hospital commenced operations in 1947 as Dr. Bodhraj Kidney Centre)
Fortis La Femme	New Delhi	5% owned by FHL through its 5% equity interest in Sunrise Medicare Private Limited ("**SMPL**") with contractual rights and obligations to acquire a greater equity interest under certain circumstances; FHL nominates one director on the board of the corporate owner of the hospital 10-year O&M contract between FHL and SMPL, expiring 2016, which will	January 2006 (hospital commenced operations in June 2004)

Hospital	Location	Ownership/ Management Structure	Date of Commencement of Operations/ Acquisition/ Affiliation
		automatically renew for an additional five-year period unless either party elects not to renew the contract or terminates it after a 45-day notice period during which period both parties must attempt to avert the termination or terminates it in the event of a material breach	
Khyber Medical Institute	Srinagar, Jammu & Kashmir	10-year O&M contract between FHL and the Khalil Public Welfare Trust, expiring 2016, which will automatically renew for an additional five-year period unless either party elects not to renew the contract or terminates it after a six-month notice period during which period both parties must attempt to avert the termination or terminates it in the event of a material breach; FHL nominates one trustee to the board of trustees of the hospital owner	April 2006

In addition to our network of 12 hospitals, we also have a network of 16 satellite and heart command centers. Our obligations under the contracts with the owners of the hospitals in which these satellite and heart command centers are located typically consist of providing various levels of cardiac care services, including performing surgeries and procedures, managing catheterization laboratories and operating rooms, providing staff and, in some cases, procuring and maintaining medical equipment.

Satellite/Heart Command Center	Location	Expiration
Kalyani Hospital*	Gurgaon, Haryana	October 2007
Goyal Hospital & Research Centre**	Jodhpur, Rajasthan	January 2009
Sudha Hospital**	Kota, Rajasthan	Expired August 2006; renewal in process

Satellite/Heart Command Center	Location	Expiration
Orchid Hospital & Heart Centre**	New Delhi	May 2007
Shanti Mukund Hospital*	New Delhi	April 2008
Sunder Lal Jain Hospital**	New Delhi	February 2007
Indian Spinal Injuries Centre ("ISIC")*	New Delhi	July 2009
Kamayani Hospital*	Agra, Uttar Pradesh	December 2011 (agreement under which EHIRCL established the heart command center and provides doctors and other personnel for non-invasive cardiac care services); the premises, insurance and other infrastructure are provided by the hospital) December 2008 (agreement under which EHIRCL provides services of doctors from EHIRC for invasive cardiac care services, including cardio-vascular surgeries)
Maharaja Agrasain Hospital**	New Delhi	June 2007
Kalra Hospital**	New Delhi	March 2007
Arneja Heart Institute**	Nagpur, Maharashtra	December 2007
Heart Hospital**	Patna, Bihar	June 2008
Sadbhavna Medical & Heart Institute**	Patiala, Punjab	Perpetuity, unless terminated by either party
American International Hospital**	Udaipur, Rajasthan	July 2008; services yet to commence
Saroj Hospital & Heart Institute**	Delhi	August 2008; services yet to commence
Escorts-AMRI Diagnostic Heart Centre**	Kabul, Afghanistan	November 2010

* Under these agreements, we operate and run the facility and provide other services as well.
** Under these agreements, we provide limited O&M support, ranging from providing the services of our doctors and other personnel, to overseeing the clinical management of the center, to providing management, advice and technical know-how.

Our Operations

We maintain a flexible approach to our acquisition of hospitals, and our network of 12 hospitals includes both hospitals owned by us and hospitals owned by third parties but operated and managed by us pursuant to O&M contracts.

We currently own or have a majority interest in six hospitals, and operate and manage EHCR, our Escorts hospital in Raipur, in collaboration with the Government of Chattisgarh. Of these, the three hospitals operated under the Fortis name at Mohali, Amritsar and Noida are all effectively wholly-owned by us. The Escorts hospitals in New Delhi, Faridabad and Amritsar are majority-owned by us, with the remaining interests held by certain other shareholders, including Dr. Naresh Trehan, one of our chief cardiac surgeons. As the owner and operator of these hospitals, we are responsible for the expenses of these hospitals, including equipment, staff, liability insurance, maintenance supplies and capital expenditures. In the case of EHCR, the Government of Chattisgarh owns the building in which the hospital operates and owns and funds the purchase of all hospital equipment, and all operating expenses and any profits and losses from the operation of the hospital are for the account of EHIRCL.

For our other hospitals, including Fortis La Femme, Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, Fortis Jessa Ram Hospital, Jeewan Mala Hospital and Khyber Medical Institute, we do not own the hospital (or, in the case of Fortis La Femme, own only a small equity interest in the hospital's corporate owner) but instead operate and manage the hospital for a fee, which is typically an identified percentage of gross income and/or operating profits of the hospital. In cases where our fees are linked solely to gross income, the percentages generally range from 8% to 10%. However, in cases where our fees are linked to the profitability of the hospital, our share is substantially higher. The terms of our O&M contracts are typically for a period of 10 years and often include renewal clauses. For Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, the O&M contract period is perpetual and for Fortis Jessa Ram Hospital, the initial period is 20 years. The O&M contracts may be terminated by the owners under certain circumstances, including in a majority of cases upon prior written notice or in the event of a material breach. Other than our initial Rs. 20 million payment for building improvements and pre-operative expenses at Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and, in some cases, purchasing medical equipment which we lease to the hospital, we are generally not responsible for capital expenditures at our O&M contract hospitals. Operating expenses are also paid by the hospital owners and we receive a percentage of total income and/or operating profits, and any income received typically represents profit. Under the terms of our O&M contract for Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, we are required to arrange funding for the hospital. The funds we arrange are for the account of the society that owns the hospital. If we are unable to arrange funding from third parties, we may elect to make such loans directly to the hospital owner. We enter into an O&M contract rather than acquiring a hospital in the case of an attractive hospital opportunity where the owner wishes to retain control, where the hospital may be incorporated as a non-profit institution or in new areas where we are less familiar with the region or type of hospital and are seeking to make an initial low-risk entry into the market and widen the geographic scope of our operations. For example, our Fortis La Femme hospital is our first foray into a "boutique" style hospital focusing on women's health and maternity care.

Complementing our 12 hospitals are 15 satellite and heart command centers located within other hospitals throughout the country and an additional heart command center in Afghanistan. These facilities range from 25 to 30-bed comprehensive surgical facilities with operating theaters and catheterization laboratories to 15 to 30-bed invasive centers with catheterization laboratories, providing consultation on prevention and rehabilitation, as well as diagnostic services such as angiographies to 8 to 10-bed non-invasive centers providing preventive and rehabilitative services. The satellite and heart command centers are staffed with cardiologists, cardiac surgeons, anesthesiologists, nurses and other medical and non-medical staff. In addition, doctors on the staff of our EHIRC hospital (or, in the case of our satellite center, doctors on the staff of Fortis Hospital, Mohali) are periodically stationed at these centers and perform examinations, a variety of invasive and non-invasive procedures and post-operative care, referring more complex procedures to one of our super-specialty hospitals. Four of the heart command centers are run by our 90%-owned subsidiary, EHIRCL, for a fee that is typically tied to a percentage of the gross income generated at the center, or, in some cases, a fee per procedure. At the remaining satellite and heart command centers, EHIRCL (or, in the case of the satellite centers, FHL) does not run the facility but provides doctors and other personnel staffing, typically in return for reimbursement of the compensation and benefits paid to these doctors and personnel by EHIRCL or FHL, as the case may be, and fees computed as a percentage of the revenue generated by the center, as a percentage of the cost of the surgery or procedure or the fee charged to the patient therefor, or as a set fee per surgery or procedure that generally increases according to the category of room chosen by the patient, or a combination of these three methods, with minimum fees stipulated in some contracts. The owners of hospitals where our satellite and heart command centers are located are responsible for the expenses of the centers, including doctors' salaries, except that the salaries and retainers for the doctors of EHIRCL or FHL, as the case may be, who are not permanently stationed at a center are typically paid by EHIRCL or FHL, as the case may be.

Procedures

At our multi-specialty facilities, we offer comprehensive medical services to our patients in their local communities, which we complement with sophisticated, advanced procedures and quaternary care at our super-specialty "centers of excellence". The table below lists the most common procedures performed at Fortis Hospital, Mohali, Fortis Hospital, Noida, EHIRC and Fortis La Femme during fiscal 2006:

Procedure	Number of Procedures			
	Fortis Hospital, Mohali	Fortis Hospital, Noida	EHIRC	Fortis La Femme
CARDIAC CARE				
Cardio Thoracic Vascular Surgeries (CTVS)				
Open Heart (CABGs)	808	96	4,069	
Other OT Procedures	287	18	112	
Cath Lab Procedures				
Coronary Angiographies (CAGs)	2,984	623	9,653	
Coronary Angioplasties (PTCAs)	1,026	223	3,066	
Other Cath Procedures	426	155	2,654	
ORTHOPEDICS				
Knee Replacements (Unilateral/Bilateral)	195	543		-
Hip Replacements	45	104		-
Arthroscopy/Trauma & General	229	573		-
NEURO-SCIENCES	156			
Supra-Major Surgeries		255		
Major Surgeries		181		
Minor Surgeries		149		

GASTROENTEROLOGY				
Minor	768			
Major	146			
MOTHER AND CHILD	82			
Gynecology				
Major				203
Minor				38
Obstetrics				
Normal				156
Caesarian				361
Neonatology				
Level 1				139
Level 2 & 3				245
Note: Cardiac program at Fortis Hospital, Noida launched July 2005.				

Our Hospitals

Each of our hospitals, other than our "boutique" Fortis La Femme hospital and our super-specialty Escorts cardiac hospitals, EHIRC and EHCR, offers a range of specialty hospital services, such as cardiac care, orthopedics, neuro-sciences, gastroenterology, renal care, oncology, mother and child care, cosmetic surgery, ophthalmology, pulmonology, ENT care and dermatology. Fortis Hospital, Mohali, EHIRC, Fortis Hospital, Noida and Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj are also "centers of excellence" in various advanced specialties such as cardiac care, orthopedics and neuro-sciences. In addition, our 16 satellite and heart command centers concentrate on various levels of cardiac care. The following paragraphs describe our hospitals and certain key statistics for each of our hospital facilities:

Fortis Hospital, Mohali: Fortis Hospital, Mohali is our first hospital and is the cornerstone of our hospital network. It includes a comprehensive cardiac program in northwest India and serves as a "hub" for Fortis Hospital, Amritsar and a number of smaller, secondary care hospitals in the surrounding area. Fortis Hospital, Mohali includes 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-specialty hospital and (iii) the Fortis Inn rehabilitation center designed to provide "step-down" care to patients based outside the Mohali area to help them fully recover from surgery, as well as accommodations for visitors, including attendants and patients' relatives. Fortis Hospital, Mohali also operates a satellite outpatient clinic, Fortis City Centre, at a separate location in Chandigarh. Fortis Hospital, Mohali commenced operations in 2001 and cost approximately Rs. 1,281.60 million to build. It currently has five operating theaters and 255 beds, and has capacity for up to 300 beds. Fortis Hospital, Mohali, together with FHL's satellite center, contributed 96.30% of FHL's total operating income for fiscal 2006.

The following table sets forth certain key operating details of Fortis Hospital, Mohali for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Number of Beds*	209	137	110
Inpatient Admissions	10,893	8,022	7,636
**Outpatient Registrations ** **	82,802	66,955	31,131
Occupancy Rate***	78%	81%	63%
Average Length of Stay	3.7	3.1	3.4
Inpatient Income (Rs. millions)*****	861.94	523.19	440.47
Outpatient Income (Rs. millions) *****	63.04	42.75	35.18
Pharmacy Income (Rs. millions)	16.15	11.03	5.04
Average Income per Bed in Use (Rs. millions)	4.50	4.21	4.37
Average Daily Census*******	257	205	106
Number of Procedures:			
- Cardiac Care	5,531	4,507	4,699
- Orthopedics	469	370	280
- Neuro-sciences	156	140	109
- Gastroenterology	914	596	412
- Other ******	1,804	1,116	987

* Represents inpatient beds. Excludes beds in emergency rooms, beds used for dialysis treatments and other outpatient treatments.

**Includes multiple visits by the same patient are counted separately, if billed separately.

***Represents the total number of inpatient days divided by the total number of bed days. Total number of inpatient days represents the sum of days spent in the hospital by each inpatient during the period. Total number of bed days represents the sum of the number of days each bed was installed at the hospital during the period.

****Inpatient Income and Outpatient Income are net of discounts and subsidies.

*****Represents the average number of inpatients and outpatient registrations each day.

****** Includes general multi-specialty services.

EHIRC: The EHIRC facility, located in south Delhi, is the flagship facility of the Escorts group of hospitals. Led by noted cardiac surgeon, Dr. Naresh Trehan, EHIRC offers one of the highest standards of cardiac care to patients and has been designated as ISO 9001:2000-compliant. It specializes in surgery to high-risk patients and has introduced innovative techniques for minimally invasive and robotic surgery. The facility is equipped with advanced cardiac care facilities and laboratories capable of performing a wide range of investigative tests in the fields of nuclear medicine, radiology, bio-chemistry, hematology, transfusion medicine and microbiology. The facility is currently equipped with nine operating theaters and 332 beds.

Even though EHIRC's prices for various cardiac procedures are at a premium to prices for similar procedures at other hospitals in the region, annual occupancy levels at the hospital have been in excess of 80% since the fiscal year ended March 31, 1994, a figure which we believe demonstrates its strong brand equity and superior patient care. The hospital was established in 1988, and we acquired a 90% interest in the hospital through the Escorts hospitals acquisition on September 28, 2005. EHIRC contributed 74.47% of EHIRCL's consolidated total operating income for fiscal 2006 without eliminating the intercompany transactions in the stand-alone financial statements of EHIRCL.

The following table sets forth certain key operating details of EHIRC for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Number of Beds	324	310	318
Inpatient Admissions	16,828	17,356	18,397
Outpatient Registrations	52,012	58,666	44,206
Occupancy Rate	84%	86%	85%
Average Length of Stay	5.8	5.8	5.9
Inpatient Income (Rs. millions)**	2,121.56	2,046.98	1,979.11
Outpatient Income (Rs. millions)	112.78	129.05	96.24
Average Income Per Bed in Use	6.90	7.02	6.53
Average Daily Census	189	208	172
Number of Procedures:			
- Cardiac Care	19,554	18,965	20,011

* Hospital acquired by FHL in September 2005.
** Includes income from satellite and heart command center

Fortis Hospital, Noida: Fortis Hospital, Noida is a super-specialty hospital with "centers of excellence" in orthopedics, neuro-sciences and cardiac care and a focus on oncology. The hospital also provides a broad range of multi-specialty services and serves as a "hub" for smaller hospitals located in the NCR, and has been designated ISO 9001:2000-compliant. Fortis Hospital, Noida commenced operations in August 2004 and we acquired it on March 20, 2006 through the IHL acquisition. It currently has six operating theaters and 175 beds, with capacity for up to 200 beds. With additional capital expenditures we could increase this number to 350 beds.

The following table sets forth certain key operating details of Fortis Noida for the fiscal years ended March 31, 2006 and 2005:

	Fiscal year ended March 31, 2006**	Fiscal year ended March 31, 2005* **
Number of Beds	128	88
Inpatient Admissions	7,280	2,452
Outpatient Registrations	51,203	16,299
Occupancy Rate	64%	39%
Average Length of Stay	3.8	3.1
Inpatient Income (Rs. millions)	425.94	119.16
Outpatient Income (Rs. millions)	56.03	13.81
Pharmacy Income (Rs. millions)	4.24	0.75
Average Income per Bed in Use (Rs. millions)	3.80	1.52
Average Daily Census	160	51
Number of Procedures:		
- Cardiac Care***	1,001	-
- Orthopedics	1,220	554
- Neuro-sciences	585	258
- Other ****	1,574	1,646

* Hospital commenced operations in August 2004.

** Hospital acquired by FHL in March 2006, although IHL became a board-controlled subsidiary with effect from December 20, 2002.
*** Cardiac care introduced in July 2005.
**** Includes general multi-specialty services.

Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj: The Vasant Kunj hospital in New Delhi is a newly-opened, super-specialty hospital with "centers of excellence" in cardiac care, orthopedics, renal care, pulmono-thoracic surgery, and diabetic care. It currently has six operating theaters and 120 beds, with capacity for up to 200 beds. The hospital did not commence operations until May 2006, after the end of fiscal 2006. Under the terms of our O&M contract, we are entitled to a significant share of the hospital's operating profits, if any, but as this is a newly-opened hospital, no profits have been generated to date.

EHRC: EHRC, located in Faridabad, commenced operations in 1982 as a primary care facility for the employees of the Escorts Group. In 1998, the hospital was transferred out of Escorts Limited to EHRCL and became an independent primary care hospital. In the 1990s, the hospital underwent a series of upgrades to become a secondary care facility. The hospital was again renovated and expanded in 2003 and currently has five operating theaters and 220 beds, with a maximum capacity of 250 beds. FHL acquired a 90% interest in EHRC through the Escorts hospitals acquisition on September 28, 2005. It now serves as a "spoke" hospital for Fortis Hospital, Noida, as well as EHIRC. EHRC is the first hospital in India to receive ISO 9001:2000 certification. In the future, we intend to add the following tertiary care multi-specialties to the hospital: cardiac care, orthopedics, neuro-sciences, pulmonology, trauma and sleep studies. EHRC contributed 13.98% of EHIRCL's consolidated total operating income for fiscal 2006.

The following table sets forth certain key operating details of EHRC for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006*	**Fiscal year ended March 31, 2005***	**Fiscal year ended March 31, 2004***
Number of Beds	200	200	186
Inpatient Admissions	15,565	13,791	13,557
Outpatient Registrations	164,084	147,833	143,253
Occupancy Rate	81%	72%	75%
Average Length of Stay	3.8	3.8	3.8
Inpatient Income (Rs. millions)	351.44	289.30	228.82
Outpatient Income (Rs. millions)	53.36	44.97	39.27
Average Income Per Bed in Use (Rs. millions)	2.02	1.67	1.44
Average Daily Census	492	443	430
Number of Procedures:			
- General Secondary Care Services	8,486	7,911	6,717

* Hospital acquired by FHL in September 2005.

EHSSI: The EHSSI facility, located in Amritsar, is a multi-specialty hospital with a focus on cardiac care and orthopedics. The facility currently has four operating theaters and 120 beds, with capacity for up to 166 beds. The hospital commenced operations in 2003, and FHL acquired a majority interest therein through the Escorts hospitals acquisition on September 28, 2005. EHSSI contributed 6.32% of EHIRCL's consolidated total operating income for fiscal 2006 without eliminating the intercompany transactions in the stand-alone financial statements of EHSSIL.

The following table sets forth certain key operating details of EHSSI for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Number of Beds	90	90	90
Inpatient Admissions	2,185	1,935	1,775
Outpatient Registrations	9,908	9,487	8,772
Occupancy Rate	35%	27%	21%
Average Length of Stay	5.1	4.7	3.7
Inpatient Income (Rs. millions)	168.91	136.82	121.11
Outpatient Income (Rs. millions)	13.94	12.75	9.88
Average Income per Bed in Use (Rs. millions)	2.03	1.66	1.46
Average Daily Census	33	31	29
Number of Procedures:			
- Cardiac Care	1,814	1,686	1,534
- General Multi-Specialty Services	30	-	-

* Hospital acquired by FHL in September 2005.

Fortis Hospital, Amritsar: Fortis Hospital, Amritsar is a multi-specialty facility with 34 beds and has capacity for up to 50 beds. It serves as a "spoke" hospital for Fortis Hospital, Mohali and has a telelink connecting it to that hospital. Operations at Fortis Hospital, Amritsar commenced in August 2003 on premises that we have leased for an initial term of 14 years from March 2003. Fortis Medical Centre Holdings Limited, a board-controlled subsidiary of FHL that was merged with FHL with effect from the beginning of fiscal 2005, invested approximately Rs. 40.30 million in the facility prior to its opening. The facility is currently equipped with two operating theaters, an endoscopic suite, a labor 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 3.23% of FHL's total operating income for fiscal 2006.

The following table sets forth certain key operating details of Fortis Hospital, Amritsar for the fiscal years ended March 31, 2004, 2005 and 2006:

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004*
Number of Beds	34	39	39
Inpatient Admissions	1,366	1,472	574
Outpatient Registrations	3,755	3,523	2,724
Occupancy Rate	14%	14%	6%
Average Length of Stay	3.9	3.6	3.9
Inpatient Income (Rs. millions)	29.41	23.16	9.85
Outpatient Income (Rs. millions)	2.13	1.94	0.89
Pharmacy Income (Rs. millions)	0.08	-	-
Average Income Per Bed in Use (Rs. millions)	0.93	0.64	0.28
Average Daily Census	14	14	9
Number of Procedures:			

- General Multi-Specialty Services	511	507	267

* Hospital commenced operations in August 2003.

Fortis Jessa Ram Hospital: Fortis Jessa Ram Hospital, located in west-central Delhi, is a general multi-specialty hospital. It serves as a "spoke" hospital for Fortis Hospital, Noida. The facility currently has three operating theaters and 100 beds, but we intend to upgrade the facility in the future at our own expense to increase the number of beds to 150 and add a proposed "center of excellence" in oncology. This major refurbishment may require the temporary closing of the facility. We assumed the operations and maintenance of the hospital in October 2003. The terms of our O&M contract provide that we are to receive a specified percentage of the hospital's gross income less the amount of any cash loss at the hospital, but no amounts have become payable under the contract to date.

The following table sets forth certain key operating details of Fortis Jessa Ram Hospital for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004*
Number of Beds	100	100	100
Inpatient Admissions	3,950	3,518	3,232
Outpatient Registrations	32,480	31,874	33,301
Occupancy Rate	65%	57%	56%
Average Length of Stay	4	3	3
Inpatient Income (Rs. millions)	67.60	40.20	30.40
Outpatient Income (Rs. millions)	1.95	1.90	0.63
Average Income per Bed in Use (Rs. millions)	0.87	0.59	0.37
Average Daily Census	100	97	100
Number of Procedures:			
- General Multi-Specialty Services	1,150	1,228	1,298

* Hospital not under FHL management until October 29, 2003.

Jeewan Mala Hospital: The Jeewan Mala Hospital is a multi-specialty hospital located in west-central Delhi and serves as a "spoke" hospital for Fortis Hospital, Noida. The hospital currently has three operating theaters and 100 beds and provides specialized services in mother and child care and gastroenterology. FHL assumed the operations and management of the hospital on October 31, 2005. The terms of our O&M contract provide that in addition to reimbursement for all expenses incurred by FHL, we are also entitled to receive a specified percentage of the hospital's gross income above a target threshold. Jeewan Mala Hospital contributed 0.35% of FHL's total operating income for fiscal 2006.

The following table sets forth certain key operating details of Jeewan Mala Hospital for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Number of Beds	100	100	100
Inpatient Admissions	5,219	5,885	6,093
Outpatient Registrations	25,337	21,698	20,392
Occupancy Rate	64%	72%	74%

Average Length of Stay	3.3	3.3	3.3
Inpatient Income (Rs. millions)	81.67	65.10	79.43
Outpatient Income (Rs. millions)	16.11	14.00	18.80
Average Income per Bed in Use (Rs. millions)	0.98	0.79	0.98
Average Daily Census	84	76	73
Number of Procedures:			
- Mother and Child Care	836	776	808
- Gastroenterology	288	198	-
- Other**	800	896	846

* Hospital not under FHL management until October 31, 2005.
** Includes general multi-specialty services.

<u>Fortis La Femme</u>: Fortis La Femme is a "boutique" style hospital located in south Delhi that focuses on women's health and maternity care. The hospital currently has two operating theaters, four delivery rooms and 44 beds, with capacity for up to 50 beds. It was originally a "birthing" facility (named "The Cradle"). We have recently begun to upgrade the facility to a full service women's hospital, with an emphasis on cosmetic surgery and gynecology. The hospital caters to affluent patients and includes luxury rooms and suites. The hospital was previously managed by the Apollo Hospitals Group, and we assumed the operations and management in January 2006. Pursuant to the terms of our share subscription agreement with SMPL and others, we acquired a 5% equity interest in the hospital's corporate owner. We have also extended a loan in the form of convertible debt to SMPL, which is convertible into an additional 21% equity interest in the corporate owner at any time within two years from the date of infusion of the first tranche of the loan, which was September 1, 2005. At June 30, 2006, we had advanced Rs. 23.55 million as convertible debt to the corporate owner out of the agreed amount of Rs. 28.91 million, and we subsequently paid the remaining balance. After the second anniversary, the subscription agreement provides that the loan shall automatically convert into a 21% equity interest in SMPL. In addition, we have a further option to acquire further shares to increase our interest in the corporate owner to 51% at any time from the second anniversary to the fifth anniversary of January 3, 2006, the date of the subscription agreement (the "Option Period"). The other shareholders have an option to require us to purchase their entire interest in the corporate owner to us, irrespective of whether we acquire a 51% interest in the corporate owner. If we acquire a 51% interest, the other shareholders have one year from the date of our acquisition of the 51% to sell their shares to us at face value plus 12% interest per annum from September 1, 2005. If we do not acquire a 51% interest, the shareholders have 30 days from the expiration of the Option Period to sell their shares to us at Rs. 15 per share (provided that consideration is only payable in respect of shares outstanding on January 3, 2006).

The terms of our O&M contract provide that we are to receive a percentage of gross income relating to all child and birth-related services if a target threshold of monthly income is met, and a percentage of child and birth-related gross income less the professional fees paid to non-full-time doctors if the target is not met. We are also entitled to reimbursement of certain expenses, including compensation paid by us to doctors and other personnel, and a specified percentage of the hospital's gross income from all other sources, except that if the corporate owner of the hospital operates the pharmacy in the hospital on its own, we are entitled to a lower specified percentage of gross income relating to pharmacy operations. Fortis La Femme contributed 0.10% of FHL's total operating income for fiscal 2006.

The following table sets certain forth key operating details of Fortis La Femme for the fiscal years ended March 31, 2006 and 2005:

	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2006*
Number of Beds	33	33
Inpatient Admissions	477	1,145
Outpatient Registrations	2,238	2,507
Occupancy Rate* **	15-20%	35-40%
Average Length of Stay* **		
- Normal Delivery		1.0-2.0
- C-Section		2.5-3.0
Inpatient Income (Rs. millions)	15.2	50.9
Outpatient Income (Rs. millions)	10.5	13.9
Average Income per Bed in Use (Rs. millions)	0.78	1.96
Average Daily Census	7	10
Number of Procedures:		
- Mother and Child Care	320	758
- Other**	157	387

* Hospital commenced operations in June 2004; hospital not under FHL management until January 2006.
** Includes general multi-specialty services.
***Hospital only tracks occupancy rates and average length of stay on a procedure-specific basis. These amounts represent the range of occupancy rates and average lengths of stay across the Hospital's procedures. Hospital did not track average length of stay for fiscal 2005.

Khyber Medical Institute, Srinagar: Khyber Medical Institute, located in Srinagar, Jammu & Kashmir, is a multi-specialty hospital with a focus on non-invasive cardiac care and gastroenterology. The facility currently has one operating theatre and 30 beds, but we intend to open up an additional 20 beds during fiscal 2007. During fiscal 2010, we intend to add 80 new beds in a new building and introduce general medicine, general surgery, nephrology, endocrinology and rheumatology specialties to the hospital. The terms of our O&M contract provide that we are to receive a specified percentage of the hospital's gross income plus a specified percentage of the hospital's profit before interest, tax, depreciation and amortization, and we are currently earning fees under this contract. The Khyber Medical Institute, Srinagar did not assume operations until April 2006.

EHCR: The EHCR facility in Raipur is a super-specialty cardiac center with a fully-fledged heart station, a heart command center, a cardiac catheterization laboratory, and one operating theater. The hospital has approximately 45 beds. Under the agreement with the Government of Chattisgarh, we have been granted the right to operate the hospital for an initial term of five years, which automatically extends for a further period of five years unless either party communicates its intention not to renew the contract with three months' notice or terminates it after a six-month discussion period to discuss and resolve the reasons for the proposed termination. Under the agreement, all operating expenses and any profits and losses from the operation of the hospital are for the account of EHIRCL, but the Government of Chattisgarh owns the building in which the hospital operates and owns and funds the purchase of all hospital equipment. In exchange for use of the hospital building and the equipment, we have agreed with the Government of Chattisgarh to reserve 15% of the hospital's beds to provide free treatment to patients who have been designated by the Government of Chattisgarh as falling below the poverty line and to provide treatment to patients who are employees of the Government of Chattisgarh at a 15% discount; the free treatment does not include the cost of drugs, consumables and disposables. EHCR contributed 2.42% of EHIRCL's consolidated total operating income for fiscal 2006.

The following table sets forth certain key operating details of EHCR for the fiscal years ended March 31, 2006, 2005 and 2004:

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Number of Beds	45	45	45
Inpatient Admissions	1,177	992	792
Outpatient Registrations	6,660	5,986	5,667
Occupancy Rate	24%	17%	14%
Inpatient Income (Rs. millions)	65.06	50.56	31.57
Outpatient Income (Rs. millions)	4.89	4.49	3.14
Average Income per Bed in Use	1.55	1.22	0.77
Average Daily Census	21	19	18
Number of Procedures:			
- Cardiac Care	291	240	116

* Hospital acquired by FHL in September 2005.

Note : Average length of stay is not tracked at the facility.

Our heart command centers at EHIRCL contributed approximately 2.72% of EHIRCL's consolidated total operating income for Fiscal 2006. Escorts Heart Centre at Kanpur operationally closed with effect from August 31, 2005. It contributed 0.09% of EHIRCL's consolidated total operating income for Fiscal 2006.

Income from our satellite and heart command center at FHL is included in the operating income of Fortis Hospital, Mohali.

Payment for Services

Payment for services consists primarily of payment for inpatient and outpatient services. Although the Indian economy is one of the fastest-growing economies in the world measured by growth in gross domestic product, with an increasing number of high and middle-income households, there is still relatively low penetration by the insurance industry in the healthcare sector. McKinsey–CII estimates that in 2001 less than 15% of the Indian population had access to health insurance (including social and community insurance) and less than 1% of spending on healthcare was covered by private insurance. We have entered into service agreements on a hospital-by-hospital basis with a number of employers, including the State Governments of Haryana, Punjab & Himachal Pradesh; government enterprises like Bharat Petroleum Corporation Ltd., Steel Authority of India Ltd., National Thermal Power Corporation Ltd. and National Fertilizers Ltd.; the Army Group Insurance Fund; Northern Railways; and large corporations such as RLL, ICICI Prudential Life Insurance Co. Ltd., Hindustan Lever Ltd., Reliance Industries Ltd., Citibank and HSBC to provide healthcare services to their employees at negotiated or preferential rates, typically at discounts of 5% to 15% to our published rates.[1] We also provide healthcare services to veterans of the armed forces under the government-run Ex-Servicemen Contributory Health Scheme and to employees of the Indian central government under the Central Government Health Scheme. We believe that these strategic relationships help increase our occupancy rates and provide an important source of patients. We have also entered into strategic relationships with international insurers such as Aetna, CIGNA, HTH Worldwide and Vanbreda International to provide healthcare coverage to their subscribers who are living, working or traveling in India at discounted rates, which are typically 5% lower than our customary rates. Because the fees for many of the patients who are covered by these arrangements are paid by the patient's employer or insurer, our days' sales outstanding has increased as the number of arrangements has increased.

We also receive hospital management fees from the owners of our O&M contract hospitals and income from rent or access fees paid by third-party vendors that are on-site at our hospitals, such as pharmacies, gift shops, banks and ATMs and cafeterias. In addition, we generate income from the retail sales of pharmacies we operate at our owned, Fortis-branded hospitals. Further, at Fortis Hospital, Mohali, we also maintain the Fortis Inn rehabilitation center to provide "step-down" care to patients, as well as accommodations for visitors, which generates additional income.

Supplies and Sourcing

In order to ensure that we maintain our high service standards, we source our medical and non-medical supplies and equipment from major suppliers with international reputations for high quality products. We also insist that our third-party providers of services such as diagnostic laboratory services and imaging services adhere to recognized international protocols. For example, the SRL Ranbaxy diagnostic laboratory located in Mumbai is accredited by the College of American Pathologists and the National Accreditation Board for Testing and Calibration Laboratories. We believe the SRL Ranbaxy laboratories located on-site at our owned, Fortis-branded hospitals follow similar international operating procedures and standards. In addition, as a large hospital network with centralized procurement for medical consumables and equipment for many of our owned hospitals, we believe we are able to negotiate favorable terms with these suppliers and third-party service providers.

Accreditation and Certification

We have applied for accreditation of EHIRC (and intend to do so in the near future for accreditation of Fortis Hospital, Noida and Fortis Flt. Lt Rajan Dhall Hospital, Vasant Kunj) by the newly-established National Accreditation Board for Hospitals and Healthcare Providers, an autonomous body set up in 2005 under the Quality Council of India for setting benchmarks in the healthcare industry in India. In fiscal 2007, we also intend to apply for international accreditation of our Fortis Hospital, Mohali and EHIRC facilities by the Joint Commission International. The Joint Commission International is part of the Joint Commission on Accreditation of Healthcare Organizations, a non-profit corporation that is the largest accreditor of healthcare organizations in the United States. The internal protocols at our Fortis Hospital, Noida, EHIRC and EHRC facilities have also been ISO 9001:2000-certified. Even without formal accreditation, we seek to follow international protocols in all key functions, patient care, and nursing activities at all our hospitals.

Future Plans

Expansion in new locations is an important element of our growth strategy. We are continuously evaluating existing hospitals for acquisitions and O&M contract opportunities, as well as greenfield sites for new hospitals. When evaluating the viability of a new opportunity we examine the location, including the population base in the area, the available talent pool at that location, the cost and, for existing facilities, the quality of the infrastructure and specialties at the facility and the work culture of the institution. Although to date we have focused on north India, we intend to develop a pan-India presence in the future. In addition to the projects detailed in the section titled "Objects of the Issue" on page [●] of this Draft Red Herring Prospectus, we have identified a number of other projects to expand our national presence. Many of these projects remain in their early stages and we have not received all the necessary approvals to implement them. These projects may not be undertaken at all or, if undertaken, may be altered or take longer than anticipated to complete or may exceed our cost expectations. In addition, as we are continuously evaluating new opportunities, we may acquire additional sites and hospitals or enter into new O&M contracts at any time. Below is a discussion of three of our proposed projects which are in advanced stages of development and certain other plans which are still in initial stages of development.

Jaipur

We own EHSSHL, which is a 100% subsidiary of EHIRCL, in which we hold a 90% interest. EHSSHL owns our planned hospital in Jaipur, Rajasthan which will be a super-specialty hospital owned by us and operated under the Escorts Hospital brand, with specialization in cardiac care, orthopedics, neuro-sciences, renal care and gastroenterology. The hospital will have capacity for up to 150 beds in the first phase, which is expected to be completed by March 2007. We estimate that the capital expenditures for the first phase of the hospital will be approximately Rs. 1,100 million. The hospital site and plans were part of the Escorts acquisition and the planning/construction of the hospital had already commenced at the time of the Escorts acquisition.

Northwest Delhi

Our planned hospital in Shalimar Bagh, northwest Delhi will be a super-specialty hospital, with specialization in cardiac care, orthopedics, neuro-sciences, renal care, mother and child care and gastroenterology. The hospital will have 258 beds in the first phase, which is expected to be completed by March 2008. We estimate that the capital expenditures for the first phase of the hospital will be approximately Rs. 2,000 million. We have already entered into a perpetual lease of the land for the hospital from the DDA and have paid a premium of Rs. 130.20 million to the DDA in connection therewith.

Gurgaon

Our planned super-specialty hospital in Gurgaon in the NCR will focus on trauma, oncology, mother and child care, cardiac care, orthopedics, organ transplants and neuro-sciences. The hospital will have 350 beds in the first phase, which is expected to be completed during the first half of fiscal 2010. We estimate that the capital expenditures for the first phase of the hospital will be approximately Rs. 3,500 million. The plans for the hospital also contemplate expanding its capacity to 800 beds in the future with additional capital expenditure. We have entered into an agreement to acquire approximately 10.81 acres of land for the planned hospital at a cost of Rs. 185.82 million, of which we have already paid Rs. 110.93 million.

In addition to our planned hospital in Gurgaon, our Promoters have also announced plans for the building of the Fortis International Institute of Medical & Bio-Sciences, a "Medicity" in Gurgaon with a medical college, dental college, nursing college and other educational programs. The Medicity will be owned by a non-profit affiliate of FHL and will not be owned by us.

Other

We entered into a memorandum of understanding in July 2006, for the operation and management of an existing hospital in the state of Maharashtra in west India and for the construction of another hospital which would have specialized services adjoining the existing hospital. The memorandum of understanding provides that we will prepare a business plan for upgrading and developing the hospital and enter into definitive agreements, including an exclusive O&M contract and a guarantee for the purpose of financing the project. The memorandum of understanding is non-binding and subject to on-going due diligence. The memorandum of understanding is valid until October 6, 2006, unless extended by the parties.

We are presently in discussions with certain real estate developers, *inter alia*, regarding the joint development of hospitals, medical centers and teaching facilities. We have entered into confidentiality and non-disclosure agreements with such parties.

In addition, we are currently in various stages of negotiations with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions, as well as to undertake a joint project with a state government and manage a hospital in a rural area as part of our corporate social responsibility initiative, some of which are larger in scale than any project we have attempted to date. Some or all of these projects may not be undertaken.

Strategic Relationships

FHL has a scientific association with Partners Healthcare Systems Inc. ("PHS"), one of the leading hospital organizations in the world. The Massachusetts General Hospital and the Brigham & Women's Hospital, both teaching affiliates of Harvard Medical School, are the founding members of PHS. In connection with this association, Fortis Hospital, Mohali hosts joint conferences and conducts joint clinical research trials with PHS. The association also facilitates faculty interaction.

In prior years, FHL had a formal relationship with PHS pursuant to which PHS provided Fortis Hospital, Mohali with clinical protocols and procedures related to cardiac care, quality assurance, training of hospital personnel and criteria for accreditation in accordance with U.S. hospital standards, which we are continuing to implement at all the hospitals within our network. Under this formal relationship, PHS also provided protocols for cardiac surgeons and cardiologists based on U.S. teaching hospital standards.

We have arrangements with a number of medical value travel agencies based in India, as well as the United States, the United Kingdom and Canada, among others, and expect to continue to increase the number of these arrangements in the future to facilitate our access to the growing medical value travel market. In addition, as mentioned above, we have entered into arrangements with international insurers such as Aetna, CIGNA, HTH Worldwide and Vanbreda International to provide healthcare coverage to their subscribers who are living, working or traveling in India. We believe that these arrangements provide us with additional access to international patients.

Competition

Although India faces a significant supply gap in terms of healthcare facilities, the healthcare industry is highly competitive. We compete with other hospitals and healthcare providers for, among other things, patients, doctors, nurses and strategic expansion opportunities.

We currently operate primarily in north India. We compete with other for-profit hospitals, such as those forming part of the nationwide Apollo chain of hospitals, as well as regional operators such as Max Healthcare and, particularly in the case of secondary care facilities, independent clinics and small hospitals. We also compete with hospitals that are owned by government agencies or non-profit entities supported by endowments and charitable contributions, such as the All India Institute of Medical Sciences. As we expand our operations beyond north India, the group of hospitals that we count as our competitors will expand to include hospitals throughout India, such as Wockhardt Hospitals in south, west and east India and Manipal Hospitals in south India. Recent press reports have indicated that other entities have also planned to establish "Medicities" with hospital facilities and medical teaching institutions in India in the states of Orissa and West Bengal.

The number and quality of doctors on a hospital's staff are important factors in a hospital's competitive advantage and help attract patients. We believe that doctors outside a hospital's network refer patients to a hospital primarily on the basis of the quality of services it renders to patients, the quality of other doctors on the medical staff, the location of the hospital and the quality of the hospital's facilities, equipment and employees. Other factors in a hospital's competitive advantage include operational efficiency, the scope and breadth of services, brand recognition and the success rate for procedures.

We believe that maintaining and strengthening our pool of highly-skilled doctors and nurses, as well as investing in advanced technology, will help us maintain and improve our competitive position. In addition, we seek to strategically locate our hospitals in areas with large populations that are seeking the super-specialty advanced care we provide.

Relationships with Certain Affiliated Entities

We purchase certain products and services from affiliated companies, such as RLL and SRL Ranbaxy Limited. The services and products we obtain from affiliated companies include diagnostic laboratory services and drugs and consumables for dispensing to patients and for retail sale in our pharmacies. The pharmacies at our Escorts hospital are operated by Medsource, a majority-owned subsidiary of Fortis Healthworld Private Limited ("FHPL"), a Promoter Group company. Other hospitals within our network may also outsource this function to FHPL in the future. We also receive access payments from RLL in respect of the laboratory facilities RLL maintains at certain of our hospitals, as well as bed-usage fees for hospital beds (which are not included in our total bed counts) at certain of our hospitals used by RLL in their clinical research. In addition, we also provide services to our affiliated trusts such as the Fortis School of Nursing through our nurse trainee program.

For further details on our affiliated companies and the Promoters' equity interests therein, see the section titled "Our Promoters and Promoter Group" and "Financial Statements- and the notes to our Consolidated Restated Financial Statements" beginning onpages [●] and [●], respectively, of this Draft Red Herring Prospectus.

Intellectual Property and Information Technology

Intellectual Property

Our intellectual property consists mainly of our rights to use the "Fortis" name and logo and the "Escorts" trademark. Our affiliate, Ranbaxy Holding Company, owns the rights to the "Fortis" name and logo, but has provided us with an exclusive license to use the name and logo in connection with our healthcare delivery business until April 2015, after which period the license is automatically renewable for a subsequent 10-year period on the same terms and conditions, unless terminated earlier with the consent of both parties. The license fee is Rs. 100,000 per year. At the end of the license period, it is possible that we may no longer be able to use the "Fortis" name in connection with our business.

In connection with the Escorts hospitals acquisition, Har Parshad Company Private Limited ("HPCPL"), a company affiliated with the Escorts Limited, the former majority-owner of the Escorts hospitals, granted EHIRCL and its existing subsidiaries a perpetual, royalty-free license to use the "Escorts" trademark as a part of the corporate name of EHIRCL and its subsidiaries, so long as neither EHIRCL nor any of its subsidiaries seeks to register the trademark with the trademark authorities or transfer, assign or sub-license the trademark. Although broad use of the Escorts trademark was contemplated in the acquisition agreement relating to the Escorts hospitals acquisition, the license does not permit EHIRCL and its subsidiaries to use the trademark for any other activities or to sub-license or register the trademark, including in connection with the names of the Escorts hospitals. To date, HPCPL has not objected to our use of the "Escorts" trademark in connection with our hospitals.

Information Technology

Our IT infrastructure system allows us to maintain electronic patient records and imaging that can be quickly transmitted throughout a hospital, to hospitals within our network and to offsite locations for quick diagnoses and treatment, and also assists us with monitoring and coordinating procurement, stocking, billing, housekeeping, staffing and patient treatments. Our integrated system simplifies scheduling and billing for our patients and doctors, improves our inventory management and results in efficiencies across our operations. Our IT infrastructure systems have won a number of awards, including the "Best IT User" award for "Infrastructure in Healthcare" at the 2005 NASSCOM India IT User Awards and the "Best IT Implementation of the Year 2005" award for hospital implementation systems from PC Quest. In addition, our former chief information officer won the Champion CIO prize for mid-sized enterprises at the 2004 CIOL - Dataquest Enterprise Connect

Awards. To date, we have invested over Rs. 20.7 million in IT infrastructure, including cable plant within our hospitals, servers and personal computers, and plan to spend a total of Rs. 10.5 million on IT infrastructure during fiscal 2007.

Professional Activities

Research

Our doctors across various departments are engaged in a broad spectrum of research, including therapeutic trials, investigation of disease pathogenesis and discovery-oriented basic science. We conduct research on a number of topics, including cardiology, cardiac surgery, diabetes, infectious diseases, oncology, nephrology and neuro-surgery, and our doctors regularly publish papers in scholarly journals. Current clinical research includes studies on "Multi-vessel Beating Heart (OPCAB) vs. Conventional Coronary Artery Bypass (CCAB) Surgery", "Percutaneous bronchoscopic guided trachestomy" and "Echocardiographic evaluation of school going children in Northern India".

Community Outreach

We are committed to being active in the communities in which we operate and have initiated several outreach programs. For instance, our key specialist doctors hold regular, offsite outpatient clinics in more than 50 rural towns in north India, and many of our surgeons visit former patients located in remote areas to offer follow-up advice as part of our "Friends of Fortis" initiative. We also host free public lectures on healthcare issues and offer free health camps and clinics in outlying areas as part of our effort to extend the benefits of specialist treatment to a broader patient base. Through our telemedicine initiative, the doctors at our Fortis Hospital, Noida facility are able to provide consultations via teleconference to patients in 13 smaller cities throughout north India. At Fortis Hospital, Mohali and Fortis Hospital, Noida, we also maintain a "Fortis Golden Age Club" for senior citizens, which permits them to receive free consultations and discounts on investigations for a nominal annual fee. For fiscal 2006, the program served approximately 850 senior citizens. During fiscal 2006, our community outreach initiatives reached approximately 200,000 people. We believe these initiatives are an important tool in carrying out our responsibilities to provide healthcare in our local communities, serving to provide our doctors with an outlet for reaching out to patients in need and raising the profile of our hospitals and reputation throughout the country.

Professional Development

We believe that in order to maintain the quality of care we offer to our patients, our doctors and other medical staff must pursue a rigorous program of continuing education. We offer a wide range of health education sessions and seminars on-site at our hospitals to our medical staff, as well as to healthcare professionals outside our network. The sessions are led by expert physicians and other healthcare professionals from our hospitals who have first-hand knowledge of the latest clinical developments and research. These sessions provide an important forum to discuss recent developments to improve patient care and serve as a vehicle to teach doctors new techniques. In addition, they also provide an important opportunity for us to showcase our facilities and for our doctors to grow their referral networks. During fiscal 2006, approximately 12,000 doctors and other healthcare professionals attended educational sessions at our hospitals. During that period, our doctors also attended, and in some cases also presented research papers, at approximately 500 conferences and seminars at leading hospitals around the world.

Ethics and Compliance Programs

The operational and procedural protocols we have implemented at each of our hospitals were designed taking into account international standards and the particular needs of our local communities. The department heads at each of our hospitals are responsible for ensuring compliance with these protocols across their departments. In addition, we regularly send teams from our "hub" hospitals to visit our "spoke" hospitals to monitor their compliance with protocols. For example, at Fortis Hospital, Noida, we have an independent review board composed of practicing senior doctors, pharmacologists, academics and a jurist who review all clinical research studies before they are carried out. We have also implemented rigorous training programs for all new employees and existing employees who are assigned to new jobs, regardless of their prior experience. We will not assign an employee to a new job until such employee has met the requirements of the training program.

Insurance

We maintain liability insurance for our owned hospitals in amounts we believe are appropriate for our operations. Fortis Hospital, Noida, Fortis Hospital, Mohali and Fortis Hospital, Amritsar maintain professional and general liability coverage for the hospital and staff (including doctors) up to Rs. 50 million in the aggregate. In addition, the Escorts hospitals maintain the following professional and general liability insurance coverage for the hospital and staff (including doctors): Rs. 100 million for EHIRC and EHCR under the same policy, Rs. 6 million for EHRC and Rs. 10 million for EHSSI. EHIRC and EHCR also separately maintain professional liability policies for each of its doctors in amounts generally ranging from Rs. 1 million to Rs. 2 million, with a Rs. 100 million policy for Dr. Naresh Trehan and a Rs. 20 million policy for another senior doctor.

In addition, we maintain policies covering risks related to loss of profit, fire and special perils, burglary and theft extension, legal liability to third parties, expenses incurred due to damage to medical equipment, machinery breakdown, fidelity insurance and other losses in amounts we believe are sufficient. We also maintain personal accident policies for permanent personnel and group medical insurance policies for our personnel and families of our employees. Each of our insurance policies is renewable annually. In prior periods, EHIRCL maintained a key man insurance policies for Dr. Trehan, but this has now all expired.

The cost and availability of insurance coverage has varied in recent years and may continue to vary in the future. While we believe that our insurance policies are adequate in amount and coverage for our operations, we may experience unanticipated issues or incur liabilities beyond our current coverage and we may be unable to obtain similar coverage in the future.

Personnel

We believe that our success depends significantly on our ability to attract, develop and retain highly-skilled doctors, nurses and other personnel at our hospitals. The vast majority of the personnel at the hospitals we operate on an O&M contract basis are compensated by the applicable hospital owners. In addition, we outsource a number of responsibilities at our hospitals, such as housekeeping, security, grounds maintenance and various medical support services at certain of our hospitals. The people on-site at our hospitals who perform these functions are employees of the outsourcing firms and are not our employees. Approximately 11% of the employees (all of which are non-medical employees) at our EHRC hospital belong to a trade union. Certain employees of the Fortis Jessa Ram Hospital are also unionized. We believe that our relationship with our employees and other personnel is good and we have not experienced any work stoppages as a result of labor disagreements at any of our facilities since we began operations.

Total personnel compensated directly by us and our subsidiaries (including doctors and other personnel who act as independent contractors) numbered 615 at March 31, 2004, 671 at March 31, 2005 and 4,535 at March 31, 2006. We expect that the number of our hospital personnel will increase as we expand.

The table below summarizes the number of personnel at each of our hospitals as at March 31, 2006 (or, in the case of Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and Khyber Medical Institute, June 30, 2006) (including personnel at our O&M hospitals compensated by the O&M hospital owners, but excluding employees of outsourcing firms).[2]

Location	Doctors	Nurses	Other Medical Personnel	Total Medical Personnel	Other Personnel	Total Personnel
Fortis Hospital, Mohali	144	409	142	695	129	824
EHIRC	254	1,306	187	1,747	345	2,029
Fortis Hospital, Noida	103	279	92	474	106	580
Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj[3]	68	113	34	215	112	317
EHRC	87	248	54	389	92	481
EHSSI	26	106	42	174	47	221
Fortis Hospital, Amritsar	6	34	11	51	10	61
Fortis Jessa Ram Hospital	33	74	22	129	64	193
Jeewan Mala Hospital	32	163	15	210	43	253
Fortis La Femme	11	35	14	60	65	125
Khyber Medical Institute[4]	10	16	7	33	31	64
EHCR	6	67	9	82	13	95
Corporate Office	-	-	-	-	276	276

[2] NTD: Numbers to be updated through June 30, 2006 for the RHP.
[3] Commenced operations in May 2006.
[4] Commenced operations in April 2006.

Location	Doctors	Nurses	Other Medical Personnel	Total Medical Personnel	Other Personnel	Total Personnel

Doctors

Recruitment: All of our doctors, from residents who have recently concluded their training at a teaching hospital to our most senior consultants and department heads, must meet strict hiring criteria, such as specified performance levels in medical college, during training and, for more senior doctors, at their prior hospitals. Once a doctor has passed this initial threshold, we conduct a series of interviews with the candidate and make inquiries about him or her within the medical community to determine whether the candidate will be suitable for our hospitals. We find most of our younger doctors through application submissions. For more senior doctors, our senior management team maintains a database of both "up and coming" and prominent doctors in various fields who we may approach for positions at our hospitals in the future.

Compensation: Doctor compensation is the largest component of our personnel expenses. Compensation for an individual doctor can vary quite substantially based on seniority, specialty, reputation and demand for such doctor's services. Our doctors are either our employees or serve as independent contractors and provide their services to us for a retainer payment. In general, each of our doctors practicing in the core specialties at one of our hospitals is required to work exclusively at our hospitals, but in certain cases may maintain a position at a local clinic or an affiliation with a teaching hospital. Doctors in non-core specialties (*e.g.*, ENT specialists, dentists and dermatologists) have only a part-time presence at our hospitals, are permitted to maintain their own private practices and positions at a limited number of other hospitals and are compensated on a fee for service basis.

The majority of the doctors on staff at our owned hospitals, as well as EHCR and several of our O&M contract hospitals, are compensated on a salary or retainer basis. In addition to a fixed salary, doctors who are our employees also have a variable component to their salaries. The variable component is based on a formula that we believe provides incentives to doctors to maximize the quality of care they deliver to our patients. The formula includes points for the success rate of various procedures, number of procedures, rapport with patients, referrals, local, national and international publications and other public recognition.

Nurses and Other Personnel

Recruitment: All of the nurses we hire must meet specified hiring criteria, including specified performance levels at nursing school and on a written test we administer to all nursing candidates. Many of our nurses submit applications to us either on an unsolicited basis or in response to advertisements we have placed. In addition, we have a number of student nurses at our hospitals who work under the supervision of a senior nurse. When these trainees finish their coursework, many of them return to our hospitals to work full time. We focus on recruiting nurses with strong skill sets who work well with both our doctors and patients. Similarly, our other medical and non-medical personnel must meet the hiring criteria we have established for their positions and undergo a number of interviews and background inquiries.

Compensation: All of the nurses and other staff members at our hospitals are compensated on a salary basis. We offer competitive salaries to our employees and a comprehensive package of benefits, including health insurance, personal accident insurance and discounts on services at our hospitals.

Outsourcing

As mentioned above, a number of people who work at our hospitals, such as housekeeping attendants, groundskeepers and security personnel, are employees of third-party outsourcing firms for whom we provide extensive training. Although we are not directly involved in the hiring of such individuals, our outsourcing partners are required to comply with hiring criteria we specify to them. We pay a set fee to our outsourcing partners who are responsible for compensating their employees and paying their other expenses, including insurance.

Retention

For fiscal 2006, on a pro forma basis taking into account the Escorts hospitals acquisition and the IHL acquisition, our doctor retention rate at our owned hospitals was approximately 95%, with the attrition concentrated at the resident and senior resident levels. We believe we have been able to control attrition rates by developing and implementing programs, policies and practices like diversified training and career planning for executives, recognition in various forms and mentoring programs. In addition, although our attrition rate for nurses for fiscal 2006, on a pro forma basis taking into account the Escorts hospitals acquisition and the IHL acquisition, was approximately 15% and is much higher than that for our doctors due primarily to nurses leaving to pursue more lucrative overseas or government positions, we have not experienced a shortage of nurses. We believe the worldwide nursing shortage is not as acute in India and that even in the face of a nursing shortage, we are well-positioned in the market to retain our nurses due to our strong reputation and competitive compensation packages.

Legal Proceedings

We and our subsidiaries are subject to numerous significant claims and legal proceedings. We also expect new claims and legal proceedings to be instituted or asserted against us and our subsidiaries from time to time. The results of these claims and legal proceedings cannot be predicted and it is possible that the ultimate resolution of these claims and legal proceedings, individually or in the aggregate, may have a material adverse effect on our business (both in the near- and long-term), liquidity, financial position or results of operations.

Currently, pending claims and legal proceedings that are not in the ordinary course of business are principally related to the subject matters set forth below. See also the section titled "Outstanding Litigation and Material Developments" on page [ ] of this Draft Red Herring Prospectus for additional details on our material litigation.

Land Use Matters

EHIRCL's predecessor was a charitable society and subsequently merged with a non-charitable society in the nature of a joint stock company, which was thereafter incorporated as a company with limited liability under Part IX of the Companies Act. The validity of the initial merger of the societies and the subsequent incorporation as a company are now being challenged in the Delhi High Court. The Delhi Development Authority (the "DDA"), the owner of the land on which the EHIRC hospital is located, has treated both the initial merger of the societies and the subsequent conversion to a company as prohibited transfers of property under the terms of its lease of the land and, accordingly, has terminated the lease deeds and allotment letters in respect of the land on which the EHIRC hospital is located by its order dated October 6, 2005 (the "DDA Order"). EHIRCL has filed an original miscellaneous petition (the "OMP") and a civil suit in the Delhi High Court seeking both a declaration that the DDA Order is illegal and a permanent injunction restraining the DDA from dispossessing EHIRCL without due process of law. The High Court has granted a stay restraining DDA from recovering physical possession of property in both the OMP and the civil suit, and the stay is still in operation. EHIRCL has also filed a letters patent appeal in the Delhi High Court against an order dismissing its writ petition seeking to quash the DDA Order and stay the eviction proceedings before the Estate Officer of the DDA. These matters are currently pending in the Delhi High Court. If the DDA's termination of our leases and its eviction proceedings are upheld, we may lose the EHIRC hospital facility and our entire investment in the fixed assets therein. Alternatively, we may also be required to make substantial compensatory payments to DDA. In addition, EHIRCL has recently received a show cause notice from the Directorate of Health Services (the "DHS") requiring EHIRCL to show cause why its nursing license, which expired on March 31, 2005 and for which application for renewal was made on January 23, 2006, should be renewed, based in part on the cancellation of the lease deed by the DDA. Appropriate replies to the DHS notice have been sent.

The DDA, which owns the land on which Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj is located, has terminated the lease deed in respect of such land. In the order terminating the lease, the DDA alleges that the society that owns the hospital did not use the property in accordance with the terms of the lease, leaving the property vacant for a number of years. The society filed a suit in the Delhi High Court for declaration and permanent injunction against the DDA. The DDA thereafter filed an application with the Delhi High Court seeking a restraining order against the entry by the trust into agreements with third parties, including our O&M contract. The Delhi High Court has granted a stay restraining DDA from recovering physical possession of property. These matters are currently pending in the Delhi High Court. See the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus for additional information regarding these proceedings. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire Rs. 350 million investment in respect of the license fee we paid to obtain the O&M rights for this hospital and the Rs. 29.26 million we have spent on improvements to the hospital building and pre-operative expenses, as well as the portion of the Rs. 470.17 million we have spent on medical and other equipment and other hospital infrastructure that is not movable. Although the society that owns the hospital is required under the O&M contract to reimburse us for all amounts invested with interest, the society does not currently have, and in the future may not have (even if it were successful in claiming compensation from the DDA for the hospital building), sufficient funds to do so.

The Land & Development Office of the Ministry of Urban Development of the Government of India (the "L&DO"), which owns approximately 12% of the land on which Fortis Jessa Ram Hospital is located, has terminated the lease deed in respect of such land. In the order terminating the lease, the L&DO alleges, *inter alia*, the land allotted by the L&DO has been lying vacant and has been taken over by us as a result of our entry into the O&M contract with the trust that owns the hospital. The trust has filed a suit in the Delhi High Court for declaration and permanent injunction against the L&DO. The Delhi High Court has granted a stay and has restrained the L&DO from giving effect to the termination order and from recovering physical possession of property from the trust. These matters are currently pending in the Delhi High Court. See the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus for additional information regarding these proceedings. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose all or some of our investment in the infrastructure of the hospital. Although we may have a breach of warranty claim under our O&M contract with the trust that owns the hospital, in which the trust represented to us that it was operating in compliance with all agreements and deeds, we may not be successful in bringing any such claim, and even if such a claim were successful, the trust may not have sufficient funds to compensate us in full or at all.

Anil Nanda Matter

A civil suit has been filed by Anil Nanda, a member of the former Delhi Society, for a declaration and permanent injunction against EHIRCL, among others, in the Delhi High Court seeking, *inter alia*, (a) to void the amalgamation of EHIRCL's predecessors, Delhi Society and Chandigarh Society, and the subsequent incorporation of the amalgamated society as a limited company (*i.e.*, EHIRCL) and, by implication, void the Escorts hospitals acquisition and (b) to restrain Escorts Limited from transferring or creating any third party rights with respect to its shares in EHIRCL. The High Court has ordered the parties to maintain the status quo as of September 30, 2005. If the plaintiff in this matter is successful, the merger and incorporation which made EHIRCL a for-profit limited company in April and May 2000, respectively, could be annulled, as could our acquisition of EHIRCL. If either the merger or the incorporation is annulled, we may be unable to recover the consideration we paid in respect of the Escorts hospitals acquisition. Although we may have a claim against the sellers in the Escorts hospitals acquisition for breach of warranty in the event the litigation challenging our corporate existence is resolved in a manner adverse to us, we may not be able to recover amounts paid by us in connection therewith from the sellers. The matter is currently pending before the High Court. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus.

Free Treatment Matters

In March 2004, the Delhi High Court made EHIRC party to a public interest litigation ("PIL") filed in July 2002 regarding the applicability of conditions regarding the provision of free treatment to indigent patients in hospitals located on certain plots of land allotted by DDA at concessional rates. In 2004, we attempted to initiate settlement discussions with the DDA but the DDA did not respond to our initial correspondence, and we have not made any further attempts to contact the DDA. The matter is currently pending in the Delhi High Court, and the High Court is presently reviewing the status report filed by a court-appointed independent committee in respect of the compliance with free treatment conditions by 26 hospitals to which land has been allotted at concessional rates, including EHIRC. We believe we have complied with all free bed requirements applicable to us. If, however, we are unsuccessful in our attempts to defend this litigation, we may be required to provide free or discounted healthcare services to additional patients. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus.

A private plaintiff has filed a writ petition against us in the High Court of Punjab and Haryana in 2000 alleging that EHRC at Faridabad was being operated in violation of the condition in the allotment of land to provide free medical treatment. The hospital filed a scheme of compliance with the High Court to provide free medical care to residents of Faridabad who are below the poverty line. The High Court directed the State of Haryana to examine the hospital's scheme of compliance with the terms of the allotment letter, and to make suitable corrections in operations. We filed a special leave petition in the Supreme Court on March 8, 2002 against the interim order of the High Court. The Supreme Court has directed a stay in the proceedings at the High Court pending final disposal of the matter. We believe we have complied with all free bed requirements in the allotment applicable to us. If, however, we are unsuccessful in our attempts to defend this litigation, we may be required to provide free or discounted healthcare services to additional patients. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus.

Income Tax Matters

The Central Government's Income Tax Department has re-opened certain tax assessments of EHIRCL's predecessors, Delhi Society and Chandigarh Society. The Income Tax Department has assessed additional income tax payments in an aggregate amount of Rs. 3,044.30 million for periods ranging between fiscal 1997 and fiscal 2001. An additional Rs. 42.40 million has been assessed for fiscal 2003 for EHIRCL. The assessing officer has also initiated penalty proceedings in respect of the re-opened assessments. We have filed appeals with the Commissioner of Income Tax (Appeals) - II, New Delhi and the Income Tax Appellate Tribunal and the matters are currently pending. We have also filed a writ petition in the Delhi High Court seeking to quash orders passed by the Assessing Officer, including the re-opening of tax assessments and the raising of certain tax demands. Although a portion of the consideration we paid in connection with the Escorts hospitals acquisition remains in an escrow account pending the resolution of the income tax matters, amounts found to be due under the income tax proceedings may exceed the escrow amount, and we may not be able to recover amounts due to us under the indemnity arrangements in the acquisition agreement relating to the Escorts hospitals acquisition. We expect the indemnity in the Escorts hospitals acquisition agreement and the escrow of a portion of the purchase price to cover approximately 47.37% of the total potential tax assessment for previous periods as described above. The escrow will cover the first Rs. 650.00 million of such liability, and the indemnity covers one-third of any amounts actually assessed in excess thereof. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page [ ] of this Draft Red Herring Prospectus. Escorts Limited has recently taken action in the courts to enjoin the tax authorities from unilaterally attaching any of the escrow amounts and has added us as a party in the proceedings.

Operating Licenses

As described above, EHIRCL has recently received a show cause notice from the DHS requiring EHIRCL to show cause why its nursing license, which expired on March 31, 2005 and for which application for renewal was made on January 23, 2006, should be renewed, based in part on the cancellation of the lease deed by the DDA. Appropriate replies to the DHS notice have been sent. If the hospital fails to obtain a nursing license, it would no longer be able to perform inpatient procedures at the hospital.

Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj applied for a nursing license in March 2006 and commenced operations in May 2006 prior to obtaining the nursing license based on a deemed registration. The hospital has received a show cause notice from the DHS that it is operating in violation of the licensing requirement, as well as an order from the DHS to cease operations of its inpatient department. The society that owns the hospital has filed appropriate replies to the show cause notice and order and, based on an independent legal opinion, believes that a nursing license is deemed granted upon receipt of an application therefor by the DHS unless it is refused by the licensing authorities. Without a nursing license, the hospital would be banned from performing inpatient procedures at the hospital. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire Rs. 350 million investment in respect of the license fee we paid to obtain the O&M rights for this hospital and the Rs. 29.26 million we have spent on improvements to the hospital building and pre-operative expenses, as well as the portion of the Rs. 470.17 million we have spent on medical and other equipment and other hospital infrastructure that is not movable. Although the society that owns the hospital is required under the O&M contract to reimburse us for these amounts with interest in such an event, the society does not currently have, and in the future may not have (even if it were successful in claiming compensation from the DDA for the hospital building), sufficient funds to do so.

In addition, an application for renewal of the Fortis Jessa Ram Hospital's nursing license was filed in January 2006, but to date, the hospital has not received a renewal. The existing nursing license expired in March 2006 and the hospital is currently operating without a valid nursing license. Without a nursing license, the hospital would be banned from performing inpatient procedures at the hospital. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire investment in respect of the hospital.

We and our personnel in control positions and, in the case of the matters relating to O&M contract hospitals, the owners of such hospitals and their personnel in control positions could also face civil and criminal sanctions in connection with the operation of these hospitals in the absence of a nursing license.

Medical negligence matters

In addition to the matters described above, we are subject to claims and legal proceedings in the ordinary course of business. The largest category of these proceedings relates to medical negligence. We and our subsidiaries are currently subject to 117 claims filed by or on behalf of patients seeking damages aggregating approximately Rs. 404.99 million, with 10 claims seeking damages of more than Rs. 5 million. The claims are at various stages of litigation and the outcomes of these claims are uncertain. While we believe that these medical negligence or malpractice claims, to the extent that we are held liable in any or all of them, are fully covered under our professional and general liability insurance policies, such claims individually or in the aggregate may exceed our coverage

Properties

The following table sets forth the significant properties owned or leased by FHL and its subsidiaries as of the date hereof:

Lessee/ Owner	Location	Address	Nature of Property Rights	Area (in acres unless otherwise stated)	Term
FHL	New Delhi	Piccadily House, 275-276, 4th Floor, Capt. Gaur Marg, Srinivas Puri, New Delhi 110065	Leasehold	0.17	Three years from February 2006
	Mohali, Punjab	Fortis Hospital, Sector 62, Phase VIII, SAS Nagar, Mohali 160062	Leasehold	8.22	Ten years from October 2003 .
	Chandigarh, Punjab	Fortis City Center, SCO 56-58, Sector 9D, Madhya Marg, Chandigarh 160069.	Leasehold	0.09.	Five years from January 2006 .
	Amritsar, Punjab	Fortis Hospital, "Nagpal Towers", SCO 128, District Shopping Centre, Ranjit Nagar, Amritsar 143001	Leasehold	0.11	14 years from March 2003, subject to renewal
IHL	Noida, Uttar Pradesh	Fortis Hospital, Plot No. 22, Block B, Sector 62, Institutional Area, Phase II, Noida 201301	Leasehold	5.54	90 years from January 1996
EHIRCL	New Delhi	Escorts Heart Institute & Research Centre, Okhla Road, New Delhi 110025	Leasehold	7.19	Perpetual
EHSSHL	Jaipur, Rajasthan	Jawaharlal Nehru Marg, Malviya Nagar, Jaipur 302017	Leasehold	6.60	99 years from December 1999
EHSSIL	Amritsar, Punjab	Escorts Heart and Super-Speciality Institute Plot Private 21, Khasra No. X3 Majitha Verka Bypass Road Amritsar 143004	Freehold	3.71	-
EHRCL	Faridabad, Haryana	Escorts Hospital and Research Centre Neelam Bata Road, New Industrial Township, Faridabad 122001	Leasehold	5.03	Perpetual
OBPL	Gurgaon, Haryana	Sector 44, Urban Estate, Gurgaon 122001	Freehold	10.81	-
	New Delhi	Block A, Shalimar Bagh	Leasehold	7.34	Perpetual

	New Delhi 110088			
Gurgaon, Haryana	Village Gwalpahari, Tehsil Sohna, District Gurgaon 122001	Freehold	10.35	-
Gurgaon, Haryana	Village Gwalpahari, Tehsil Sohna, District Gurgaon 122001	Freehold	2.41	-

In addition, we also manage six hospitals and 16 satellite and heart command centers which we do not own. For further details see the section titled "—Our Facilities" under this section titled "Our Business" beginning on page [●] of this Draft Red Herring Prospectus for a summary of the number of beds at each facility.

REGULATIONS AND POLICIES IN INDIA

The Company is engaged in the business of operating and managing hospitals and we are governed by a number of central and state legislations that regulate our business. Additionally, our functioning requires, at various stages, the sanction of the concerned authorities under the relevant legislations and local bye-laws.

The following discussion summarises certain significant laws and regulations that govern our business.

Delhi Nursing Home Registration Act, 1953 ("DNHR")

The DNHR provides for the registration and inspection of nursing homes in Delhi. As per Section 3 of the DNHR, nursing homes and hospitals in Delhi are prohibited from carrying on business without valid registration. The certificate of registration under the DNHR is issued by the Director of Health Services, Government of Delhi, on being satisfied that the nursing home or hospital conforms to the standards laid down in the DNHR and the rules framed hereunder, including sanitary and safety standards and conformity with conditions of allotment of land, etc. The registration under the DNHR is required to be renewed annually. Contravention of the provisions of the DNHR is punishable with fine and/or imprisionment.

Bio-Medical Waste (Management and Handling) Rules, 1998 ("BMW Rules")

The BMW Rules apply to all persons who generate, transport, treat, dispose or handle bio-medical waste in any form and regulate the mode of treatment and disposal of bio-medical waste. The BMW Rules mandate every occupier of an institution generating, collecting, transporting, treating, disposing and/or handling bio-medical waste to take steps to ensure that such waste is handled without any adverse effect to human health and environment and to apply to the prescribed authority for grant of authorization. The BMW Rules further require such person to submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/or any form of handling of bio-medical waste in accordance with rules and guidelines issued.

Drugs and Cosmetics Act, 1940 ("DCA")

In order to maintain high standards of medical treatment, the DCA regulates the import, manufacture, distribution and sale of drugs for the proper protection of drugs and medicines and prohibits the manufacture and sale of certain drugs and cosmetics which are misbranded, adulterated, spurious or harmful. The DCA specifies the requirement of a license for the manufacture, sale or distribution of any drug or cosmetic. It further mandates that every person holding a licence must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

Medical Termination of Pregnancy Act, 1971 ("MTP")

The MTP regulates the termination of pregnancies by registered medical practitioners and permits termination of pregnancy only on specific grounds and for matters connected therewith. It stipulates that abortion can be carried out only in certain stipulated circumstances by a registered medical practitioner who has the necessary qualification, training and experience in performing medical termination of pregnancy and only at a place which has facilities that meet the standards specified in the rules and regulations issued under the MTP. Under the MTP, private hospitals and clinics need government approval and authorization (certification) to provide medical termination of pregnancy services. Under the rules framed pursuant to the MTP, private clinics can receive their certification only if the government is satisfied that termination of pregnancies will be done under safe and hygienic conditions, and the clinic has the requisite infrastructure and instruments in place.

Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 ("PDT")

The PDT regulates the use of pre-natal diagnostic techniques for the purposes of detecting genetic or metabolic disorders or chromosomal abnormalities or certain congenital malformations or sex-linked disorders and for the prevention of the misuse of such techniques for the purposes of pre-natal sex determination leading to female foeticide, and, for matters connected therewith or incidental thereto. The PDT makes it mandatory for all genetic counselling centers, genetic clinics, laboratories and all bodies utilising ultrasound machines to register with their respective appropriate authorities failing which penal actions could be taken against them.

Transplantation of Human Organs Act, 1994 ("THOA")

The THOA provides for the regulation of removal, storage and transplantation of human organs for therapeutic purposes and for the prevention of commercial dealings in human organs and for matters incidental thereto. The THOA prohibits the removal of any human organ except in situations provided therein. No hospital can provide services relating to the removal, storage or transplantation of any human organ therapeutic purposes unless such hospital is duly registered under the THOA.

The Atomic Energy Act, 1962 ("AEA")

In order to ensure safe disposal of radioactive wastes and secure public safety and safety of persons handling radioactive substances, the AEA mandates that no minerals, concentrates and other materials which contain prescribed substances be disposed of without the previous permission in writing of the Central Government. AEA provides that the Central Government may require a person to make periodical and other returns or such statements accompanied by plans, drawings and other documents as regards any prescribed substance in the AEA that can be a source of atomic energy and further states that the Central Government may prohibit among other things the acquisition, production, possession, use, disposal, export or import of any prescribed equipment, or substance, excepting under a license granted by it to that effect.

Radiation Protection Rules, 1971 ("RPR")

The RPR provides that all persons handling radioactive material need to obtain a license from a competent authority. It stipulates that no person is to use any radioactive material for any purpose, in any location and in any quantity, other than in a manner otherwise specified in the license and that every employer must designate a "Radiological Safety Officer" and maintain records with respect to every such radiation worker in the manner prescribed under the RPR.

Radiation Surveillance Protection Rules 1971 ("RSPR")

The RSPR provides that every employer required to handle radiation equipment or radioactive material must obtain the prior permission of the competent authority. The RSPR mandates an employer to appoint a "Radiological Safety Officer" with the approval of the competent authority for the implementation of the radiation protection programme including all in-house radiation surveillance measures and procedures and to discharge the functions as specified under it. Further, the employer is also required to obtain prior permission from the competent authority for undertaking any decommissioning operation.

Code No. AERB/SC/MED-2 (Rev-1) dated October 5, 2001 ("Code")

The Code stipulates that all medical X-ray machines are required to be operated in accordance with the requirements outlined therein and that it is the responsibility of the owner/user of medical X-ray installation equipment to ensure compliance with the statutory provisions. The Code mandates that only those medical X-ray machines which are of the type approved by Atomic Energy Regulatory Board ("**AERB**") are to be installed for use. It further provides among other things, that the owners of medical X-ray installations in India be registered with AERB, and further to carry out quality assurance performance test of the X-ray unit and to employ qualified staff. Non-compliance with the regulatory requirements set forth in the Code could result in closure of the defaulting X-ray installations.

Pharmacy Act, 1948 ("PA")

The PA provides that all pharmacists require a registration under the PA, which registration process includes providing: (a) the full name and residential address of the pharmacist; (b) the date of his first admission to the register; (c) his qualifications for registration; (d) his professional address, and if he is employed by any person, the name of such person; and (e) such further particulars as may be prescribed.

Certain other legislation such as the Narcotic Drugs and Psychotropic Substances Act, 1985, the Dangerous Drugs Act, 1930 and the Medical and Toilet Preparations Act, 1955 are also applicable to us. A wide variety of labour laws are also applicable to the nursing and hospital sector, including the Contract Labour (Regulation and Abolition) Act, 1970, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, the Shops and Commercial Establishments Act, the Trade Unions Act, 1926, and the Workmen's Compensation Act, 1922.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated on February 28, 1996 as Rancare Limited under the Companies Act. Subsequently on June 20, 1996 our name was changed to our present name-Fortis Healthcare Limited. The Company received the certificate of commencement of business on July 1, 1996.

Changes in Registered Office:

The registered office of the Company was initially situated at 25, Nehru Place, New Delhi 110 019, India. Pursuant to a Board resolution dated September 16, 2003 the registered office was shifted to B-9, Maharani Bagh, New Delhi 110 065, India. Subsequently, pursuant to Board resolution dated February 10, 2006 the registered office of the Company was shifted to Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, India, which is the current Registered Office.

Scheme of merger/amalgamation between Fortis Medical Centre Holdings Limited and the Company dated October 7, 2005:

The High Court of Delhi, through its order dated October 7, 2005 in respect of the company petition (C.P. No: 240/2005 and 241/2005) approved the scheme of amalgamation/merger between the Company and Fortis Medical Centre Holdings Limited ("FMCHL"), and which at the time of amalgamation was our board controlled subsidiary, with effect from April 1, 2004 ("Scheme").

Salient features of the Scheme:

The principal terms of the Scheme, as sanctioned by the High Court of Delhi, are set forth below:

The entire undertaking and business, all properties, tangible and intangible assets including trademarks, patents, design, copyrights, investments, approvals, licenses, tax benefits, pending projects, debts, liabilities and obligations, including income tax liabilities accrued or to accrue in FMCHL was transferred to the Company with effect from April 1, 2004. Pursuant to the Scheme, Fortis Hospital, Amritsar was transferred to the Company. However, the transfer of the aforesaid was subject to the existing charges or hypothecation in respect of the assets of FMCHL.

All the staff, workmen and employees of FMCHL in employment on the date immediately preceding December 23, 2005 (i.e., the date on which a certified copy of the order of the High Court of Delhi was filed with the RoC) became the employees of the Company without any break or discontinuity in service and on conditions not less favourable than those subsisting at FMCHL.

In consideration of the transfer and vesting of the undertaking and the assets and liabilities of FMCHL and in consideration of the mutual covenants agreed to in the Scheme, the Company agreed to allot the Equity Shares to the existing shareholders of FMCHL, in the ratio of 1:4 (i.e., one Equity Share in exchange of every four equity shares of FMCHL of Rs. 10 each).

In compliance with the Scheme, the Company allotted 520,000 Equity Shares to the shareholders of erstwhile FMCHL on February 10, 2006.

Major Events:

Year	Event
June 2001	Commissioning of Fortis Hospital, Mohali.
August 2003	Inauguration and commissioning of Fortis Hospital, Amritsar.
October 2003	Executed an agreement with Seth Jessa Ram and Bros Charitable Hospital

Year	Event
	Trust for the operation and management of Jessa Ram Hospital, New Delhi.
August 2004	Commissioning of Fortis Hospital, Noida.
September 2005	Acquired 90% of the equity share capital of Escorts Heart Institute and Research Centre Limited resulting in the acquisition of EHCL, EHSSIL, EHSSHL and EHRCL.
October 2005	Signed an agreement with Jeewan Mala Hospital Private Limited for the operation and maintenance of Jeewan Mala Hospital, New Delhi.
January 2006	Signed an agreement with Sunrise Medicare Private Limited for the operation and management of Fortis La Femme, New Delhi, and acquisition of 5% equity interest in Sunrise Medicare Private Limited, with an option to acquire additional equity shares.
January 2006	Signed an agreement with Khalil Public Welfare Trust for the operation and maintenance of Khyber Medical Institute, Srinagar.
March 2006	Acquired 99.99% of the paid up equity share capital of International Hospital Limited resulting in the acquisition of Fortis Hospital, Noida.
March 2006	Acquired 100.00% of the paid up equity share capital of Oscar Bio-Tech Private Limited.

Acquisition of Escorts Heart Institute and Research Centre Limited

The Company has purchased 1,800,300 equity shares of EHIRCL ("Purchase Shares"), constituting 90% of the share capital of EHIRCL, pursuant to a share purchase agreement dated September 25, 2005 ("Share Purchase Agreement") executed among Escorts Limited, AAA Portfolio Private Limited, Big Apple Clothing Private Limited, Charak Ayurvedic Institute, Escorts Employees Welfare Trust, Diamond Leasing and Finance Limited (collectively referred to as the "Sellers") and the Company for a total consideration of Rs. 5,850.10 million. There was no valuation of the equity shares of EHIRCL by an independent valuer prior to the acquisition of EHIRCL.

Further, pursuant to the Share Purchase Agreement, the parties also entered into an escrow agreement dated September 27, 2005 ("EHIRC Escrow Agreement") with HDFC Bank Limited ("Escrow Agent") whereby the Company deposited the entire sale consideration with the Escrow Agent ("Escrow Amount") and the Sellers deposited the relevant documents including the delivery instruction slips and share transfer forms ("Escrow Documents") relating to the Purchase Shares.

Under the Share Purchase Agreement and the EHIRC Escrow Agreement, the Escrow Agent was directed to release the Escrow Amount and the Escrow Documents in the following manner:

a. Upon receipt of joint instructions from Escorts Limited and the Company, the Escrow Agent is directed to release Rs. 2,021.95 million in favour of the lenders (i.e., Life Insurance Corporation of India, Housing Development Finance Corporation Limited and Industrial Development Finance Corporation Limited) with whom 1,600,000 equity shares of EHIRCL held by Escorts Limited are pledged, and to release Rs. 155 million in favour of EHIRCL in respect of an inter-corporate deposit placed by EHIRCL with Escorts Limited, pursuant to which the Company will become the beneficial owner of 1,600,000 equity shares of EHIRCL. The aforesaid amounts aggregating to Rs. 2,176.95 million have been released in favour of the lenders and EHIRCL by the Escrow Agent.

b. Upon receipt of instructions from the Company, the Escrow Agent is directed to, after retaining Rs. 850 million ("Heldback Amount 1") and Rs. 649.90 million ("Heldback Amount 2"), release Rs. 324,951 each in favour of Charak Ayurvedic Institute, Escorts Employees Welfare Trust and Diamond Leasing and Finance Limited and further release a sum of Rs. 2,172.27 to Escorts Limited against the simultaneous release of the Escrow Documents in favour of the Company. The aforesaid amounts aggregating to Rs. 2,173.25 million have been released by the Escrow Agent against the release of the Escrow Documents to the Company.

c. Subject to (a) and (b) above, the Heldback Amount 1 shall be released by the Escrow Agent to Escorts Limited upon receipt of instruction from Escorts Limited, the Company and/or the lender.

d. Heldback Amount 2, being sale consideration payable to AAA Portfolio Private Limited and Big Apple Clothing Private Limited, is to be retained by the Escrow Agent and such amount is to be invested in capital gains and tax saving bonds in their names in equal proportions. The securities are to be kept in the custody of the Escrow Agent as security towards final settlement of the income tax claim/demand (including interest, penalty thereon and legal expenses incurred by Escorts Limited in defending the claim) of EHIRCL. Escorts Limited has a right to substitute the securities with cash or other securities as may be acceptable to the Company.

   Accordingly, the Heldback Amount 2 is to be utilised in the following manner upon receipt of opinion from the named accounting firms certifying that the demand pertains to the income tax demand:

   i. In the event the income tax claim is equal to Heldback Amount 2, the entire Heldback Amount 2 is payable to the Company.
   ii. In the event the income tax claim exceeds is in excess of the Heldback Amount 2, the entire Heldback Amount 2 is payable to the Company and the remaining amount between the income tax claim and the Heldback Amount 2 is to be borne by Escorts Limited and the Company in the ratio of 1/3 and 2/3 respectively, in accordance with the Share Purchase Agreement.
   iii. In the event the income tax claim is less than the Heldback Amount 2, the Escrow Agent shall pay to Escorts Limited and/or AAA Portfolio Private Limited and/or Big Apple Clothing Private Limited the remaining amount after the payment of the income tax claim amount to the Company. On the income tax claim/demand being paid to the Company, Escorts Limited and/or AAA Portfolio Private Limited and/or Big Apple Clothing Private Limited shall stand discharged of all its obligations.

EHIRCL (formerly a charitable society, which subsequently merged with a non charitable society and thereafter incorporated as company with limited liability under the Companies Act), is involved in a litigation (Suit No: C.S. (OS) 1372/ 2005) regarding the validity of such merger of a charitable society with a non charitable society and subsequent incorporation into a company. Pursuant to the order of the High Court of Delhi dated September 30, 2005 whereby the court has ordered the parties, including EHIRCL, to maintain status quo, Heldback Amount 1 and Heldback Amount 2 are currently being held in escrow. For further details, see the sections titled "Our History and Certain Corporate Matters-Subsidiaries of the Company" and "Outstanding Litigation and Material Developments" beginning on pages [●] and [●] of this Draft Red Herring Prospectus.

Acquisition of International Hospital Limited

The Company and IHL entered into an agreement in December 20, 2002, pursuant to which IHL became a board controlled subsdiary of the Company. Subsequently, the Company purchased 3,014,930 equity shares in IHL on March 20, 2006 from Fortis Healthcare Holdings Limited, Oscar Investments Limited, Ranbaxy Holding Company and Fortis Financial Services Limited, constituting 99.86% of the issued share capital of IHL for a total consideration of Rs. 301.49 million. On March 23, 2006 the Company also subscribed to 1,006,000 equity shares of IHL for a total consideration of Rs. 100.60 million. As a result of these acquisitions, the Company holds 4,021,090 equity shares of IHL, constituting 99.99% of the issued share capital of IHL. There was no valuation of the equity shares of IHL by an independent valuer prior to the acquisition of IHL.

Acquisition of Oscar Bio-Tech Private Limited

The Company purchased 3,050,000 equity shares in OBPL on March 20, 2006, from Mr. Shivinder Mohan Singh, Mr. Malvinder Mohan Singh and Ranbaxy Holding Company for a total consideration of Rs. 30.50 million constituting 100%. On March 22, 2006, the Company subscribed to 32,950,000 equity shares of OBPL for consideration of 329.50 million. Subsequently, on March 30, 2006, the Company subscribed to 9,000,000 equity shares of OBPL for a consideration of Rs. 90.00 million to OBPL. Pursuant to the above, OBPL became a wholly owned subsidiary of the Company. There was no valuation of the equity shares of OBPL by an independent valuer prior to the acquisition of OBPL

Our Main Objects

The main objects of the Company as contained in our Memorandum of Association are follows:

a. To purchase, lease or otherwise acquire, establish, maintain, operate, run, manage or administer hospitals, medicare, health care, diagnostic, health aids and research centres.

b. To provide medical relief to the public in all branches of medical schemes by all available means.

c. To carry out medical and clinical research by engaging in the research and development of all medical sciences and therapies.

d. To undertake, promote or engage in all kinds of research including clinical research and development work required to promote, assist or engage in setting up hospitals, health care centres and facilities for manufacturing medical equipment etc.

e. To provide, encourage, initiate or promote facilities for the discovery, improvement or development of new methods of diagnostic, understanding and prevention and treatment of disease.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
June 20, 1996	The name of the Company was changed from Rancare Limited to Fortis Healthcare Limited.
November 9, 1998	The authorised share capital of the Company was increased from Rs.10 million to Rs. 150 million.
June 28, 2000	The authorised share capital of the Company was increased from Rs.150 million to Rs. 550 million.
July 10, 2001	The authorised share capital of the Company was increased from Rs.550 million to Rs. 750 million.
September 27, 2002	The authorised share capital of the Company was increased from Rs.750 million to Rs. 775 million.
September 30, 2004	The authorised share capital of the Company was increased from Rs.775 million to Rs. 890 million (divided in to 87,000,000 Equity Shares of Rs. 10 each and 200 Preference Shares (Class A))
March 8, 2006	The authorised share capital of the Company was increased from Rs.890 million to Rs. 2,000 million (divided into 198,000,000 Equity Shares of Rs. 10 each and 200 Preference Shares (Class A)).
August 30, 2006	The authorised share capital of the Company was increased from Rs.2,000 million to Rs. 3,000 million (divided into 298,000,000 Equity Shares and 200 Preference Shares (Class A))
September 25, 2006	The authorised capital of the Company was re-classified as Rs. 3,000 million, divided into 272,000,000 Equity Shares and 200 Preference Shares (Class A) and 260,000,000 Preference Shares (Class B).

Subsidiaries of the Company:

The following are the subsidiaries of the Company:

a. Escorts Heart Institute and Research Centre Limited;
b. Escorts Heart and Super Speciality Institute Limited;
c. Escorts Heart Centre Limited;
d. Escorts Hospital and Research Centre Limited;
e. Escorts Heart and Super Speciality Hospital Limited;
f. International Hospital Limited; and
g. Oscar Bio-Tech Private Limited.

a. Escorts Heart Institute and Research Centre Limited ("EHIRCL")

EHIRCL was incorporated under Part IX of the Companies Act on May 30, 2000 as a company engaged to promote and conduct research in cardiology, thoracic surgery and other medical fields and to maintain and run necessary infrastructure, including hospitals.

The assets owned by EHIRCL were initially vested in a charitable society registered with the Registrar of Firms and Societies, New Delhi on October 21, 1981 under the name of 'Escorts Heart Institute and Research Centre' in Delhi ("Delhi Society") under the Societies Registration Act, 1860 ("SRA"). Subsequently, the Delhi Society was amalgamated with a non charitable society in the nature of a joint stock company, registered on November 11, 1999 under the SRA with the Registrar of Society, Chandigarh under the name 'Escorts Heart Institute and Research Centre' in Chandigarh ("Chandigarh Society").

The amalgamation was approved by the boards of governors of the Chandigarh Society and the Delhi Society on January 6, 2000 and December 18, 1999, respectively, subject to adoption by the members of the respective societies. Thereafter, pursuant to resolutions passed by the members of the Delhi Society on January 15, 2000 and February 26, 2000 and the members of the Chandigarh Society on February 7, 2000 and March 17, 2000, all the properties, rights, liabilities, suits and claims of the Delhi Society were to vest in the Chandigarh Society with effect from April 1, 2000 ("Scheme of Amalgamation").

Subsequently, pursuant to special resolution dated May 5, 2000, the Chandigarh Society made an application to the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh for the conversion of the Chandigarh Society into a company by registration of the Chandigarh Society as a company with limited liability under Part IX of the Companies Act with a nominal capital of Rs. 25 million. The Chandigarh Society was registered under Part IX of the Companies Act and the certificate of incorporation incorporating Escorts Heart Institute and Research Centre Limited ("EHIRCL") was granted on May 30, 2000, pursuant to which all the assets and liabilities of the Chandigarh Society stood vested in EHIRCL with effect from May 30, 2000.

Pursuant to the conversion of EHIRCL into a company under Part IX of the Companies Act, the Chandigarh Society applied to the Registrar of Societies, Chandigarh for de-registration. The Chandigarh Society was deregistered on November 27, 2000.

Subsequently, pursuant to the share purchase agreement dated September 25, 2005, executed between certain erstwhile shareholders of EHIRCL and the Company, the Company purchased 1,800,300 equity shares of EHIRCL, constituting 90% of the share capital of EHIRCL ("Share Purchase Agreement") for a total consideration of Rs. 5,850.10 million. For further details, see the section titled "History and Certain Corporate Matters- Acquisition of Escorts Heart Institute and Research Centre Limited" beginning on page [●] of this Draft Red Herring Prospectus.

The equity shares of EHIRCL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of EHIRCL as of September 26, 2006, is as follows:

S.No.	Name	Number of equity shares of Rs. 10 each	Percentage of Shareholding
1	Fortis Healthcare Limited	1,800,260	89.99
2.	Dr. Naresh Trehan	200,000	9.99
3.	International Hospital Limited	10	0.00
4.	Malav Holdings Private Limited	10	0.00
5.	Shivi Holdings Private Limited	10	0.00
6.	Oscar Bio-Tech Private Limited	5	0.00
7.	Fortis Healthcare Holdings Limited	5	0.00
	Total	**2,000,300**	**100.00**

Board of Directors

The board of directors of EHIRCL currently comprises Mr. Harpal Singh, Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh.

Financial Performance

The audited financial results of EHIRCL for Fiscal 2004, 2005 and 2006 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	2,178.90	2,265.00	2,330.12
Profit/(Loss) after tax	178.60	134.90	69.38
Equity Capital	20.00	20.00	20.00
Reserves and Surplus (excluding revaluation reserves)	1,946.60	2,086.50	2,155.86
Earnings/(Loss) per share (diluted) (Rs.)	89.29	67.43	34.68
Book Value per share (Rs.)	983.17	1,053.09	1,087.77

b. Escorts Heart and Super Speciality Institute Limited ("EHSSIL")

EHSSIL was incorporated on December 22, 1998 under the name "Amritsar Hospitals Limited" as a company engaged in the business of establishing, maintaining and running hospitals and nursing homes, among others. Subsequently, on December 19, 2001, its name was changed to its present name.

The equity shares of EHSSIL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of EHSSIL as of September 26, 2006, is as follows:

S. No.	Name	Number of equity shares of Rs. 10 each	Percentage of Shareholding
1.	EHIRCL	12,970,000	82.61

2.	Dr. Praveen Kumar Sareen	434,700	2.77
3.	Dr. Ram Murthi Kaushal	371,425	2.37
4.	Dr. Harinder Pal Singh	302,700	1.93
5.	Mr. Rupinder Dhillon	290,000	1.85
6.	Mr. Pran Nath Khindri	240,000	1.53
7.	Dr. Ashwani Duggal	240,000	1.53
8.	Dr. Ashok Mahajan	226,100	1.44
9.	Mr. Ram Prakash Mahajan	180,000	1.15
10.	Dr. Ashok Mahajan (HUF)	132,000	0.84
11.	Dr. Kanchan Mahajan	120,100	0.76
12.	Dr. Uma Sood	69,830	0.44
13.	Dr. Maganjit Kaur	66,100	0.42
14.	Ms. Renu Sarin	32,700	0.21
15.	Dr. Ram Murti and Sons	24,895	0.16
16.	EHIRCL jointly with Dr. Yatin Mehta	100	0.00
17.	EHIRCL jointly with Mr. Anil Khubchandani	100	0.00
18.	EHIRCL jointly with Dr. Naresh Trehan	100	0.00
19.	Dr. Tarlochan Singh Kler	100	0.00
20.	EHIRCL jointly with Mr. Sriram Khattar	100	0.00
	Total	**15,701,050**	**100.00**

Board of Directors

The board of directors of EHSSIL currently comprises Dr. Naresh Trehan, Dr. Ram Murthi Kaushal, Dr. Ashok Mahajan and Dr. Tarlochan Singh Kler.

Financial Performance

The audited financial results of EHSSIL for Fiscal 2004, 2005 and 2006 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	**Fiscal 2005**	**Fiscal 2006**
Sales and Other Income	131.90	150.40	183.67
Profit/(Loss) after tax	(60.50)	(57.70)	(44.67)
Equity Capital	139.50	157.01	157.01
Reserves and Surplus (excluding revaluation reserves)	(47.50)	(105.2)	(149.84)
Earnings/(Loss) per share (diluted) (Rs.)	(0.04)	(0.04)	(2.85)
Book Value per share (Rs.)	6.60	3.30	0.45

c. Escorts Heart Centre Limited ("EHCL")

EHCL was incorporated on April 27, 2000 under the name "Satellite Heart Institute and Research Centre Private Limited," as a company engaged in the business of managing, developing and operating hospitals and improving research in cardiology and other medical fields. Subsequently, the company changed its name to "Satellite Heart Hospital and Research Institute Private Limited". On November 27, 2001, the company changed its name to "Satellite Heart Hospital and Research Institute Limited," and on November 28, 2001, its name was changed to its present name. The Escorts Heart Centre hospital at Kanpur was operationally closed with effect from August 1, 2005 and the assets were transferred to EHIRCL and Dr. R.N. Dwivedi, a promoter. EHCL currently has no operations.

The equity shares of EHCL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of EHCL as of September 26, 2006, is as follows:

S. No.	Name	Number of equity shares of Rs. 10 each	Percentage of Shareholding
1.	EHIRCL	1,969,300	99.99
2.	EHIRCL jointly with Fortis Healthcare Holdings Limited	200	0.01
3.	EHIRCL jointly with Fortis Healthstaff Private Limited	100	0.01
4.	EHIRCL and Mr. Shivinder Mohan Singh	100	0.01
5.	EHIRCL and Mr. Harpal Singh	100	0.01
6.	EHIRC and Fortis Healthworld Private Limited	100	0.01
7.	EHIRCL and Mr. Malvinder Mohan Singh	100	0.01
	Total	**1,970,000**	**100.00**

Board of Directors

The board of directors of EHCL currently comprises Mr. Harpal Singh, Mr. Shivinder Mohan Singh, Mr Vinay Kaul and Dr. P.S. Joshi.

Financial Performance

The audited financial results of EHCL for Fiscal 2004, 2005 and 2006 are set forth below:

(Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	23.07	20.09	3.40
Profit/(Loss) after tax	(6.90)	(10.26)	(4.10)
Equity Capital	19.70	19.70	19.70
Reserves and Surplus (excluding revaluation reserves)	(20.01)	(30.26)	(34.37)
Earnings/(Loss) per share (diluted) (Rs.)	(3.50)	(5.21)	(2.08)
Book Value per share (Rs.)	(0.16)	(5.3)	(7.45)

d. Escorts Hospital and Research Centre Limited ("EHRCL")

EHRCL was incorporated under the name "Escorts Hospital and Research Centre Private Limited" on December 16, 1997, as a company engaged in the business of operating nursing homes and medical centres, among others. The word "Private" was subsequently deleted and the company became a deemed public company with effect from March 25, 1998 under the then existing provisions of the Companies Act.

The equity shares of EHRCL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of EHRCL as of September 26, 2006, is as follows:

S. No.	Name	Number of equity shares of RS. 10 each	Percentage of Shareholding
1.	EHIRCL	21,999,968	99.99
2.	EHIRCL jointly with FHHL	10	0.00
3.	EHIRCL jointly with Mr. Shivinder Mohan Singh	6	0.00
4.	EHIRCL jointly with Fortis HealthStaff Private Limited	4	0.00
5.	EHIRCL jointly with Fortis HealthWorld Private Limited	4	0.00
6.	EHIRCL jointly with Mr. Fortis Clinical Research Limited	4	0.00
7.	EHIRCL jointly with OBPL	4	0.00
	Total	**22,000,000**	**100.00**

Board of Directors

The board of directors of EHRCL currently comprises Mr. Sunil Godhwani, Dr. P.S. Joshi, Dr, Naresh Trehan, Mr. Harpal Singh, Mr. Shivinder Mohan Singh, Mr. Malvinder Mohan Singh and Mr. Vinay Kaul.

Financial Performance

The audited financial results of EHRCL for Fiscal 2004, 2005 and 2006 are set forth below:

(Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	275.60	337.50	407.84
Profit/(Loss) after tax	(65.79)	(20.49)	3.00
Equity Capital	220.00	220.00	220.00
Reserves and Surplus (excluding revaluation reserves)	187.80	167.40	170.33
Earnings/(Loss) per share (diluted) (Rs.)	(2.99)	(0.93)	0.14
Book Value per share (Rs.)	18.54	17.61	17.74

e. Escorts Heart and Super Speciality Hospital Limited ("EHSSHL")

EHSSHL was incorporated on April 24, 2003 as a company engaged in the business of managing research in cardiology and cardio vascular sciences among other medical fields.

The equity shares of EHSSHL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of EHSSHL as of September 26, 2006, is as follows:

S.No.	Name	Number of equity shares of Rs. 10 each	Percentage of Shareholding
1.	EHIRCL	9,149,400	99.99
2.	EHIRCL and Mr. Harpal Singh	100	0.00
3.	EHIRCL and Mr. Shivinder Mohan Singh	100	0.00

4.	EHIRCL and Fortis Healthcare Holdings Limited	100	0.00
5.	EHIRCL and Mr. Malvinder Mohan Singh	100	0.00
6.	EHIRCL and Fortis HealthStaff Private Limited	100	0.00
7.	EHIRCL and Fortis HealthWorld Private Limited	100	0.00
	Total	**9,150,000**	**100.00**

Board of Directors

The board of directors of EHSSHL currently comprises Mr. Shivinder Mohan Singh, Mr. Vinay Kaul, Mr. Malvinder Mohan Singh, Dr. Naresh Trehan and Dr. P.S. Joshi.

Financial Performance

The audited financial results of EHSSHL for Fiscal, 2004, 2005 and 2006 are set forth below:

(Rs.millions, unless otherwise stated)

	Fiscal 2004	**Fiscal 2005**	**Fiscal 2006**
Sales and Other Income	-	-	-
Profit/(Loss) after tax	-	-	-
Equity Capital	0.50	91.50	91.50
Reserves and Surplus (excluding revaluation reserves)	-	-	-
Earnings/(Loss) per share (diluted) (Rs.)	-	-	-
Book Value per share (Rs.)	10.00	10.00	10.00

f. International Hospital Limited ("IHL")

IHL was incorporated on March 8, 1994 as "International Hospital Private Limited" as a company engaged in the business of establishing, maintaining and running hospitals, nursing homes and clinics among others. Subsequently, on January 3, 2005 its name was changed to its present name.

IHL became a board controlled subsidiary of the Company from December 20, 2002. Subsequently, the Company purchased 4,020,930 equity shares in IHL on March 20, 2006 and March 23, 2006 constituting 99.99% of the issued share capital of IHL.

The equity shares of IHL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of IHL as of September 26, 2006, is as follows:

S. No.	**Name of the Shareholders**	**Number of equity shares of Rs. 100 each**	**Percentage of Shareholding (%)**
1.	Fortis Healthcare Limited	4,021,090	99.90
2.	Dr. Syed Farooq	3,010	0.10
3.	Mr. Sirajuddin Quereshi	1,010	0.03

4.	Mr. Khalilulla M	10	0.00
5.	Mr. Harpal Singh	1	0.00
6.	Mr. Shivinder Mohan Singh	1	0.00
7.	Mr. Malvinder Mohan Singh	1	0.00
	Total	**4,025,123**	**100**

Board of Directors

The board of directors of IHL currently comprises Mr. Harpal Singh, Mr.Vinay Kaul, Mr. Shivinder Mohan Singh, Mr. Malvinder Mohan Singh and Mr. V.M. Bhutani.

Financial Performance

The audited financial results of IHL for Fiscal, 2004, 2005 and 2006 are set forth below:

(Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	-	149.05	504.73
Profit/(Loss) after tax	-	(116.91)	(38.67)
Equity Capital	146.91	301.91	402.51
Reserves and Surplus (excluding revaluation reserves)	-	(116.91)	(155.58)
Earnings/(Loss) per share (diluted) (Rs.)	-	(79.12)	(12.70)
Book Value per share (Rs.)	99.97	61.28	61.35

g. Oscar Bio-Tech Private Limited ("OBPL")

OBPL was incorporated on January 23, 1990 as a company engaged in the business of operating hospitals manufacturing and dealing in diagnostic reagents, surgical equipment, clinical kits/equipment, industrial/technical drugs, among other things.

OBPL became our subsidiary on March 20, 2006, pursuant to the acquisition of 3,050,000 equity shares in OBPL constituting 99.99% of the paid up capital of OBPL.

The equity shares of OBPL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of OBPL as of September 26, 2006, is as follows:

S. No.	Name of the Shareholders	Number of equity shares of Rs. 10 each	Percentage of Shareholding (%)
1.	Fortis Healthcare Limited	44,999,900	99.99
2.	Fortis Healthcare Holding Limited as a nominee of FHL	50	0.00
3.	Malav Holding Private Limited as a nominee of FHL	10	0.00
4.	Shivi Holding Private Limited as a nominee of FHL	10	0.00
5.	International Hospital Limited as a nominee of FHL	10	0.00
6.	Mr. Shivinder Mohan Singh as a nominee of FHL	10	0.00
7.	Mr. Malvinder Mohan Singh as a nominee	10	0.00

	of FHL		
	Total	**45,000,000**	**100.00**

Board of Directors

The board of directors of OBPL currently comprises Mr. Daljit Singh, Mr. Anil Panwar and Mr. Vinay Kaul.

Financial Performance

The financial results of OBPL for Fiscal, 2004, 2005 and 2006 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	105.51	110.04	63.17
Profit/(Loss) after tax	5.84	12.05	1.88
Equity Capital	30.50	30.50	450.00
Reserves and Surplus (excluding revaluation reserves)	6.27	6.73	8.61
Earnings/(Loss) per share (diluted) (Rs.)	1.92	3.95	0.61
Book Value per share (Rs.)	12.05	12.21	10.19

Shareholders Agreement with Sunrise Medicare Private Limited and Others ("Sunrise Shareholders Agreement")

Pursuant to the terms of the share subscription agreement dated January 3, 2006, the Company subscribed to 509,366 equity shares of Sunrise Medicare Private Limited ("SMPL"), representing 5% of the paid up share capital of SMPL. Subsequently, the Company entered into a shareholders agreement dated January 3, 2006 with SMPL and Mr. Umesh Talwar, Gyan Enterprises Private Limited, Mr. Shashi K.B. Chaddha, Mr. Subash Chaddha, Ms. Sumita Juneja, City Establishments Limited, Mr. Rohan Talwar, NGP Industries Limited, Krinshaw Holdings Limited, S.T. Holdings Private Limited, Allied Mortgage Incorporated, Pentlow Investments and Holding Pte Limited, Mr. Shantanu Roy Chowdhury, Beacon Sales Private Limited and Mr. Bhushan Chaddha (collectively called "Existing Shareholders") and such agreement, the "Shareholders Agreement".

Pursuant to the Sunrise Shareholders Agreement, the Company has agreed to advance a loan to SMPL aggregating to Rs. 28,909,980 (including an amount of Rs. 25.22 million which is outstanding). Pursuant to the terms of the shareholders agreement, the principal loan amount would be immediately convertible into equity shares of SMPL aggregating to 21% of the paid up equity share capital of SMPL, upon receipt of a written notice from the Company, within a maximum period of two years from the date of Sunrise Shareholders Agreement or from the date of infusion of the first tranche of loan, i.e September 1, 2005 whichever is earlier. In the event SMPL does not receive the conversion notice by the expiry of two years, the loan would automatically be converted into equity aggregating to 21% of the paid up share capital of SMPL.

Further, the Company has the sole option and right to increase its shareholding from 26% to 51% by acquiring an additional 25% stake in the equity share capital of the SMPL any time between the expiry of the second anniversary of the Sunrise Shareholders Agreement and before the end of the fifth anniversary of the Sunrise Shareholders Agreement ("Option Period") at a price which is equivalent to the face value of the equity shares of SMPL in addition to an interest thereon at the rate of 12% p.a, calculated from the date of the Sunrise Shareholders Agreement hereof or the date of infusion of the first tranche of the loan, whichever is earlier. In the event the above option is exercised by the Company, the Existing Shareholders undertake to do the following:

- Should SMPL require additional funds, cause SMPL to make a preferential issue of such number of shares to the Company as will have the effect of increasing the equity stake of the Company in SMPL to 51%; or
- Should no additional funds be required by SMPL, sell and transfer such number of equity shares to the Company, as will result in increasing the shareholding of the Company in SMPL to 51%.

Further, the Existing Shareholders have agreed not to sell, transfer, pledge, mortgage, charge, encumber or dispose any of their shares in the SMPL for a period of five years from the effective date of the Sunrise Shareholders Agreement agreement, except in the manner provided for therein. Notwithstanding the above lock-in provision, in the event the Company increases its shareholding to 51% as described above, the Existing Shareholders have an option to sell their entire equity shareholding in SMPL to the Company within a period of one year from the date on which the Company acquires 51% equity stake in SMPL and the Company shall buy the same at the face value of the equity shares plus an interest of 12% p.a. calculated from the date of theSunrise Shareholders Agreement hereof or the date of infusion of the first tranche of the loan, whichever is earlier. In the event the Company does not exercise its option to increase its equity stake in SMPL to 51% within the Option Period, the Existing Shareholders shall have the option to sell their entire (not part) equity shareholding in SMPL to the Company at a price of Rs. 15 per share and the Company shall buy the same within 30 days from the expiry of the Option Period subject to receipt of written notice from the Existing Shareholders.

Under the terms of the Sunrise Shareholders Agreement, the Company and the Existing Shareholders shall not take any action or pass any resolution in respect of certain specified matters unless such matter has been approved by the majority of the board, which majority will include the affirmative vote of at least one Director of the Company with respect to specified items. Upon the shareholding of the Company in SMPL increasing to 51%, the affirmative vote of one nominee director representing the Existing Shareholders would also be required in respect of the specified matters.

Further, in the event the Company plans to start a similar high end facility exclusively for obseterics and gynaecology as the hospital currently has, at any of its own hospitals or as a stand alone site, it would offer the Existing Shareholders an option to participate in such new project on such terms as are communicated to the Existing Shareholders by us.

Operation and Management Agreements:

The Company and its subsidiary OBPL and EHIRCL have entered into various exclusive operation and management ("O&M") agreements with hospitals and clinics, to provide services for the operation, management and marketing the services of the medical and healthcare facilities at the respective hospitals and clinics. Pursuant to the terms of the O&M agreements, the Company typically has the right to, inter alia, select and install new technologies, manage the operations and infrastructure, appoint and terminate the services of employees and key persons and determine the usage of equipment and has the authority to make day to day decisions with respect to the O&M services. The details of the O&M agreements are as follows:

a. The Company has entered into an exclusive O&M agreement dated October 29, 2003 with Seth Jessa Ram and Bros. Charitable Hospital Trust ("Jessa Ram Trust") with respect to Fortis Jessa Ram and Bros. Charitable Hospital, Karol Bagh, New Delhi, 110 005, India for a period of 20 years, renewable for a further period of 20 years unless terminated in accordance with the agreement. Under the terms of the agreement, the parties shall be responsible for their respective compliance obligations under law pursuant to the agreement. The terms of our O&M contract provide that the Company is to receive a specified percentage of the hospital's gross income less the amount of any cash loss at the hospital. However, in the event the audited accounts show a net cash loss, the management fee payable shall be reduced by an amount equivalent to such net cash loss. The agreement may be terminated by the Company by providing three months written notice to Jessa Ram Trust. Further, the Company has agreed to defend, indemnify and hold Jessa Ram Trust harmless from any actual losses, liabilities, judgments, settlements and expenses resulting from the breach by the Company of any representation or warranty contained in the O&M agreement for a period of three years from the date of the agreement. Further, neither party is liable to the other for any consequential, indirect, or incidental loss, including loss of profits, goodwill, business opportunities, or loss or corruption of data, or of anticipated savings or business, whether arising out of claims for breach of warranty, breach of contract, late delivery, negligence, strict liability in tort or otherwise, or relating to any failure to supply or delay in supplying the services contemplated under the O&M agreement.

b. Further, the Company has entered into exclusive O&M agreements with Sunrise Medicare Private Limited, Jeewan Mala Hospital Private Limited and Khalil Public Welfare Trust (collectively the "O&M Hospital owners" concerning Fortis La Femme, Jeewan Mala Hospital and Khyber Medical Institute, respectively, collectively the "O&M Hospitals"). Under the terms of these agreements, the O&M Hospital owners have undertaken that all approvals have been obtained from the appropriate governmental bodies for the operation and management of the respective hospitals and that they shall renew the same during the subsistence of the agreement. Further, the O&M Hospital owners are responsible for all present and future investments and for all expenses (revenue and capital) in respect of the O&M Hospitals owners including all tax payments, pertaining to the operations of the respective hospitals and clinics. Additionally, each of the O&M Hopsital owners has agreed to keep the Company indemnified from and against all claims, suits, proceedings, costs and charges incurred by the Company which may be filed by any person, employee or professional consultant of the O&M Hospitals, against the Company or our Directors in any court in respect of any act of negligence or omission on the part of the doctors, specialists or professionals in the course of rendering services at the applicable O&M Hospitals. Further the O&M Hospital owners have the right and license to use the Fortis trademark with regard to the applicable O&M Hopsitals in the manner contemplated in the respective agreements. Additionally, the procedures and treatments that cannot be performed at the applicable O&M Hospitals shall be referred to the Company and our affiliates. Under the terms of the O&M agreements, either party to the agreement may terminate the agreement upon material breach of any obligation under the agreement. In the event either party wishes to terminate the O&M agreement ("Terminating Party") for reasons other than material breach, the Terminating Party shall at first instance approach the other party to resolve the reason for the proposed termination. In the event the parties are unable to resolve the issue within the period contemplated in the relevant O&M agreement, the Terminating Party may terminate the O&M agreement without further notice. Further, each party to the respective agreements has agreed to defend, indemnify and hold the other party harmless from any losses, liabilities, judgments, settlements and expenses arising out of any breach by the defaulting party of any representation and warranty, or of any undertakings or obligations contained in the respective O&M agreements. Further, in the event of termination of the agreement by the Company for the use of the Company's intellectual property by the other party or its affiliates in violation of the terms of these agreements, the Company shall be entitled to claim from the other party an amount of Rs. 5 million as liquidated damages, under the respective O&M agreements.

Addtional provisions of the O&M agreements are as follows:

i. The O&M agreement dated January 3, 2006 with Sunrise Medicare Private Limited ("SMPL") for Fortis La Femme, S 549, Greater Kailash II, New Delhi 110 048, India and Apollo Clinic in Faridabad is valid for a period of 10 years and renewable for a further period of five years. The terms of our O&M contract provide that we are to receive a percentage of gross income relating to all child and birth-related services if a target threshold of monthly income is met, and a percentage of child and birth-related gross income less the professional fees paid to non-full-time doctors if the target is not met.

ii. The O&M agreement dated October 31, 2005 with Jeewan Mala Hospital Private Limited ("Jeewan Mala") for Jeewan Mala Hospital, 67/1, New Rohtak Road, New Delhi 110 005, India, is valid for a period of 10 years and renewable for a further period of five years. The terms of our O&M contract provide that in addition to reimbursement for all expenses incurred by the Company, the Company is also entitled to receive a specified percentage of the hospital's gross income above a target threshold.

iii. The O&M agreement dated January 28, 2006 with Khalil Public Welfare Trust ("**KPWT**") for Khyber Medical Institute, Khayam Chowk, Nowpora, Srinagar, 190 001, India, is valid for a period of 10 years and renewable for a further period of five years. The terms of our O&M contract provide that we are to receive a specified percentage of the hospital's gross income plus a specified percentage of the hospital's profit before interest, tax, depreciation and amortization, and we are currently earning fees under this contract.

c. OBPL, our subsidiary, has entered into an agreement dated May 12, 2005 with Flt. Lt. Rajan Dhall Charitable Trust ("**Dhall Society**") and Vaitalik, a registered societies formed under the Societies Registration Act, 1860 to develop, manage, maintain and operate Fortis Flt. Lt. Rajan Dhall Hospital situated at Sector B, Pocket 1, Aruna Asaf Ali Marg, New Delhi 110 070, India, through its associates, group companies or holding companies. Pursuant to this agreement, OBPL has paid Vaitalik an amount of Rs. 350 million and assumed all of its rights and obligations of building, managing, maintaining and running this hospital under an earlier agreement dated August 7, 1998. Accordingly OBPL has the absolute right to provide services to develop, manage and run this hospital. Under the terms of our O&M contract, we are entitled to a significant share of the hospital's operating profits. Further, OBPL is responsible and liable for any civil, financial and/or criminal liability arising out of any financial, contractual or other dealing, which it may have with any third party, even if it is for the purpose of managing the hospital and OBPL shall indemnify the Dhall Society from any financial or civil liability fastened on the Dhall Society as a result of its activity. However, the Dhall Society shall be liable to OBPL for loss and damages towards its investments, goodwill and reputation caused by any act of the Dhall Society. The Dhall Society shall not be financially liable towards any civil or criminal liability of OBPL to any third party. Under the terms of the agreement, the parties have the right to determine and terminate the agreement only upon breach of any obligation by any of the parties. Further, upon termination of the agreement or if the agreement is declared unenforceable or if the rights of OBPL to run the hospital cannot be exercised, the Dhall Society is to repay the entire amount spent by OBPL in developing the hospital including the amount paid by OBPL to Vaitalik along with an interest of 12% per annum and also deliver all goods, equipment, properties and assets in use in the hsopital to OBPL.

d. EHIRCL has entered into an agreement dated August 29, 2002, with the Government of Chhattisgarh, pursuant to which the Government of Chhattisgarh has granted EHIRCL the right and licence to establish, manage and operate a heart command centre within the premises located at the campus of Pt. JNM Memorial College, Raipur, Chhattisgarh, for a period of five years, renewable by mutual consent of the parties for a further period of five years. Under the terms of this agreement, the Government of Chhattisgarh has agreed to provide all medical equipment and supporting infrastructure at its cost, and EHIRCL has agreed to manage and operate the heart command centre, without any limitation, fixation of schedule/tariffs by, or any other interference from, the Government of Chhattisgarh. Under the terms of the agreement, EHIRCL is entitled to bill and collect in EHIRCL's name, fees for services rendered and medicines, food and other materials supplied to patients. All profits and losses from the management and operation of the heart command centre shall be to the account of EHIRCL. EHIRCL has also undertaken to make available without charge, 15% of the beds at this heart command centre to patients who are below the poverty line, and have been referred by the Government of Chhattisgarh. The costs of each such patient's medicines, consumables and disposables, however, shall be borne either by the Government of Chhattisgarh, or the patient himself, as the Government of Chhattisgarh may specify in each particular case. Under the terms of the agreement, EHIRCL has assumed the responsibility for maintaining the quality and standard of service at the heart command centre, and for any and all legal actions instituted or claims made in relation to services rendered at the heart command centre. The Government of Chhattisgarh has deposited an amount of Rs. 55 million in a separate bank account for the implementation of the project, including for the renovation, capital expenditure and working capital requirements of the heart command centre. Under the terms of the agreement, either party may terminate the agreement by giving six month's notice in writing to the other party.

Strategic Partners

OUR MANAGEMENT

Board of Directors

Under the Articles of Association the Company is required to have not less than three Directors and not more than 12 Directors. The Company currently has 12 Directors.

The following table sets out the current details regarding the Board of Directors:

Name, Father's Name, Designation and Occupation	Age (years)	Address	Other Directorships
Mr. Harpal Singh S/o. Late Mr. Sardar Hardayal Singh Designation: Executive Chairman Occupation: Business Executive	57	B-10, Anand Niketan, New Delhi 110 021, India.	• SRL Ranbaxy Limited; • Escorts Heart Institute and Research Centre Limited; • Escorts Heart Centre Limited; • Fortis Financial Services Limited; • Religare Securities Limited; • International Hospital Limited; • Ranbaxy Laboratories Limited; • Escorts Hospital and Research Centre Limited; and • Fortis Clinical Research Limited.
Mr. Malvinder Mohan Singh S/o. Late Dr. Parvinder Singh Designation: Non-Executive Director Occupation: Business Executive	34	Vistas 26, Maulsari Avenue, Western Green Farms, Rajokri, New Delhi 110 038, India.	• Ranbaxy Laboratories Limited; • Oscar Investments Limited; • Fortis Financial Services Limited; • Religare Securities Limited; • Religare Commodities Limited; • SRL Ranbaxy Limited; • International Hospital Limited; • Fortis Healthcare Holdings Limited; • Shimal Research Laboratories Limited; • Ranbaxy Holding Company; • Malav Holdings Private Limited; • Luxury Farms Private Limited; • Chetak Pharmaceuticals Private Limited; • A-1 Book Company Private Limited; • Fortis Clinical Research Limited; • Religare Enterprises Limited; • Escorts Heart Institute and Research Centre Limited; • Escorts Hospital and Research Centre Limited; • Escorts Heart and Super Speciality Hospital Limited; • Vistas Realtors Private Limited; • Basics GMBH; • Ranbaxy Portugal; • Ranbaxy Hungary Pharmaceuticals KFT; • Ranbaxy Inc.; • Ranbaxy Italia S.P.A;

Name, Father's Name, Designation and Occupation	Age (years)	Address	Other Directorships
			• Ranbaxy (Netherlands) B.V.; • Ranbaxy Pharmacie Generiques; • Ranbaxy (Guangzhou China) Limited; • Ranbaxy Australia Proprietary Limited; • Nihon Pharmaceuticals Industry Co. Limited; and • Ranbaxy Mexico Limited.
Mr. Shivinder Mohan Singh S/o. Late Dr. Parvinder Singh Designation: Managing Director Occupation: Business Executive	31	1, Southend Lane, New Delhi 110011, India	• Escorts Heart Institute and Research Centre Limited; • Ranbaxy Laboratories Limited; • SRL Ranbaxy Limited; • Oscar Investments Limited; • Fortis Clinical Research Limited; • Ranbaxy Holding Company; • Religare Securities Limited; • Ranbaxy Healthcare Private Limited; • Chetak Pharmaceuticals Private Limited; • R.C. Nursery Private Limited; • A–1 Book Company Private Limited; • Fortis Financial Services Limited; • Fortis Healthcare Holdings Limited; • Religare Enterprises Limited; • International Hospital Limited; • Religare Commodities Limited; • Escorts Heart and Super Speciality Hospital Limited; • Fortis HealthStaff Private Limited; • Fortis HealthWorld Private Limited; • Greenview Buildtech Private Limited; • Escorts Hospital and Research Centre Limited; • Escorts Heart Centre Limited; and • Federation of Indian Chambers of Commerce and Industry.
Mr. V.M. Bhutani S/o. Late Mr. C.L. Bhutani Designation: Independent Director Occupation: Chartered Accountant	60	GC -6, Shivaji Enclave, New Delhi 110027, India	• Fortis Healthcare Holdings Limited; • Oscar Investments Limited; • Bhutani Fiscal Management Limited; • Ranbaxy Holding Company; • Ranbaxy Healthcare Private Limited; • A-1 Book Company Private Limited; • RC Nursery Private Limited; • Liquid Investment and Financial Services India Private Limited; • Alpana Properties Private Limited; • International Hospital Limited; • Shimal Research Laboratories Limited; and • Checon Shivalik Contact Solutions Private Limited.

Name, Father's Name, Designation and Occupation	Age (years)	Address	Other Directorships
Mr. Vinay Kaul S/o. Late Mr. M.N. Kaul Designation: Independent Director Occupation: Chartered Accountant	62	B-XI, 8202 and 8204, Vasant Kunj, New Delhi 110 070, India	• Ranbaxy Laboratories Limited; • Religare Securities Limited; • Fortis Financial Services Limited; • Oscar Investments Limited; • ANR Securities Private Limited; • Ranbaxy Holding Company; • Malav Holdings Private Limited; • Luxury Farms Private Limited; • Fortis Healthcare Holdings Limited; • SRL Ranbaxy Limited; • International Hospital Limited; • Religare Finvest Limited; • Fortis Clinical Research Limited; • Religare Enterprises Limited; • Oscar Bio-Tech Private Limited; • Religare Commodities Limited; • Escorts Heart and Super Speciality Hospital Limited; • Escorts Hospital and Research Centre Limited; and • Escorts Heart Centre Limited.
Mr. Ramesh L. Adige S/o. Late Mr. L.R. Adige Designation: Independent Director Occupation: Service	56	C-12, First Floor, Hauz Khas, New Delhi 110 016, India.	• Ranbaxy Laboratories Limited.
Mr. Gurcharan Das S/o Mr. Barkat Ram Designation: Independent Director Occupation: Author and consultant	63	124, Jorbagh, New Delhi 110003, India.	• Gurcharan Das Consultants Private Limited; • Crest Communications Limited; • Ankar Capital Private Limited; • Birla Sun Life Trustee Company Private Limited; • Mastek Limited; • SKS Microfinance Private Limited; • IDBI Capital Market Services Limited; • Berger Paints India Limited; and • Ranbaxy Laboratories Limited.
Justice S.S. Sodhi S/o. Late Mr. Karam Singh Sodhi Designation: Independent Director Occupation: Former Chief Justice, Allahabad High Court	73	House No.51, Sector-9, Chandigarh 160 009, India.	• Fidelity Trustee Company Private Limited.
Mr. Rajan Kashyap S/o. Mr. M.K. Singh Kashyap	63	House No.131, Sector 10, Chandigarh 160	Nil

Name, Father's Name, Designation and Occupation	Age (years)	Address	Other Directorships
Designation: Independent Director Occupation: Retired IAS Officer		009, India.	
Dr. Yoginder Nath Tidu Maini S/o Mr. Amar Nath Maini Designation: Independent Director Occupation: Service	63	11, Redcliffe Road, London, SW10 9NR, England.	• Imperial Innovations Group Plc; and • InforSensense Limited.
Lt. General Tejinder Singh Shergill S/o Late Mr. Rajinder Singh Designation: Independent Director Occupation: Service	63	Godspalm, Vil Chauki- Dhaulas, Via Ganghora, Dehradun 248 141. India.	SBL Private Limited
Dr. P.S. Joshi S/o Justice Mohinder Singh Joshi (Retired) Designation: Independent Director Occupation: Medical Professional	59	Maharaj Sawan Singh Charitable hospital, Beas, Amritsar, Punjab 143 201, India.	• Ranbaxy Laboratories Limited; • Escorts Hospital and Research Centre Limited; • Escorts Heart Centre Limited; • Escorts Heart and Super Speciality Hospital Limited; and • Fortis Financial Services Limited.

Brief Profile of the Directors

Mr. Harpal Singh, Executive Chairman of the Company, graduated with a B.A. (Hones.) degree in economics from St. Stephen's College, Delhi and holds a B.S degree in Economics and a Master's degree in public affairs from the University of California at Hayward, U.S.A. Mr. Harpal Singh has had diverse experience of over 30 years in the corporate sector and has held senior positions in various TATA group companies, Hindustan Motors Limited, Mahindra and Mahindra Limited and Shaw Wallace. Further, Mr. Harpal Singh is on the board of the Doon School and the Shriram School, and is a member of the Senate of Baba Farid University of Health Sciences, Faridkot, Punjab. Mr. Harpal Singh has also been a member of several Government Committees and is presently a member of the Punjab Chief Minister's Advisory Committee on Industrial Growth and Development of Relevant Infrastructure. He was also a member of the 8th India-UK Round Table. Mr. Harpal Singh is presently a member of the Confederation of Indian Industries ("**CII**") National Committee on Healthcare and the CII National Committee on Primary and Secondary education, and Vice-Chairman of the CII Punjab State Council. He joined our Company on August 12, 1999.

Mr. Malvinder Mohan Singh, one of the Promoters, graduated in Economics from St. Stephen's College, Delhi and holds an MBA degree from the Fuqua School of Business, Duke University, U.S.A. Mr. Malvinder Mohan Singh is the chief executive officer and managing director of Ranbaxy

Laboratories Limited. Mr. Malvinder Mohan Singh joined Ranbaxy Laboratories Limited in 1998 and worked through various functions of general management, sales and marketing, finance and business development. Prior to being appointed as chief executive officer and managing director of Ranbaxy Laboratories Limited, he was responsible for RLL's global operations, as President Pharmaceuticals. Mr. Malvinder Mohan Singh is also a member of the National Council for the CII and is co-chairman of the CII National Committee on Intellectual Property Rights, Research and Development, Technology and Innovation. Further, Mr. Malvinder Mohan Singh is a member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum.

Mr. Shivinder Mohan Singh, the Managing Director and a Promoter of the Company, graduated with a B.A. (Hons.) degree in mathematics from St. Stephen's College, Delhi and holds an MBA degree with specialization in health sector management from the Fuqua School of Business, Duke University, U.S.A. Mr. Singh has led us in setting up and running a state of the art hospital at Mohali, with a super-specialty focus on cardiac sciences and Fortis Hospital, Noida. Mr. Singh is on the board of directors of RLL, fellow of Aspens India Leadership Initiative and board of visitors of Fuqua School of Business, Duke University. He held the position of Chief Operating Officer of the Fortis Hospital, Mohali for two years, during which he led his team in developing a strong work culture. Subsequently, as the Director of Projects of the Company, he has been responsible for the completion of the construction of a Fortis Hospital, Amritsar and Fortis Hospital, Noida. He has also led the acquisition of EHIRCL. He joined our Company on June 29, 2000.

Mr. V. M. Bhutani graduated with an honors degree in Commerce from Delhi University. Mr. Bhutani is a member of The Institute of Chartered Accountants of India. He was the Chief Accounts Officer of the Bhaskar Group of Industries and the controller of Taxation of Ranbaxy Laboratories Limited. He has an experience of over 37 years in the field of Finance, Banking, Taxation and Capital Markets. He is a member of the Advisory Committee on Mutual Fund of SEBI.

Mr. Vinay Kaul graduated with a B.Sc. (Hons.) degree in Physics from Rajas College at Delhi University. He is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Kaul is a retired Executive Vice President-Finance and Corporate Services and Member of the Board of Directors of Ranbaxy Laboratories Limited, having over 28 years of experience in finance, commercial taxation, legal and corporate matters. He is closely associated with RLL and its promoters and serves on the Boards of Directors of Ranbaxy Holding Company, Fortis Healthcare Limited, SRL Ranbaxy Limited and several other promoter group companies.

Mr. Ramesh L. Adige graduated with honours in Bachelor of Engineering from BITS, Plain and has a post graduate degree from the Faculty of Management Studies, University of Delhi. Mr. Adige heads the corporate affairs team at RLL and works in the area of corporate policy, strategic and perspective planning and external relations. He has over 29 years of experience with expertise in the field of marketing, public policy, and public affairs. He is RLL's representative in the Executive Committee of the Indian Pharmaceutical Alliance and an active participant in the Confederation of Indian Industry ("CII"), Federation of Indian Chambers of Commerce and Industry and Premier Industry Chambers of India. He was with Fiat India Limited as a whole-time Director (Corporate Affairs) and has been the President of the Governing Council of the Automotive Research Association of India. He has also served a member of various boards and a committee related to the automobile industry and is a member of the Development Council for Automobile and Allied Industries of the Government of India. He has also been an executive committee member of the Society of Indian Automobile Manufacturers of India.

Mr. Gurcharan Das graduated with honours in Bachelor of Arts cum laude in Philosophy and Government from Harvard University and holds an MBA degree from Harvard Business School, Harvard University, U.S.A. Mr. Das is an author and a management consultant and advises a number of companies on global corporate strategy. He held the position of the Chief Executive Officer, Procter and Gamble India from 1985 to 1992, and chairman and managing director of Richardson Hindustan Limited from 1981 until 1985. He has over 30 years of experience working in six countries. He is on a number of boards including RLL and Citibank N.A and is an operating advisor and investor in Chrys Capital LLC. He served on juries of the Mc Kinsey award for the best Harvard Review Article for 2005 and $500,000 Milton Friedman Prize. Mr. Das has served on several government boards, including the Foreign Investment Promotion Council in India. He is also the author of the "India Unbound". He is a regular columnist for the Times of India and the Dainik Bhaskar and he contributes occasional articles to the Wall Street Journal and other newspapers.

Justice S. S. Sodhi graduated with a B.A. (Hons.) degree in economics from Punjab University and is a Barrister at Law from Lincolns Inn, London. Justice S.S. Sodhi was the Chairperson of the Telecom Regulatory Authority of India from 1997 until2000. Further, he has been a practicing advocate at the High Court of Punjab and Haryana for 10 years and a Member of the Punjab Superior Judicial Service. Justice S.S. Sodhi has also held the positions of Registrar (Research) at the Supreme Court of India, Legal Remembrancer to the Government of Punjab and Registrar of the High Court of Punjab and Haryana. Additionally, Justice S.S. Sodhi has been a Judge of the High Court of Punjab and Haryana, Chief Justice of the High Court of Allahabad and an ombudsman.

Mr. Rajan Kashyap graduated with the 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 has been a member of the Indian Administrative Service for 38 years and the Chief Secretary to the Government of Punjab. He was also the Principal Secretary to the Government of Punjab. He has served as the managing director of the Punjab State Co-operative Supply and Marketing Federation Limited, Chandigarh, and during his various appointments with the Punjab Government he promoted the adoption of various forms of public-private partnership. He has also served in the Ministry of Home Affairs, India.

Dr. Yoginder Nath Tidu Maini graduated with a B.Sc. (Hons.) degree and holds an ACGI, DIC and a Ph.D. in Engineering from the Imperial College, London. He holds a PhD and BSc in Engineering from Imperial College and was a Post Doctoral Fellow of the University of California Berkeley. Dr. Maini has over 30 years of experience in managing technology companies across Europe, the United States, Asia and the Middle East. He is pro rector of the Imperial College in London, where he is responsible for technology transfer, consulting services and strategic business alliances. 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 of GEC Software Systems. He is also a Board Member of the Emirates Foundation chaired by His Highness the Crown Prince of Abu Dhabi and Chairman of the London 2012 Olympic Technology Board. Dr. Maini's other board memberships include the Joint Advisory Board of Texas A & M Qatar University, the India-U.K. Roundtable and the Advisory Board of CSC Europe. He has a PhD and BSc in Engineering from Imperial College and was a Post Doctoral Fellow of the University of California Berkeley. Additionally Dr. Maini is also advisor to the Mubadala Development Company, United Arab Emirates. Dr Maini is a also a member of the International Advisory Board of Thorium Power in the US.

Lt. Gen. Tejinder Singh Shergill graduated with a M.Sc. in Defence Studies from the National Defence Academy, Khadakwasla, where he was awarded the President's Gold Medal and has two masters' degrees from the University of Madras and the United States Command and General Staff College, Kansas, U.S.A. He has 40 years of experience in the military and has experience in teaching assignments and as a diplomat. Further, he has been decorated for gallantry during his years in the military. He was also appointed the Chairman of the Punjab Public Service Commission, and is currently a member of the board of governors of the University of Petroleum and Energy Studies, Director, Centre of Leadership Excellence of the Indian School of Petroleum and member of the board of SBL Private Limited. He was also the ex-general officer commanding in North East India and ex-commander, senior command wing of Jammu and Kashmir, India.

Dr. P.S. Joshi graduated with a M.B.B.S degree from Medical College, Chandigarh and an M.D (Cardiology and General Medicine) from Maulana Azad Medical College, Delhi. He is also accredited with a M.R.C.P degree from the Royal College of Physicians, United Kingdom. He is also known for the pioneering work in the field of cardiology. He is on the board of directors of Ranbaxy Laboratories Limited and the Director and Head of Department of medicine and cardiology in Maharaj Sawan Singh, Charitable Hospital, Beas. He was the Project Director of Birla Centre for Medical Research, medical director for the Chief Division of Cardiology and Internal Medicine in Escorts Medical Centre, and Director for Escorts Heart Disease Prevention Programme and Research activity for EHIRCL. He was the medical advisor for Escorts Medical Centre Escorts Employees Welfare Trust, Medical Superintendent of Kidarnath Charitable Clinic and Laboratories, Registrar of Cardiology in the University Hospital of Wales and a consultant cardiologist and physician for various other hospitals.

Borrowing Powers of the Directors in the Company

Pursuant to a resolution dated August 29, 2005 passed by the shareholders of the Company in accordance with provisions of the Companies Act, the Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 15,000 million.

Details of Appointment of the Directors

Name of Directors	Date of Resolution	Term
Mr. Harpal Singh*	August 12, 1999	Up to September 30, 2008.
Mr. Malvinder Mohan Singh	August 12, 1999	Liable to retire by rotation.
Mr. Shivinder Mohan Singh**	June 29, 2000	Up to November 12, 2006.
Mr. V.M. Bhutani	July 28, 1998	Liable to retire by rotation.
Mr. Vinay Kaul	June 29, 2000	Liable to retire by rotation.
Mr. Ramesh L. Adige	January 10, 2004	Liable to retire by rotation.
Mr. Gurcharan Das	June 29, 2000	Liable to retire by rotation.
Justice S.S. Sodhi	May 21, 2001	Liable to retire by rotation.
Mr. Rajan Kashyap	April 21, 2005	Liable to retire by rotation.
Mr. Yoginder Nath Tidu Maini	August 4, 2005	Liable to retire by rotation.
Lt. General Tejinder Singh Shergill	April 21, 2005	Liable to retire by rotation.
Dr. P.S. Joshi	July 28, 1998	Liable to retire by rotation.

* Appointed as the Executive Chairman pursuant to Board resolution dated March 31, 2006.
** Appointed as the Managing Director pursuant to Board resolution dated February 10, 2006.

Details of Remuneration of the Directors

Mr. Harpal Singh

The remuneration payable to Mr. Harpal Singh under the terms of the Board resolution dated September 23, 2005, with effect from October 1, 2005 for a period of three years, is as follows:

Salary:	Rs. 200,000 per month
Perquisites:	House rent allowance, petrol reimbursement and drivers salary per month. Medical reimbursement, leave travel allowance, annual performance bonus and hard furnishing.

	Company maintained car, telephones, encashment of leave, hospitalisation and personal accident insurance, Company's contribution to provident fund and payment of gratuity.

Mr. Shivinder Mohan Singh

The remuneration payable to Mr. Shivinder Mohan Singh under the terms of the Board resolution dated October 23, 2003, with effect from November 13, 2003 for a period of three years, is as follows:

Salary:	Rs. 100,000 per month.
Perquisites:	House rent allowance, minimum guaranteed bonus, medical reimbursement, leave travel allowance, annual performance bonus and hard furnishing. Company maintained car, telephones, encashment of leave, hospitalisation and personal accident insurance, Company's contribution to provident fund and payment of gratuity.

The Company pays its non-whole time Directors sitting fees of Rs. 15,000 for every meeting of its Board, and Rs. 10,000 for every meeting of our audit committee, investor grievance securities allotment and share transfer committee, remuneration committee and other committees of the Board, as authorised by Board resolution dated September 16, 2003.

Except the whole time Directors who are entitled to statutory benefits upon termination of their employment in the Company, no other Director is entitled to any benefit upon termination of their employment with the Company.

Corporate Governance

Corporate governance is administered through the Board and the committees of the Board. However, primary responsibility for upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with the Board.

In connection with the listing of the Equity Shares, we will be required to enter into listing agreements with the Stock Exchanges. The Company is in compliance with the applicable provisions of listing agreements pertaining to corporate governance, including appointment of independent Directors and constitution of the following committees of the Board:

Committees of the Board of Directors

Audit Committee:

The Audit Committee comprises Mr. Vinay Kaul, Chairman, Mr Harpal Singh, Dr. P.S. Joshi, Mr. V.M Bhutani and Lt. General T.S. Shergill.

The Audit Committee oversees the Company's financial reporting process and disclosure of its financial information. The Audit Committee further reviews the internal control systems with the auditors, half yearly, quarterly and annual financial results, considers and discusses observations of the statutory and internal auditors, investigates any matter referred to it by the Board and reports to the Board on its recommendations on areas for attention.

Shareholders/Investors' Grievance Committee

The Shareholders/Investors' Grievance Committee currently comprises of Mr. Vinay Kaul, Chairman, Mr. Harpal Singh, Mr. Shivinder Mohan Singh, Mr. Ramesh L. Adige and Mr. Rajan Kashyap.

The Shareholders/Investors' Grievance Committee has been constituted to address *inter alia,* shareholder and investor complaints, issue of duplicate share certificates, non-receipt of declared dividends, non- receipt of annual reports and other shareholder issues.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Vinay Kaul, Dr. P.S. Joshi and Mr. Gurcharan Das. Mr. Vinay Kaul is the Chairman of the Remuneration Committee.

The Remuneration Committee has been constituted to determine the Company's policy on specific remuneration packages for managerial personnel, including the Managing Directors, Whole Time Directors, and Executive Chairman. The Remuneration Committee has been constituted in accordance with Schedule XIII of the Companies Act and Clause 49 of the listing agreement.

Management Committee

The Management Committee currently comprises Mr. Harpal Singh, Mr. Shivinder Mohan Singh, Mr. Vinay Kaul, Mr. Gurcharan Das, Justice S.S. Sodhi and Dr. Yoginder Nath Tidu Maini. Mr. Harpal Singh is the Chairman of the Management Committee.

The Management Committee overseas the working of the Company in relation to reviewing business strategies, policies, and future plans. The Management Committee further reviews the revenue and capital budget of the Company and its recommendation to the Board for approval.

Other Committees:

In addition, the Board constitutes, from time to time, such other committees, as may be required, for efficient functioning and smooth operations of the Company.

Shareholding of Directors in the Company

The Articles of Association do not require our Directors to hold any qualification Shares. The following table details the shareholding of the Directors:

Interest of the Directors

Name of Directors	Number of Equity Shares (Pre- Issue)
Ir. Harpal Singh	50,003
Mr. Malvinder Mohan Singh	6,394
Mr. Shivinder Mohan Singh	6,394
Mr. Vinay Kaul	103
Mr. V.M. Bhutani	5,102
Mr. Gurcharan Das	10,000
Mr. P.S. Joshi	25,000

The Directors are interested in the Equity Shares held by them or that may be subscribed by or allotted to Company's firms, trusts in which they are interested as directors, members, partners, trustees and promoters, pursuant to the Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

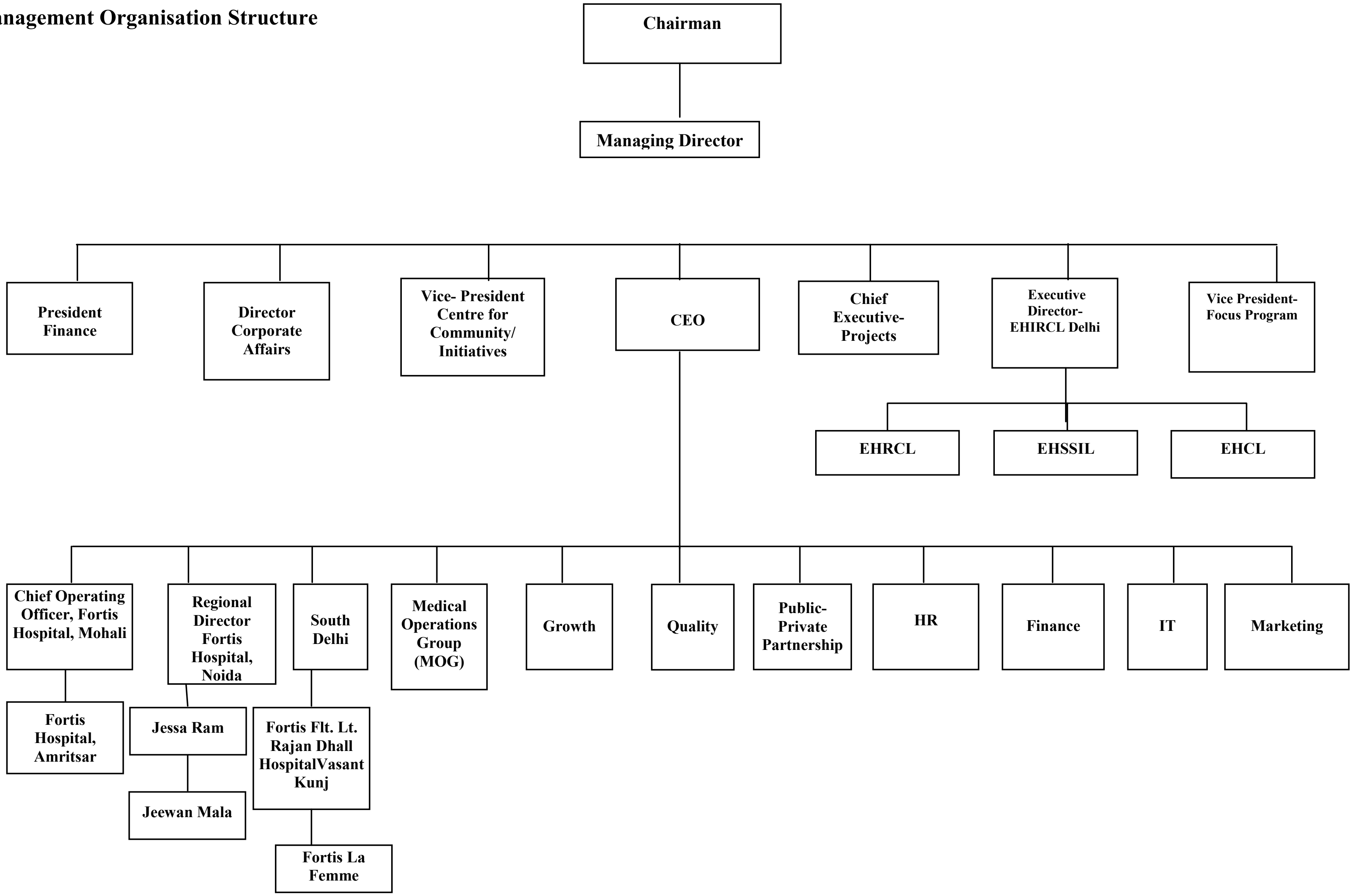
All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, to the extent of reimbursement of expenses payable to them under the Articles of Association as well as to the extent of commission payable to them as detailed in the section titled "Our Management – Details of Remuneration of our Directors" beginning on page [●] of this Draft Red Herring Prospectus.

The Directors do not have any interest in any property acquired by the Company within two years of the date of this Draft Red Herring Prospectus.

Changes in the Board of Directors during the last three years

S. No.	Name of Director	Date of Appointment	Date of Cessation	Reason for Change
1.	Mr. V.K. Singhal	September 29, 2003	January 10, 2004	Resignation
2.	Mr. Ramesh L. Adige	January 10, 2004	-	Appointment
3.	Mr. Rajan Kashyap	April 21, 2005	-	Appointment
4.	Lt. Gen. Tejinder Singh Shergill	April 21, 2005	-	Appointment
5.	Dr. Yogindra Nath Tidu Maini	August 4, 2005	-	Appointment

Management Organisation Structure



Key Managerial Employees

In addition to Mr. Harpal Singh and Mr. Shivinder Mohan Singh, the following are the key managerial employees of the Company. All of our key managerial employees are permanent employees of the Company. For details relating to the profiles of Mr. Harpal Singh and Mr. Shivinder Mohan Singh see the section titled "Our Management- Brief Profile of our Directors" beginning on page [●] of this Draft Red Herring Prospectus.

Mr. Daljit Singh, our Chief Executive Officer, has a B.Tech degree in chemical engineering from the Indian Institute of Technology, New Delhi. Prior to joining the Company on September 16, 2002 he worked as the director of the human relations, communications, external relations and Safety Health and Environment divisions of ICI India Limited for 30 years. He has over four years of experience in the healthcare industry. Mr. Daljit Singh received a gross remuneration of Rs. 8.93 million in Fiscal 2006.

Mr. Anil Panwar, our President, Finance, has a B.Com degree from Punjab University and is a qualified chartered accountant with over 30 years of experience. He has worked with DCM Limited, Britannia Industries Limited and Nikitasha India Private Limited. Prior to joining the Company in June 3, 2002, he was the Head of the Corporate Treasury and Financial Resources of Escorts Limited in the years 1986-2002. He has over four years of experience in the healthcare industry. Mr. Panwar received a gross remuneration of 4.43 million in the Fiscal 2006.

Shareholding of the Key Managerial Employees

None of the key managerial employees of the Company hold any Equity Shares, except as stated below:

Name of Key Managerial Employee	Number of Equity Shares (Pre-Issue)	Number Preference Shares (Pre-Issue)
Mr. Harpal Singh	50,003	Nil
Mr. Daljit Singh	10,000	Nil
Mr. Shivinder Mohan Singh	6,394	Nil
Mr. Anil Panwar	5,500	Nil

Bonus or Profit Sharing Plan of the Key Managerial Employees

There are no bonus or profit sharing plan for the key managerial employees of the Company.

Changes in our Key Managerial Employees during the last three years

There have not been any changes in the key managerial employees of the Company during the last three years.

Employess Share Purchase and Stock Option Scheme

The Company does not have any stock option scheme or stock purchase scheme for its employees.

Payment or benefit to officers of the Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of the officers except the normal remuneration for services rendered as Directors, officers or employees, since the incorporation of the Company.

Except as stated in the section titled “Financial Statements - Related Party Transactions” beginning on page [●] of this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The individual promoters are :

a. Mr. Malvinder Mohan Singh; and
b. Mr. Shivinder Mohan Singh.

The corporate promoter is:

a. Fortis Healthcare Holdings Limited.

Together with the individual promoters, the "Promoters".

Mr. Malvinder Mohan Singh, 34 years old, (Passport Number: Z-1403006, Voter ID Number: Not Available, Driving license number: P02052006139359, PAN: AABPS2552G) one of our Promoters, graduated in Economics from St. Stephen's College, Delhi and holds a masters degree in business administration from the Fuqua School of Business, Duke University, U.S.A. Mr. Singh is the chief executive officer and managing director of Ranbaxy Laboratories Limited. He joined RLL in 1998 and worked through various functions of general management, sales and marketing, finance and business development. Prior to being appointed as chief executive officer and managing director, he was responsible for RLL's global operations, as President Pharmaceuticals. He is also a member of the National Council for the CII and is Co-Chairman of the CII National Committee on Intellectual Property Rights, Research and Development, Technology and Innovation. Further, Mr. Singh is a member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum. He has over eight years of experience in the pharmaceutical sector.

Mr. Shivinder Mohan Singh, 31 years old, (Passport Number: E7095142, Voter ID Number: Not Available, Driving license number: 93081197NDDUP, PAN: AAKPS4318M), the Managing Director and a Promoter of the Company, graduated with a B.A. (Hons.) degree in mathematics from St. Stephen's College, Delhi and holds an MBA degree with specialization in health sector management from the Faqua School of Business, Duke University, U.S.A. Mr. Singh has led us in setting up and running a state of the art hospital at Mohali, with a super-specialty focus on cardiac sciences and Fortis Hospital, Noida. Mr. Singh is on the board of directors of RLL, fellow of Aspens India Leadership Initiative and board of visitors of Faqua School of Business, Duke University. He held the position of Chief Operating Officer of the Fortis Hospital, Mohali for two years, during which he led his team in developing a strong work culture. Mr. Singh has over six years of experience in the healthcare industry. Subsequently, as the Director of Projects of the Company, he has been responsible for the completion of the contruction of a Fortis Hospital, Amritsar and Fortis Hospital, Noida. He has also led the acquisition of EHIRCL.

Fortis Healthcare Holdings Limited ("FHHL")

FHHL was incorporated on December 27, 2001 as an investment company. The equity shares of FHHL are not listed on any stock exchange.

FHHL is promoted by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. At the time of incorporation, Ranbaxy Holding Company held a majority in FHHL. Subsequently, Malav Holdings Private Limited and Shivi Hodlings Private Limited acquired 99.99% of the equity share capital of FHHL.

As FHHL is an unlisted company, the Takeover Code is not applicable to FHHL.

Shareholding Pattern

The shareholding pattern of FHHL as of September 26, 2006, 2006, is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Malav Holdings Private Limited	1,174,700	49.99
2.	Shivi Holdings Private Limited	1,174,700	49.99
3.	Mr. V. M. Bhutani	100	0.00
4.	Mr. S. K. Patawari	100	0.00
5.	Mr. Hemant Dhingra	100	0.00
6.	Mr. Chander Dang	100	0.00
7.	Mr. Sanjeev Singhal	100	0.00
8.	Mr. Sunil Godhwani	100	0.00
	Total	**2,350,000**	**100.00**

Board of Directors

The board of directors of FHHL currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Vinay Kaul and Mr. V.M. Bhutani.

Financial Performance

The financial results of FHHL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	4.56	31.29	26.27
Profit/(Loss) after tax	(0.34)	(1.62)	(8.40)
Equity Capital	23.50	23.0	23.50
Reserves and Surplus (excluding revaluation reserves)	(0.34)	(1.97)	(10.37)
Earnings/(Loss) per share (diluted) (Rs.)	(0.15)	(0.69)	(3.58)
Book Value per share (Rs.)	9.04	(16.98)	5.18

The details of FHHL's permanent account number, registration number, principal bank account number and the address of the RoC where it is registered are as follows:

PAN	AAACF6715A
Registration Number	16 024854 of 2001
CIN	U65993PB2001PLC24854
Bank Account	52205179246 at Standard Chartered Bank, Connaught Place, New Delhi.
Address of the RoC	Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

Interest in promotion of the Company

The Company is promoted by Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and FHHL. Mr. Malvinder Mohan Singh holds 6,394 Equity Shares, Mr. Shivinder Mohan Singh holds 6,394 Equity Shares and FHHL holds 154,326,940 Equity Shares.

The Promoters confirm that they have no interest in any property acquired by the Company during the last two years from the date of filing of this Draft Red Herring Prospectus.

Payment of benefits to the Promoters during the last two years

Except as stated in the section titled "Financial Statements - Related Party Transactions" beginning on page [•] of this Draft Red Herring Prospectus, there has been no payment of benefits to the Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Other Confirmations

The Company confirms that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

Further, the Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of the Promoters, entities have been restrained from accessing the capital markets for any reasons by SEBI or any other authorities.

Promoter Group

In addition to the Promoters named above, the following natural persons, companies, HUF's and partnerships form a part of the Promoter Group.

The natural persons who are part of our Promoter Group (due to their relationship with our Promoters), other than the Promoters named above, are as follows:

a. Ms. Japna Malvinder Singh;
b. Ms. Nimmi Singh;
c. Ms. Aditi Shivinder Singh;
d. Ms. Nimrita Parvinder Singh;
e. Ms. Nanki Parvinder Singh
f. Mr. Anhad Parvinder Singh;
g. Mr. Udayveer Parvinder Singh;
h. Mr. Vivan Parvinder Singh; and

i. Mr. Kabir Parvinder Singh.

The companies which are a part of the Promoter Group, other than the Promoters named above, are as follows:

a. Fortis Financial Services Limited;
b. Oscar Investments Limited;
c. Ranbaxy Laboratories Limited;
d. Malav Holdings Private Limited;
e. Shivi Holdings Private Limited;
f. Chetak Pharmaceuticals Private Limited;
g. Luxury Farms Private Limited;
h. Fortis HealthStaff Private Limited;
i. Religare Enterprises Limited;
j. Religare Securities Limited;
k. Religare Finvest Limited;
l. Religare Commodities Limited;
m. Religare Insurance Broking Limited;
n. R.C. Nursery Private Limited;
o. Ranbaxy Holding Company;
p. SRL Ranbaxy Limited;
r. Fortis HealthWorld Private Limited;
s. Vistas Realtors Private Limited; and
t. Greenview Buildtech Private Limited.

The partnership firms which are a part of our Promoter Group are as follows:

a. Malsh Healthcare; and
b. Oscar Traders.

a. Fortis Financial Services Limited ("FFSL")

FFSL was incorporated on March 23, 1994 as an investment company, with its other objects being to engage in business of leasing and hiring moveable and immovable properties, acquisition of shares, stock, debentures and other securities, etc.

The equity shares of FFSL are listed on the BSE.

Shareholding Pattern

The shareholding pattern of FFSL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital (approximated)
1.	Ranbaxy Holding Company	6,039,700	23.36
2.	Oscar Pharmaceuticals Private Limited	3,539,600	13.69
3.	Modland Wears Private Limited	2,969,999	11.48
4.	Shivi Holdings Private Limited	2,878,000	11.13
5.	Malav Holdings Private Limited	2,690,000	10.40
6.	Abhineet Pesticides Private Limited	686,000	2.65
7.	Mr. Malvinder Mohan Singh	442,650	1.71
8.	Mr. Shivinder Mohan Singh	441,650	1.71
9.	Vidyut Investments Limited	353,150	1.37
10.	Oscar Investments Limited	316,600	1.22
11.	Oscar Holding Private Limited	192,300	0.74

12.	Delta Aromatics Private Limited	26,700	0.10
13.	Ms. Nimmi Singh	11,800	0.04
14.	Ranbaxy Laboratories Limited	100	0.00
15.	Private Corporate Bodies	707,819	2.76
16.	Indian Public	3,489,000	13.47
17.	NRIs/OCBs	1,073,951	4.15
18.	FIIs	1,356	0.00
	Total	**25,860,375**	**100.00**

Board of Directors

The board of directors of FFSL currently comprises Mr. Harpal Singh, Mr. Vinay Kaul, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Umesh Kumar Khaitan, Mr. Sunil Godhwani and Mr. V.M. Bhutani.

Promise v/s Performance

FFSL issued 750,000 equity shares and 5,250,000 5% convertible preference shares of Rs. 10 each on February 16, 1995 to the public. The objects of the issue were to augment resources to meet its planned growth, strengthen its equity base and net worth and obtain listing with the stock exchanges. No projections were made in connection with the issue.

Information about Share Price

The highest market price of the equity shares of FFSL during the six-month period ending September 15, 2006 on the BSE was Rs. 68.55 per share on August 16, 2006 and the lowest was Rs. 40.15 per share on March 15, 2006.

The authorised capital of FFSL has in the last six months, increased from 21,000,000 equity shares of Rs. 10 each and 26,000,000 preference shares of Rs. 10 each to 47,000,000 equity shares of Rs.10 each.

Details of public issue/rights issue of capital in the last three years

There has been no public/rights issue of capital by FFSL in the three years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

The investor complaints received, if any, by FFSL are normally attended and replied to within 7-10 days of receipt by the company. There are no complaints currently pending against FFSL as of September 15, 2006.

Financial Performance

The financial results of FFSL for Fiscal 2004, 2005 and 2006 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	227.41	77.36	262.30
Profit/(Loss) after tax	52.73	4.12	26.30
Equity Capital	258.60	258.60	258.60
Reserves and Surplus (excluding revaluation reserves)	(287.32)	(366.40)	(225.50)
Earnings/(Loss) per share	2.04	0.16	0.91

(diluted) (Rs.)			
Book Value per share (Rs.)	(1.11)	(4.17)	1.40

b. Oscar Investments Limited ("OIL")

OIL was incorporated on January 25, 1978 as an investment company. The equity shares of OIL are listed on the BSE and the Delhi Stock Exchange Limited.

Shareholding Pattern

The shareholding pattern of OIL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Ranbaxy Holding Company	5,190,849	30.04
2.	Malav Holdings Private Limited	2,126,304	12.30
3.	Shivi Holdings Private Limited	2,144,304	12.41
4.	Oscar Bio-Tech Private Limited	709,000	4.10
5.	Oscar Pharmaceuticals Private Limited	337,200	1.95
6.	Tripoli Investment and Trading Company	636,100	3.68
7.	Vitoba Cosmetics Private Limited	243,000	1.41
8.	Other Promoters and persons acting in concert holding less than 1% of the paid up capital	555,160	3.21
9.	Private Corporate Bodies	2,145,000	12.41
10.	Public	3,193,703	18.48
	Total	**17,280,620**	**100.00**

Board of Directors

The board of directors of OIL currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Ms. Japna Malvinder Singh, Ms. Aditi Shivinder Singh, Mr. Vinay Kaul and Mr. V.M. Bhutani.

Promise v/s Performance

OIL issued 9,886,779 equity shares of Rs. 10 each and 2,118,596 unsecured zero coupon fully convertible debentures of Rs. 70 each for cash at par aggregating to Rs. 148,301,720 on a rights basis to the shareholders of OIL on August 26, 1996. The objects of the issue were to increase OILs scale of operations and to augment its long term resources. No projections were made in connection with the issue.

Information about Share Price

There has been no trading in the equity shares of OIL during the six month period ending September 26, 2006. The last traded price of the equity share of OIL was Rs. 55.10 per equity share on December 20, 2004.

There has been no change in capital structure of OIL in the last six months.

Details of public issue/rights issue of capital in the last three years

There has been no public/rights issue of capital by OIL in the three years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

OIL has appointed Intime Spectrum Registry Limited as its Registrar and Share Transfer Agent for redressing investor grievances. The complaints received, if any, are normally attended replied to within 10 days of receipt by OIL. There are no complaints currently pending against OIL.

Financial Performance

The financial results of OIL for Fiscal, 2004, 2005 and 2006 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and Other Income	189.18	202.31	1,525.00
Profit/(Loss) after tax	64.44	151.06	1,394.20
Equity Capital	172.80	172.80	1,728.00
Reserves and Surplus (excluding revaluation reserves)	445.97	597.03	1,991.30
Earnings/(Loss) per share (diluted) (Rs.)	3.73	8.74	80.68
Book Value per share (Rs.)	35.89	44.44	125.24

c. Ranbaxy Laboratories Limited ("RLL")

RLL was incorporated on June 16, 1961 under the name "Lepetit-Ranbaxy Laboratories Limited". Subsequently on August 24, 1966 it changed its name to "Ranbaxy Laboratories Limited" and on October 28, 1970 it changed its name to "Ranbaxy Laboratories Private Limited". On September 27, 1973 it changed its name to its present name. RLL is engaged in the business of manufacturing and marketing of pharmaceuticals dosage forms bulk drugs and intermediaries**.**

The equity shares of RLL are listed on the BSE and the NSE. The GDR's issued by RLL have been listed on the Luxembourg stock exchange.

Shareholding Pattern

The shareholding pattern of RLL as of June 30, 2006, is as follows:

S. No.	Name of Shareholder	Number of Equity Shares of Rs. 5 each	% of Issued Capital
1.	Ranbaxy Holding Company	102,212,954	27.43
2	Oscar Investment Limited	17,431,510	4.68
3.	Other Promoters and persons acting in concert holding less than 1% of the paid up capital	10,291,924	7.92
4.	Mutual Fund and UTI	9,533,649	2.56
5.	Banks Financial Institutions, Insurance Companies	51,192,523	13.74
6.	FIIs	76,270,844	20.47
7.	NRIs/OCBs	6,454,598	1.73
8.	Public	77,583,874	18.53
9.	GDRs	21,682,288	5.82
	Total	**372,654,164**	**100.00**

Board of Directors

The board of directors of RLL currently comprises Mr. Tejendra Khanna, Mr. Vivek Bharat Ram, Mr. Gurcharan Das, Dr. P.S. Joshi, Mr. Nimesh N. Kampani, Mr. Vinay Kaul, Mr. Vivek Mehra, Mr.

Ravi Mehrotra, Mr. Harpal Singh, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Surendra Daulet Singh, Dr. Brian W. Tempest and Mr. Ramesh L. Adige.

Financial Performance

The financial results of RLL for financial year ending December 31, 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Financial year ending December 31, 2003	Financial year ending December 31, 2004	Financial year ending December 31, 2005
Sales and Other Income	48,717.83	55,320.84	53,432.15
Profit/(Loss) after tax	7,594.32	6,985.61	2,617.07
Equity Capital	1,855.44	1,858.91	1,862.21
Reserves and Surplus (excluding revaluation reserves)	19,706.24	23,218.49	22,605.03
Earnings/(Loss) per share (diluted) (Rs.)	20.43	18.79	7.03
Book Value per share (Rs.)	57.89	67.33	65.69

Promise v/s Performance

RLL made an issue of three simultaneous but linked offers to equity shareholders, employees and specified entities of the management group on November 6, 1993:

- Series 1- 2574305 12% fully convertible debentures of Rs. 300 each for cash at par aggregating to Rs. 772.30 million to the equity shareholders and employees of RLL;
- Series 2- 4290507 15% secured non-convertible debentures of Rs. 200 each for cash at par aggregating to Rs. 858.10 million with a warrant for each non-convertible debenture to the equity shareholders and employees of RLL; and
- Series 3- 85,000 12% fully convertible debentures of Rs. 300 each for cash at par aggregating to Rs. 25.50 million with a warrant for each fully convertible debenture to the specified entities of the management group.

One of the objects of the issue was to finance, in part, RLL's requirement of funds for capital expenditure in facilities for manufacture of drugs at Dewas and Paonta Sahib, Himachal Pradesh and an research and development centre at Gurgoan, Haryana. The further objects of the issue were to finance, in part, investments in joint ventures/subsidiaries and for working capital purposes.

A comparison of the projections made in the letter of offer along with the actual performance is as follows:

(In Rs.millions, unless otherwise stated)

	Fiscal 1994		Fiscal 1995		Fiscal 1996	
	Projection	Actuals	Projection	Actuals	Projection	Actuals
Sales	7,150.00	6,886.00	8,800.00	7,917.00	10,580.00	9,552.00
-Domestic	3,900.00	3,710.00	4,550.00	4,104.00	5,300.00	4,645.00
-Exports	2,000.00	2,225.00	2,750.00	3,019.00	3,500.00	4,121.00
-Interdivisional transfer	1,250.00	952.00	1,500.00	795.00	1,780.00	786.00
Operating Surplus	860.00	1,025.00	1,090.00	1,451.00	1,320.00	1,556.00
Interest	240.00	229.00	300.00	(37.00)	340.00	(273.00)
Depreciation	140.00	143.00	170.00	184.00	210.00	244.00
Profit before Tax	480.00	654.00	620.00	1,304.00	770.00	1585.00
Profit after Tax	480.00	635.00	580.00	1,104.00	700.00	1,350.00

Dividend	11.83	133.00	12.76	200.00	13.30	237.00
Equity Shares Capital	353.50	347.00	380.10	430.00	380.10	444.00
Reserves and Surplus	1,586.20	1,657.00	2,477.40	6,000.00	3044.40	7,666.00
Per Equity Share:						
-Earnings (Rs.)	13.58	18.00	15.26	26.00	18.42	30.00
-Book Value (Rs.)	54.87	57.00	75.18	149.00	90.09	200.00
Term Debt: Equity	0.57	0.86	0.48	0.26	0.37	0.11

Information about Share Price

There highest market price of the equity shares of RLL during the six month period ending August 30, 2006 on the BSE was Rs. 530.00 per share on May 2, 2006 and the lowest was Rs. 317.00 on July 17, 2006.

There has been no change in the capital structure of RLL in the last six months.

Details of public issue/rights issue of capital in the last three years

There has been no public/rights issue of capital by RLL in the three years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

Investor complaints and grievences received, if any, by RLL are normally attended and replied to within 15 days of receipt by the company, except in case of disputes over facts or other legal contraints. There five complaints currently pending against RLL as on August 30, 2006.

d. Malav Holdings Private Limited ("MHPL")

MHPL was incorporated on December 14, 1981 as an investment company under the name "Montari Containers Private Limited". Subsequently, on January 27, 2000 it changed its name to its present name.

The equity shares of MHPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of MHPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital*
1.	Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh	361,500	95.13
2.	Mr. Malvinder Mohan Singh	10,010	2.63
3.	Mr. Shivinder Mohan Singh	5,490	1.44
4.	Abhineet Pesticides Private Limited	3,000	0.79
	Total	**380,000**	**100.00**

* In addition, MHPL has issued 12,850,000 A equity shares (non voting) of Rs. 10 each and 3,770,000 10% non cumulative redeemable preference shares (non voting) of Rs. 10 each.

Board of Directors

The board of directors of MHPL currently comprises Mr. Malvinder Mohan Singh, Ms. Japna Malvinder Singh, Mr. Vinay Kaul and Mr. Rana Ranbir Singh Grewal.

Financial Performance

The financial results of MHPL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	0.79	5.03	0.29
Profit/(Loss) after tax	0.17	2.77	(0.44)
Equity Capital	132.30	132.30	132.30
Reserves and Surplus (excluding revaluation reserves)	(6.54)	(3.80)	(4.24)
Earnings/(Loss) per share (diluted) (Rs.)	0.46	7.29	(1.15)
Book Value per share (Rs.)	(8.16)	(0.51)	(1.23)

e. Shivi Holdings Private Limited ("SHPL")

SHPL was incorporated on April 28, 1984 as an investment company under the name "Oscar Medical Enterprises Private Limited". Subsequently, on November 18, 1999 it changed its name to its present name.

The equity shares of SHPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of SHPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital*
1.	Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh	366,500	95.19
2.	Mr. Shivinder Mohan Singh	13,010	3.38
3.	Mr. Malvinder Mohan Singh	5,490	1.43
	Total	**385,000**	**100.00**

*In addition, SHPL has issued 12,250,000 'A' Equity shares (non voting) of Rs. 10 each and has issued 4,365,000 12% non cumulative redeemable preference shares (non voting) of Rs. 10 each.

Board of Directors

The board of directors of SHPL currently comprises Mr. Hemant Dhingra, Mr. Chander Dang and Mr. Jasbir Grewal.

Financial Performance

The financial results of SHPL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	0.22	4.88	-
Profit/(Loss) after tax	(0.05)	3.89	(0.57)
Equity Capital	126.35	126.35	126.35
Reserves and Surplus (excluding revaluation	(9.77)	(5.87)	(6.45)

reserves)			
Earnings/(Loss) per share (diluted) (Rs.)	(0.14)	10.10	(1.49)
Book Value per share (Rs.)	(16.02)	(5.73)	(6.80)

f. Chetak Pharmaceuticals Private Limited ("CPPL")

CPPL was incorporated on January 30, 1984 to carry on the business of *inter alia* manufacturing, buying, selling and dealing in drugs, medicines, pharmaceuticals.

The equity shares of CPPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of CPPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Issued Capital
1.	Ms. Indira Brar and Ms. Aditi Shivinder Singh	18,750	37.5
2.	Ms. Indira Brar and Ms. Japna Malvinder Singh	18,750	37.5
3.	Mr. Malvinder Mohan Singh and Ms. Indira Brar	6,250	12.5
4.	Mr. Shivinder Mohan Singh and Ms. Indira Brar	6,250	12.5
	Total	**50,000**	**100.00**

* In addition CPPL has issued 200,000 Class A non voting Equity Shares of Rs. 10 each.

Board of Directors

The board of directors of CPPL currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Ms. Indira Brar.

Financial Performance

The financial results of CPPL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	0.14	0.14	0.14
Profit/(Loss) after tax	0.04	0.04	0.02
Equity Capital	2.50	2.50	2.50
Reserves and Surplus (excluding revaluation reserves)	0.03	(0.03)	(0.01)
Earnings/(Loss) per share (diluted) (Rs.)*	0.76	0.76	0.33
Book Value per share (Rs.)*	4.86	9.88	9.95

** For the purpose of calculation of EPC and book value per share the 200,000 Class A Equity Shares of Rs. 10 each have not been taken into account.*

g. Luxury Farms Private Limited ("LFPL")

LFPL was incorporated on November 7, 1988 as a company engaged in the business of social, industrial and commercial forestry, farming and poultry.
The equity shares of LFPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of LFPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital*
1.	Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh	45,040	50.02
2.	Mr. Malvinder Mohan Singh	45,000	49.98
	Total	**90,040**	**100.00**

* In addition, LFPL has issued 10,000 14% non cumulative redeemable preference shares of Rs. 100 each.

Board of Directors

The board of directors of LFPL currently comprises Mr. Malvinder Mohan Singh, Ms. Japna Malvinder Singh, Mr. Vinay Kaul and Mr. Rana Ranbir Singh Grewal.

Financial Performance

The financial results of LFPL for Fiscal, 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	1.16	0.08	-
Profit/(Loss) after tax	(3.90)	(3.24)	(3.45)
Equity Capital	0.90	0.90	0.90
Reserves and Surplus (excluding revaluation reserves)	(34.80)	(38.04)	(41.49)
Earnings/(Loss) per share (diluted) (Rs.)	(43.27)	(36.01)	(38.36)
Book Value per share (Rs.)	(428.49)	(457.00)	(487.92)

h. Fortis HealthStaff Private Limited ("FHSPL")

FHSPL was incorporated on January 31, 1984 as "Hemkunt Pharmaceuticals Private Limited" and subsequently on August 27, 1987 it changed its name to "Ranbaxy Pharmaceuticals Private Limited". On March 22, 2006 it changed its name to its present name. FHPL is engaged in the business of establishing, promoting and managing the business of providing healthcare staffing and personnel in India and overseas.

The equity shares of LFPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of FHSPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital* (approximated)
1.	Fortis Healthcare Holdings Limited	149,900	99.93

2.	Mr. Shivinder Mohan Singh as nominee of FHHL.	100	0.07
	Total	**150,000**	**100.00**

* In addition, FHSPL has also issued 90,000-10% non cumulative redeemable preference shares of Rs. 10 each.

Board of Directors

The board of directors of FHSPL currently comprises Mr. Shivinder Mohan Singh, Mr. Anil Panwar, Mr. Daljeet Singh and Ms. Gunita Hazuria.

Financial Performance

The financial results of FHSPL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	0.02	0.01	-
Profit/(Loss) after tax	0.00	(0.01)	(0.01)
Equity Capital	1.50	1.50	1.50
Reserves and Surplus (excluding revaluation reserves)	0.06	0.05	0.04
Earnings/(Loss) per share (diluted) (Rs.)	0.02	(0.05)	(0.06)
Book Value per share (Rs.)	10.34	10.30	10.26

i. Religare Enterprises Limited ("REL")

REL was incorporated on January 30, 1984 under the name "Vajreshwari Cosmetics Private Limited". Subsequently, on January 31, 2006 it changed its name to Religare Enterprises Private Limited and on August 11, 2006, the word "private" was deleted and its name changed to its present name. REL is an investment company.

The equity shares of REL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of REL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Mr. Malvinder Mohan Singh	18,249,900	36.50
2.	Mr. Shivinder Mohan Singh	18,249,900	36.50
3.	Mr. Gurpreet Singh Dhillon	6,250,000	12.50
4.	UG Shabnam Dhillon under the guardianship of Mr. Gurkirat Singh Dhillion	6,250,000	12.50
5.	Mr. Sunil Godhwani	1,000,000	2.00
6.	Ms. Japna Malvinder Singh	100	0.00
7.	Ms. Aditi Shivinder Singh	100	0.00
	Total	**50,000,000**	**100.00**

Board of Directors

The board of directors of REL currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Vinay Kaul, Mr. Sunil Godhwani, Mr. Yuvraj Narain Gorwaney and Mr. Bhagwan Hariram Bhojwani.

Financial Performance

The financial results of REL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	-	0.51	0.47
Profit/(Loss) after tax	(0.22)	0.31	(0.75)
Equity Capital	4.25	4.25	4.25
Reserves and Surplus (excluding revaluation reserves)	(0.07)	0.25	(0.50)
Earnings/(Loss) per share (diluted) (Rs.)	(0.52)	0.73	(1.76)
Book Value per share (Rs.)	9.83	10.57	7.41

j. Religare Securities Limited ("RSL")

RSL was incorporated as an investment company on June 26, 1986 as "Empire Credit Private Limited". Subsequently on November 11, 1987 the word "Private" was deleted. On August 16, 1996 it changed its name to "Fortis Securities Limited" and on December 22, 2005 it changed its name to its present name.

The equity shares of RSL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RSL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital*
1.	Religare Enterprises Limited	19,999,400	99.99
2.	Ms. Gurpreet Singh Dhillon jointly with REL	100	0.00
3.	Mr. Sunil Godhwani jointly with REL	100	0.00
4.	Mr. Malvinder Mohan Singh jointly with REL	100	0.00
5.	Mr. Shivinder Mohan Singh jointly with REL	100	0.00
6.	Ms Japna Malvinder Singh jointly with REL	100	0.00
7.	Ms Aditi Shivinder Singh jointly with REL	100	0.00
	Total	**20,000,000**	**100.00**

* RSL has also issued 5,000,000 12.50% non cumulative redeemable preference shares of Rs.10 each.

Board of Directors

The board of directors of RSL currently comprises Mr. Harpal Singh, Mr. Vinay Kaul, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Mr. Sunil Godhwani.

Financial Performance

The financial results of RSL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	32.34	169.34	460.31
Profit/(Loss) after tax	(0.18)	26.86	74.90
Equity Capital	40.00	40.00	40.00
Reserves and Surplus (excluding revaluation reserves)	6.42	33.25	87.29
Earnings/(Loss) per share (diluted) (Rs.)	(0.05)	6.71	18.73
Book Value per share (Rs.)	11.61	18.31	31.82

k. Religare Finvest Limited ("RFL")

RFL was incorporated as an investment company on January 6, 1995 as "Skylark Securities Private Limited". Subsequently, on September 23, 2004 it changed its name to "Fortis Finvest Private Limited" and on October 7, 2004 it changed its name to "Fortis Finvest Limited". On April 4, 2006 it changed its name to its present name.

The equity shares of RFL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RFL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Issued Capital
1.	Religare Enterprises Limited	24,999,400	99.99
2.	Ms. Gurpreet Singh Dhillon jointly with REL	100	0.00
3.	Mr. Gurkirat Singh Dhillon jointly with REL	100	0.00
4.	Ms. Japna Malvinder Singh jointly with REL	100	0.00
5.	Ms. Aditi Shivinder Singh jointly with REL	100	0.00
6.	Mr. Malvinder Mohan Singh jointly with REL	100	0.00
7.	Mr. Shivinder Mohan Singh jointly with REL	100	0.00
	Total	**25,000,000**	**100.00**

* RFL has also issued 25,000,000 redeemable preference shares of Rs. 10 each to REL.

Board of Directors

The board of directors of RFL currently comprises Mr. Vinay Kaul, Mr. Yuvraj Narain and Mr. Sunil Godhwani.

Financial Performance

The financial results of RFL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	0.95	0.07	182.09
Profit/(Loss) after tax	0.01	0.00	16.00
Equity Capital	2.50	2.50	20.00
Reserves and Surplus (excluding revaluation reserves)	0.07	0.07	10.37
Earnings/(Loss) per share (diluted) (Rs.)	0.02	0.00	8.00
Book Value per share (Rs.)	10.26	10.28	15.19

l. Religare Commodities Limited ("RCL")

RCL was incorporated on November 25, 2003 as "Fortis Comdex Limited". Subsequently, on January 17, 2006 it changed its name to "Religare Comdex Limited" and on June 2, 2006 it changed its name to its present name. RCL is engaged in the business of trading in agricultural products, metals, petroleum and energy products.

The equity shares of RCL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RCL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	749,400	99.00
2.	Ms. Gurpreet Singh Dhillon jointly with REL	100	0.00
3.	UG Shabnam Dhillion under the guardianship of Mr. Gurkirat Singh Dhillon and jointly with REL	100	0.00
4.	Ms. Japna Malvinder Singh jointly with REL	100	0.00
5.	Ms. Aditi Shivinder Singh jointly with REL	100	0.00
6.	Mr. Malvinder Mohan Singh jointly with REL	100	0.00
7.	Mr. Shivinder Mohan Singh jointly with REL	100	0.00
	Total	**750,000**	**100.00**

Board of Directors

The board of directors of RCL currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Sunil Godhwani and Mr. Vinay Kaul.

Financial Performance

As RCL was incorporated in Fiscal 2004, financial results for Fiscal 2003 are not available. The financial results of RCL for Fiscal 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2004	Fiscal 2005
Sales and Other Income	-	1.47
Profit/(Loss) after tax	-	(1.72)
Equity Capital	7.50	7.50
Reserves and Surplus (excluding revaluation reserves)	-	(1.72)
Earnings/(Loss) per share (diluted) (Rs.)	-	(2.29)
Book Value per share (Rs.)	9.22	7.50

m. Religare Insurance Broking Limited ("RIBL")

RIBL was incorporated on January 10, 2006 as "Religare Insurance Advisory Service Private Limited". Subsequently on May 17, 2006 it changed its name to Religare Insurance Advisory Services Limited. On August 4, 2006 its name changed to its present name. RIBL is engaged in the business of a composite broker, insurance intermediary and insurance consultant.

The equity shares of RIBL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RIBL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. [ ] each	% of Issued Capital
1.	Religare Enterprises Limited	2,499,400	99.99
2.	Mr. Shivinder Mohan Singh jointly with REL	100	0.00
3.	Mr. Malvinder Mohan Singh jointly with REL	100	0.00
4.	Ms. Japna Malvinder Singh jointly with REL	100	0.00
5.	Ms. Aditi Shivinder Singh jointly with REL	100	0.00
6.	Mr. Yuvraj Narain jointly with REL	100	0.00
7.	Mr. Sunil Godhwani jointly with REL	100	0.00
	Total	**2,500,000**	**100.00**

Board of Directors

The board of directors of RIBL currently comprises Mr. Bhagwan Hariram Bhojwani, Mr. Yuvraj Narain, Mr. Shachindra Nath and Mr. Atul Gupta.

Financial Performance

As RIBL has been incorporated in Fiscal 2006, financial results for Fiscal 2003, 2004 and 2005 are not available.

n. R.C. Nursery Private Limited ("RCNPL")

RCNPL was incorporated on March 3, 1994 as a company engaged in the business of cultivating and producing vegetables, fruits and fruit products and other agricultural products among others.

The equity shares of RCNPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RCNPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Mr. Shivinder Mohan Singh	180,000	72.00
2.	Shivi Holdings Private Limited	70,000	28.00
	Total	**250,000**	**100.00**

Board of Directors

The board of directors of RCNPL currently comprises Mr. Shivinder Mohan Singh, Ms. Aditi Shivinder Singh, Mr. V.M. Bhutani and Mr. Jasbir Grewal.

Financial Performance

The financial results of RCNPL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	-	-	-
Profit/(Loss) after tax	(0.55)	(0.55)	(0.56)
Equity Capital	2.50	2.50	2.50
Reserves and Surplus (excluding revaluation reserves)	2.10	(2.65)	(3.21)
Earnings/(Loss) per share (diluted) (Rs.)	(2.19)	(2.20)	(2.24)
Book Value per share (Rs.)	1.54	(0.65)	(2.87)

o. Ranbaxy Holding Company ("RHC")

RHC was incorporated on May 24, 1982 as "Ice Investment Company" as a private company with unlimited liability. Subsequently, on May 22, 1987 it changed its name to "Shimal Investment and Trading Company" and on May 3, 2000 it changed its name to its present name. RHC is an investment company.

The equity shares of RHC are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of RHC as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 100 each	% of Issued Capital
1.	Malav Holdings Private Limited	611,761	49.94
2.	Shivi Holdings Private Limited	610,540	49.84
3.	Mr. Shivinder Mohan Singh	1,960	0.16

4.	Mr. Malvinder Mohan Singh	739	0.06
	Total	**1,225,000**	**100.00**

Board of Directors

The board of directors of RHC currently comprises Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Ms. Japna Malvinder Singh, Ms. Aditi Shivinder Singh, Ms. Nimmi Singh, Mr. Vinay Kaul and Mr. V.M. Bhutani.

Financial Performance

The financial results of RHC for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	546.45	835.87	1,046.69
Profit/(Loss) after tax	10.07	710.57	584.23
Equity Capital	122.50	122.50	122.50
Reserves and Surplus (excluding revaluation reserves)	2,227.29	2,935.29	3,518.84
Earnings/(Loss) per share (diluted) (Rs.)	8.22	580.05	476.93
Book Value per share (Rs.)	1,918.19	2,496.15	2,971.62

p. SRL Ranbaxy Limited ("SRL")

SRL was incorporated on July 7, 1995 as "Specialty Ranbaxy Private Limited". Subsequently on December 13, 2002 it changed its name to its present name. SRL is engaged in the business of establishing, maintaining and managing clinical reference laboratories to provide testing, diagnostic and prognostic monitoring services.

The equity shares of SRL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of SRL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Shimal Research Laboratories Limited	6,674,659	50.00
2.	Ranbaxy Holding Company	2,237,891	16.76
3.	Malav Holdings Private Limited	2,218,384	16.62
4.	Shivi Holding Private Limited	2,218,384	16.62
	Total	**13,349,318**	**100.00**

Board of Directors

The board of directors of SRL currently comprises Mr. Harpal Singh, Mr. Shivinder Mohan Singh, Mr. Vinay Kaul, Mr. Malvinder Mohan Singh, Mr. Bimal K. Raizada and Dr. Arun K. Purohit.

Financial Performance

The financial results of SRL for Fiscal 2003, 2004 and 2005 are set forth below:

(In Rs.millions, unless otherwise stated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales and Other Income	358.62	558.08	523.27
Profit/(Loss) after tax	(20.01)	79.97	0.83
Equity Capital	133.49	133.49	133.49
Reserves and Surplus (excluding revaluation reserves)	379.21	165.39	164.56
Earnings/(Loss) per share (diluted) (Rs.)	(1.50)	5.99	0.06
Book Value per share (Rs.)	(18.41)	(2.39)	(2.33)

q. Fortis HealthWorld Private Limited ("FHPL")

FHPL was incorporated on April 19, 2006 as a company engaged in the business of manufacturing buying, selling and dealing with all types of pharmaceutical and chemical products of medicaments.

The equity shares of FHPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of FHPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Mr. Shivinder Mohan Singh	5,000	50.00
2.	Mr. Vinay Kaul	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of FHPL currently comprises Mr. Shivinder Mohan Singh, Mr. Anil Panwar, Mr. Daljit Singh, Mr. J.S. Puri, Mr. Sunil Godhwani.

Financial Performance

As FHPL has been incorporated in Fiscal 2007, the financial results for the Fiscal 2004, 2005 and 2006 are not available.

s. Vistas Realtors Private Limited ("VRPL")

VRPL was incorporated on August 2, 2006 as a company engaged in the business of selling, purchasing, developing and dealing in all kinds of properties.

The equity shares of VRPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of VRPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Mr. Malvinder Mohan Singh	2,500	25.00
2.	Ms. Japna Malvinder Singh	2,500	25.00
3.	Ms. Nimrita Parvinder Singh	2,500	25.00
4.	Ms. Nanki Parvinder Singh	2,500	25.00
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of VRPL currently comprises Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh.

Financial Performance

As VRPL has been incorporated in Fiscal 2007, the financial results for the Fiscal 2004, 2005 and 2006 are not available.

t. Greenview Buildtech Private Limited ("GBPL")

GBPL was incorporated on July 26, 2006 as a company engaged in the business of selling, purchasing, developing and dealing in alls kinds of properties.

The equity shares of GBPL are not listed in any stock exchange.

Shareholding Pattern

The shareholding pattern of GBPL as of September 26, 2006 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Mr. Shivinder Mohan Singh	5,000	50.00
2.	Ms. Rajshree Singh	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of GBPL currently comprises Mr. Shivinder Mohan Singh and Ms. Rajshree Singh.

Financial Performance

As GBPL has been incorporated in Fiscal 2007, the financial results for the Fiscal 2004, 2005 and 2006 are not available.

Companies with which the Promoters have dissociated in the last three years

The Promoters have not disassociated from any company in the last three years.

Other Confirmations

None of our Promoter Group companies have been become sick companies under the meaning of the Sick Industrial Companies Act and no winding up proceedings have been initiated against them.

Related Party Transactions

For details of the related party transactions, see the section titled "Financial Statements-Related Party Transactions" beginning on page [●] of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The Company has not paid any cash dividends on its Equity Shares in the past and anticipates that any earings will be retained for development and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future.

Any future dividends declared would be at the discretion of the Board of Directors and would depend on the financial condition, results of operations, capital requirements, contractual obligations, the terms of our credit facilities and other financing arrangements of the Company at the time a dividend is considered, and other relevant factors.

Pursuant to the terms of the Company's loan agreements with certain banks and financial institutions, the Company cannot declare or pay any dividend to its Shareholders during any Fiscal year unless the Company has paid all the amounts remaining outstanding under such loan agreements to the respective lenders or made satisfactory provisions therefor or if the Company is in default of the terms and conditions of such loan agreements.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, U.S. GAAP AND IFRS

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from U.S. GAAP and IFRS. Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by U.S. GAAP and IFRS, which we have not made.

The following is a general summary of certain significant differences between Indian GAAP, U.S. GAAP and IFRS.

The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to U.S. GAAP or Indian GAAP to IFRS been undertaken by our management. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto

We have not prepared financial statements in accordance with U.S. GAAP or IFRS. Therefore, the Company cannot presently estimate the net effect of applying U.S. GAAP or IFRS on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP, U.S. GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP, U.S. GAAP and IFRS and how these differences might affect the financial statements appearing in the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
1.	Contents of financial statements	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year.	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes. Three years are required for public companies for all statements except balance sheet where two years are provided.	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.
2.	First time adoption	First-time adoption of Indian GAAP requires retrospective application. In addition, particular standards specify treatment for first-time	Similar to Indian GAAP	Full retrospective application of all IFRSs effective at the reporting date for an entity's first IFRS financial statements, with some optional

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
		adoption of those standards.		exemptions and limited mandatory exceptions.
3.	Changes in accounting policies	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items. Recent amendment requires restatement of comparatives and prior year opening retained earnings. The new amendment is applicable to accounting changes that are made in fiscal years beginning after 15 December 2005.	Restate comparatives and prior-year opening retained earnings.
4.	Revenue	Revenue is recorded on the basis of services rendered.	Similar to Indian GAAP. However, extensive guidance is there for accounting of specific transactions	Similar to Indian GAAP. However, extensive guidance is there for accounting of specific transactions
5.	Consolidation of Variable interest entities	There is no specific guidance with respect to Variable Interest Entities.	Entities are required to evaluate if they have any interest in Variable Interest Entities, as defined by the standard. Consolidation of such entities may be required if certain conditions are met.	SIC 12 states that a special purpose entity (SPE) should be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.
6.	Business Combinations	Restricts the use of pooling of interest method to circumstances which meet the criteria listed for an amalgamation in the nature of a merger. In all other cases, the purchase method is used.	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for purchase price, especially if the Indian GAAP method is 'amalgamation' or pooling. In the event of combinations of entities under common control, the accounting for the combination is	IFRS 3 requires all Business combinations to be accounted for on the basis of the purchase method. It however scopes out businesses brought together to form a joint venture, business combinations involving businesses or entities under common control or involving two or more mutual entities and business combinations in which separate entities or businesses are brought together to form a reporting entity by contract alone without obtaining an ownership interest. The use of Pooling of Interest Method is prohibited.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			done on a historical cost basis in a manner similar to a pooling of interests for all periods presented.	
7.	Goodwill	Goodwill is computed as the excess of the purchase price over the carrying value of the net assets acquired. Goodwill is tested for impairment annually for listed entities and other specified categories of entities satisfying certain turnover/borrowings criteria. Where a scheme of amalgamation/merger sanctioned by the Court specifies a different accounting treatment for goodwill, that treatment is followed and disclosures made for impact of deviation from the treatment specified under the relevant accounting standard.	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized but, tested for impairment annually.	The goodwill shall be recognized as an asset on the acquisition date by the acquirer. Goodwill is computed at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. After the initial recognition, the goodwill acquired in a business combination shall be measured at cost less any accumulated impairment loss. Goodwill is not required to be amortized.
8.	Negative Goodwill (i.e., the excess of the fair value of net assets acquired over the aggregate purchase consideration)	Negative goodwill is computed based on the book value of assets (not the fair value) of assets taken over/acquired and is credited to the capital reserve account, which is a component of shareholders' funds.	Negative goodwill is allocated to reduce proportionately the fair value assigned to non-monetary assets. Any remaining excess is considered to be an extraordinary gain.	If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, the acquirer shall reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and recognize immediately in the profit or loss, any excess remaining after that reassessment.
9.	Intangible assets	Intangible assets are capitalized if specific criteria are met and are amortized over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 10 years should be reviewed at least at each financial yearend even if there is no indication that the asset is impaired.	When allocating purchase price of a business combination, companies need to identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortized over	Intangible assets are recognized if the specific criteria are met. Assets with a finite useful life are amortized on a systematic basis over their useful life. An asset with an indefinite useful life and which is not yet available for use should be tested for impairment annually.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			their estimated useful lives.	
10.	Segment Information	Segmental disclosures are required to be given by all public companies (listed or in the process of getting listed), banks, financial institutions, entities carrying on insurance business and enterprises having turnover above Rs 50 crores or borrowings above Rs 10 crores. Specific requirements govern the format and content of a reportable segment and the basis of identification of a reportable segment. Both business and geographical segments are identified and either of the two is classified as primary segment (with the other one being classified as the secondary segment).	Segmental disclosures are required to be made by all public business enterprises. A Company is required to report information about its products and services, the geographical areas in which it operates and its major customers. Reportable business segments are required to be identified based on specified criteria. Disclosures are required for both Business and geographic segments.	Segmental disclosures are required to be given by entities whose equity or debt securities are publicly traded or those entities that are in the process of issuing such publicly traded equity or debt securities. Both business and geographical segments are identified and either of the two is classified as primary segment (with the other one being classified as the secondary segment). IAS 14 prescribes detailed disclosures for primary segment and relatively lesser disclosure for secondary segments.
11.	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year end.	Dividends are accounted for when approved by the board/shareholders. If the approval is after year end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.	Dividends to holders of equity instruments, when proposed or declared after the balance sheet date, should not be recognized as a liability on the balance sheet date. The Company however is required to disclose the amount of dividends that were proposed or declared after the balance sheet date but before the financial statements were authorized for issue.
12.	Property, Plant and Equipment	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to liabilities incurred in the procurement of property, plant and equipment from outside India are required to be adjusted to the cost of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life.	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's estimated useful life which maybe different from the useful life based on Schedule XIV.	Fixed assets are recorded at cost or revalued amounts. If carried at revalued amount, assets should be frequently revalued to match their carrying amount with their fair values. Foreign exchange gains or losses relating to the procurement of property, plant and equipment, under very restrictive conditions, can be capitalized as part of the asset. Depreciation is recorded over the asset's estimated useful life. The residual value and the useful life of an asset and the depreciation method shall be reviewed at least at each

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
		Interest cost on specified or identifiable borrowings is capitalized to qualifying assets during its construction period.	An entity must capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset.	financial year end. An entity has the option of capitalizing borrowing costs incurred during the period that the asset is getting ready for its intended use.
13.	Investment in Securities	Investments are categorized into- • Current investments (where changes in fair value are taken directly to profit or loss) • Long Term investments which are carried at cost unless there is a permanent diminution in value, in which case, a provision for diminution is required to be made by the entity.	Investments are categorized into- • Held to maturity (measured at amortized cost using effective interest method) • Trading (where changes in fair value, regardless of whether they are realized or unrealized are recognized as profit or loss) • Available for sale (where unrealized gains or losses are accounted as a component of equity and recognized as profit or loss when realized)	Investments are categorized into- • Held to maturity investments (measured at amortized cost using effective interest method) • Financial assets at fair value through profit or loss (where changes in fair value are taken directly to profit or loss) • Available for sale investments (where changes in fair value are accounted in equity and recycled to the profit or loss when realized)
14.	Inventory	Measured at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value of inventory previously written down.	Measurement is done at lower of cost or market. Market value is defined as being current replacement cost subject to an upper limit of net realizable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realizable value less a normal profit margin. Reversal of a write down is	Measured at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value of inventory previously written down.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			prohibited, as a write down creates a new cost basis.	
15.	Impairment of assets, other than Goodwill, intangible assets with indefinite useful lives and intangible assets not available for use	The standard requires the company to assess whether there is any indication that an asset is impaired at each balance sheet date. Impairment loss (if any) is provided to the extent the carrying amount of assets/Cash generating units (CGUs) exceeds their Recoverable amount. Recoverable amount is the higher of an asset's/CGU's selling price or its Value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset/CGU and from its disposal at the end of its useful life. An impairment loss for an asset/CGU recognized in prior accounting periods should be reversed if there has been a change in estimates of cash inflows, cash outflows or discount rates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset/CGU should be increased to its recoverable amount. The reversal of impairment loss should be recognized in the income statement.	An impairment analysis is performed if impairment indicators exist. An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value (which is determined based on discounted cash flows). Impairment loss is recorded in the income statement. Reversal of impairment loss recognised in prior period is prohibited.	An entity shall assess at each reporting date whether there is any indication that an asset/CGU maybe impaired. An impairment analysis is performed if impairment indicators exist. The impairment loss is the difference between the asset's/CGU's carrying amount and its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss recognized in prior periods for an asset shall be reversed if, there has been a change in the estimates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognized.
16.	Pension / Gratuity / Post Retirement Benefits (Defined Benefit Plans)	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation. There is no defined method of expense determination, the discount rate determination criteria, and guidance for valuation of plan assets and the choice is left to the discretion of actuary. Actuarial gains or losses are recognized immediately in the	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. The plan assets are measured using fair value or using discounted cash flows if market prices are unavailable. If at the beginning of the year, the actuarial gains or losses exceeds 10% of the	Annual service cost and defined benefit obligation is determined through actuarial valuation. The liability for defined benefit schemes is determined using the projected unit credit actuarial method. Discount rate to be used for determining defined benefit obligations is by reference to market yields at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligations. The actuarial gains or loss are to be recognized using either

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
		statement of income.	greater of the projected benefit obligation or the market-related value of plan assets, then such amount is not recognized immediately, but amortized over the average remaining service period of active employees expected to receive benefits under the plan.	the corridor approach or immediately in the profit or loss account or in the statement of recognized income and expenses.
17.	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.
18.	Sale and leaseback	Gain on a sale and leaseback transaction where the leaseback is an operating lease is recognized immediately, if the transaction is established at fair value. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.	If the sale-leaseback transaction results in an operating lease, the timing of the recognition of a gain on the sale depends on whether the seller has leased back a minor portion of the leased asset or more than a minor portion. If the present value of a reasonable amount of rentals for the leaseback period represents 10% or less of the fair value of the asset sold, the seller lessee has leased back a minor portion in which case the seller should recognize any gain on the sale of the asset at the time of sale. If the seller-lessee retains more than a minor portion, but less than substantially all of the use of the property, any gain in excess of the present value of a reasonable amount of rent should be recognized currently. The remaining gain on the sale is deferred and recognized as a	If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			reduction of rent expense over the term of the lease in proportion to the related gross rentals. A loss on the sale is recognized immediately.	
19.	Deferred Taxes	Deferred taxes are accounted for using the income statements approach, which focuses on timing differences. Deferred tax asset/liability is classified as long term. The tax rate applied on deferred tax items is the enacted or the substantively enacted tax rate as on the balance sheet date. Except for deferred tax on certain expenses written off directly against equity which is required to be adjusted in equity, deferred tax is always recognized in the income statement	Deferred tax asset/liability is classified as current and long-term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.	Deferred taxes are accounted for using the Balance sheet liability method, which focuses on temporary differences. Deferred tax assets/liabilities should be measured based on enacted or substantively enacted tax laws and tax rates that are expected to apply in the period they are realized/settled. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different periods.
20.	Stock based compensation	Entities have a choice of accounting methods for determining the costs of benefits arising from employees stock compensation plans. Although the fair value approach is recommended, entities may use the intrinsic value method and give fair value disclosures.	Entities are only allowed to use the fair value approach.	Entities are only allowed to use the fair value approach.
21.	Start up costs and organization costs	Start up costs are required to be expensed unless attributable to bringing the asset to working condition for its intended use, in which case they are capitalized.	Requires costs of start-up activities and organization costs to be expensed as incurred.	Start up costs relating to plant, property & equipments, other than those related to bringing the asset to its working conditions, may not be capitalized.
22.	Contingent assets	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.	Contingent assets are recognised, when realised, generally upon receipt of consideration.	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
		However, Contingent assets, where an inflow of economic benefits is probable are not disclosed in financial statements.		
23.	Contingent liabilities	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. Contingent liabilities are disclosed unless the probability of outflows is remote. Discounting of liability is not permitted and no provision is recognized on the basis of constructive obligation.	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.
24.	Recognition and measurement of financial assets and liabilities	Financial assets and liabilities are recorded at cost. Indian GAAP does not allow fair valuation of financial assets/ liabilities except for current investment which are carried at lower of cost and market values	Financial assets and liabilities are initially recorded at cost and then restated on fair values except for held till maturity investments which are carried at amortized cost.	Similar to US GAAP.
25.	Related parties disclosures	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Scope of related party is wider than the scope defined in Indian GAAP. All material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			statements (including those subsidiaries).	
26.	Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events).Non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	Similar to US GAAP
27.	Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Similar to Indian GAAP
28.	Earning per share	Use weighted average potential dilutive shares as denominator for diluted EPS.	Similar to Indian GAAP	Similar to Indian GAAP
29.	Debt issue cost	Debt issue costs are expensed as incurred.	Debt issue costs should be deferred as an asset and amortised as an adjustment to yield. Amortisation should be done based on the interest method, but other methods may be used if the results are not materially different from the interest method.	Similar to US GAAP
30.	Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting is not permitted.	Similar to Indian GAAP. Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Similar to Indian GAAP. Discounting is not permitted.
31.	Share issue expenses	AS - 26 requires to be expensed.	May be set off against the realised proceeds of	The transaction costs of an equity transaction should be

S.No.	Particulars	Indian GAAP	US GAAP	IFRS
			share issue	accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed.
32.	Correction of error/ omissions	Include effect in the current year income statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.	Restatement of comparatives is mandatory.	Restatement of comparatives is mandatory.

FINANCIAL STATEMENTS

RESTATED SUMMARY STATEMENTS

UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF MARCH 31, 2006, 2005, 2004, 2003, 2002, PROFITS AND LOSSES FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND FOR THE PERIOD FROM JUNE 29, 2001 TO MARCH 31, 2002 AND CASH FLOWS FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002, AS RESTATED UNDER INDIAN GAAP FOR FORTIS HEALTHCARE LIMITED

AND

CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF MARCH 31, 2006, 2005, 2004, 2003, 2002, PROFITS AND LOSSES FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND FOR THE PERIOD FROM JUNE 29, 2001 TO MARCH 31, 2002 AND CASH FLOWS FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002, AS RESTATED UNDER INDIAN GAAP FOR FORTIS HEALTHCARE LIMITED

Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956

September 29, 2006

To

The Board of Directors
Fortis Healthcare Limited
Escorts Heart Institute & Research Centre
Okhla Road
New Delhi 110 025
India

Dear Sirs,

We have examined the financial information of Fortis Healthcare Limited ('FHL' or 'the Company') annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ('IPO') . Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

1. paragraph B (1) of Part II of Schedule II to the Indian Companies Act, 1956 ('the Act');
2. the Securities & Exchange Board of India ('SEBI')(Disclosure & Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

We have examined such financial information taking into consideration:

- the terms of reference received from the Company vide their letter dated June 2, 2006, requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO;
- the Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India.

The Company proposes to make an IPO for the fresh issue of 56,666,633 equity shares of Rs. 10 each at such premium, arrived at by the 100% book building process (referred to as 'the Issue'), as may be decided by the Board of Directors.

A. Financial information as per restated unconsolidated summary statements

1. We have examined the attached restated unconsolidated summary statements of -
   - assets and liabilities of the Company as at March 31, 2006, 2005, 2004, 2003 and 2002;
   - profits and losses of the Company for each of the years ended March 31, 2006, 2005, 2004, 2003 and for the period from June 29, 2001 to March 31, 2002; and

- cash flows of the Company for each of the years ended March 31, 2006, 2005, 2004, 2003 and 2002

as prepared by the Company and approved by its Board of Directors (these statements, hereinafter collectively referred to as 'restated unconsolidated summary statements' and attached as Annexure I to this Report).

2. The restated unconsolidated losses have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure II _to this report. Based on our examination of these restated unconsolidated summary statements, we confirm that:
   - the impact arising on account of changes in accounting policies from those adopted by the Company for the year ended March 31, 2006 has been adjusted with retrospective effect in the attached restated unconsolidated summary statements;
   - material amounts relating to previous years have been adjusted in the restated unconsolidated summary statements in the years to which they relate;
   - there are no extraordinary items, which need to be disclosed separately in the restated unconsolidated summary statements; and
   - there are no qualifications in auditors' reports that require an adjustment in the restated unconsolidated summary statements.

3. As informed to us by the management, no financial statements have been prepared by the Company as at any date or for any period subsequent to March 31, 2006.

4. Summary of significant accounting policies adopted by the Company and Material adjustments carried out in the preparation of the audited unconsolidated financial statements for the year ended March 31, 2006 and the significant notes to the restated unconsolidated summary statements are enclosed as Annexure II to this report.

B. Financial information as per restated consolidated summary statements

5. We have examined the attached restated consolidated summary statements of-
   - assets and liabilities of the Company, its Subsidiaries and Associate (hereinafter collectively referred to as the 'Fortis Group') as at March 31, 2006, 2005, 2004, 2003 and 2002;
   - profits and losses of the Fortis Group for each of the years ended March 31, 2006, 2005, 2004, 2003 and for the period from June 29, 2001 to March 31, 2002;
   - cash flows of the Fortis Group for each of the years ended March 31, 2006, 2005, 2004, 2003 and 2002

   as prepared by the Company and approved by its Board of Directors (these statements, hereinafter collectively referred to as 'restated consolidated summary statements' and attached as Annexure III to this Report).

6. For the purpose of our examination of restated consolidated summary statements, we have placed reliance on the restated summary statements of assets and liabilities and the related restated summary statements of profits and losses and cash flows (hereinafter collectively referred to as 'restated group entities summary statements') of the under-mentioned subsidiaries, prepared for the periods subsequent to their becoming a subsidiary of FHL, as indicated in the table below and as examined and reported upon by their respective auditors and have not carried out any additional procedures thereon.

Name of the group entity	Name of the respective auditors of the entities	Periods reported upon by other auditors
International Hospital Limited	Walker, Chandiok and Co.	Period from December 20, 2003 to March 31, 2003 and the years ended March 31, 2004, 2005 and 2006
Oscar Biotech Limited	A.Malhotra & Associates	Period from March 21, 2006 to March 31, 2006
Escorts Heart Institute and Research Centre Limited *	A.F.Ferguson & Co.	Period from September 29, 2005 to March 31, 2006

* Consolidated including its under-mentioned subsidiaries

- Escorts Heart Centre Limited
- Escorts Heart and Super Specialty Institute Limited
- Escorts Heart and Super Specialty Hospital Limited
- Escorts Hospital and Research Centre Limited

In respect of Sunrise Medicare Private Limited, (an associate of FHL effective January 3, 2006), we have relied on management approved restated summary statements as at and for the period from January 3, 2006 to March 31, 2006 prepared specifically for the purpose of consolidation and have not carried out any procedures thereon.

7. The restated consolidated losses have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report. Based on our examination of these restated consolidated summary statements and the examination reports on restated group entities summary statements issued by the auditors of those respective entities, we confirm that:

    - the impact arising on account of changes in accounting policies from those adopted by the respective entities within the Fortis Group for the year/period ended March 31, 2006 has been adjusted with retrospective effect in the attached restated consolidated summary statements;
    - material amounts relating to previous years have been adjusted in the attached restated consolidated summary statements in the years to which they relate;
    - there are no extraordinary items, which need to be disclosed separately in the restated consolidated summary statements; and
    - the qualifications in auditors' reports which require an adjustment, have been given effect to in the restated consolidated summary statements.

    As stated above, we are not the auditors of certain group entities. The auditors of these entities have, in their examination reports, confirmed that these restated group entities summary statements have been prepared and restated by the respective entities in accordance with the requirements of Part II of Schedule II to the Companies Act and the SEBI Guidelines. We have relied on the examination reports furnished by the respective auditors of the group entities and have not carried out any additional tests or procedures thereon.

8. The examination report on restated group entities summary statements for Escorts Heart Institute and Research Centre Limited (Consolidated) issued by A.F.Ferguson & Co. ('AFF') contains a disclaimer with regard to the following matters-
    - the position of land under leasehold arrangements with the Delhi Development Authority (Refer Note 15 of significant notes to restated consolidated summary statements enclosed as Annexure IV to this Report);
    - certain demands aggregating Rs 2060.62 million (net of demands raised twice in respect of certain years) raised by Income-tax authorities (Refer Note 16 of significant notes to restated consolidated summary statements enclosed as Annexure IV to this Report).

    As per the said examination report of AFF, these matters are pending in appeal at various stages, the eventual outcome of which cannot presently be estimated. Therefore, AFF is unable to express an opinion at this stage in respect of these matters.

9. Summary of significant accounting policies adopted by the Fortis Group and Material Adjustments carried out in the preparation of the restated consolidated summary statements and the Significant Notes thereto are enclosed as Annexure IV to this report.

C. Other financial information

10. We have examined the following unconsolidated financial information of the Company proposed to be included in the Offer document, as approved by the Board of Directors of the Company and annexed to this report:
    (i) Details of Loans and Advances as appearing in Annexure V;
    (ii) Details of Sundry Debtors as appearing in Annexure VI;

(iii) Details of Investments as appearing in Annexure VII;
(iv) Statement of Accounting Ratios, as appearing in Annexure VIII to the report, based on the restated unconsolidated summary statements of the Company;
(v) Details of Secured and Unsecured Loans, as appearing in Annexure IX;
(vi) Details of Other Income, as appearing in Annexure X;
(vii) Capitalisation Statement, as appearing in Annexure XI;
(viii) Statement of Tax Shelter, as appearing in Annexure XII;
(ix) Statement of possible tax benefits available to the Company and its shareholders as appearing in Annexure XIII.

We further confirm that the Company has not declared any dividend on equity shares for the years ended March 31, 2006, 2005, 2004, 2003 and 2002.

11. In our view, the 'financial information as per restated unconsolidated summary statements', 'financial information as per restated consolidated summary statements' and 'other financial information' referred to above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

12. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

13. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

15. This report is intended solely for your information and for inclusion in offer document prepared in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : September 29, 2006

FORTIS HEALTHCARE LIMITED
ANNEXURE I - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Fixed Assets					
Gross Block	1,083.64	822.92	776.89	1,320.76	1,251.95
Less: Accumulated Depreciation / Amortization	303.30	230.29	166.06	131.95	54.90
Net Block	780.34	592.63	610.83	1,188.81	1,197.05
Capital Work in Progress including capital advances	171.92	9.51	4.62	-	49.60
Expenditure during Construction Period	35.07	-	-	-	0.32
(Pending Capitalization/Allocation)					
TOTAL	**987.33**	**602.14**	**615.45**	**1,188.81**	**1,246.97**
Investments	6,746.68	0.02	0.02	0.02	-
Current Assets,Loans & Advances					
Inventories	20.75	15.55	11.76	15.97	18.10
Sundry Debtors	190.13	45.26	9.35	5.33	0.75
Cash and Bank Balances	128.64	14.87	11.23	8.04	8.35
Other Current Assets	26.04	13.73	7.42	8.89	4.65
Loans & Advances	217.68	62.92	51.96	206.86	16.92
Total	**8,317.25**	**754.49**	**707.19**	**1,433.92**	**1,295.74**
Liabilities and Provisions					
Secured Loans	3,863.09	350.64	253.26	1,007.36	679.78
Unsecured Loans	690.44	-	90.71	0.70	2.87
Deferred Payment Liabilities	103.63	-	-	-	-
Current Liabilities	217.25	153.70	116.14	128.04	157.29
Provisions	14.13	8.45	14.13	7.94	4.77
Total	**4,888.54**	**512.79**	**474.24**	**1,144.04**	**844.71**
Net Worth	**3,428.71**	**241.70**	**232.95**	**289.88**	**451.03**
Equity Share Capital	1,700.00	846.54	749.05	739.53	606.98
1% Non Cumulative Redeemable Preference Share Capital	10.00	-	-	-	-
Share Application Money (Pending Allotment)	2,600.05	0.20	-	9.04	107.26
Reserves & Surplus	15.60	15.60	-	-	-
Less:					
Debit Balance of Profit & Loss Account	895.67	618.96	516.10	458.69	263.21
Miscellaneous Expenditure	1.27	1.68	-	-	-
(To the extent not written off or adjusted)					
Net Worth	**3,428.71**	**241.70**	**232.95**	**289.88**	**451.03**

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure II.

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: September 29, 2006

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Managing Director | Director

Company Secretary | President Finance

FORTIS HEALTHCARE LIMITED
ANNEXURE I - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs.in Million)

PARTICULARS	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Period Ended March 31, 2002
Income					
Operating Income	977.29	603.54	480.69	388.65	118.85
Other Income	22.53	26.88	22.44	16.00	3.25
Total Income	**999.82**	**630.42**	**503.13**	**404.65**	**122.10**
Expenditure					
Materials Consumed	369.52	218.55	176.77	150.65	53.97
Personnel Expenses	184.51	141.34	149.74	139.89	82.60
Operating Expenses	251.65	196.77	119.21	68.37	45.51
General and Administration Expenses	102.90	43.10	53.74	48.10	34.97
Selling and Distribution Expenses	20.92	25.31	20.59	18.45	18.25
Interest Expense	272.75	22.91	78.68	95.08	62.51
Preoperative & Preliminary Expenditure Written Off	-	-	-	-	34.09
Depreciation/ Amortization	73.35	62.82	67.21	77.14	54.96
Total Expenditure	**1,275.60**	**710.80**	**665.94**	**597.68**	**386.86**
Profits /(Losses) before Tax	**(275.78)**	**(80.38)**	**(162.81)**	**(193.03)**	**(264.76)**
Fringe Benefit Tax	2.20	-	-	-	-
Net Profits /(Losses) before Prior period & Exceptional Items	**(277.98)**	**(80.38)**	**(162.81)**	**(193.03)**	**(264.76)**
Exceptional Item(Refer Note No. 9 a in Annexure II)	-	-	107.01	-	-
Prior Period Items	(1.53)	(2.98)	-	-	-
Net Profits /(Losses) as per audited accounts	**(279.51)**	**(83.36)**	**(55.80)**	**(193.03)**	**(264.76)**
Adjustments on restatement(Refer Note No. 4 in Annexure II)	2.80	(0.29)	(1.61)	(2.45)	28.09
Net Profits/(Losses) as restated	**(276.71)**	**(83.65)**	**(57.41)**	**(195.48)**	**(236.67)**
Profit & Loss Account at the beginning of the year (Refer Note 6 in Annexure II)	(618.96)	(516.10)	(458.69)	(263.21)	(26.54)
Loss Brought forward from Amalgamating Company upto March 31, 2004	-	(19.21)	-	-	-
(Refer Note No. 4 h in Annexure II)					
Balance Carried Forward as restated	**(895.67)**	**(618.96)**	**(516.10)**	**(458.69)**	**(263.21)**

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure II.

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:September 29, 2006

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Managing Director　　Director

Company Secretary　　President Finance

FORTIS HEALTHCARE LIMITED
ANNEXURE I - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(Rs.in Million)

Particulars	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Year Ended March 31, 2002
A. Cash Flows from Operating Activities					
Net profits / (losses) after tax, as restated	(276.71)	(83.65)	(57.41)	(195.48)	(236.67)
Add: Income Tax Expense -Fringe benefit tax	2.20	-	-	-	-
Net profits / (losses) before tax, as restated	(274.51)	(83.65)	(57.41)	(195.48)	(236.67)
Adjustment for:					
Depreciation & Amortisation	73.35	62.82	67.21	77.14	54.96
Loss on sale of fixed assets	0.32	1.87	7.52	0.33	0.02
Provision for Doubtful Debts	3.44	1.87	2.85	2.55	3.62
Bad Debts/Sundry Balances written off	0.41	0.20	-	-	-
Arrangement fees written off	0.41	0.36	-	-	0.05
Foreign Exchange Loss/(Gain)	10.02	(11.99)	-	-	-
Interest income	(6.74)	(4.71)	(14.64)	(7.27)	(0.44)
Interest expense	272.75	22.91	78.68	95.09	62.51
Profit on sale of Hospital Land	-	-	(107.02)	-	-
Operating profits/(Losses) before working capital changes	79.45	(10.32)	(22.81)	(27.64)	(115.95)
Movement in working capital:					
Decrease / (Increase) in sundry debtors	(148.72)	(37.74)	(6.87)	(7.14)	(4.37)
Decrease / (Increase) in inventories	(5.19)	(3.09)	4.21	2.13	(18.10)
Decrease / (Increase) in loans and advances	(32.53)	(55.35)	41.12	(43.57)	(3.74)
Decrease / (Increase) in other current assets	(6.77)	(7.39)	1.41	(3.11)	(4.64)
Increase / (Decrease) in current liabilities	55.24	18.77	(7.60)	(26.07)	58.29
Cash generated from /(used in) operations	(58.52)	(95.12)	9.46	(105.40)	(88.51)
Direct Taxes Refunded/ (Paid)	0.97	0.21	(3.18)	(0.86)	(0.15)
Net Cash generated from/(used in) operations (A)	(57.55)	(94.91)	6.28	(106.26)	(88.66)
B. Cash Flows from Investing Activities					
Purchases of fixed assets	(459.08)	(18.68)	(11.38)	(20.46)	(509.60)
Proceeds from sale of Fixed Assets	0.23	4.91	617.02	1.15	0.46
Fixed Deposits with Banks	(120.00)	-	-	-	-
Loans to Subsidiaries (Net)	(19.60)	16.02	18.01	(46.55)	-
Deposits with other companies (Net)	(105.80)	-	98.95	(98.94)	-
Purchase of Investments	(6,746.67)	-	-	(0.02)	-
Interest received	1.19	5.80	14.71	6.12	0.44
Net Cash generated from / (used in) Investing activities (B)	(7,449.73)	8.05	737.31	(158.70)	(508.70)
C. Cash Flows from Financing Activities					
Proceeds from issuance of share capital (Refer Note (a) below)	863.45	92.30	9.52	132.56	239.46
Proceeds from receipt of share application money	2,599.85	0.20	(9.05)	(98.21)	87.06
Proceeds from long-term borrowings	105.73	341.50	0.61	332.29	331.56
Repayment of long-term borrowings	(44.84)	(252.67)	(504.71)	(254.72)	(11.98)
Proceeds / (Repayments) of short-term borrowings (Net)	4,231.84	(70.18)	(159.98)	247.82	0.14
Arrangement fees paid	-	(2.04)	-	-	-
Interest paid	(254.98)	(18.79)	(76.79)	(95.09)	(62.76)
Net Cash generated from / (used in) financing activities (C)	7,501.05	90.32	(740.40)	264.65	583.48
Net changes in cash & cash equivalents (A+B+C)	(6.23)	3.46	3.19	(0.31)	(13.88)
Cash and cash equivalents at the beginning of the year	14.87	11.23	8.04	8.35	22.23
Add: Cash acquired on amalgamation (Refer Note no. 4 h in Annexure II)	-	0.18	-	-	-
Cash and cash equivalents at the end of the year	8.64	14.87	11.23	8.04	8.35
Components of cash and cash equivalents:					
Cash on Hand	1.00	0.49	0.22	0.93	0.49
Cheques in hand	-	0.51	-	-	-
Balances with Scheduled Banks on Current Accounts	7.64	13.87	11.01	7.11	7.86
Total	8.64	14.87	11.23	8.04	8.35

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure II.

Notes:

(a) Proceeds from issuance of share capital during the year ended March 31, 2006 exclude Rs 5.20 Million relating to share capital issued for consideration other than cash.

(b) The amalgamation of Fortis Medical Centre Holdings Limited with the Company (Refer Note no.4 h in Annexure II) is a non cash transaction and hence, has no impact on the Company's cash flows for any of the years.

As per our report of even date	For and on behalf of the Board of Directors of Fortis Healthcare Limited	
For S.R.Batliboi & Co. Chartered Accountants		
	Managing Director	Director
Per Raj Agrawal Partner Membership No. 82028	Company Secretary	President Finance

Place: New Delhi
Date:September 29,2006

FORTIS HEALTHCARE LIMITED
ANNEXURE II - NOTES TO RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP, FOR FORTIS HEALTHCARE LIMITED.

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 commenced its commercial operation 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 various other hospitals in different parts of the country.

2. **Significant Accounting Policies**

(a) **Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India 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 are consistent with those used in the previous year.

(b) **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. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

(c) **Depreciation**

i) Depreciation on Leasehold Improvements is provided over the lease period.

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.

(d) **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 indirectly 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 & 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.

(e) **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.

Software

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

(f) **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 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.

(g) **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 recognized 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 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.

(h) **Investments**

Investments that are intended to be held for more than a year are classified as Long-term investments. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments, wherever required.

(i) **Inventories**

Inventories are valued as follows:

Medical Consumables and Pharmacy Items	Lower of cost and net realizable value.
Fuel	Cost is determined on weighted average basis

Other consumables, stores and spares, being immaterial in value terms, are being charged to consumption in the year of purchase.

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.

(j) **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 agreements with respective hospitals.

Interest

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

(k) **Deferred Revenue Expenditure**

Cost incurred in raising funds (Arrangement fees on Term Loan) is amortised over the period for which the funds are acquired.

(l) **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 restatement of 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 recognized as income or as expenses in the year in which they arise. Exchange differences on liabilities relating to fixed assets acquired from outside India are added to the cost of such assets.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized 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 contracts is recognized as income or as expense for the year.

(m) **Retirement Benefits**

i) Retirement benefits in the form of Provident Fund/ Pension Schemes are charged to the Profit & Loss Account of the year in which contributions to the respective funds are due.

ii) Liability for Gratuity and leave encashment is accrued and provided for on the basis of actuarial valuation made at the end of each financial year.

(n) **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. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

(o) **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.

(p) **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 management 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 management estimates.

3. **Material Regroupings**

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for the year ended March 31, 2006 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

4. **Material Adjustments**

(a) Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profits / losses of the Company is as under:

	Y/e March 31, 2006	**Y/e March 31, 2005**	**Y/e March 31, 2004**	**Y/e March 31, 2003**	**P/e March 31, 2002**
	(Rs. in Million)				
Adjustments for-					
Prior Period Items (Refer note b)					
Discount on sales	(0.69)	0.08	0.61	-	-
Purchases	(0.84)	0.16	0.29	0.34	0.05
Salaries and Wages	-	(0.79)	0.79	-	-
Professional charges to doctors	-	(1.28)	0.95	0.33	-
Sub Total	(1.53)	(1.83)	2.64	0.67	0.05
Excess Provisions/Unclaimed Balances written back (Refer note c)	0.62	0.95	(0.23)	1.57	(2.83)
Provision for doubtful debts (Refer note d)	(1.89)	1.25	0.67	0.21	(0.24)
Provision for doubtful loans and advances (Refer note e)	-	-	(1.47)	-	1.47
Bad Debts written off (Refer note f)	-	(.08)	-	-	-
Reversal of Preoperative/Preliminary Expenditure written off (Refer note g)	-	-	-	-	(26.54)
Total	**(2.80)**	**0.29**	**1.61**	**2.45**	**(28.09)**

(b) **Prior Period Items**

In the financial statements for the years ended March 31, 2006 and 2005, certain items of income / expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted to the respective years to which they relate.

(c) **Excess Provisions/Unclaimed Balances Written Back**

In the financial statements for the years ended March 31, 2006, 2005, 2004, 2003 and 2002, certain liabilities created in the earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted to the respective years in which the same were originally created.

(d) **Provision for Doubtful Debts**

During the years ended March 31,2006, 2005, 2004, 2003 and 2002, certain provisions were made for bad and doubtful debts, which pertained to earlier years. For the purpose of this statement, the said provisions, wherever required, have been appropriately adjusted to the respective years in which these debtors were accounted for.

(e) **Provision for Doubtful Loans and Advances**

During the year ended March 31, 2004, a provision was created for non recoverable Withholding Tax forming part of 'Advance Tax and Tax Deducted at Source', out of which some part related to the period ended March 31, 2002. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the year ended March 31, 2004 and the period ended March 31, 2002.

(f) **Bad Debts written off**

During the year ended March 31, 2005, certain debts relating to Fortis Medical Centre Holdings Limited, which pertained to the year ended March 31, 2004, were written off. For the purpose of this statement, the said provisions have been appropriately adjusted in the year ended March 31, 2005.

(g) **Reversal of Preoperative/Preliminary Expenditure written off**

During the year ended March 31, 2002, preoperative expenses pertaining to previous years were written off. For the purpose of this statement, the said expenses have been appropriately adjusted to the respective years in which these were incurred.

(h) **Scheme of amalgamation/merger of Fortis Medical Centre Holdings Limited with Fortis Healthcare Limited**

(i) The Scheme of Amalgamation/ merger ('the scheme') under sections 391 and 394 of the Companies Act, 1956, between Fortis Healthcare Limited ('the Company') and Fortis Medical Centre Holdings Limited ('FMCHL'), with effect from the appointed date i.e. April 1, 2004, was approved by the Hon'ble High court at New Delhi, vide its order dated October 7, 2005. The Company filed the Order of the Hon'ble High Court with the Registrar of Companies, NCT of Delhi and Haryana on December 23, 2005.

(ii) FMCHL was engaged in the business of managing and operating hospitals and as per the scheme of amalgamation, the Company shall continue to carry on the business of managing and operating chain of multi specialty hospitals.

(iii) In terms of Accounting Standard 14 – Accounting for Amalgamations issued by the Institute of Chartered Accountants of India, the Scheme of Amalgamation was accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of FMCHL became, after amalgamation, the assets and liabilities of the Company.

(iv) Pursuant to the Scheme, the business of FMCHL had been transferred to the Company on the going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of the business of FMCHL, as on April 1, 2004, stand transferred to and vested in the Company.

As per the Scheme, the Company had allotted to the members of FMCHL 1 (one) equity share of the face value of Rs. 10/-(Ten) each of the Company, credited as fully paid up for every 4 (four) equity shares of Rs. 10/- each held by the members of FMCHL in FMCHL, excepting that the equity shares held by the Company in FMCHL stood cancelled. Accordingly, 520,000 equity shares of Rs. 10/- each fully paid-up aggregating to Rs.5.2 million were allotted by the Company to the members of FMCHL. In terms of the scheme, on transfer of various assets and liabilities of FMCHL to the Company as at the appointed date, following adjustments had been made in the books of account of the Company:

	(Rs. in Million)
Net Block of Fixed Assets	37.61
Net Current Assets	(7.47)
Less: Unsecured Loan	28.55
Total Net Assets Value	1.59
Add: Loss brought forward from the amalgamating company as on the date of amalgamation i.e. April 1, 2004	19.21
	20.80
Cancellation of Share Capital of FMCHL	20.80
Share Capital to be issued by the Company to the Members of FMCHL	5.20
Adjustment arising on amalgamation credited to Amalgamation Reserve	15.60

(v) The above accounting was given effect to in the audited financial statements for the year ended March 31, 2006 since the Court order approving the scheme was received only on October 7, 2005. However, since the appointed date for amalgamation was April 1, 2004, for the purposes of the summary statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated, the effect has been considered in the year ended March 31, 2005 and accordingly, assets, liabilities, income, expenses and cash flows for the year ended March 31, 2005 have been adjusted accordingly.

5. **Non – Adjustment Item**

Upto financial year 2000-01, earned leave liability of employees was accounted for based on the actual leaves standing to the credit of employees as at the close of the year and retirement gratuity liability was accounted for as per the 'Payment of Gratuity Act, 1972'. During the year ended March 31, 2002, the Company changed its accounting policy and accounted for the liability for employees' earned leave and retirement gratuity based on actuarial valuation, in line with Accounting Standard 15, issued by the Institute of Chartered Accountants of India. As a result of this change, the accumulated liability on earned leave and retirement gratuity and the 'loss' for the said year was lower by Rs. 3.90 million.

In the summary statement of Assets and Liabilities and Profits and Losses, as restated, in the absence of relevant information, no adjustment has been made for the liability that may relate to the year ended March 31, 2001.

6. **Reconciliation of Profit & Loss Account as at April 1, 2002**

	(Rs. in Million)
Profit & Loss Account Balance as at April 1, 2002, as per audited financial statements	-
(Increase)/ Decrease in accumulated losses as at April 1, 2002 as a result of adjustments for Preoperative & Preliminary Expenditure written off	(26.54)
Profit & Loss Account Balance as at April 1, 2002, as restated	(26.54)

7. **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 under Accounting Standard 17 'Segment Reporting', other than those already provided in the financial statements.

8. **Related Party Disclosures**

Names of Related parties

Holding Company	Fortis Healthcare Holdings Limited with effect from March 31,2006.
Subsidiary Companies	a) International Hospital Limited ('IHL'), which was a board controlled subsidiary of the Company since December 20, 2002, has become 99.90% subsidiary of the company with effect from March 20, 2006. b) Oscar Bio Tech Private Limited ('OBTPL') with effect from March 21, 2006, c) Escorts Heart Institute and Research Centre Limited ('EHIRCL') with effect from September 29, 2005, d) Escorts Hospital and Research Centre Ltd. with effect from September 29, 2005, e) Escorts Heart and Super Specialty Institute Limited with effect from September 29, 2005, f) Escorts Heart and Super Specialty Hospital Limited with effect from September 29, 2005 and g) Escorts Heart Centre Limited with effect from. September 29, 2005 h) Fortis Medical Centre Holdings Limited, a subsidiary till March 31, 2004, amalgamated pursuant to the Order of Hon'ble High Court dated October 07, 2005. (Refer note 4(h) above
Associate	Sunrise Medicare Private Limited with effect from January 3, 2006
Key Management Personnel ('KMP')	Mr. Harpal Singh - Chairman 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') (Related party till March 31, 2005 – Fortis Nursing Education Society ('FNES'))

The schedule of Related Party Transactions is as under.

DETAILS OF RELATED PARTY TRANSACTIONS

Transaction details	**2005 - 06**	**2004 - 05**	**2005 - 06**	**2004 - 05**	**2005 - 06**	**2004 - 05**	**2005 - 06**	**2004 - 05**	**2005 - 06**	**2004 – 05**
	Holding Company		**Subsidiaries**		**Associate**		**Key management personnel (KMP)**		**Enterprises owned/significantly influenced by KMP/their relatives**	
Expenses allocated to related parties										
International Hospitals Ltd.	-	-	**36.40**	15.58	-	-	-	-	-	-
Oscar Bio-Tech Private Ltd.	-	-	**13.35**	-	-	-	-	-	-	-
SRL Ranbaxy Ltd.	-	-	-	-	-	-	-	-	**24.29**	15.69
Fortis Nursing Education Society	-	-	-	-	-	-	-	-	-	0.43
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	-	0.10
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**0.94**	-	-	-	-	-
Operation and Management Fees										
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**1.04**	-	-	-	-	-
Rent Income										
Fortis Nursing Education Society	-	-	-	-	-	-	-	-	-	0.66
Interest Income										
International Hospitals Ltd.	-	-	-	0.30	-	-	-	-	-	-
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**0.60**	-	-	-	-	-
Interest Expense										
International Hospitals Limited	-	-	**0.14**	-	-	-	-	-	-	-
Oscar Bio-Tech Private Ltd.	-	-	**0.31**	-	-	-	-	-	-	-
Legal and Professional charges										
Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	0.90
Sale of Fixed Assets										
International Hospitals Ltd.	-	-	-	0.81	-	-	-	-	-	-
Rehabilitation centre Income										
International Hospitals Ltd.	-	-	**0.03**	0.05	-	-	-	-	-	-
Pathology Expenses										
SRL Ranbaxy Ltd.	-	-	-	-	-	-	-	-	**12.46**	7.06
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	-	0.01
Purchases of Medical consumables and pharmacy items										
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	**16.29**	10.98
International Hospitals Ltd.	-	-	-	0.03	-	-	-	-	-	-
Managerial Remuneration										
Key Management Personnel	-	-	-	-	-	-	**6.68**	6.85	-	-
Repair and Maintenance										
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	-	0.36
Subscription of Share Capital										
Fortis Health Care Holding Ltd.	**3,451.80**	-	-	-	-	-	-	-	-	-
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	-	15.68
Licence User Agreement Fees										
Ranbaxy Holding Compay	-	-	-	-	-	-	-	-	**0.10**	-
Balances Outstanding at the year end										
Loans / Advances recoverable										
Escorts Heart Super Speciality Institute Limited	-	-	**0.29**	-	-	-	-	-	-	-
International Hospitals Ltd.	-	-	**32.13**	12.53	-	-	-	-	-	-
SRL Ranbaxy Ltd.	-	-	-	-	-	-	-	-	**20.17**	1.48
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**20.39**	-	-	-	-	-
Other Current Assets										
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**0.49**	-	-	-	-	-
Sundry Debtors										
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**1.04**	-	-	-	-	-
Unsecured Loans										
Oscar Bio-Tech Private Ltd.	-	-	**90.44**	-	-	-	-	-	-	-
Sundry Creditors										
Key Management Personnel	-	-	-	-	-	-	-	0.01	-	-
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	-	**7.20**	4.82
SRL Ranbaxy Ltd.	-	-	-	-	-	-	-	-	-	2.26
Investment										
Escorts Heart Institute Research Centre Limited	-	-	**5,889.48**	-	-	-	-	-	-	-
International Hospitals Ltd.	-	-	**402.11**	0.02	-	-	-	-	-	-
Oscar Bio-Tech Private Ltd.	-	-	**450.00**	-	-	-	-	-	-	-
Sunrise Medicare Pvt. Ltd.	-	-	-	-	**5.09**	-	-	-	-	-
Corporate Guarantee for Loans Taken										
Ranbaxy Holding Company (excluding 2,323,000 shares of	-	-	-	-	-	-	-	-	**61.93**	-
Ranbaxy Laboratories Limited pledged for loans)										

Notes:

a) All figures are in Rs Million.
b) Details of remuneration paid to key management personnel, if any, is disclosed elsewhere in the notes to accounts.
c) Expenses incurred on behalf of / by related parties, and later reimbursed by / to them have not been considered above.

Since AS – 18 on Related Party Transactions as issued by the Institute of Chartered Accountants of India, first became applicable to the Company with effect from the accounting year starting April 1, 2004, hence information for the years ended March 31, 2004, 2003 and for the period ended March 31, 2002 has not been presented above.

9. (a) Pursuant to an agreement entered into with a party, the Company has sold Hospital Land and Building situated at Mohali on October 1, 2003 for a total sale consideration of Rs. 600 million. Rs. 107.01 million, being the excess of sale consideration over the written down value of Land & Building as at October 1,2003 had been shown as 'Exceptional Item' in the Profit & Loss Account for the year ended March 31, 2004. On sale of the said assets to aforesaid party, various fixtures which were an integral part of the Building (hitherto capitalized under Plant & Machinery and Medical Equipments) but were not part of sales of aforesaid assets, had been transferred to Leasehold Improvements, to be amortized over the period of lease, as per note b below.

(b) Hospital Building has been taken on lease for a period of 10 years at Mohali and for a period of 14 years at Amritsar. The Company has also taken few Medical Equipments on operating lease for a period of 7 years. In both 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. Rental expenses in respect of operating leases are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.
The total of future minimum lease payments under the non-cancelable operating leases are as under:

(Rs. in Million)

	2005-06	**2004-05**	**2003-04**
Lease payments during the year	69.46	57.66	29.12
Minimum Lease Payments-			
Due Not later than one year	84.50	58.00	57.63
Due Later than one year but not later than five years	325.82	321.39	246.35
Due Later than five years	194.84	162.05	294.46

There being no lease arrangements during the years ended March 31, 2002 and March 31, 2003, no disclosures are required for those respective years.

(c) The Company has further sub-leased a part of the Hospital Building to a few service providers. 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 details of sublease payments expected to be received under non-cancelable subleases as at each year end are as under:

(Rs. in Million)

	2005-06	**2004-05**	**2003-04**	**2002-03**	**2001-02**
Sublease payments received for the year	2.22	0.28	0.70	1.03	0.64
Minimum Lease Payments-					
Due Not later than one year	1.76	0.15	0.28	0.70	0.84
Due Later than one year but not later than five years	6.67	0.85	0.81	4.77	4.49
Due Later than five years	4.51	2.43	3.43	2.11	2.63

10. 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 period ended March 31, 2002 and the years ended March 31 2003, 2004, 2005 and 2006 and large amounts of accumulated losses carried forward at the close of the respective years, deferred tax assets 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 utilize such losses / depreciation.

11. **Capital Commitments:**

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	83.91	8.40	6.28	0.88	1.67

12. **Contingent liabilities (not provided for) in respect of:**

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
(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 management, these claims are not likely to devolve on the Company due to their frivolous nature.	18.84	19.93	1.04	4.52	1.52
(b) Unredeemed Bank Guarantees executed in favour of lessor as security for hospital land and building taken on lease.	13.95	13.95	13.95	-	-
(c) Unredeemed Bank Guarantees executed in favour of Excise and Taxation Department, Mohali for sales tax purposes.	0.03	0.03	0.14	0.03	0.03

13. The Company has incurred losses of Rs. 276.71 million during the current year and has accumulated losses of Rs 895.67 million as at March 31, 2006 which has resulted in erosion of a portion of the Company's net worth. The cash loss component out of total loss of Rs. 276.71 million is Rs. 203.35 million and includes borrowing cost of Rs. 244.11 million relating to the investment in a subsidiary. The Company has, thus, earned operating profit of Rs. 40.76 million during the current year. In view of above and the expected improvement in the financial results projected by the management, the accounts have been continued to be prepared on a going concern basis.

14. The expenses shown in the Profit and Loss Account are net of expenses aggregating to Rs 78.71 million during the year 2005-06,Rs. 62.16 million during the year 2004-05, Rs. 40.65 million during the year 2003-04, Rs, 27.35 million during the year 2002-03 and Rs. 1.89 million during the year 2001-02 allocated/ apportioned by the Company to Subsidiary Companies, Companies under the same management and to another party with whom the Company has entered into an operations and management agreement, as per estimation made by the management. In the opinion of the Board of the Directors of the Company, the expenses so transferred are attributable to the activities of/services rendered to/availed by these companies / parties.

15. Sundry debtors' balances for Ex-Servicemen Contributory Health Scheme (ECHS) and Serving Defence Personnel of Rs 164.15 million and Rs 4.59 million respectively as at the year end remain subject to confirmation. The Company has made the provision for doubtful debts of Rs 3.19 million against the above which, in the opinion of the management, is adequate.

16. **Particulars of Unhedged Foreign Currency Exposure as at March 31, 2006:**

Particulars	Amount
Import Creditors	Rs. 7.86 million (Euro 143,045 @ closing rate of 1 Euro = Rs.54.98)
ECB Loan (Principal Amount)	Rs.295.12 million (USD 6,562,500 @ closing rate of 1 USD = Rs.44.97)
ECB Loan (Interest Accrued but not due)	Rs. 7.19 million (USD 159,994 @ closing rate of 1 USD = Rs.44.97)

17. **Remuneration to Directors debited under different heads of account is as follows**

(Rs. in Million*)*

Particulars	**2005-06**	**2004-05**	**2003-04**	**2002-03**	**2001-02**
Salaries and Allowances	5.66	5.82	5.62	2.92	1.59
Contribution to provident fund	0.44	0.44	0.43	0.19	0.05
Perquisites	0.59	0.59	0.25	0.02	0.02
Total	**6.69**	**6.85**	**6.30**	**3.13**	**1.66**

a) The above remuneration excludes contribution to Gratuity Fund / Provision for Leave Encashment.
b) The above remuneration includes the amounts allocated to other companies as referred to in Note no. 14 above.

18. As the Company had commenced the commercial operations effective June 28, 2001, the Profit & Loss Account for the year 2001-02 was prepared for the period from June 29, 2001 to March 31, 2002.

FORTIS HEALTHCARE LIMITED
ANNEXURE III - RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Fixed Assets					
Gross Block	5,821.29	1,458.13	842.00	1,345.56	1,251.94
Less: Accumulated Depreciation / Amortization	2,192.68	254.48	168.76	131.96	54.90
Net Block	3,628.61	1,203.65	673.24	1,213.60	1,197.04
Capital Work in Progress including capital advances	864.98	18.19	234.63	13.33	49.60
Expenditure during Construction Period	47.48	-	75.52	41.28	0.33
(Pending Capitalization/Allocation)					
TOTAL	**4,541.07**	**1,221.84**	**983.39**	**1,268.21**	**1,246.97**
Investments	5.40	-	-	-	-
Deferred tax assets (Refer Note 10 in Annexure IV)	55.01	-	0.01	0.01	-
Goodwill	4,265.91	-	-	-	-
Current Assets,Loans & Advances					
Inventories	102.48	21.28	12.46	15.97	18.10
Sundry Debtors	704.94	61.76	9.51	5.34	0.75
Cash and Bank Balances	167.44	16.25	14.07	9.64	8.35
Other Current Assets	54.23	17.67	7.42	8.90	4.64
Loans & Advances	380.58	56.83	31.04	135.05	16.93
Total	**10,277.06**	**1,395.63**	**1,057.90**	**1,443.12**	**1,295.74**
Liabilities and Provisions					
Secured Loans	4,819.50	731.09	434.26	1,007.36	679.78
Unsecured Loans	1,165.12	-	44.50	5.21	2.88
Deferred Payment Liabilities	103.64	-	-	-	-
Current Liabilities	789.54	213.95	202.66	137.29	157.28
Provisions	102.69	9.45	14.40	7.94	4.77
Deferred Tax Liability (Refer Note 10 in Annexure IV)	-	0.58	-	-	-
Minority Interest	179.61	213.61	144.30	-	-
Total	**7,160.10**	**1,168.68**	**840.12**	**1,157.80**	**844.71**
Net Worth	**3,116.96**	**226.95**	**217.78**	**285.32**	**451.03**
Represented by					
Equity Share Capital	1,700.00	846.54	749.05	739.53	606.98
1% Non Cumulative Redeemable Preference Share Capital	10.00	-	-	-	-
Share Application Money (Pending Allotment)	2,600.04	0.20	-	9.05	107.26
Reserves & Surplus	15.60	15.60	-	-	-
Less:					
Debit Balance of Profit & Loss Account	1,206.37	633.71	531.27	463.26	263.21
Miscellaneous Expenditure	2.31	1.68	-	-	-
(To the extent not written off or adjusted)					
Net Worth	**3,116.96**	**226.95**	**217.78**	**285.32**	**451.03**

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

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: September 29, 2006

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Managing Director | Director

Company Secretary | President Finance

FORTIS HEALTHCARE LIMITED
ANNEXURE III - RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs.in Million)

PARTICULARS	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Period Ended March 31, 2002
Income					
Operating Income	2,925.53	737.26	491.43	388.65	118.85
Other Income	46.04	41.91	9.56	11.77	3.25
Total Income	**2,971.57**	**779.17**	**500.99**	**400.42**	**122.10**
Expenditure					
Materials Consumed	1,034.13	272.37	179.53	150.65	53.97
Personnel Expenses	686.29	172.90	155.72	139.89	82.60
Operating Expenses	667.14	267.69	129.32	68.37	45.51
General and Administration Expenses	291.19	55.64	55.85	48.10	34.97
Selling and Distribution Expenses	35.79	40.51	21.39	18.45	18.25
Interest Expense	342.70	43.52	78.75	95.09	62.51
Preoperative & Preliminary Expenditure Written Off	0.53	10.33	3.49	-	34.09
Depreciation & Amortization of Intangibles	227.47	87.01	69.90	77.14	54.96
Amortization of Goodwill	222.31	-	-	-	-
Total Expenditure	**3,507.55**	**949.97**	**693.95**	**597.69**	**386.86**
Profits / (Losses) before Tax	**(535.98)**	**(170.80)**	**(192.96)**	**(197.27)**	**(264.76)**
Fringe Benefit Tax	8.59	-	-	-	-
Deferred Tax Expense	80.07	26.06	-	-	-
Income Tax Expense	25.41	-	-	-	-
Net Profits / (Losses) before Prior period & Exceptional Items	**(650.05)**	**(196.86)**	**(192.96)**	**(197.27)**	**(264.76)**
Exceptional Item (Refer Note 8a in Annexure IV)	-	-	107.02	-	-
Prior Period Items	25.02	(2.99)	-	-	-
Net Profits / (Losses) as per audited financials after eliminating inter company transactions	**(625.03)**	**(199.85)**	**(85.94)**	**(197.27)**	**(264.76)**
Adjustments on restatement (Refer Note 2 in Annexure IV)	(25.82)	32.52	(3.37)	(3.96)	28.09
Share in profits of an associate company	0.30	-	-	-	-
Net Profits / (Losses) as restated	**(650.55)**	**(167.33)**	**(89.31)**	**(201.23)**	**(236.67)**
Less: Loss transferred to Minority Interest	77.89	84.10	21.30	1.18	-
Net Profits/ (Losses) as allocable to shareholders of Fortis Healthcare Limited	**(572.66)**	**(83.23)**	**(68.01)**	**(200.05)**	**(236.67)**
Profit & Loss Account at the beginning of the year (Refer Note 5 in Annexure IV)	(633.71)	(531.27)	(463.26)	(263.21)	(26.54)
Losses Brought forward from Amalgamating Company (Refer Note 2k in Annexure IV)	-	(19.21)	-	-	-
Balance Carried Forward as restated	**(1,206.37)**	**(633.71)**	**(531.27)**	**(463.26)**	**(263.21)**

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date
For S.R.Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Per Raj Agrawal
Partner
Membership No. 82028
Place: New Delhi
Date: September 29,2006

Managing Director | Director

Company Secretary | President Finance

FORTIS HEALTHCARE LIMITED
ANNEXURE III - RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(Rs. In Million)

Particulars	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Year Ended March 31, 2002
A. Cash Flows from Operating Activities					
Net profits / (losses) after tax, as restated	(582.97)	(83.23)	(68.01)	(200.05)	(236.67)
Add: Tax Expense	113.02	0.59	-	-	-
Net profits / (losses) before tax, as restated	(469.95)	(82.64)	(68.01)	(200.05)	(236.67)
Adjustment for:					
Depreciation & Amortisation	460.09	87.00	69.90	77.14	54.96
Loss on sale of fixed assets	1.06	1.88	7.53	0.33	0.02
Provision for Doubtful Debts	6.26	1.89	2.93	2.55	3.62
Bad Debts/Sundry Balances written off	3.83	0.77	-	-	-
Miscellaneous Expenditure written off	0.93	0.36	-	-	0.05
Foreign Exchange (Gain)/Loss	10.02	(11.99)	-	-	-
Interest income	(7.08)	(4.41)	(1.77)	(3.03)	(0.44)
Interest expense	342.70	43.52	78.75	95.08	62.51
Losses Transferred to Minority Interest	(77.89)	(84.10)	(21.30)	(1.18)	-
Profit on sale of Hospital Land	-	-	(107.02)	-	-
Share in profits of an associate company	(0.30)	-	-	-	-
Operating profits/ (Losses) before working capital changes	269.67	(47.72)	(38.99)	(29.16)	(115.95)
Movement in working capital:					
Decrease / (Increase) in sundry debtors	(143.52)	(54.92)	(7.11)	(7.14)	(4.37)
Decrease / (Increase) in inventories	(19.79)	(8.81)	3.51	2.13	(18.10)
Decrease / (Increase) in loans and advances	82.87	(22.87)	8.24	(18.31)	(3.74)
Decrease / (Increase) in other current assets	(5.31)	(11.33)	1.41	(3.11)	(4.64)
Increase / (Decrease) in current liabilities	(35.61)	2.21	69.94	(23.56)	58.30
Cash generated from /(used in) operations	148.31	(143.44)	37.00	(79.15)	(88.50)
Direct Taxes Refunded/ (Paid)	(67.35)	(2.92)	(3.18)	(0.86)	(0.15)
Net Cash generated from/ (used in) operations (A)	80.96	(146.36)	33.82	(80.01)	(88.65)
B. Cash Flows from Investing Activities					
Purchase of fixed assets	(688.82)	(332.24)	(302.61)	(55.69)	(509.60)
Proceeds from sale of Fixed Assets	10.24	4.91	617.02	1.15	0.46
Fixed Deposits with Banks	(124.31)	-	-	-	-
Loans to Subsidiaries (Net)	-	-	-	-	-
Deposits with other companies (Net)	(105.80)	-	98.95	(98.95)	-
(Purchase)/Sale of Investments	(6,516.53)	-	-	(0.02)	-
Interest received	1.36	5.50	1.83	1.89	0.44
Net Cash generated from / (used in) Investing activities (B)	(7,423.86)	(321.83)	415.19	(151.62)	(508.70)
C. Cash Flows from Financing Activities					
Proceeds from issuance of share capital (Refer Note (a) below)	863.45	92.29	9.52	132.55	239.46
Proceeds from issuance of share capital/share application money to Minority Interest	-	155.00	165.60	(32.83)	-
Proceeds from/(refund of) share application money	2,599.84	0.20	(9.04)	(98.21)	87.06
Proceeds from long-term borrowings	157.40	540.95	181.61	380.79	331.56
Repayment of long-term borrowings	(332.16)	(252.67)	(504.70)	(254.71)	(11.98)
Proceeds / (Repayments) of short-term borrowings (Net)	4,161.49	(23.97)	(210.71)	200.35	0.14
Arrangement fees paid	-	(2.04)	-	-	-
Interest paid	(320.43)	(39.39)	(76.86)	(95.08)	(62.76)
Net Cash generated from / (used in) financing activities (C)	7,129.59	470.37	(444.58)	232.86	583.48
Net changes in cash & cash equivalents (A+B+C)	(213.31)	2.18	4.43	1.23	(13.87)
Cash and cash equivalents at the beginning of the year	16.25	14.07	9.64	8.35	22.22
Add: Cash and cash equivalents in respect of Subsidiaries acquired during the year	240.19	-	-	0.06	-
Cash and cash equivalents at the end of the year	43.13	16.25	14.07	9.64	8.35
Components of cash and cash equivalents:					
Cash on Hand	7.34	1.04	0.27	0.93	0.49
Cheques in hand	-	0.51	-	-	-
Balances with Scheduled Banks on Current Accounts	35.79	14.70	13.80	8.71	7.86
Total	43.13	16.25	14.07	9.64	8.35

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

Notes:

(a) Proceeds from issuance of share capital during the year ended March 31, 2006 excludes Rs 5.2 million relating to share capital issued for consideration other than cash.

(b) The amalgamation of Fortis Medical Centre Holdings Limited with the Company (Refer Note 2 (k) in Annexure IV) is a non cash transaction and hence, has no impact on the Company's cash flows for any of the years.

(c) Tax Expense considered above includes the impact of adjustments on restatement & includes current/deferred/fringe benefit tax .

As per our report of even date	For and on behalf of the Board of Directors of Fortis Healthcare Limited	
For S.R.Batliboi & Co. Chartered Accountants		
	Managing Director	Director
Per Raj Agrawal Partner Membership No. 82028	Company Secretary	President Finance

Place: New Delhi
Date: September 29,2006

ANNEXURE IV: NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP, FOR FORTIS HEALTHCARE LIMITED.

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 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 various other hospitals in different parts of the country.

The Restated Consolidated Summary Statements have been prepared specifically in connection with the proposed IPO of FHL, for inclusion in its offer document and relate to FHL, its subsidiaries and associate (the Company, together with its subsidiaries and associate, hereinafter collectively referred to as the 'Fortis Group').

B. SIGINIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Restated Consolidated Summary Statements

The Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows have been prepared by applying the necessary adjustments to the audited financial statements of the respective group entities. These audited financial statements of the group entities have been prepared under the historical cost convention, on an accrual basis and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI').

The Restated Consolidated Summary Statements comply in all material respects with the requirements of:

i). paragraph B(1) of Part II of Schedule II to the Companies Act, 1956.

ii). the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by SEBI on January 19, 2000, as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

These Restated Consolidated Summary Statements have been prepared in accordance with the requirements of AS 21 (Accounting for Consolidated Financial Statements) and AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements) respectively, issued by ICAI, 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 of the cost to the Company of its investment in Subsidiaries over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized as Goodwill or Capital Reserve, as the case may be. Goodwill is amortized over a period of 10 years, being the best management estimate of its expected useful life.

iii). Minorities' interest in net profit/loss of consolidated 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 is 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). There are no differences in reporting dates within the Fortis Group.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

(c) Depreciation

i) Except as stated in para (ii) , (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for on 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, 1956, whichever is higher.

ii) Depreciation on Leasehold Improvements is provided over the lease period.

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

iv) In respect of certain subsidiaries, depreciation is being provided for as under-

a. Depreciation on fixed assets is provided for on the written down value method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. (45% of the total net block of Fixed Assets of the Fortis Group aggregating Rs 3628.61 million as at March 31, 2006)

b. Cost of independent feeder, though incurred by the subsidiary, but ownership of which belongs to Punjab State Electricity Board, is being amortized over a period of 5 years.

v) Individual assets not exceeding Rs. 5,000 are depreciated fully in the year of purchase.

(d) 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 indirectly 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 & Loss Account. Income earned during the construction period is deducted from the total of such indirect expenditure incurred.

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.

(e) 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 best management estimates. In respect of one of the subsidiaries of the Company, software is amortized over a period of five years (78% of net block of computer software aggregating Rs 16.49 million as at March 31, 2006).

License Fees

In respect of one of the subsidiaries of the Company, intangibles denote license fees paid to a registered society for acquiring the right to receive the surplus generated from the operations of a hospital, which was in the process of being set up as at March 31, 2006. The amortization of such license fee will commence once the hospital commences commercial operations.

(f) 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 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.

(g) Leases

Where the Company 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 the Company 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.

(h) Investments

Investments that are intended to be held for more than a year are classified as Long-term investments. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments, wherever required.

(i) Inventories

Inventories are valued as follows:

(i) Medical Consumables, Pharmacy Items & Fuel	Valued at lower of cost and net realizable value. Cost is determined on weighted average basis, except in respect of one of the subsidiaries of the Company, where it is determined on FIFO basis. (13% of total Medical consumables, Pharmacy items and Fuel inventories of Fortis Group aggregating Rs 82.61 million as at March 31, 2006)
(ii) Other Consumables, Stores and Spares	Valued at cost less provision for obsolescence, except in respect of certain entities within the Group, where these being immaterial in value terms, are charged off to the Profit and Loss Account on purchase.

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.

(j) 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 agreements with respective hospitals.

Interest

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

(k) Miscellaneous Expenditure

Cost incurred in raising funds (Arrangement fees on Term Loan) is amortised over the period for which the funds are acquired.

Preliminary and pre operative expenses are charged off to the income statement in the year in which incurred, except in respect of one of the subsidiaries of the Company, where these are being amortized over a period of five years from the commencement of commercial operations. (45% of total miscellaneous expenditure (to the extent not written off or adjusted) of Fortis Group aggregating Rs 2.31 million as at March 31, 2006).

(l) 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 restatement of 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 recognized as income or as expenses in the year in which they arise. Exchange differences on liabilities relating to fixed assets acquired from outside India are added to the cost of such assets.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized 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 contracts is recognized as income or as expense for the year.

(m) Retirement Benefits

i) Retirement benefits in the form of Provident Fund/ Pension Schemes are charged to the Profit & Loss Account of the year in which contributions to the respective funds are due.

ii) Liability for retirement gratuity and leave encashment is accrued and provided for on the basis of actuarial valuation made at the end of each financial year.

iii) In respect of one of the subsidiaries of the Company, Superannuation Fund contribution is accounted for on the basis of payments made to the Superannuation Trust being maintained by its erstwhile holding company, based on the entitlement of the employees covered under the scheme.

(n) 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 case the taxable entity has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

(o) 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 its present value and are determined based on best management 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 management estimates.

C. NOTES TO ADJUSTMENTS AND REGROUPINGS IN RESTATED CONSOLIDATED SUMMARY STATEMENTS

1. Material Regroupings

Appropriate adjustments by way of reclassification of corresponding items of assets, liabilities, income and expenses have been made wherever required, in the restated summary statements of the subsidiaries, to bring them in line with the groupings as per the restated unconsolidated summary statements, prepared by Fortis Healthcare Limited.

2. Material Adjustments

(a) The results of restatements made in the audited financial statements of the entities within the Fortis Group and their impact on the profits / losses of the Group is briefly summarized as under:

(Rs. in Million)

	Y/e March 31, 2006	**Y/e March 31, 2005**	**Y/e March 31, 2004**	**Y/e March 31, 2003**	**P/e March 31, 2002**
Adjustments for :					
Prior Period Items (Refer note b)					
Discount on sales	(0.69)	0.08	0.61	-	-
Purchases	(0.84)	0.16	0.29	0.34	0.05
Salaries and Wages	-	(0.79)	0.79	-	-
Professional charges to doctors	-	(1.28)	0.95	0.33	-
Reversal of Deferred tax liability created in an earlier year	26.55	(26.55)	-	-	-
Sub Total	**25.02**	**(28.38)**	**2.64**	**0.67**	**0.05**
Unbilled Revenue from undischarged patients (Refer note c)	3.94	(3.94)	-	-	-
Provision for Consultancy Fee on undischarged patients (Refer note d)	(0.24)	0.24	-	-	-
Excess Provisions/Unclaimed Balances written back (Refer note e)	0.62	0.95	(0.30)	1.57	(2.83)
Provision for doubtful debts (Refer note f)	(1.91)	1.28	0.66	0.21	(0.24)
Provision for doubtful loans and advances (Refer note g)	-	-	(1.47)	-	1.47
Bad Debts written off (Refer note h)	(0.55)	0.47	0.08	-	-
Preoperative / Preliminary expenditure written off (Refer note i)	-	(4.20)	1.76	1.51	(26.54)
Sub Total	**1.86**	**(5.2)**	**0.73**	**3.29**	**(28.14)**
Current/deferred tax impact of adjustments (Refer note j)	(1.06)	1.06	-	-	-
Total	**25.82**	**(32.52)**	**3.37**	**3.96**	**(28.09)**

(b) Prior Period Items

In the audited financial statements for the years ended March 31, 2006 and 2005, certain items of income / expenses were identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted to the respective years to which they relate.

(c) Unbilled revenue from undischarged patients

In one of the subsidiaries, Operating income for the year ended March 31, 2006 included certain revenues relating to services provided by the entity to patients on or before March 31, 2005. For the purposes of this statement, the effect of these revenues has been credited in the period in which these services were provided, with a corresponding reduction in the income for the year ended March 31, 2006.

(d) Provision for Consultancy fee on undischarged patients

In respect of the subsidiary referred to in note c above, operating expenses for the year ended March 31, 2006 included certain expenses on account of consultancy fees paid to doctors pursuant to services provided to patients admitted on or before March 31, 2005. For the purposes of this statement, the effect of these expenses has been debited to the period in which these services were obtained, with a corresponding reduction in the expenses for the year ended March 31, 2006.

(e) Excess Provisions/Unclaimed Balances Written Back

In the audited financial statements for the years ended March 31, 2006, 2005, 2004, 2003 and 2002, certain liabilities created in the earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted to the respective years in which the same were originally created.

(f) Provision for Doubtful Debts

During the years ended March 31, 2006, 2005, 2004, 2003 and 2002, certain provisions were made for bad and doubtful debts, which pertained to earlier years. For the purpose of this statement, the said provisions, wherever required, have been appropriately adjusted to the respective years in which these debtors were accounted for.

(g) Provision for Doubtful Loans and Advances

During the year ended March 31, 2004, a provision was created for non recoverable Withholding Tax forming part of 'Advance Tax and Tax Deducted at Source', out of which some part related to the year ended March 31, 2002. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the years ended March 31, 2004 and March 31, 2002.

(h) Bad Debts written off

During the year ended March 31, 2005, certain debts, which pertained to the year ended March 31, 2004, were written off. For the purpose of this statement, the said provisions have been appropriately adjusted in the years ended March 31, 2005 and March 31, 2004.

(i) Preoperative / Preliminary Expenditure written off

In respect of the Company and one of its subsidiaries, Pre operative and Preliminary expenditure incurred prior to the commencement of commercial operations was accumulated and carried forward at each year end for a write off in the year of commencement of commercial operations.

For the purpose of this statement, the said expenses have been appropriately adjusted to the respective years in which these were incurred. Further, the debit balance in profit and loss account as at April 1, 2001, has been adjusted to reflect the impact of expenses incurred prior to March 31, 2001.

(j) Current/deferred tax impact of adjustments

This item denotes Current/deferred tax impact of the adjustments referred to in the above paras.

(k) Scheme of amalgamation/merger of Fortis Medical Centre Holdings Limited with Fortis Healthcare Limited

The scheme of Amalgamation/merger ('the scheme') under sections 391 and 394 of the Companies Act, 1956, between Fortis Healthcare Limited ('the Company') and Fortis Medical Centre Holdings Limited ('FMCHL'), with effect from the appointed date i.e. April 1, 2004, was approved by the Hon'ble High court at New Delhi vide its order dated October 7, 2005. The Company filed the Order of the Hon'ble High Court with the Registrar of Companies, NCT of Delhi and Haryana on December 23, 2005.

FMCHL was engaged in the business of managing and operating hospitals and as per the scheme of amalgamation, the Company shall continue to carry on the business of managing and operating chain of multi specialty hospitals.

In terms of Accounting Standard 14 – Accounting for Amalgamations issued by the Institute of Chartered Accountants of India, the Scheme of Amalgamation was accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of FMCHL became, after amalgamation, the assets and liabilities of the Company.

Pursuant to the Scheme, the business of FMCHL was transferred to the Company on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of the business of FMCHL, as on April 1, 2004, stand transferred to and vested in the Company.

As per the Scheme, the Company had allotted to the members of FMCHL 1 (one) equity share of the face value of Rs. 10/-(Ten) each of the Company, credited as fully paid up for every 4 (four) equity shares of Rs. 10/- each held by the members of FMCHL in FMCHL, excepting that the equity shares held by the Company in FMCHL stood cancelled. Accordingly, 520,000 equity shares of Rs. 10/- each fully paid-up aggregating to Rs.5, 200,000/- were allotted by the Company to the members of FMCHL. In terms of the scheme, on transfer of various assets and liabilities of FMCHL to the Company as at the appointed date, following adjustments had been made in the books of account of the Company:

	(Rs. in Million)
Net Block of Fixed Assets	37.61
Net Current Assets	(7.47)
Less: Unsecured Loan	28.55
Total Net Assets Value	1.59
Add: Loss brought forward from the amalgamating company as on the date of amalgamation i.e. April 1, 2004	19.21
	20.8
Cancellation of Share Capital of FMCHL	20.8
Share Capital to be issued by the Company to the Members of FMCHL	5.2
Adjustment arising on amalgamation credited to Amalgamation Reserve	15.6

The above accounting was given effect to in the audited financial statements for the year ended March 31, 2006 since the Court order approving the scheme was received only on October 7, 2005. However, since the appointed date for amalgamation was April 1, 2004, for the purposes of the summary statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated, the effect has been considered in the year ended March 31, 2005 and accordingly, assets, liabilities, income and expenses for the year ended March 31, 2005 have been adjusted accordingly.

3. Non – Adjustment Item

In respect of the Company, upto financial year 2000-01, earned leave liability of employees was accounted for based on the actual leaves standing to the credit of employees as at the close of the year and retirement gratuity liability was accounted for as per the 'Payment of Gratuity Act, 1972'. During the year ended March 31, 2002, the Company changed its accounting policy and accounted for the liability for employees' earned leave and retirement gratuity based on actuarial valuation, in line with Accounting Standard 15, issued by the Institute of Chartered Accountants of India. As a result of this change, the accumulated liability on earned leave and retirement gratuity and the 'loss' for the said year was lower by Rs. 3.90 million.

For the purposes of this statement, in the absence of relevant information, no adjustment has been made for the liability that may relate to the year ended March 31, 2001.

D. OTHER SIGNIFICANT NOTES

4. Composition of the Group

The list of Subsidiaries and Associates considered in the preparation of the restated consolidated summary statements for Fortis Healthcare Limited ('FHL' or the 'Company') is as under-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2006	Periods/years considered in preparation of restated consolidated summary statements
a) Subsidiaries			
Fortis Medical Centre Holdings Limited (Refer Note 2(k) above)	India	-	Period from February 14, 2003 to March 31, 2003 and year ended March 31, 2004
Oscar Biotech Limited	India	100.00%	Period from March 21, 2006 to March 31, 2006
International Hospital Limited (Refer Note (a) below)	India	99.90%	Period from December 20, 2002 to March 31, 2003, Years ended March 31, 2004, 2005 and 2006
Escorts Heart Institute and Research Centre Limited (Refer note (b) below)	India	90.00%	Period from September 29, 2005 to March 31, 2006
b) Associate			
Sunrise Medicare Private Limited (Refer note (c) below)	India	5.00%	Period from January 3, 2006 to March 31, 2006

a) 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.

b) Escorts Heart Institute and Research Centre Limited ('EHIRCL') became a subsidiary of the Company effective September 29, 2005. Accordingly, the restated consolidated summary statements of the Fortis Group contain a consolidation of the restated consolidated summary statements of EHIRCL and its following subsidiaries (hereinafter collectively referred to as the 'Escorts Group') prepared for the period from September 29, 2005 to March 31, 2006 ('post acquisition period'):

Name of the Company	Country of Incorporation	% of voting power held by EHIRCL
		As at March 31, 2006
Escorts Heart Centre Limited (EHCL)	India	100.00
Escorts Heart and Super Specialty Institute Limited (EHSSIL)	India	82.61
Escorts Heart and Super Specialty Hospital Limited (EHSSHL) *	India	100.00
Escorts Hospital and Research Centre Limited (EHRCL)	India	100.00

* EHSSHL was incorporated on April 24, 2003 and is yet to commence its commercial operations.

The Restated consolidated summary statements of the Escorts group for the post acquisition period have been prepared on the following basis-

- Items of income/expenses, other than for taxation, for the period April 1, 2005 to September 30, 2005 have been subtracted from the corresponding items of incomes/expenses for the year ended March 31, 2006. The resultant figures have been increased by proportionate amounts for two days arrived at by pro-rating items of income/expenses.

- Tax expense for the period has been worked out based on the effective tax rate for the year ended March 31, 2006.

c) 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. Consequently, in the restated consolidated summary statements, the Company has applied the equity method of accounting for investment in SMPL effective such date.

Management approved unaudited restated summary statements as at and for the period from January 3, 2006 to March 31, 2006 have been used for the purpose of consolidation.

5. Reconciliation of Profit & Loss Account as at April 1, 2002

	(Rs. in Million)
Profit & Loss Account Balance as at April 1, 2002, as per audited financial statements of Fortis Healthcare Limited	-
(Increase)/ Decrease in accumulated losses as at April 1, 2002 as a result of adjustments for Preoperative & Preliminary Expenditure written off	(26.54)
Profit & Loss Account Balance as at April 1, 2002, as restated	(26.54)

6. Segment Reporting

As the Group's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 'Segmental Reporting'.

7. Related Party Disclosures

(a) Names of Related parties

Holding Company	Fortis Healthcare Holdings Limited with effect from March 31, 2006.
Associate	Sunrise Medicare Private Limited, with effect from January 3, 2006
Key Management Personnel ('KMP')	Mr. Harpal Singh - Chairman of FHL and EHIRCL, Director of IHL
	Mr. Shivinder Mohan Singh - Managing Director of FHL and EHIRCL, Director of IHL
	Mr. Malvinder Mohan Singh – Director of EHIRCL
	Mr. N. K. Pandey- Escorts- Manager of EHIRCL
	(Lt. Gen.) Harcharan Singh - Director of EHIRCL
Enterprises owned or significantly influenced by key management personnel or their relatives	SRL Ranbaxy Limited ('SRL'), Ranbaxy Laboratories Limited ('RLL'), Ranbaxy Holding Company ('RHC')
	(Related party till FY 2004-05 – Fortis Nursing Education Society ('FNES'))

(b) The Schedule of Related Party transactions is as under:

Transaction details	2005 - 06	2004 - 05	2005 - 06	2004 - 05	2005 - 06	2004 - 05	2005 - 06	2004 – 05
	Holding Company		Associate		Key management personnel (KMP)		Enterprises owned/significantly influenced by KMP/their relatives	
Expenses allocated to related parties								
SRL Ranbaxy Ltd.	-	-	-	-	-	-	**24.29**	15.69
Fortis Nursing Education Society	-	-	-	-	-	-	-	0.43
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	0.10
Sunrise Medicare Pvt. Ltd.	-	-	**0.94**	-	-	-	-	-
Operation and Management Fees								
Sunrise Medicare Pvt. Ltd.	-	-	**1.04**	-	-	-	-	-
Rent Income								
Fortis Nursing Education Society	-	-	-	-	-	-	-	0.66
Interest Income								
Sunrise Medicare Pvt. Ltd.	-	-	**0.60**	-	-	-	-	-
Legal and Professional charges								
Ranbaxy Holding Company	-	-	-	-	-	-	-	0.90
Pathology Expenses								
SRL Ranbaxy Ltd.	-	-	-	-	-	-	**29.19**	**13.46**
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	0.01
Purchases of Medical consumables and pharmacy items								
Ranbaxy Laboratories Limited	-	-	-	-	-	-	**16.29**	**10.98**
Managerial Remuneration								
Key Management Personnel	-	-	-	-	**7.74**	6.85	-	-
Repair and Maintenance								
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	0.36
Subscription of Share Capital								
Fortis Health Care Holding Ltd.	**3,451.80**	-	-	-	-	-	-	-
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	15.68
Utilisation Charges Received								
Ranbaxy Laboratories Limited	-	-	-	-	-	-	**16.35**	4.39
Reimbursement of Expenses Received								
Ranbaxy Laboratories Limited	-	-	-	-	-	-	**6.00**	0.93
Upfront Fees Received								
Ranbaxy Laboratories Limited	-	-	-	-	-	-	-	10.50
Licence User Agreement Fees								
Ranbaxy Holding Compay	-	-	-	-	-	-	**0.10**	-
Balances Outstanding at the year end								
Loans / Advances recoverable								
SRL Ranbaxy Ltd.	-	-	-	-	-	-	**20.17**	1.48
Ranbaxy Laboratories Limited	-	-	-	-	-	-	**0.68**	**4.44**
Sunrise Medicare Pvt. Ltd.	-	-	**20.39**	-	-	-	-	-
Other Current Assets								
Sunrise Medicare Pvt. Ltd.	-	-	**0.49**	-	-	-	-	-
Sundry Debtors								
Sunrise Medicare Pvt. Ltd.	-	-	**1.04**	-	-	-	-	-
Sundry Creditors								
Key Management Personnel	-	-	-	-	-	0.01	-	-
Ranbaxy Laboratories Limited	-	-	-	-	-	-	**7.20**	4.82
SRL Ranbaxy Ltd.	-	-	-	-	-	-	**14.44-**	5.71
Investment								
Sunrise Medicare Pvt. Ltd.	-	-	**5.09**	-	-	-	-	-
Corporate Guarantee for Loans Taken								
Ranbaxy Holding Company (excluding 2,323,000 shares of Ranbaxy Laboratories Limited pledged for loans)	-	-	-	-	-	-	**61.93**	-

Notes:

a) All figures are in Rs Million.
b) Details of remuneration paid to key management personnel, if any, is disclosed elsewhere in the notes to accounts.
c) Expenses incurred on behalf of / by related parties, and later reimbursed by / to them have not been considered above.

(c) Since AS – 18 on Related Party Transactions as issued by the Institute of Chartered Accountants of India, first became applicable to the Company with effect from the accounting year starting April 1, 2004, hence information for the years ended March 31, 2004, 2003 and 2002 has not been presented in the annexure as referred above.

8. (a) Pursuant to an agreement entered into with a party, FHL had sold Hospital Land and Building situated at Mohali on October 1, 2003 for a total sale consideration of Rs. 600 million. Rs. 107.02 million, being the excess of sale consideration over the written down value of Land & Building as at October 1,2003 had been shown as 'Exceptional Item' in the Profit & Loss Account for the year ended March 31, 2004. On sale of the said assets to aforesaid party, various fixtures which were an integral part of the Building (hitherto capitalized under Plant & Machinery and Medical Equipments) but were not part of sales of aforesaid assets, had been transferred to Leasehold Improvements, to be amortized over the period of lease, as per note b below.

(b) Hospital Building has been taken on lease for a period of 10 years at Mohali and for a period of 14 years at Amritsar. The Company has also taken few Medical Equipments on operating lease for a period of 7 years. In both 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. Rental expenses in respect of operating leases are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

The total of future minimum lease payments under the non-cancelable operating leases are as under:

(Rs in Million)

	2005-06	**2004-05**	**2003-04**
Lease payments during the year	69.46	57.66	29.12
Minimum Lease Payments-			
Due Not later than one year	84.50	58.00	57.63
Due Later than one year but not later than five years	325.82	321.39	246.35
Due Later than five years	194.84	162.05	294.46

There being no lease arrangements during the years ended March 31, 2002 and March 31, 2003, no disclosures are required for those respective years.

(c) The Company has further sub-leased a part of the Hospital Building to a few service providers. 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 details of sublease payments expected to be received under non-cancelable subleases as at each year end are as under:

(Rs in Million)

	2005-06	**2004-05**	**2003-04**	**2002-03**	**2001-02**
Sublease payments received for the year	2.22	0.28	0.70	1.03	0.64
Minimum Lease Payments-					
Due Not later than one year	1.76	0.15	0.28	0.70	0.84
Due Later than one year but not later than five years	6.67	0.85	0.81	4.77	4.49
Due Later than five years	4.51	2.43	3.43	2.11	2.63

9. In respect of the Escorts Group, certain premises have been taken on operating leases that are renewable on mutually agreeable terms. These lease arrangements maybe terminated by either party by giving due notice as specified in the agreement. The Lease rent charged to the Profit and Loss Account on account of these agreements aggregate Rs 8.80 million.

One of the subsidiaries within the Escorts group has given premises on operating leases. Rent income included in the Profit and Loss Account towards such operating leases is Rs 0.80 million. Future minimum lease payments under non-cancellable operating lease contracts are as under-

(Rs in Million)

Minimum Lease Payments-	**2005-06**
Due Not later than one year	0.72
Due later than one year but not later than five years	1.32

10.(a) The break-up of deferred tax assets/liabilities is as under:

Description	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**
	(Rs in Million)			
Deferred tax assets on:				
Expenses debited to Profit and Loss Account and allowed in subsequent years	30.86	3.96	0.01	0.01
Accumulated losses and unabsorbed depreciation	65.84	-	-	-
Others	0.20	-	-	-
Sub-total	**96.90**	**3.96**	**0.01**	**0.01**
Deferred tax liabilities on:				
Accelerated depreciation	41.89	3.49	-	-
Others	-	1.05	-	-
Sub-total	**41.89**	**4.54**	**-**	**-**
Net deferred tax assets/(liability)	**55.01**	**(0.58)**	**0.01**	**0.01**

(b) 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 FHL during the period ended March 31, 2002 and the years ended March 31 2003, March 31,2004, March 31, 2005 and March 31, 2006 and large amounts of accumulated losses carried forward at the close of the respective years, deferred tax assets 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 utilize such losses / depreciation.

(c) In view of substantial reduction in the number of patients visiting the hospital resulting in low revenue and mounting losses, one of the subsidiaries has shut down the hospital operations in Kanpur with effect from August 31, 2005. After the closure of operations, this company is moving into the business of managing the operations of the Cardiac Care Units located at various hospitals across the country, with the view to provide exclusive focus and direction to the said unit for achieving higher efficiency. Based on this new business plan, this company would generate enough revenue to cover up all its brought forward business losses and unabsorbed depreciation. Looking into certainty of future income expected out of new business plan, this company has created deferred tax asset for brought forward losses and unabsorbed depreciation of Rs.17.33 million as at March 31, 2006.

11. Capital Commitments

(Rs in Million)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	304.38	11.31	389.09	89.72	1.67

12. Goodwill appearing in restated consolidated summary statements is after netting off Capital Reserve aggregating Rs 10.31 Million arising on the acquisition of one of the subsidiaries.

Further, the carrying value of investment in the Associate includes goodwill aggregating Rs 3.31 million.

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

(Rs in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
(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 management, these claims are not likely to devolve on the Company due to their frivolous nature.	404.99	19.92	1.04	4.52	1.52
(b) Unredeemed Bank Guarantees executed in favour of lessor as security for hospital land and building taken on lease.	13.95	13.95	13.95	-	-
(c) Unredeemed Bank Guarantees executed in favour of Excise and Taxation Department, Mohali for sales tax purposes.	0.03	0.03	0.14	0.03	0.03
(d) Demand raised by New Okhla Industrial Development Authority	-	8.32	8.32	-	-
(e) Corporate guarantee to the Governor of Haryana for the registration of Escorts Limited	35.00	-	-	-	-
(f) Others	3.77	-	-	-	-

14. In respect of one of the subsidiaries of the Company, the sales tax department, vide its order dated March 14, 2006 has made a provisional assessment and raised a demand, which has been challenged by the subsidiary before the Honorable High Court of Allahabad by filing a 'Civil Miscellaneous Writ Petition'. The High Court, vide its order dated May 17, 2006, has set aside the provisional assessment order and the assessing officer has been directed to pass a final assessment order after examining the relevant accounts or records maintained by the entity and also the law laid down by the Supreme Court of India in certain established cases relating to similar issues. Since no further demand has been raised against the entity, it is not possible to quantify the liability which may arise upon reassessment.

15. A Civil suit ('Civil Suit') has been filed for declaration and permanent injunction against Escorts Heart Institute and Research Centre Limited ('EHIRCL') amongst others in the Hon'ble High Court of New Delhi seeking amongst others-

(a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under the Societies Registration Act, 1860 (EHIRCL Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRCL Chandigarh), a society registered under the Societies Registration Act, 1860 and subsequent incorporation of EHIRCL Chandigarh Society (post amalgamation) into a Company under Part IX of the Companies Act, 1956 (i.e. EHIRCL) is void.

(b) seeking a restoration of charitable status of EHIRCL Delhi Society.

The High Court, vide its Order dated September 30, 2005 has, however, ordered the parties to maintain status quo as of September 30, 2005. The matter is being duly defended in the Court and is pending before the High Court.

Delhi Development Authority (DDA) vide its Order dated October 6, 2005 determined the lease deeds and allotment letters of EHIRCL ('DDA Order'). EHIRCL has filed an Original Miscellaneous Petition and Civil Suit in the Delhi High Court, seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRC without due process of law. The High Court has granted a stay restraining DDA from recovering physical possession of the property. The matter is pending in Delhi High Court.

The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against EHIRCL. The matter is being defended by EHIRCL and the proceedings have been suspended by the Estate Officer in view of the Order in the Letters Patent Appeal ('LPA') mentioned below.

EHIRCL filed a civil writ petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by Estate Officer, which was dismissed by the Hon'ble Single Judge. EHIRCL thereafter filed LPA against the above order before the Hon'ble Delhi High Court. The Division Bench of the Delhi High Court, while issuing notice to the Estate Officer, passed an interim order in favour of EHIRCL, directing that no final order on eviction can be passed by the Estate Officer. The LPA is pending before the High Court.

The Hon'ble High Court of Delhi in March 2004, amongst other hospitals, made EHIRCL a party to a 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 EHIRCL by DDA. The PIL is being defended and the matter is pending in the High Court.

16.(a) The Income-tax Authorities carried out a survey in EHIRCL on August 21, 2003 (certain statutory records of the subsidiary 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 Chandigarh and Delhi 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, 1999-2000 and 2000-01, wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organisation has been withdrawn in 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 subject to tax as normal business income, hence raising a cumulative demand of Rs.985.90 million (including interest of Rs.526.90 million). 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.1243.70 million (including interest of Rs.694.6 million). 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.

EHIRCL has challenged the reopening of assessment for the assessment year 1997-98 before the Delhi High Court 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 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. EHIRCL 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 amounting to Rs. 525.3 million and interest thereon amounting to Rs.291.6 million by treating the excess of assets over liabilities as short term capital gains on registration of the Amalgamated Society as a Company. EHIRCL feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, has preferred an appeal before the Income-tax Appellate Tribunal, Chandigarh, which is pending disposal.

(c) Regular assessment under section 143(3) of Income-tax Act, 1961, has been completed for assessment year 2003-04 in the case of EHIRCL, whereby a demand of Rs.42.4 million has been raised. Appeal has been filed before the Commissioner of Income-tax (Appeals) against the disallowances made in the assessment order which is pending disposal.

The management is of the view that the eventual outcome of the above matters cannot presently be estimated.

17. Pursuant to a notice under Section 59 of the Delhi Value Added Tax Act, 2004, EHIRCL submitted an application dated September 20, 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 EHIRCL is liable to pay Value Added Tax ('VAT') on the said items. EHIRCL has filed an appeal before the Delhi Value Added Tax Appellate Tribunal against the aforesaid Order of the Commissioner on April 27, 2006, which is pending for disposal. EHIRCL has, out of an abundant caution, made an estimated provision of Rs.4.80 million in the matter, without considering the items used in composite packages for which no separate bills are raised, although it is of the view that no such liability would arise.

18. Fortis Healthcare Limited has incurred losses of Rs. 276.71 million during the current year and has accumulated losses of Rs 895.67 million as at March 31, 2006 which has resulted in erosion of a portion of the Company's net worth. The cash loss component out of total loss of Rs. 276.70 million is Rs. 203.35 million and includes borrowing cost of Rs. 244.11 million relating to the investment in a subsidiary. The Company has, thus, earned operating profit of Rs. 40.76 million during the current year. Further, the promoters have infused additional funds of Rs 3,451.8 million (approx) into the Company during the financial year. The Company is also planning to raise additional funds through an Initial Public Offer during the coming months. In view of above and the expected improvement in the financial results projected by the management, the accounts have been continued to be prepared on a going concern basis.

19. The expenses shown in the Profit and Loss Account are net of expenses aggregating to Rs 77.20 million during the year 2005-06,Rs. 62.15 million during the year 2004-05, Rs. 40.65 million during the year 2003-04, Rs, 27.35 million during the year 2002-03 and Rs. 1.89 million during the year 2001-02 allocated/ apportioned by the Company to Board controlled Subsidiary Companies, Companies under the same management and to another party with whom the Company has entered into an operations and management agreement, as per estimation made by the management. In the opinion of the Board of the Directors of the Company, the expenses so transferred are attributable to the activities of/services rendered to/availed by these companies / parties.

20. In respect of FHL, Sundry debtors' balances for Ex-Servicemen Contributory Health Scheme (ECHS) and Serving Defence Personnel of Rs 164.15 million and Rs 4.59 million respectively as at March 31, 2006 remain subject to confirmation. The Company has made the provision for doubtful debts of Rs 3.19 million against the above which, in the opinion of the management, is adequate.

21. EHIRCL takes endowment/keyman insurance policies on the lives of its Chairman, Managing Director and Chief Surgeon, which, from time to time, have been assigned to the assured. The consideration for such assignments is the guaranteed surrender value as certified by Life Insurance Corporation of India. The company has been advised that such surrender value is adequate consideration for the assignments and, on receipt thereof, there is no benefit accruing as remuneration.

22. As FHL had commenced commercial operations effective June 28, 2001, the Profit and Loss Account for the year 2001-02 was prepared for the period from June 29, 2001 to March 31, 2002.

ANNEXURE V - DETAILS OF LOANS AND ADVANCES

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Unsecured, Considered good					
Advances recoverable in Cash or in kind	65.17	41.06	14.52	53.83	9.41
Security Deposits	12.82	4.33	3.61	3.45	3.38
Loans to Subsidiaries	32.13	12.53	28.55	47.70	-
Inter Corporate Deposits	105.80	-	-	98.95	-
Loans to Employees	0.01	0.07	0.13	0.96	3.02
Advance Tax and Tax deducted at source	1.75	4.93	5.15	1.97	1.11
Considered Doubtful					
Advances recoverable in Cash or in kind	0.17	0.17	0.17	-	-
Advance Tax and Tax deducted at source	2.06	2.06	2.06	1.47	1.47
Total	219.91	65.15	54.19	208.33	18.39
Less : Provision for Doubtful advances	2.23	2.23	2.23	1.47	1.47
Total	**217.68**	**62.92**	**51.96**	**206.86**	**16.92**
Amounts due from promoter group/associate companies					
International Hospital Limited	32.13	12.53	0.11	80.52	-
Fortis Medical Centre Holding Limited	-	-	28.55	2.32	-
SRL Ranbaxy limited	20.17	1.48	4.17	8.36	2.83
Escorts Heart Super Speciality Institute Limited	0.29	-	-	-	-
Sunrise Medicare Pvt. Ltd.	20.39	-	-	-	-
Fortis Financial Services	-	-	0.05	1.42	0.23

Note:-

1. The above amounts are as per the Restated Unconsolidated Summary Statement of Assets and Liabilities, as restated under Indian GAAP for Fortis Healthcare Limited.

ANNEXURE VI - DETAILS OF SUNDRY DEBTORS

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Debts Outstanding for a period exceeding 6 Months					
Unsecured,Considered Good	60.94	0.45	0.90	0.48	0.09
Considered Doubtful	12.69	10.84	7.89	5.27	-
Other Debts					
Unsecured,Considered Good	129.19	44.80	8.45	4.85	0.66
Considered Doubtful	1.64	0.06	1.14	0.90	3.62
Less : Provision for Doubtful Debts	14.33	10.89	9.03	6.17	3.62
Total	**190.13**	**45.26**	**9.35**	**5.33**	**0.75**

Note:-

1. The above amounts are as per the Restated Unconsolidated Summary Statement of Assets and Liabilities, as restated under Indian GAAP for Fortis Healthcare Limited.

ANNEXURE VII - DETAILS OF INVESTMENTS

(Rs. in Million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long Term Investments (At Cost)					
Unquoted, fully paid-up					
A. Trade					
Sunrise Medicare Pvt Ltd.	5.09	-	-	-	-
(509,366 Equity Shares of Rs.10/- each)					
B. In Subsidiary Companies					
Escorts Heart Institute & Research Center Limited	5,889.48	-	-	-	-
(1,800,300 Equity Shares of Rs.10/- each)					
(Of the above,40 shares are held by nominee share holders & 200 shares are pending registration in the name of the Company. Further, 1,800,000 shares are pledged with a Bank as security for term loan).					
International Hospital Limited	402.11	0.02	0.02	0.02	-
(4,021,090 (Previous years 160) Equity Shares of Rs.100/- each)					
(Of the above, 3,014,930 Equity Shares are pending registration in the name of the Company - since registered)					
Oscar Biotech Pvt Limited	450.00	-	-	-	-
(45,000,000 Equity Shares of Rs.10/- each)					
(Of the above, 100 shares are held by nominee share holders and 25,000 shares are pending registration in the name of the Company-since registered)					
Total	6,746.68	0.02	0.02	0.02	-
Aggregate amount of quoted investments	-	-	-	-	-
Aggregate amount of unquoted investments	6,746.68	0.02	0.02	0.02	-

Note:-

1. The above amounts are as per the Restated Unconsolidated Summary Statement of Assets and Liabilities, as restated under Indian GAAP for Fortis Healthcare Limited.

ANNEXURE VIII - STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFITS/LOSSES)

Particulars	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Period ended March 31, 2002
Basic Earnings / (Loss) per share (Rs.)	(3.25)	(1.06)	(0.77)	(2.80)	(4.81)
Diluted Earnings/ (Loss) per share (Rs.)	(3.25)	(1.06)	(0.77)	(2.68)	(4.72)
Return on Net Worth %	-8%	-35%	-25%	-67%	-52%
Net Asset Value per share (Rs.)	20.11	2.86	3.11	3.92	7.43
Weighted average number of equity shares used for:					
Basic Earnings/ (Loss) per share	85,025,352	78,719,820	74,658,359	69,754,738	49,166,605
Diluted Earnings/ (Loss) per share	85,061,781	78,723,957	74,868,430	72,986,784	50,126,074

Ratios have been computed as per the following formula

Basic Earnings/ (Loss) per share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax,as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/ (Loss) per share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax,as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\frac{\text{Net Profit/(loss) after Tax,as restated}}{\text{Net Worth,as restated,at the end of the year (excluding preference share capital)}}$

Net Asset Value (NAV) per share (Rs.)= $\frac{\text{Net Worth,as restated,at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of year}}$

1. Weighted average no. of equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.
2. Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated unconsolidated summary statements of the Company.
3. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
4. Net worth means Equity Share capital + Share Application Money pending allotment + Reserves and Surplus (excluding asset revaluation reserve) - Miscellaneous Expenditure not written off or adjusted-Debit balance in Profit and Loss Account.
5. The figures above are based on the restated unconsolidated financial statements of Fortis Healthcare Limited.

ANNEXURE IX - DETAILS OF SECURED AND UNSECURED LOANS

SECURED LOANS

(Rs. in Million)

S. NO	Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
I)	**WORKING CAPITAL LOANS**					
A	**FROM BANKS**					
1	Secured by first charge on current assets both present and future of the Company situated at Fortis Hospital, Mohali and is also secured by Corporate Guarantee from Ranbaxy Holding Company (RHC).	20.79	-	-	-	-
2	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).	41.14	-	-	-	-
3	Working Capital Demand Loan / Bank Overdraft Secured by first pari passu hypothecation charge over present and future current assets of the Company, with an asset cover of 1.35 times.Further secured by Corporate Guarantee from Ranbaxy Holding Company covering principal and interest.	-	20.53	-	-	-
	SUB-TOTAL	**61.93**	**20.53**	**-**	**-**	**-**
II)	**TERM LOANS**					
A)	**LONG TERM LOANS**					
	FROM BANKS					
1	Secured by first charge by way of hypothecation of all present and future moveable properties of the company which inter alia include plant and machinery, medical equipments, computers, furniture and fixtures and other fixed assets installed / stored at Mohali,Punjab or kept at any other hospital site. **(ECB Loan denominated in foreign currency).**	295.12	327.90	-	-	-
2	Secured by way of first charge of all present and future fixed assets of the company (excluding vehicles hypothecated against specific loans)	-	-	250.00	-	-
3	Secured by first charge on a pari-passu basis over the present and future fixed and movable assets of the company(excluding assets of the hospital at Mohali charged for working capital facilities from a bank and vehicles hypothecated against specific loans	-	-	-	750.00	-
4	Secured by first pari-passu charge over the present and future fixed assets and movable assets (excluding those charged for working capital facilities) of the hospital at Mohali.	-	-	-	-	672.29
5	Secured by pledge of 1,800,000 shares of Escorts Heart Institute & Research Center Ltd.(EHIRCL) and also secured by personal guarantee of two Directors of the Company.	3,000.00	-	-	-	-
6	Secured by Second charge by way of hypothecation over movable Fixed Assets of the company and further secured by pledge of 7,50,000 Shares of Ranbaxy Laboratories Ltd (RLL) by Ranbaxy Holding Company (RHC) and also secured by personal guarantee of two Directors of the Company.	500.00	-	-	-	-
	SUB-TOTAL	**3,795.12**	**327.90**	**250.00**	**750.00**	**672.29**

B)	SHORT TERM LOANS	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
	FROM BANKS					
1	Secured by first charge over current assets of the Company and further secured by guarantee from Ranbaxy Holding Company.	-	-	-	100.00	-
2	Secured by second charge over the present and future fixed Assets of the company and present and future fixed and movable assets of International Hospital Limited (a subsidiary company) and further secured by guarantee from Ranbaxy Holding Company.	-	-	-	150.00	-
	SUB-TOTAL	-	-	-	250.00	-
III)	**VEHICLE LOANS**					
1	Secured by hypothecation of respective vehicles	6.04	2.21	3.26	7.36	7.49
	SUB-TOTAL	**6.04**	**2.21**	**3.26**	**7.36**	**7.49**
	GRAND TOTAL	**3,863.09**	**350.64**	**253.26**	**1,007.36**	**679.78**

UNSECURED LOANS

(Amounts in Rs. Million)

S. NO	Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
A	**From Banks**					
1	Obtained on Personal Guarantee of Managing Director	300.00	-	-	-	-
2	Obtained by pledge of 1,573,000 shares of Ranbaxy Laboratories Limited (RLL) by Ranbaxy Holding Company (RHC).	300.00	-	-	-	-
B	**From a Financial Institution- Housing Development Finance Corporation Ltd.**	-	-	-	0.70	2.87
C	**From a Body Corporate**	-	-	44.50	-	-
D	**From Subsidiaries**	90.44	-	46.21	-	-
	TOTAL	**690.44**	**-**	**90.71**	**0.70**	**2.87**

Notes:

1) Interest on Overdraft Facility/ Working Capital Demand Loans was payable in the range of 8.5% to 12%; 8.5% to 10%; per annum for the years ended March 31, 2005 and 2006 respectively.
2) Interest on Term Loans from banks was payable in the range of 13% to 13.5%; 11% to 13.5%; 11%; 11%; 7.5% to 10%; per annum for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 respectively. Foreign currency Loan carries interest in the range of 3.3% to 4.27% and 4.27% to 6.36% for the years ended March 31, 2005 and 2006 respectively.
3) Interest on Short Term Loans from banks was payable in the range of 10% to 11% per annum for the year ended March 31, 2003.
4) Interest on Vehicle Loans was payable in the range of 11%; 11% to 11.67%; 9.5% to 10.42%; 10% to 11.78%; 6.23% to 8.16% per annum for the year ended March 31, 2002, 2003, 2004, 2005 and 2006 respectively.
5) Interest on Unsecured Loans from Banks was payable in the range of 8.5% to 11% per annum for the year ended March 31, 2006.
6) Interest on Unsecured Loans from a Financial Institution was payable at the rate of 10% per annum for the years ended March 31, 2002 and 2003.
7) Interest on Unsecured Loans from a Body Corporate was payable in the range of 7% to 11% per annum for the year ended March 31, 2004.
8) Interest on Unsecured Loans from Subsidiaries was payable at the rate of 10% per annum both for the years ended March 31, 2004 and March 31, 2006.
9) The above amounts are as per the Statement of Assets and Liabilities, as restated of Fortis Healthcare Limited.

ANNEXURE X - DETAILS OF OTHER INCOME

(Rs. in Million)

PARTICULARS	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Period Ended March 31, 2002
Other income	21.91	25.52	22.03	13.52	3.25
Net Profits/(Losses) before tax, as restated after prior period and extraordinary items	(274.50)	(83.65)	(57.41)	(195.49)	(236.67)
Percentage	-*	-*	-*	-*	-*

Source of other income	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Period Ended March 31, 2002	Nature	Related/Not related to Business activity
Rehabilitation Centre	9.70	4.71	4.91	3.69	0.38	Recurring	Related
Rent	2.26	1.74	1.02	1.03	0.63	Recurring	Related
Interest	6.74	4.71	14.65	7.27	0.44	Recurring	Non Related
Exchange gain	-	12.54	-	-	-	Non-Recurring	Related
Miscellaneous Income	3.21	1.82	1.45	1.53	1.80	Recurring	Related
Total	**21.91**	**25.52**	**22.03**	**13.52**	**3.25**		

Notes :

(i) * Since there is a net loss before tax, as restated, the percentages have not been shown.
(ii) The details of "Other Income" disclosed above are stated after adjusting the effect of restatement. The same have been shown gross of restatement in the summary Statement of Profits & Losses, as restated and the adjustments have been listed separately.
(iii) The classification of other income as recurring/non-recurring and related/not related to business activity is based on the current operation and business activity of Fortis Healthcare Limited as determined by the management.
(iv) The above amounts are as per the Restated Unconsolidated Summary statement of Profits and Losses of Fortis Healthcare Limited.

ANNEXURE XI - CAPITALISATION STATEMENT AS AT MARCH 31, 2006

(Rs. in Million)

	Pre Issue	Post Issue
Borrowings		
Short Term Debt	4,252.37	
Long Term Debt	404.79	
Total Debts	4,657.16	
Shareholders' funds		
Equity Share Capital	1,700.00	
1% Non Cumulative Redeemable Preference Share Capital	10.00	
Share Application money pending allotment	2,600.04	
Reserves & Surplus	15.60	
Profit & Loss Account (Debit Balance)	(895.67)	
Total shareholders' funds	3,429.97	
Long Term debt/equity ratio	0.12	

Notes:

1) Short Term debt represents debts which are due within twelve months from 31st March,2006.
2) Long Term debt represents debt other than short term debt as defined above.
3) Reserves represent reserves arising out of amalgamation of Fortis Medical Centre Holdings Limited with the Company.
4) Long term debt/equity :- Long Term Debt / Total Shareholder's funds
5) Shareholders' Funds considered above include Share Application Money pending allotment.
6) The above amounts are as per the Restated Unconsolidated Summary Statement of Assets and Liabilities of Fortis Healthcare Limited.

ANNEXURE XII - STATEMENT OF TAX SHELTER

(Rs. in Million)

	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Net Profit/(Loss) before tax as restated (a)	(276.70)	(59.78)	(57.41)	(195.49)	(236.67)
Income tax rates applicable	33.66%	36.59%	35.88%	36.75%	35.70%
Tax at notional rates	(93.14)	(21.87)	(20.60)	(71.84)	(84.49)
Income tax provision in books	-	-	-	-	-
Permanent Differences					
Expenses disallowed	2.25	2.02	2.72	2.40	1.15
Pre operative Expenditure written off disallowed	-	-	-	-	34.03
Profit on sale of hospital land & building considered separately	-	-	(107.02)	-	-
Total (b)	**2.25**	**2.02**	**(104.30)**	**2.40**	**35.18**
Temporary Differences					
Difference between tax depreciation and book depreciation	13.83	(20.97)	(36.47)	(119.32)	(160.39)
Provision for doubtful debts & advances	3.68	1.67	3.62	2.55	5.08
Provision for Retirement Benefits	5.72	(6.05)	5.50	3.96	3.95
Other disallowances	(2.08)	0.56	1.84	3.80	0.78
Total (c)	**21.15**	**(24.79)**	**(25.51)**	**(109.01)**	**(150.58)**
Losses adjusted against Capital Gains/Income from Other Sources (d)	-	-	154.79	-	0.13
Net adjustments (e=b+c+d)	**23.40**	**(22.77)**	**24.98**	**(106.61)**	**(115.27)**
Business losses carried forward for set off in subsequent years (f=a+e)	(253.30)	(82.55)	(32.43)	(302.10)	(351.94)

Notes to the tax shelter statement

1. The aforesaid Statement of Tax Shelters has been prepared as per the Restated Unconsolidated Summary Statement of Profits and Losses, as restated, of Fortis Healthcare Limited.
2. The permanent/timing differences have been computed considering the acknowledged copies of the income-tax returns filed by the Company for each of the respective years presented in the above statement.Disallowances made by the tax authorities on account of assessments, proceedings etc. have been adjusted to losses of the respective years to which they pertain.
3. The figures for the year ended March 31, 2006 are based on the provisional computation of total income prepared by the Company. Since the Company is yet to file the income tax return for the said financial year, the working above is subject to any changes which maybe made between the date of this statement and the date of filing the income tax return with the income tax authorities.
4. Fortis Medical Centre Holdings Limited ("FMCHL") (an erstwhile Board controlled subsidiary) got merged with the Company effective April 1, 2004 vide scheme of amalgamation dated October 7, 2005 sanctioned by the High Court at Delhi. The Company is yet to file a revised return for AY 2005-06 and accordingly the loss of FMCHL for the said assessment year is not included in the figure of restated loss considered above. For the same reason, the above statement also does not take into consideration the brought forward losses of FMCHL as on April 1, 2004.

ANNEXURE XIII - STATEMENT OF TAX BENEFITS

Auditor's Report

The Board of Directors,
Fortis Healthcare Limited,
Escorts Heart Institute & Research Centre,
Okhla Road,
New Delhi – 110 025.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its share holders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co
Chartered Accountants

Per Raj Agrawal
Partner
Membership No: 82028
Place: New Delhi
Date: September 29,2006

STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

1. To the Company - Under the Income-tax Act, 1961 (the Act)

1.1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.

1.2 Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998

1.3 Under section 80-IB of the Act, profits of an undertaking deriving profits from the business of operating and maintaining a hospital in rural area, is eligible for 100% deduction for first five years subject to conditions specified in that section. However, Finance Act 2006 has introduced section 80AC which provides that no deduction under section 80-IB shall be allowed if the return is not filed on or before the due date.

1.4 In terms of Section 115JAA (1A) of the Act tax credit shall be allowed for any Assessment Year commencing on or after April 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set-off any tax payable under the normal provisions in excess of MAT payable for that relevant year. MAT credit in respect of MAT paid prior to AY 2007-08 shall be available for set-off upto 5 years succeeding the year in which the MAT credit initially arose. However, as per Finance Act 2006 MAT credit for MAT paid for AY 2007-08 or thereafter shall be available for set-off upto 7 years succeeding the year in which the MAT credit initially arose.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006, long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –

(i) National Highways Authority of India (‘NHAI’) constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

(ii) Rural Electrification Corporation Limited (‘RECL’), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions.

d) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India (‘NHAI’) constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

(ii) Rural Electrification Corporation Limited (‘RECL’), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.

i) **Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]**

(i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

(ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

(iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

(iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

(v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

2.3 Foreign Institutional Investors (FIIs)

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

e) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

2.4 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

c) In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

AUDITORS' REPORT

The Board of Directors
Escorts Heart Institute and Research Centre Limited
Okhla Road
New Delhi - 110025

Dear Sirs,

We have examined the consolidated financial information of Escorts Heart Institute and Research Centre Limited (the Company) and its subsidiaries, annexed to this report, which has been prepared in accordance with the requirements of:

i. The instructions received from the Company, requesting us to examine the consolidated financial information referred to above in connection with the proposed initial public offer of equity shares by Fortis Healthcare Limited, the holding company;
ii. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
iii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

Consolidated financial information of the Company

1. We have examined the attached Statement of Adjusted Consolidated Assets and Liabilities of the Company and its subsidiaries as at March 31, 2002, 2003, 2004, 2005 and 2006 (Annexure-I) and the accompanying Statement of Adjusted Consolidated Profits and Losses of the Company and its subsidiaries for the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 (Annexure-II) (Summary Statements). We have not examined the restated financial statements of Escorts Heart Centre Limited and Escorts Hospital and Research Centre Limited, which have been examined by other auditors whose reports have been furnished to us and our confirmation, insofar as it relates to the amounts in respect of these subsidiaries, is based solely on the reports of these auditors. These Summary Statements have been extracted by the Company from the consolidated financial statements of the Company and its subsidiaries for the respective periods, duly approved by the Board of directors and audited by us.
2. Based on our examination of these Summary Statements, we confirm that:
   i. Material amounts relating to adjustments for the previous years have been identified and adjusted in arriving at the consolidated profits/losses for the years to which they relate irrespective of the year in which the event triggering the consolidated profit or loss occurred;
   ii. There were no qualification in the auditors' reports on the consolidated financial statements for the financial years ended on March 31, 2002, 2003, 2004 and 2005.
   The qualifications in the auditors' report on the consolidated financial statements for the year ended March 31, 2006 have been adjusted in that year [refer to note 8(a)(i) in Annexure III], except in respect of the qualifications, the effect of which cannot presently be quantified and which have been stated in paragraph 3 below;
   iii. The changes in accounting policies which required adjustments to arrive at the Summary Statements have been carried out [refer to note 2(b) in Annexure III] except for a change in recognizing unbilled revenue with effect from financial year ended on March 31, 2004, for want of necessary information for prior years, as stated in note 2(a) in Annexure III; and
   iv. There are no extraordinary items which are required to be disclosed separately in Summary Statements.
3. Attention is invited to:
   - note 16 in Annexure III, which sets out in details the position with regard to certain demands aggregating Rs.2060.62 millions (net of demands raised twice in respect of certain years) raised by the Income-tax Authorities; and
   - note 15 in Annexure III, which sets out in details the position of land under leasehold arrangements with Delhi Development Authority.

   The matters are pending in appeals at various stages, the eventual outcome of which cannot presently be estimated. We are unable to express an opinion at this stage in these matters.
4. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 on the equity shares. The Company had no other class of shares during these years.
5. We have examined the following consolidated financial information relating to the Company, attached to this report:
   i. The significant accounting policies followed and notes pertaining to the Summary Statements, enclosed as Annexure-III.
   ii. Statement of Adjusted Cash Flows, enclosed as Annexure-IV.

iii. Summary of accounting ratios based on the adjusted profits relating to earnings per share, net assets value and return on net worth, enclosed as Annexure-V.
iv. Statement of Capitalisation as at March 31, 2006, enclosed as Annexure-VI.
v. Statement of Tax Shelter, enclosed as Annexure-VII.
vi. The details of transactions with the related parties in accordance with the Accounting Standard 18 – Related Party Disclosures issued by the Institute of Chartered Accountants of India (refer to note 19 in Annexure-III).

6. This report is intended solely for your information and for forwarding it to Fortis Healthcare Limited, the holding company, for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For A. F. Ferguson & Co.
Chartered Accountants

J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - I

STATEMENT OF ADJUSTED CONSOLIDATED ASSETS AND LIABILITIES

(Rs. in millions)

	Particulars	As at March 31,				
		2006	2005	2004	2003	2002
A	**Fixed assets**					
	Gross block	3,647.45	3,603.45	3,440.88	2,401.88	1,432.92
	Less: Depreciation	1,890.45	1,684.90	1,417.24	1,018.87	909.65
	Net block	**1,757.00**	**1,918.55**	**2,023.64**	**1,383.01**	**523.27**
	Add: Capital work in progress	475.75	401.38	129.31	45.30	468.97
	Total	**2,232.75**	**2,319.93**	**2,152.95**	**1,428.31**	**992.24**
B	**Project and pre-operative expenditure pending allocation**	1.16	1.14	0.47	-	14.16
C	**Investments**	-	-	-	230.84	307.93
D	**Deferred tax assets (net)**	53.49	112.31	79.68	34.25	32.74
	(Refer to note 8 in Annexure III)					
E	**Current assets, loans and advances**					
	Inventories	67.37	62.71	46.25	43.22	32.74
	Sundry debtors	457.12	285.53	165.02	77.73	26.65
	Cash and bank balances	33.51	53.22	35.45	113.68	219.89
	Loans and advances	142.88	218.64	428.10	336.21	501.44
	Other current assets	25.70	42.49	44.40	26.42	47.85
	Total	**726.58**	**662.59**	**719.22**	**597.26**	**828.57**
F	**Liabilities and provisions**					
	Secured loans	520.59	491.51	468.66	253.85	60.30
	Unsecured loans	172.19	248.14	190.00	-	-
	Current liabilities and provisions	502.99	428.63	398.40	247.91	494.78
	In-patient advances	25.61	42.43	44.31	-	-
	Total	**1,221.38**	**1,210.71**	**1,101.37**	**501.76**	**555.08**
G	**Minority Interest**	**-**	**9.02**	**18.02**	**30.26**	**25.71**
H	**Net worth - Total (A+B+C+D+E-F-G)**	**1,792.60**	**1,876.24**	**1,832.93**	**1,758.64**	**1,594.85**
I	**Represented by**					
	1. Share Capital	20.00	20.00	20.00	20.00	20.00
	2. Reserves and surplus	1,773.64	1,858.32	1,816.05	1,742.80	1,575.71
	Total	**1,793.64**	**1,878.32**	**1,836.05**	**1,762.80**	**1,595.71**
	Less: Miscellaneous expenditure to the extent not written-off or adjusted	1.04	2.08	3.12	4.16	0.86
	Net worth	**1,792.60**	**1,876.24**	**1,832.93**	**1,758.64**	**1,594.85**

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar   Sandeep Kapoor

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - II

STATEMENT OF ADJUSTED CONSOLIDATED PROFITS AND LOSSES

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Income					
Operating income:					
Income from:					
In-patients	2,942.37	2,708.91	2,394.59	1,847.69	1,473.77
Out-patients	200.87	206.29	140.53	86.97	77.42
Income from satellite centres	49.04	45.72	29.11	17.13	-
Less : Subsidy	297.72	226.06	178.74	135.03	96.75
	2,894.56	2,734.86	2,385.49	1,816.76	1,454.44
Other income	28.32	34.86	79.24	96.60	120.18
(refer note 3 in Annexure III)					
Total	**2,922.88**	**2,769.72**	**2,464.73**	**1,913.36**	**1,574.62**
Expenditure					
Materials consumption	987.53	941.91	813.22	594.37	394.69
Staff Costs	828.81	740.39	611.71	452.98	349.01
Professional fees	84.00	72.00	70.00	70.00	70.00
Other operating expenses	388.57	348.44	274.57	177.63	138.06
Administration and other expenses	295.26	254.81	249.07	220.38	170.29
Provision for diminution in the value of investment	-	-	-	-	6.46
Depreciation	246.01	276.91	290.75	143.62	79.79
Interest	62.26	65.82	58.88	5.60	-
Miscellaneous expenditure written off	1.04	1.04	1.04	1.04	-
Total	**2,893.48**	**2,701.32**	**2,369.24**	**1,665.62**	**1,208.30**
Profit before tax	**29.40**	**68.40**	**95.49**	**247.74**	**366.32**
Provision for taxation :					
- Current tax	(56.38)	(70.05)	(80.04)	(94.00)	(127.00)
- Fringe benefit tax	(7.90)	-	-	-	-
- Deferred tax (charge) / benefit	(58.81)	32.62	42.48	1.51	(15.33)
Profit / (loss) after tax before minority interest and pre-acquisition cost adjustments	**(93.69)**	**30.97**	**57.93**	**155.25**	**223.99**
Minority Interest	9.02	11.29	15.32	8.38	-
Profit / (loss) before pre-acquisition cost adjustments	**(84.67)**	**42.26**	**73.25**	**163.63**	**223.99**
Goodwill	-	-	-	3.46	-
Capital reserve	-	-	-	(5.45)	-
Profit / (loss) for the year	**(84.67)**	**42.26**	**73.25**	**161.64**	**223.99**

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar   Sandeep Kapoor

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE- III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF STATEMENT OF ADJUSTED CONSOLIDATED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED CONSOLIDATED PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004, 2005 AND 2006.

1. Statement of Accounting policies

a) Principles of consolidation

1. The consolidated financial statements relate to Escorts Heart Institute and Research Centre Limited ('the Company') and its Subsidiary Companies. The consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

- the result of operations of a subsidiary are included in the consolidated financial statements as from the date on which parent-subsidiary relationship came in existence.

- the excess of cost to the Company of its investments in the Subsidiary Companies over the Company's portion of equity of the shareholders at the date on which investment in subsidiaries is made is recognised in the financial statements as goodwill, which is amortised over a period of ten years.

- the excess of Company's portion of the equity of the subsidiaries at the date on which investment in subsidiaries is made over cost thereof to the Company, is credited to capital reserve.

2. The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held				
		As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Escorts Heart Centre Limited (EHCL)	India	100.00	77.16	77.16	77.16	75.96
Escorts Heart and Super Specialty Institute Limited (EHSSIL)	India	82.61	82.61	80.42	78.89	75.98
Escorts Heart and Super Specialty Hospital Limited (EHSSHL)*	India	100.00	100.00	98.80	-	-
Escorts Hospital and Research Centre Limited (EHRCL)	India	100.00	100.00	100.00	-	-

* Incorporated on April 24, 2003 and yet to commence its commercial operations.

3. These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, on the audited financial statements prepared for consolidation in accordance with the requirements of Accounting Standard 21 by the concerned subsidiaries.

b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses relating to acquisition and installation of assets.

c) Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of fixed assets are capitalised as part of cost of such asset upto the date the assets are put to use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

d) Depreciation

(i) Depreciation on fixed assets is provided on the written down value method on a pro-rata basis at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions is charged for the full month irrespective of the date of acquisition/deletion. No write-off is made in respect of leasehold land, as the leases are for long term.
Intangible asset in the form of software for internal use is amortised on straight line basis, over a period of five years.

(ii) Cost of Independent feeder, though incurred by EHSSIL but ownership of which belongs to Punjab State Electricity Board (PSEB), is being amortised, over a period of five years.

e) Investments

Long term investments are stated at cost or under.

f) Inventories

Stores and spares are valued at cost or under. Medical consumables and drugs and pharmaceuticals are valued at the lower of cost and net realisable value. Weighted average method is used in determining the cost of inventories.

g) Revenue recognition

Revenue is recognised on an accrual basis and includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the end of the financial period except in respect of the years ended March 31, 2002 and 2003, in which revenue from patients was recognised on discharge of the patients i.e. bills raised (Also refer to note 2 below).

h) Research and development expenditure

Research and development expenses excluding capital expenditure are charged to revenue in the year in which these are incurred.

i) Retirement benefits

Provisions for gratuity, superannuation and leave encashment benefits are determined on an actuarial valuation at the year end. The contributions to the provident and other funds are charged against revenue every year. Superannuation charges in EHRCL have been accounted for on the basis of payments made to the Superannuation Trust maintained by the ultimate holding company based on the entitlement of the employees covered under the scheme.

j) Foreign currency transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise except where the foreign currency liabilities have been incurred in connection with fixed assets acquired up to March 31, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where the exchange differences are adjusted in the carrying amount of concerned fixed assets.

k) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

l) Miscellaneous expenditure (to the extent not written off or adjusted)

i) "Preliminary expenses" incurred by EHSSIL during construction period are written off over a period of 5 years from the date of commencement of commercial operations.

ii) Project and preoperative expenditure incurred upto January 31, 2003 being:-

a) project and preoperative expenditure other than expenditure which can be allocated directly have been allocated to buildings, plant and machinery, medical equipments and furniture and fixtures of EHSSIL in the ratio of direct cost of concerned assets; and
b) indirect expenditure not related to construction activity has been carried forward under the head "Project and preoperative expenditure" to be written off over a period of 5 years from the date of commencement of commercial production i.e. February 1, 2003.

m) Preliminary expenses

Preliminary expenses / fees paid for increase in authorized capital by EHRCL is charged to profit and loss account as and when incurred.

CONSOLIDATED NOTES

2. a) The Statement of Adjusted Consolidated Profits and Losses for the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 and the Statement of Adjusted Consolidated Assets and Liabilities as at March 31, 2002, 2003, 2004, 2005 and 2006 reflect the profits and losses and assets and liabilities for each of the relevant years indicated above. These statements have been prepared by extracting from the audited consolidated profit and loss accounts and consolidated balance sheets for the aforesaid years after making therein the disclosures and adjustments [refer to note 2(b) and 8(a)(i) below] required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 except for a change in recognising unbilled revenue with effect from the year ended March 31, 2004, as stated in note 1(g), for want of necessary information for prior years.

b) During the year 2001-02, the Company changed the policy of determining provision for gratuity and leave encashment from an arithmetical basis to actuarial basis. Accordingly provision written back of Rs.24.33 millions has been adjusted in the profit and loss account.

3. The analysis of the other income is as under:

(Rs. in millions)

Particulars	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Dividend received from Unit Trust of India	-	-	-	-	1.58
Interest on:					
Investments	-	-	5.32	30.18	39.30
Fixed deposits	0.19	0.36	0.90	6.23	33.93
Income tax refund	-	1.90	-	-	-
Others including Inter Corporate Deposits	8.11	19.22	29.92	33.85	23.63
Profit on sale of assets	0.81	0.45	1.00	2.02	0.08
Profit on sale of investment	-	-	19.47	1.86	-
Surrender value of keyman insurance policies	11.22	-	9.77	8.58	13.96
Others	7.99	12.93	12.86	13.88	7.70
Total	**28.32**	**34.86**	**79.24**	**96.60**	**120.18**

Most of the above items of other income are of recurring nature, arising in and incidental to normal business activities of the Company.

4. The Company has not declared any dividend during the financial years ended March 31, 2002, 2003, 2004, 2005 and 2006.

5. (a) Claims against the Company not acknowledged as debts in the reported five years:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Claims for medico legal cases	384.32	416.49	387.03	357.60	367.51
Others	3.77	1.00	0.85	0.30	1.50

The Company has taken professional indemnity / error and omission policies to cover the hospital, its doctors and staff for any possible liability arising from claims for medico legal cases. (Insurance cover of Rs.574 millions taken by the Company).

(b) The charge by way of hypothecation, created by the Company on its receivables and collectibles:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Charge for the amounts alongwith all interest, liquidated damages, front end fees, etc., due and payable by Escorts Limited, the erstwhile holding company	-	875.00	875.00	875.00	750.00

The above charge is on account of:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Subscription to non-convertible debentures of Escorts Limited, by ICICI Bank Limited	-	750.00	750.00	750.00	750.00
Financial assistance to Escorts Limited	-	125.00	125.00	125.00	-

(c) Corporate guarantee given by EHRCL to the Governor of Haryana in respect of:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Registration of Escorts Limited, the erstwhile ultimate holding company, under Haryana Value Added Tax Act, 2003	35.00	35.00	35.00	-	-

However, the Company has received a comfort letter from Fortis Healthcare Limited, holding company, for liability (if any) which may arise under this guarantee.

6. Estimated amount of contracts remaining to be executed on capital account in the reported five years:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Capital commitments	169.74	188.12	300.89	156.42	116.16

7. The Company takes endowment/key-men insurance policies on the lives of its Chairman, Managing Director and Chief Surgeon which, from time to time, have been assigned to the assured. The consideration for such assignments is the guaranteed surrender value as certified by the Life Insurance Corporation of India. The Company has been advised that such surrender value is adequate consideration for the assignments and, on receipt thereof, there is no benefit accruing as remuneration.

8. a) (i) EHSSIL started its commercial operation from February 1, 2003 and has incurred losses. Since the gestation period in such projects are comparatively longer and the losses reflect mainly depreciation charge and finance cost, the management based on future projections, is of the view that there will be sufficient future taxable income against which the following net deferred tax assets as at the end of respective years, will be realized:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Net deferred tax assets	96.82	74.40	49.73	16.09

However, as the recognition of deferred taxation, in the absence of evidence with regard to virtual certainty of its realisation has been a subject matter of audit qualification in the audit report of EHSSIL for the year ended March 31, 2006, the amount of net deferred tax asset of Rs.96.82 millions has been adjusted in the Statement of adjusted consolidated profit and loss for the year ended March 31, 2006.

(ii) In view of substantial reduction in the number of patients visiting the hospital resulting in low revenue and mounting losses, EHCL has closed the hospital operations in Kanpur with effect from August 31, 2005. After the closure of operations, this company is moving into the business of managing the operations of the Cardiac Care Units located at various hospitals across the country, with the view to provide exclusive focus and direction to the said unit for achieving higher efficiency. Based on this new business plan, this company would generate enough revenue to cover up all its brought forward business losses and unabsorbed depreciation. Looking into certainty of future income expected out of new business plan, this company has created deferred tax asset for brought forward losses and unabsorbed depreciation as at the end of the reported years as under:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Net deferred tax assets	17.33	15.22	11.03	7.24	3.34

(iii) EHRCL has recognized net cumulative deferred tax assets as at the end of reported years as under:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Net deferred tax assets / (liability)	27.54	30.12	21.56	(15.61)

b) Deferred tax assets / (liability) have been computed for the reported years as under:

(Rs. in millions)

Description	As at March 31, 2006 *	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Deferred tax assets on:					
Accelerated depreciation	-	-	-	-	19.01
Accrued expenses deductible on payment	29.34	23.81	18.11	47.16	8.65
Accumulated loss and unabsorbed deprecation	65.84	157.90	113.86	-	3.70
Others	0.20	-	-	1.32	1.38
Sub-total	**95.38**	**181.71**	**131.97**	**48.48**	**32.74**
Deferred tax liabilities on:					
Accelerated depreciation	41.89	68.81	52.29	14.23	-
Deferred revenue expenditure	-	0.59	-	-	-
Sub-total	**41.89**	**69.40**	**52.29**	**14.23**	**-**
Net deferred tax assets	**53.49**	**112.31**	**79.68**	**34.25**	**32.74**

***** As the recognition of deferred taxation, in the absence of evidence with regard to virtual certainty of its realisation has been a subject matter of audit qualification in the audit report of EHSSIL for the year ended March 31, 2006, the amount of net deferred tax asset has been adjusted in the Statement of adjusted consolidated profit and loss for the year ended March 31, 2006.

9. Year wise analysis of Unsecured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From others:					
Infrastructure Leasing & Financial Services Limited	16.67	50.00	90.00	-	-
Short – term					
From Banks:					
Lord Krishna Bank	-	-	100.00	-	-
Unit Trust of India	100.00	100.00	-	-	-
Punjab National Bank (Cash credit)	55.52	98.14	-	-	-
Total	**172.19**	**248.14**	**190.00**	**-**	**-**

10. Analysis of Unsecured loans as at March 31, 2006:

Name of the Institution / Bank	Loans outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)	Repayment Schedule
Infrastructure Leasing & Financial Services Limited	16.67	9.43%	60 equal monthly instalments commencing from April 15, 2007
Unit Trust of India	100.00	9.50% (increased from 8.50% w.e.f. 14.03.06)	Four equal quarterly instalments commencing from June 24, 2006
Punjab National Bank	55.52	10.75%	Cash credit facility
Total	**172.19**		

11. Year wise analysis of Secured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From Bank:					
Central Bank of India	-	3.13	-	6.80	8.28
State Bank of India	-	-	249.59	244.40	45.93
Punjab National Bank	248.90	248.90	-	-	-
Lord Krishna Bank Limited	-	-	67.54	-	-
State Bank of Indore	-	-	22.52	-	-
Union Bank of India	135.82	151.18	-	-	-
Interest accrued and due	-	0.13	0.19	2.65	6.09
From Others:					
Infrastructure Development Finance Company Limited	50.00	50.00	-	-	-
GE Capital Services India	65.80	32.24	46.54	-	-

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Short – term					
From Bank:					
ICICI Bank	1.91	3.57	81.26	-	-
Citibank Limited	0.55	1.28	1.02	-	-
HDFC Bank	0.42	0.55	-	-	-
Working capital loan from State Bank of India	-	0.53	-	-	-
Cash Credit from Union Bank of India	4.32	-	-	-	-
Working capital loan from Punjab National Bank	12.87	-	-	-	-
Total	**520.59**	**491.51**	**468.66**	**253.85**	**60.30**

12. Analysis of Secured loans as at March 31, 2006:

Name of the Institution / Bank	Loan outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)	Repayment Schedule	Nature of security
Punjab National Bank (Term loan)	248.90	9.00%	Twenty equal quarterly instalments commencing from December 2006	refer to foot note (i)
Union Bank of India	135.82	8.00%	During the year 2006-07, Four quarterly instalments of Rs.7.50 millions each. During the year 2007-08, Four quarterly instalments of Rs.12.5 millions each. During the year 2008-09, Four quarterly instalments of Rs.12.5 millions each. Repayment of final instalment of Rs.4.9 millions in April 2009.	refer to foot note (ii)
Infrastructure Development Finance Company Limited	50.00	9.00%	Six equal quarterly instalments commencing from June 28, 2005	refer to foot note (iii)
GE Capital Services India	12.41	8.90%	Twenty four equal monthly instalments commencing from November 1, 2004	refer to foot note (iv)
GE Capital Services India	22.53	8.75%	Twenty four equal monthly instalments commencing from April 1, 2005	refer to foot note (iv)
GE Capital Services India	30.86	8.75%	Twenty four equal monthly instalments commencing from September 4, 2005	refer to foot note (iv)
ICICI Bank Limited	1.06	6.22%	Equated monthly instalments of Rs.28,000 each ending on September 1, 2009	refer to foot note (v)
ICICI Bank Limited	0.85	8.75%	Equated monthly instalments of Rs.28,000 each ending on January 7, 2009	refer to foot note (v)
Citibank Limited	0.55	8.75%	Equated monthly instalments of Rs.22,000 each ending on July 1, 2008	refer to foot note (v)
HDFC Bank	0.42	8.50%	Equated monthly instalments of Rs.14,000 each ending on July 1, 2008	refer to foot note (v)
Cash Credit from Union Bank of India	4.32	11.75%	-	refer to foot note (vi)
Punjab National Bank (Working capital loan)	12.87	9.50%	-	refer to foot note (vii)
Total	**520.59**			

(i) Term loan from Punjab National Bank is secured by way of equitable mortgage of EHSSIL and and buildings and hypothecation of all other fixed assets and further secured by corporate guarantee given by Escorts Heart Institute and Research Centre Limited, the holding Company.

(ii) Loan from Union Bank of India is secured by way of first and exclusive charge over the entire moveable and immovable assets of EHRCL and further secured by equitable mortgage of hospital's land and building situated at Neelam Bata Road, Faridabad.

(iii) Loan of Rs.50 millions from Industrial Development Finance Company Limited is secured by a first and exclusive charge over all movable properties, whether present or future, pertaining to the hospital at Jaipur and additionally secured by immovable properties of the said hospital at Jaipur.

(iv) Secured by first charge on certain specific medical equipment financed through loan, including all additions, attachments, accessories and replacements to the said equipment.

(v) Car loans from ICICI Bank Limited, Citibank Limited and HDFC Bank are secured by way of hypothecation of cars financed.

(vi) Cash credit facility from Union Bank of India is secured by way of security given in respect of term loan mentioned in (ii) above and in addition, by way of hypothecation of stocks and book debts of EHRCL.

(vii) Working Capital Loan from Punjab National Bank taken by EHSSIL is secured by way of hypothecation of stocks of medicines including life saving drugs and further secured by a corporate guarantee given by Escorts Heart Institute and Research Centre Limited, the holding Company.

13. Analysis of Sundry debtors (Unsecured - considered good)

(Rs. in millions)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Debts over six months	171.57	102.92	34.79	14.18	4.25
Other debts	285.55	182.61	130.23	63.55	22.40
	457.12	**285.53**	**165.02**	**77.73**	**26.65**

14. Analysis of loans and advances (Unsecured - considered good)

(Rs. in millions)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Loans and advances recoverable in cash or in kind or for value to be received	37.56	52.28	79.76	299.79	257.56
Loans to erstwhile holding Company	-	135.00	305.00	-	-
Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Advance tax (net of provisions)	90.32	16.36	28.34	21.42	228.88
Deposit with customs and port trust	15.00	15.00	15.00	15.00	15.00
Total	**142.88**	**218.64**	**428.10**	**336.21**	**501.44**

15. A Civil suit ("Civil Suit") has been filed for declaration and permanent injunction against Escorts Heart Institute and Research Centre Limited (EHIRC) amongst others in the Delhi High Court seeking amongst others (a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under the Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh) a society registered under the Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a Company under Part IX of the Companies Act, 1956 (i.e. EHIRC) is void, (b) seeking a restoration of charitable status of EHIRC Delhi Society. The Delhi High Court, vide its Order dated September 30, 2005 has, however, only ordered the parties to maintain status quo as of September 30, 2005. The matter is being duly defended in the Court and is pending before the Delhi High Court.

Delhi Development Authority (DDA) vide its Order dated October 6, 2005 determined the lease deeds and allotment letters of EHIRC ("DDA Order"). EHIRC has filed an Original Miscellaneous Petition and Civil Suit in the Delhi High Court seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRC without due process of law. Delhi High Court has granted a stay restraining DDA from recovering physical possession of the property. The matter is pending in Delhi High Court.

The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against EHIRC. The matter was being defended by EHIRC and the proceedings have been suspended by the Estate Officer in view of the Order in the LPA mentioned below.

EHIRC filed a civil writ petition in the Delhi High Court challenging the show cause notice issued by Estate Officer, which was dismissed by the Hon'ble Single Judge. EHIRC thereafter filed Letters Patent Appeal (LPA) against the above order before the Delhi High Court. The Division Bench of the Delhi High Court while issuing notice to the Estate Officer passed an interim order in favour of EHIRC directing that no final order on eviction can be passed by the Estate Officer. The LPA is pending before the Delhi High Court.

The Delhi High Court in March 2004, amongst other hospitals, made EHIRC a party to a 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. The PIL is being defended and the matter is pending in the Delhi High Court.

16. (a) The Income-tax Authorities carried out a survey on August 21, 2003 (certain statutory records of the Company 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 Chandigarh and Delhi 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, 1999-2000 and 2000-01, wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organisation has been withdrawn in these years. The past accumulated income upto March 31, 1996 has been brought to tax and the incomes of the respective years thereafter have been subject to tax as normal business income, hence raising a cumulative demand of Rs.985.91 millions (including interest of Rs.526.91 millions). 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.1243.70 millions (including interest of Rs.694.60 millions). 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 has challenged the reopening of assessment year 1997-98 before the Delhi High Court 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 assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till 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 amounting to Rs. 525.32 millions and interest thereon amounting to Rs.291.60 millions by treating the excess of assets over liabilities as short term capital gains on registration of the Amalgamated Society as this Company. The Company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, has preferred an appeal before the Income-tax Appellate Tribunal, Chandigarh, which is pending disposal.

(c) Regular assessment under section 143(3) of Income-tax Act, 1961, has been completed for assessment year 2003-04 in the case of the Company whereby a demand of Rs.42.42 millions has been raised. Appeal has been filed before the Commissioner of Income-tax (Appeals) 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.

17. Pursuant to a notice under Section 59 of the Delhi Value Added Tax Act, 2004, the Company submitted an application dated September 20, 2005 before the Commissioner of Trade and Taxes ("Commissioner"), New Delhi for determination of whether the Company 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 Value Added Tax ("VAT") on the said items. EHIRC has filed an appeal before the Delhi Value Added Tax Appellate Tribunal against the aforesaid Order of the Commissioner on April 27, 2006, which is pending for disposal. The Company has out of an abundant caution, made an estimated provision of Rs.4.80 millions in the matter, without considering the items used in composite packages for which no separate bills are raised, although it is of the view that no such liability would arise.

18. As the Company's business activity falls within a single primary business segment, viz., "Health Care Services", the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by The Institute of Chartered Accountants of India are not applicable.

19. Related party disclosures under Accounting Standard 18

I) Name of related party and nature of related party relationship

A. Ultimate Holding Company

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Fortis healthcare Holdings Limited (w.e.f. September 29,2005)	-			

B. Holding Company

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Escorts Limited (till September 28, 2005) Fortis Healthcare Limited (w.e.f. September 29, 2005)	Escorts Limited	Escorts Limited	Escorts Limited	Escorts Limited

C. Fellow Subsidiaries

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	-	-	-	Escorts Hospital and Research Centre Limited	Escorts Hospital and Research Centre Limited
2.	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited
3.	-	-	Esconet Services Limited	Esconet Services Limited	Esconet Services Limited
4.	-	-	Iserve India Solutions Private Limited	Iserve India Solutions Private Limited	Iserve India Solutions Private Limited
5.	-	-	-	-	Escotel Mobile Communication Limited
6.	Cellnext Solutions Limited	Cellnext Solutions Limited	Cellnext Solutions Limited	Cellnext Solutions Limited	-
7.	Escorts IT Services Private Limited	Escorts IT Services Private Limited	Escorts IT Services Private Limited	Escorts IT Services Private Limited	
8.	-	-	-	Escorts Telecommunicatio n Limited	-
9.	IFS Solutions India Private Limited	IFS Solutions India Private Limited	IFS Solutions India Private Limited	-	-
10.	Escorts Construction Equipment Limited	Escorts Construction Equipment Limited	-	-	-
11.	Escorts Automotive	Escorts Automotive	-	-	-
12.	Escorts Securities	Escorts Securities	-	-	-
13.	Escorts Assets Management	Escorts Assets Management	-	-	-

14.	International Hospital Limited	-	-	-	-
15.	Oscar Bio-tech Private Limited	-	-	-	-

D. Joint Venture of Holding Company

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	-	-	Escotel Mobile Communication Limited	-	-

E. Key management personnel

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Mr. Rajan Nanda (till September 28, 2005) Mr. Harpal Singh (w.e.f. September 29, 2005)	Mr. Rajan Nanda	Mr. Rajan Nanda	Mr. Rajan Nanda	Mr. Rajan Nanda
2.	Mrs. Ritu Nanda (till September 28, 2005) Mr. Shivinder Mohan Singh (w.e.f. September 29, 2005)	Mrs. Ritu Nanda	Mrs. Ritu Nanda	Mrs. Ritu Nanda	Mrs. Ritu Nanda
3.	(Lt. Gen.) Harcharan Singh	(Lt. Gen.) Harcharan Singh	(Lt. Gen.) Harcharan ingh	-	-
4.	Mr. Malvinder Mohan Singh (w.e.f. September 29, 2005)	-	-	-	-
5.	Mr. N. K. Pandey (w.e.f. 2005-06)	-	-	-	-

F. Enterprises significantly influenced by key managerial personnel

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	SRL Ranbaxy Limited (w.e.f. September 29, 2005)	-	-	-	-
2.	Ranbaxy Laboratories Limited (w.e.f. September 29, 2005)	-	-	-	-

II) Transactions with related parties

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
Fortis Healthcare Limited (holding company)							
(a)		Rendering of services	0.02	-	-	-	-
(b)		Receiving of services					
	(i)	Professional services	0.51	-	-	-	-
	(ii)	Others	0.03	-	-	-	-
(c)		Closing balances :					
	(i)	Amount payable / receivable	(Cr.) 0.29	-	-	-	-
Escorts Limited (erstwhile holding company)							
(a)		Sale of assets	-	-	-	-	0.05
(b)		Rendering of service (#1 Rs. 1000)	0.66	1.82	0.04	-	#1
(c)		Receiving of services					
	(i)	Rental and hire charges	0.47	3.05	0.94	0.94	0.94
	(ii)	Management contracts/deputations	7.06	4.67	3.92	3.81	5.79
	(iii)	Others	1.57	3.44	2.65	2.53	2.86
(d)		Interest accrued / received on inter corporate deposits	7.53	16.55	31.52	25.55	22.50
(e)		Purchase of investment	-	-	160.00	-	-
(f)		Inter corporate deposit:					
	(i)	Given	-	-	125.00	50.00	-
	(ii)	Received back / adjusted	135.00	150.00	60.00	30.00	-
(g)		Closing balances :					
	(i)	Amount payable / receivable	(Cr.) 6.03	(Dr.) 12.09	(Dr.) 15.71	(Cr.) 1.62	(Cr.) 3.16
	(ii)	Inter corporate deposit	-	(Dr.) 135.00	(Dr.) 285.00	(Dr.) 220.00	(Dr.) 200.00
	(iii)	Interest on inter corporate deposits	-	-	-	(Dr.) 5.94	(Dr.) 5.73
(h)		Security by way of hypothecation	Refer to note 5b above				
FELLOW SUBSIDIARIES:							
Escosoft Technologies Limited							
(a)		Receiving of services					
	(i)	Management contracts / deputations (#2 Rs. 4000)	#2	-	0.09	0.35	2.96
	(ii)	Software development charges	-	0.15	-	1.38	1.51
	(iii)	Others	0.17	0.32	0.42	0.84	-
(b)		Closing balance:					
		Amount payable	(Cr.) 0.25	(Cr.) 0.46	(Cr.) 0.41	(Cr.) 0.81	(Cr.) 0.78

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
Cellnext Solutions Limited							
(a)		Receiving of services					
	(i)	Software development charges	-	-	-	0.25	-
	(ii)	Others	-	0.09	0.03	-	-
(b)		Closing balance:					
		Amount payable	-	-	-	(Cr.) 0.04	-
IFS Solutions India Private Limited							
(a)		Receiving of services	0.69	1.10	0.59	-	-
(b)		Closing balance:					
		Amount payable	-	(Cr.) 0.26	-	-	-
Escolife IT Services Private Limited							
(a)		Receiving of services					
	(i)	Management contracts / deputations	0.25	-	-	0.23	-
(b)		Closing balance :					
		Amount payable	-	-	-	(Cr.) 0.23	-
Escorts Telecommunications							
(a)		Rendering of services	**-**	**-**	**-**	**0.10**	**-**
(b)		Closing balance :					
		Amount receivable	-	-	-	0.10	-
Esconet Services Limited							
(a)		Sale of assets	-	-	-	0.17	-
(b)		Rendering of services	-	-	-	0.01	-
(c)		Receiving of services					
	(i)	Management contracts / deputation	-	-	-	5.94	8.62
(d)		Closing balance :					
		Amount payable	-	-	-	(Cr.) 0.41	(Cr.) 2.00
Escotel Mobile Communications Limited							
(a)		Rendering of services	-	-	-	-	0.01
Escorts Hospital and Research Centre Limited							
(a)		Rendering of services (# Rs. 4000)	-	-	-	-	#
(b)		Receiving of services					
	(i)	Management contracts / deputation	-	-	-	2.92	-
	(ii)	Others	-	-	-	0.41	0.01
(b)		Interest received on inter corporate deposits	-	-	-	0.11	-
(c)		Inter corporate deposit given / repaid	-	-	-	10.00	-
(d)		Closing balance :					
		Amount payable / receivable	-	-	-	(Dr.) 3.38	(Cr.) 0.02

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
I Serve India Solutions Pvt. Ltd.							
(a)		Receiving of services					
	(i)	Software development charges	-	-	-	0.03	-
	(ii)	Others	-	-	-	-	0.03
(b)		Closing balance :					
		Amount payable	-	-	-	(Cr.) 0.03	-
Escorts Construction Equipment Limited							
(a)		Receiving of services	0.06	0.10	-	-	-
(b)		Closing balance :					
		Amount payable	-	(Cr.) 0.21	-	-	-
Escorts Automotive							
(a)		Receiving of services (#1 Rs. 2000)	-	#1	-	-	-
Escorts Securities							
(a)		Receiving of services (#2 Rs. 2000)	-	#2	-	-	-
Escorts Assets Management							
(a)		Receiving of services (#3 Rs. 2000)	-	#3	-	-	-
ENTERPRISES SIGNIFICANTLY INFLUENCED BY KEY MANAGERIAL PERSONNEL							
SRL Ranbaxy Limited							
(a)		Receiving of services	0.39	-	-	-	-
(b)		Closing balance :					
		Amount payable	(Cr.) 0.21	-	-	-	-
Ranbaxy Laboratories Limited							
(a)		Rendering of services	0.02	-	-	-	-
JOINT VENTURE OF HOLDING COMPANY							
Escotel Mobile Communications Limited							
(a)		Rendering of services	-	-	0.10	-	-
(b)		Closing balance :					
		Amount payable (# Rs. 1000)	-	-	(Cr.) #	-	-
KEY MANAGEMENT PERSONS:							
(a)		Remuneration to key management persons	20.88	15.01	16.20	19.14	18.82
(b)		Assignment of Keyman insurance policy	-	-	9.77	5.40	10.79
(c)		Closing balance :					
		Amount Payable	-	(Cr.) 2.60	(Cr.) 2.73	(Cr.) 5.73	(Cr.) 9.30

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - IV

STATEMENT OF ADJUSTED CONSOLIDATED CASH FLOWS

(Rs. in millions)

	Particulars	Year ended March 31,				
		2006	**2005**	**2004**	**2003**	**2002**
A	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Net profit before tax and extraordinary items	29.40	68.40	95.49	247.74	366.32
	Adjustment for :					
	Depreciation	246.01	276.91	290.75	143.62	79.79
	Provision for diminution in value of investments		-	-	-	6.46
	Miscellaneous expenditure written off	1.04	1.04	1.04	1.04	-
	Profit on sale of fixed asset	(0.81)	(0.45)	(1.00)	(2.02)	(0.08)
	Loss on sale of fixed asset	5.10	0.35	0.46	0.17	0.21
	Profit on sale of investments	-	-	(19.47)	(1.86)	-
	Interest expenses	62.26	65.82	58.88	5.60	-
	Interest income	(8.30)	(21.48)	(36.14)	(70.26)	(96.86)
	Dividend income	-	-	-	-	(1.58)
	Operating profit before working capital changes	334.70	390.59	390.01	324.03	354.26
	Adjustments for working capital changes					
	Trade and other receivables	(186.61)	(130.53)	(56.11)	(73.30)	9.52
	Inventories	(4.66)	(16.46)	3.03	(10.48)	0.88
	Advance excluding advance Income-tax	-	-	22.38	-	-
	Trade and other payable	103.27	70.83	83.56	(23.15)	41.57
	Cash generated from operations	246.70	314.43	442.87	217.10	406.23
	Miscellaneous expenditure		-	-	(4.35)	-
	Direct taxes paid	(138.24)	(56.16)	(83.02)	(117.05)	(109.73)
	Net cash from operating activities	**108.46**	**258.27**	**359.85**	**95.70**	**296.50**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**					
	Purchase of fixed assets	(178.53)	(460.64)	(240.32)	(555.36)	(303.11)
	Sale of fixed assets	15.57	14.55	3.00	3.29	0.36
	Investments in shares of subsidiaries	(0.01)	(0.01)	(624.52)	-	(88.41)
	Purchase of investments	-	-	-	-	(1.50)
	Inter corporate deposits given	-	-	(125.00)	(60.00)	-
	Inter corporate deposits repaid	135.00	170.00	60.00	40.00	-
	Sale of investments	-	-	250.30	78.95	15.50
	Interest received	8.26	19.63	62.48	91.68	113.36
	Dividend received	-	-	-	-	1.58
	Miscellaneous expenditure	(0.02)	0.17	(0.46)	-	-
	Net cash (used) in investing activities	**(19.73)**	**(256.30)**	**(614.52)**	**(401.44)**	**(262.22)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**					
	Proceeds from issue of shares to minority	-	-	1.31	11.58	-
	Proceeds from long term borrowings	183.50	737.96	98.50	198.46	-
	Repayment of long term borrowings	(242.57)	(658.82)	(114.39)	(1.49)	-
	Proceeds from short term borrowings	13.50	-	250.00	-	-
	Interest paid	(62.87)	(63.34)	(60.55)	(9.02)	-
	Net cash from financing activities	**(108.44)**	**15.80**	**174.87**	**199.53**	**-**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(19.71)**	**17.77**	**(79.80)**	**(106.21)**	**34.28**
	Cash and cash equivalents as at the beginning of the year	53.22	35.45	113.68	219.89	185.61
	Add: Cash and cash equivalents acquired on acqusition of subsidiary during the year	-	-	1.57	-	-
	Cash and cash equivalents as at the end of the year	33.51	53.22	35.45	113.68	219.89

Refer to Annexure III for significant accounting policies and notes.

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - V

SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year ended March 31,				
		2006	2005	2004	2003	2002
Nominal value of shares	Rupees	10	10	10	10	10
Earnings per share	Rupees	(42.33)	21.13	36.62	80.81	111.98
Net assets value per share	Rupees	896.17	937.98	916.33	879.19	797.31
Return on net worth	Percentage	-4.72%	2.25%	4.00%	9.19%	14.04%

Notes:

Definition of ratios

Earning per share	=	{Adjusted Profit/(loss) after tax as per Statement of Adjusted Profits and Losses} / {Weighted average number of shares}
Net asset value	=	{Net worth as per Statement of Adjusted Assets and Liabilities} / {Weighted average number of shares}
Return on net worth	=	{Adjusted Profit / (loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities}

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - VI

STATEMENT OF CAPITALISATION

(Rs. in millions)

	Particulars		**As at March 31, 2006**
	Borrowings:		
A	**Short term debts**		
	- Secured loans		-
	- Unsecured loans		155.52
	Total	**(A)**	**155.52**
B	**Long term debts**		
	- Secured loans		520.59
	- Unsecured loans		16.67
	Total	**(B)**	**537.26**
	Total debts	**(A)+(B)**	**692.78**
C	**Shareholders' funds:**		
	Equity Share Capital		20.00
	Reserves and surplus		1,773.64
	Less: Miscellaneous expenditure to the extent not written off		(1.04)
	Total Shareholders' funds	**(C)**	**1,792.60**
D	**Total Capitalisation**	**(A)+(B)+(C)**	**2,485.38**
E	**Long term debt / Equity ratio**	**(B)/(C)**	**0.30**

Note: Post issue Capitalisation Statement : Not applicable

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED - CONSOLIDATED

ANNEXURE - VII

STATEMENT OF TAX SHELTER

The statement of tax shelters of the Company and its subsidiaries, for the year ended March 31, 2002, 2003, 2004, 2005 and 2006 are attached herewith per Annexures VII (a) to (d).

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE – VII (a)

STATEMENT OF TAX SHELTER

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Normal tax rate (including surcharge and education cess)	**33.66%**	**36.59%**	**35.88%**	**36.75%**	**35.70%**
Concessional tax rate for long term capital gain (including surcharge and education cess)	**22.44%**	**20.91%**	**20.50%**	**21.00%**	**20.40%**
Profit taxable at normal rate	115.07	214.66	253.19	301.56	367.71
Profit taxable at concessional rate	-	-	18.96	1.86	-
Net profit before tax as per Statement of Adjusted Profits and Losses	**115.07**	**214.66**	**272.15**	**303.42**	**367.71**
Tax at Notional Rate	38.73	78.55	94.72	111.22	131.27
Adjustments:					
Difference between tax and book depreciation	30.23	(26.93)	(49.44)	(58.63)	(49.31)
Accrued expenses deductible on payment basis	18.89	11.55	13.93	12.85	11.97
Other adjustments	(0.06)	0.12	(0.14)	(1.87)	23.14
Net adjustments	49.06	(15.26)	(35.65)	(47.65)	(14.20)
Tax (saving) / expense thereon	16.51	(5.58)	(12.79)	(17.51)	(5.07)
Tax as per income tax	55.24	72.97	81.93	93.71	126.20
Deferred tax charge / (benefit)	(16.05)	4.78	13.56	18.47	15.33

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE – VII (b)

STATEMENT OF TAX SHELTER

(Rs. in millions)

Particulars	**Year ended March 31,**			**2 months ended March 31, 2003**
	2006	**2005**	**2004**	
Tax rate (including surcharge and education cess)	**33.66%**	**36.59%**	**35.88%**	**36.75%**
(Loss) before tax as per Statement of Adjusted Profits and Losses	**(66.69)**	**(82.35)**	**(94.13)**	**(42.68)**
Tax at Notional Rate	-	-	-	-
Adjustments:				
Difference between tax and book depreciation	11.26	(6.61)	(15.17)	(34.87)
Accrued expenses deductible on payment basis	0.42	0.51	0.66	0.29
Other adjustments	0.87	0.87	0.89	(3.48)
Net adjustments	12.55	(5.23)	(13.62)	(38.06)
Tax (saving) thereon	4.23	(1.91)	(4.89)	(13.99)
Tax as per income tax	-	-	-	-
Deferred tax charge / (benefit)	74.40	(24.67)	(33.64)	(16.09)

ESCORTS HOSPITAL AND RESEARCH CENTRE LIMITED, FARIDABAD

ANNEXURE – VII (c)

TAX SHELTER STATEMENT

(Rs. in millions)

				As at March 31,				
		Year ended March 31, 2006		**2005**	**2004**	**2003**	**2002**	
Tax at Notional Rate	****	0.50	**				2.69	*
Adjustments:								
Export Profits		NIL					NIL	
Difference between Tax Depreciation and Book Depreciation		NA for Tax on Book Profits					NA for Tax on Book Profits	
Other Adjustments		(1.82)	***	NIL DUE TO LOSSES	NIL DUE TO LOSSES	NIL DUE TO LOSSES	NA for Tax on Book Profits	
Net Adjustments		(1.82)					NA	
Tax Saving thereon:		0.15					NIL	
Total Taxation		0.34					2.69	
Taxation on extra-ordinary items		NIL					NIL	
Tax on profits before extra-ordinary items		0.34					2.69	

* Tax on Book Profit @ 7.65% (I.e., Tax @ 7.5% PLUS Surcharge thereon @ 2%) which works out to Rs. 2.69 millions

** Tax on Book Profit @ 8.415% (I.e., Tax @ 7.5% PLUS Surcharge thereon @ 10%PLUS Education Cess thereon @ 2%)

***Brought Forward Business Losses being lower than unabsorbed depreciation as per Clause (iii) for amount deductible vide explanations to Section 115 JB of the Income Tax Act, 1961.

****Tax on Book Profit @ 11.22% (I.e., Tax @ 10% PLUS Surcharge thereon @ 10%PLUS Education Cess thereon @ 2%)

ESCORTS HEART CENTRE LIMITED

ANNEXURE - VII (d)

STATEMENT OF TAX SHELTER

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Tax rate (including surcharge and education cess)	**33.66%**	**36.59%**	**35.88%**	**36.75%**	**35.70%**
(Loss) before tax as per Statement of Adjusted Profits and Losses (A)	**(61.96)**	**(144.41)**	**(106.91)**	**(112.63)**	**(90.85)**
Tax at Notional Rate	-	-	-	-	-
Adjustments:					
Difference between tax depreciation and book depreciation	(10.54)	3.79	7.38	12.80	10.69
Other adjustments	(20.67)	(0.55)	(1.62)	(1.46)	(1.70)
Net adjustments	(31.21)	3.24	5.76	11.34	8.99
Tax (saving) thereon	-	-	-	-	-
Taxable Income (A-B)	(30.75)	(147.65)	(112.67)	(123.97)	(99.84)
Represented by:					
Unabsorbed depreciation	-	32.77	36.24	42.36	37.33
Unabsorbed loss	24.88	114.88	76.43	81.61	62.51
Unabsorbed short term capital loss	5.87	-	-	-	-
Total	**30.75**	**147.65**	**112.67**	**123.97**	**99.84**
Permanent Difference (D)	-	-	-	0.20	1.41
Deferred Tax Asset at Notional rates (Tax on A + D)	20.86	52.84	38.35	41.32	31.93
Difference due to deferred taxation at substantial enacted tax rate	0.31	(11.02)	(0.45)	(2.29)	1.46
Deferred tax charge / (benefit)	21.17	41.82	37.90	39.03	33.39

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar

Sandeep Kapoor

AUDITORS' REPORT

The Board of Directors
Escorts Heart Institute and Research Centre Limited
Okhla Road
New Delhi - 110025

Dear Sirs,

We have examined the financial information of Escorts Heart Institute and Research Centre Limited (the Company), annexed to this report, which has been prepared in accordance with the requirements of:

i. The instructions received from the Company, requesting us to examine the financial information referred to above in connection with the proposed initial public offer of equity shares by Fortis Healthcare Limited, the holding company;
ii. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
iii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005 and 2006 (Annexure-I) and the accompanying Statement of Adjusted Profits and Losses of the Company for the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 (Annexure-II) (Summary Statements). The Summary Statements have been extracted by the Company from the financial statements of the Company for the respective periods, duly approved by the Board of directors and audited by us.

2. Based on our examination of these Summary Statements, we confirm that:
   i. Material amounts relating to adjustments for the previous years have been identified and adjusted in arriving at the profits/losses for the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   ii. There were no qualification in the auditors' reports on the financial statements for the financial years ended on March 31, 2002, 2003, 2004 and 2005.
   The qualification in the auditors' report on the financial statements for the year ended March 31, 2006, the effect of which cannot presently be quantified, has been stated in paragraph 4 below.
   iii. The changes in accounting policies which required adjustments to arrive at the Summary Statements have been carried out [refer to note 2(b) in Annexure III] except for a change in recognizing unbilled revenue with effect from financial year ended on March 31, 2004, due to lack of necessary information for prior years, as stated in note 2 in Annexure III.
   iv. There are no extraordinary items which are required to be disclosed separately in Summary Statements.

3. Attention is invited to note 18 in Annexure III regarding investments aggregating Rs.184.51 millions in, and loans and advances aggregating Rs.124.24 millions to certain subsidiary companies. As per the latest available audited financial statements, losses in these Companies have resulted either in substantial erosion or negative net worth of these companies. Reliance has been placed on the management's view that the gestation period in such projects is comparatively longer and there is no permanent diminution in the value of such investments and the advances are good and fully recoverable.

4. Attention is invited to:
   - note 17 in Annexure III which sets out in details the position with regard to certain demands aggregating Rs.2060.62 millions (net of demands raised twice in respect of certain years) raised by the Income-tax Authorities; and
   - note 16 in Annexure III which sets out in details the position of land under leasehold arrangements with Delhi Development Authority.

   The matters are pending in appeals at various stages, the eventual outcome of which cannot presently be estimated. We are unable to express an opinion at this stage in these matters.

5. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 on the equity shares. The Company had no other class of shares during these years.

6. We have examined the following financial information relating to the Company, attached to this report:
   i. The significant accounting policies followed by the Company and notes pertaining to the Summary Statements, enclosed as Annexure-III.
   ii. Statement of Adjusted Cash Flows, enclosed as Annexure-IV.
   iii. Summary of accounting ratios based on the adjusted profits relating to earnings per share, net assets value and return on net worth, enclosed as Annexure-V.
   iv. Statement of Capitalisation as at March 31, 2006, enclosed as Annexure-VI.
   v. Statement of Tax Shelter, enclosed as Annexure-VII.
   vi. The details of transactions with the related parties in accordance with the Accounting Standard 18 – Related Party Disclosures issued by the Institute of Chartered Accountants of India (refer to note 21 in Annexure-III).

7. This report is intended solely for your information and for forwarding it to Fortis Healthcare Limited, the holding company, for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For A. F. Ferguson & Co.
Chartered Accountants

J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in millions)

	Particulars	As at March 31,				
		2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed assets**					
	Gross block	2,141.29	2,083.40	2,064.70	1,928.11	1,396.19
	Less : Depreciation	1,382.01	1,267.66	1,124.81	981.41	905.19
	Net block	**759.28**	**815.74**	**939.89**	**946.70**	**491.00**
	Capital work-in-progress	474.39	397.62	129.31	39.57	320.52
	Total	**1,233.67**	**1,213.36**	**1,069.20**	**986.27**	**811.52**
B	**Investments**	900.53	900.52	792.01	382.84	403.13
C	**Deferred tax assets (net)** (refer to note 9 in Annexure III)	8.63	-	-	10.92	29.40
D	**Current assets, loans and advances**					
	Inventories	45.03	40.13	29.17	33.65	32.29
	Sundry debtors	366.08	246.47	140.33	77.80	26.65
	Cash and bank balances	22.19	46.86	15.83	109.21	213.11
	Loans and advances	290.17	337.33	474.39	379.89	298.25
	Other current assets	-	-	-	15.45	21.18
	Total	**723.47**	**670.79**	**659.72**	**616.00**	**591.48**
E	**Liabilities and provisions**					
	Secured loans	115.79	82.24	47.10	-	-
	Unsecured loans	172.19	248.14	190.00	-	-
	Deferred tax liabilities (net) (refer to note 9 in Annexure III)	-	7.42	2.64	-	-
	Current liabilities and provisions	402.45	340.38	314.55	207.99	238.43
	Total	**690.43**	**678.18**	**554.29**	**207.99**	**238.43**
F	**Net worth - Total (A+B+C+D-E)**	**2,175.87**	**2,106.49**	**1,966.64**	**1,788.04**	**1,597.10**
G	**Represented by**					
	1. Share Capital	20.00	20.00	20.00	20.00	20.00
	2. Reserves and surplus	2,155.87	2,086.49	1,946.64	1,768.04	1,577.10
	Net worth	**2,175.87**	**2,106.49**	**1,966.64**	**1,788.04**	**1,597.10**

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar

Sandeep Kapoor

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - II

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Income					
Operating income:					
Income from :					
In-patients	2,402.22	2,257.36	2,142.09	1,825.36	1,473.77
Out-patients	132.15	146.09	109.56	83.90	77.42
Income from satellite centres	49.04	45.72	31.31	17.14	-
Less : Subsidy	279.11	218.09	172.90	134.36	96.75
	2,304.30	2,231.08	2,110.06	1,792.04	1,454.44
Other income (refer to note 3 in Annexure III)	25.82	33.92	68.86	96.42	120.18
Total	**2,330.12**	**2,265.00**	**2,178.92**	**1,888.46**	**1,574.62**
Expenditure					
Materials consumption	807.88	795.31	723.29	580.87	394.69
Staff costs	657.67	577.46	512.57	439.83	348.77
Professional fees	141.77	115.59	102.61	94.39	87.56
Other operating expenses	331.85	293.71	290.89	269.00	222.91
Administration and other expenses	116.01	103.50	107.80	86.67	68.12
Provision for diminution in the value of investment	-	-	-	-	6.46
Interest	25.50	15.32	18.82	-	-
Depreciation	134.37	149.45	150.79	114.28	78.40
Total	**2,215.05**	**2,050.34**	**1,906.77**	**1,585.04**	**1,206.91**
Profit before tax	**115.07**	**214.66**	**272.15**	**303.42**	**367.71**
Provision for taxation :					
- Current tax	(56.00)	(70.03)	(80.00)	(94.00)	(127.00)
- Fringe benefit tax	(5.74)	-	-	-	-
- Deferred tax (charge) / benefit	16.05	(4.78)	(13.56)	(18.47)	(15.33)
Net profit after tax	**69.38**	**139.85**	**178.59**	**190.95**	**225.38**

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar　　Sandeep Kapoor

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE- III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF STATEMENT OF ADJUSTED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004, 2005 AND 2006

1. Significant accounting policies

a) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses relating to acquisition and installation of assets.

b) Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of fixed assets are capitalised as part of cost of such asset upto the date the assets are put to use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

c) Depreciation

Depreciation on fixed assets is provided on the written down value method on a pro-rata basis at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions is charged for the full month irrespective of the date of acquisition/deletion. No write-off is made in respect of leasehold land, as the leases are for long term.

Intangible asset in the form of software for internal use is amortised on straight line basis, over a period of five years.

d) Investments

Long term investments are stated at cost or under.

e) Inventories

Stores and spares are valued at cost or under. Medical consumables and drugs and pharmaceuticals are valued at the lower of cost and net realisable value. Weighted average method is used in determining the cost of inventories.

f) Revenue recognition

Revenue is recognised on an accrual basis and includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the end of the financial period except in respect of the years ended March 31, 2002 and 2003, in which revenue from patients was recognised on discharge of the patients i.e. bills raised. (Also refer to note 2 (a) below).

g) Research and development expenditure

Research and development expenses excluding capital expenditure are charged to revenue in the year in which these are incurred.

h) Retirement benefits

Provisions for gratuity and leave encashment benefits are determined on an actuarial valuation at the year end. The Company’s contributions to the provident and other funds are charged against revenue every year.

i) Foreign currency transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise except where the foreign currency liabilities have been incurred in connection with fixed assets acquired up to March 31, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where the exchange differences are adjusted in the carrying amount of concerned fixed assets.

j) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

NOTES

2. a) The Statement of Adjusted Profits and Losses for the financial year(s) ended on March 31, 2002, 2003, 2004, 2005 and 2006 and the Statement of Adjusted Assets and Liabilities as at March 31, 2002, 2003, 2004, 2005 and 2006 reflect the profits and losses and assets and liabilities for each of the relevant years indicated above. These statements have been prepared by extracting from the audited profit and loss accounts and balance sheets for the aforesaid years after making therein the disclosures and adjustments [refer to note 2(b) below] required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 except for a change in recognising unbilled revenue with effect from the year ended March 31, 2004, as stated in note 1(f), for want of necessary information for prior years.

   b) During the year 2001-02, the Company changed the policy of determining provision for gratuity and leave encashment from an arithmetical basis to actuarial basis. Accordingly provision written back of Rs.24.33 millions has been adjusted in the profit and loss account.

3. Out of the five years reported, other income exceeds 20% of the net profits before tax, arrived as per the Statement of Adjusted Profits and Losses in the years ended March 31, 2002, 2003, 2004 and 2006. The analysis of the other income for these years is as under:

(Rs. in millions)

Particulars	Year ended March 31, 2006	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Dividend received from Unit Trust of India	-	-	-	1.58
Interest on:				
Investments	-	5.32	30.17	39.29
Fixed deposits	0.19	0.90	6.23	33.94
Income tax refund	-	-	-	-
Others including Inter Corporate Deposits	9.92	29.60	33.77	23.63
Profit on sale of assets	0.74	0.57	2.02	0.08
Profit on sale of investment	-	19.46	1.86	-
Surrender value of keyman insurance policies	11.22	9.77	8.58	13.96
Others	3.75	3.24	13.79	7.70
Total	**25.82**	**68.86**	**96.42**	**120.18**

Most of the above items of other income are of recurring nature, arising in and incidental to normal business activities of the Company.

4. The Company has not declared any dividend during the financial years ended March 31, 2002, 2003, 2004, 2005 and 2006.

5. (a) Claims against the Company not acknowledged as debts in the reported five years:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Claims for medico legal cases	367.00	397.66	384.78	357.60	366.01
Employee's dues	-	-	-	-	0.14

The Company has taken professional indemnity / error and omission policies to cover the hospital, its doctors and staff for any possible liability arising from claims for medico legal cases. (Insurance cover of Rs.574 millions taken by the Company).

(b) The charge by way of hypothecation, created by the Company on its receivables and collectibles:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Charge for the amounts along with all interest, liquidated damages, front end fees, etc., due and payable by Escorts Limited, the erstwhile holding company	-	875.00	875.00	875.00	750.00

The above charge is on account of:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Subscription to non-convertible debentures of Escorts Limited, by ICICI Bank Limited	-	750.00	750.00	750.00	750.00
Financial assistance to Escorts Limited	-	125.00	125.00	125.00	-

(c) Corporate guarantee given by the Company in respect of:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Financial assistance availed by a subsidiary company, i.e., Escorts Heart and Super Speciality Institute Limited	275.00	260.00	298.50	298.50	-

As confirmed by the subsidiary company, the amount outstanding in this regard is Rs.261.70 millions as at March 31, 2006.

6. Estimated amount of contracts remaining to be executed on capital account in the reported five years:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Capital commitments	168.80	184.20	299.95	154.71	55.41

7. There are no disputed dues in respect of wealth tax, service tax, excise duty and cess matters as on March 31, 2006. The details of disputed dues on account of customs duty and income-tax as on March 31, 2006 are as follows:

Name of the statute	Nature of the dues	Amount involved (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which the amount relates	Forum where dispute is pending
Custom Laws	Customs duty	33.00	15.00	1990-91 to 1993-94	Central Excise and Service Tax Appellate Tribunal
Income-tax Act	Income-tax Interest thereon	459.00 526.91	- -	1996-97 to 2000-01	Delhi High Court (Refer to note 17)
	Income-tax Interest thereon	549.10 694.60	- -	2000-01	Delhi High Court (Refer to note 17)
	Income-tax Interest thereon	525.32 291.60	60.00 -	2001-02	Income-tax Appellate Tribunal, Chandigarh
	Income-tax	42.42	-	2002-03	Commissioner of Income-tax (Appeals), Delhi

In respect of the Value Added Tax, the Company, as explained in note 19, is of the view that the provisions of the Delhi Value Added Tax, 2004 are not applicable to it.

8. The Company takes endowment/key-men insurance policies on the lives of its Chairman, Managing Director and Chief Surgeon which, from time to time, have been assigned to the assured. The consideration for such assignments is the guaranteed surrender value as certified by the Life Insurance Corporation of India. The Company has been advised that such surrender value is adequate consideration for the assignments and, on receipt thereof, there is no benefit accruing as remuneration.

9. Deferred tax assets / (liability) have been computed for the reported years as under:

(Rs. in millions)

Description	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Deferred tax assets on:					
Accelerated depreciation	-	-	-	-	19.40
Accrued expenses deductible on payment	27.18	21.17	18.04	13.05	8.64
Others	-	-	-	1.32	1.36
Sub-total	**27.18**	**21.17**	**18.04**	**14.37**	**29.40**
Deferred tax liabilities on:					
Accelerated depreciation	18.55	28.59	20.68	3.45	-
Sub-total	**18.55**	**28.59**	**20.68**	**3.45**	**-**
Net deferred tax assets / (liability)	**8.63**	**(7.42)**	**(2.64)**	**10.92**	**29.40**

10. Annual analysis of Unsecured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From others:					
Infrastructure Leasing & Financial Services Limited	16.67	50.00	90.00	-	-
Short – term					
From Banks:					
Lord Krishna Bank	-	-	100.00	-	-
Unit Trust of India	100.00	100.00	-	-	-
Punjab National Bank (Cash credit)	55.52	98.14	-	-	-
Total	**172.19**	**248.14**	**190.00**	**-**	**-**

11. Analysis of Unsecured loans taken by the Company as at March 31, 2006:

Name of the Institution / Bank	Loans outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)	Repayment Schedule
Infrastructure Leasing & Financial Services Limited	16.67	9.43%	60 equal monthly instalments commencing from April 15, 2007
Unit Trust of India	100.00	9.50% (increased from 8.50% w.e.f. 14.03.06)	Four equal quarterly instalments commencing from June 24, 2006
Punjab National Bank	55.52	10.75%	Cash credit facility
Total	**172.19**		

12. Annual analysis of Secured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From Others:					
Infrastructure Development Finance Company Limited	50.00	50.00	-	-	-
GE Capital Services India	65.79	32.24	-	-	-
Short – term					
From Bank:					
ICICI Bank	-	-	47.10	-	-
Total	**115.79**	**82.24**	**47.10**	**-**	**-**

13. Analysis of Secured loans taken by the Company as at March 31, 2006:

Name of the Institution / Bank	Loan outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)	Repayment Schedule	Nature of security
Infrastructure Development Finance Company Limited	50.00	9.00%	Six equal quarterly instalments commencing from June 28, 2005	refer to foot note (i)
GE Capital Services India	12.41	8.90%	Twenty four equal monthly instalments commencing from November 1, 2004	refer to foot note (ii)
GE Capital Services India	22.53	8.75%	Twenty four equal monthly instalments commencing from April 1, 2005	refer to foot note (ii)
GE Capital Services India	30.85	8.75%	Twenty four equal monthly instalments commencing from September 4, 2005	refer to foot note (ii)
Total	**115.79**			

(i) Loan of Rs.50 millions from Industrial Development Finance Company Limited is secured by a first and exclusive charge over all movable properties, whether present or future, pertaining to the hospital at Jaipur and additionally secured by immovable properties of the said hospital at Jaipur.

(ii) Secured by first charge on certain specific medical equipment financed through loan, including all additions, attachments, accessories and replacements to the said equipment.

14. Analysis of Sundry debtors (Unsecured - considered good)

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Debts over six months	149.62	98.03	30.06	14.18	4.25
Other debts	240.84	189.73	154.58	63.62	22.40
Less: Advance against unbilled revenue per contra	24.38	41.29	44.31	*	*
Net balance	**366.08**	**246.47**	**140.33**	**77.80**	**26.65**

* Refer to note 2 (a) above.

15. Analysis of loans and advances (Unsecured - considered good)

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Loans and advances recoverable in cash or in kind or for value to be received ***	103.58	110.49	117.31	100.67	83.25
Loans to erstwhile holding company	-	135.00	285.00	220.00	200.00
Loans to subsidiary companies	54.60	35.60	31.60	22.90	-
Share application money	28.46	28.46	-	-	-
Advance tax (net of provisions)	88.53	12.78	25.48	21.32	-
Deposit with customs and port trust	15.00	15.00	15.00	15.00	15.00
Total	**290.17**	**337.33**	**474.39**	**379.89**	**298.25**

*** Include balances on current account with

- subsidiaries	80.79	65.93	47.65	18.09	3.23
- erstwhile holding company	-	10.92	15.71	3.07	-

16. A Civil suit ("Civil Suit") has been filed for declaration and permanent injunction against Escorts Heart Institute and Research Centre Limited (EHIRC) amongst others in the Delhi High Court seeking amongst others (a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under the Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh) a society registered under the Societies

Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a Company under Part IX of the Companies Act, 1956 (i.e. EHIRC) is void, (b) seeking a restoration of charitable status of EHIRC Delhi Society. The Delhi High Court, vide its Order dated September 30, 2005 has, however, only ordered the parties to maintain status quo as of September 30, 2005. The matter is being duly defended in the Court and is pending before the Delhi High Court.

Delhi Development Authority (DDA) vide its Order dated October 6, 2005 determined the lease deeds and allotment letters of EHIRC (“DDA Order”). EHIRC has filed an Original Miscellaneous Petition and Civil Suit in the Delhi High Court seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRC without due process of law. Delhi High Court has granted a stay restraining DDA from recovering physical possession of the property. The matter is pending in Delhi High Court.

The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against EHIRC. The matter was being defended by EHIRC and the proceedings have been suspended by the Estate Officer in view of the Order in the LPA mentioned below.

EHIRC filed a civil writ petition in the Delhi High Court challenging the show cause notice issued by Estate Officer, which was dismissed by the Hon’ble Single Judge. EHIRC thereafter filed Letters Patent Appeal (LPA) against the above order before the Delhi High Court. The Division Bench of the Delhi High Court while issuing notice to the Estate Officer passed an interim order in favour of EHIRC directing that no final order on eviction can be passed by the Estate Officer. The LPA is pending before the Delhi High Court.

The Delhi High Court in March 2004, amongst other hospitals, made EHIRC a party to a 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. The PIL is being defended and the matter is pending in the Delhi High Court.

17. (a) The Income-tax Authorities carried out a survey on August 21, 2003 (certain statutory records of the Company 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 Chandigarh and Delhi 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, 1999-2000 and 2000-01, wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organisation has been withdrawn in these years. The past accumulated income upto March 31, 1996 has been brought to tax and the incomes of the respective years thereafter have been subject to tax as normal business income, hence raising a cumulative demand of Rs.985.91 millions (including interest of Rs.526.91 millions). 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.1243.70 millions (including interest of Rs.694.60 millions). 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 has challenged the reopening of assessment year 1997-98 before the Delhi High Court 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 assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till 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 amounting to Rs. 525.32 millions and interest thereon amounting to Rs.291.60 millions by treating the excess of assets over liabilities as short term capital gains on registration of the Amalgamated Society as this Company. The Company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, has preferred an appeal before the Income-tax Appellate Tribunal, Chandigarh, which is pending disposal.

(c) Regular assessment under section 143(3) of Income-tax Act, 1961, has been completed for assessment year 2003-04 in the case of the Company whereby a demand of Rs.42.42 millions has been raised. Appeal has been filed before the Commissioner of Income-tax (Appeals) 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.

18. The Company has made strategic investments amounting to Rs.184.51 millions (including Rs.184.51 millions upto the previous year) in equity shares of certain subsidiary companies which also are involved in healthcare business. The Company has also provided to such subsidiaries loans aggregating Rs. 47.60 millions (previous year Rs.35.60 millions) and other recoverable advances on current accounts aggregating Rs.76.64 millions (previous year Rs.62.90 millions). Further, corporate guarantees of Rs.275.00 millions (previous year Rs.260.00 millions) have also been given by the Company in respect of financial assistance availed by one of these subsidiaries companies. The accumulated losses in these companies have resulted either in substantial erosion or negative net worth of these companies. Since the gestation period in such projects is comparatively longer, the present losses in these subsidiary companies mainly reflect depreciation charge and finance cost besides certain temporary operational losses in one of these subsidiary companies. The management is confident that there is no permanent fall in the value of such investments or advances as the healthcare business would register a significant growth in future. Accordingly, such investments have no permanent diminution and the loans and advances to these subsidiary companies are good and fully recoverable.

19. Pursuant to a notice under Section 59 of the Delhi Value Added Tax Act, 2004, the Company submitted an application dated September 20, 2005 before the Commissioner of Trade and Taxes (“Commissioner”), New Delhi for determination of whether the Company 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 Value Added Tax (“VAT”) on the said items. EHIRC has filed an appeal before the Delhi Value Added Tax Appellate Tribunal against the aforesaid Order of the Commissioner on April 27, 2006, which is pending for disposal. The Company has out of an abundant caution, made an estimated provision of Rs.4.80 millions in the matter, without considering the items used in composite packages for which no separate bills are raised, although it is of the view that no such liability would arise.

20. As the Company’s business activity falls within a single primary business segment, viz., “Health Care Services”, the disclosure requirements of Accounting Standard (AS-17) “Segment Reporting”, issued by The Institute of Chartered Accountants of India are not applicable.

21. Related party disclosures under Accounting Standard 18

I) Name of related party and nature of related party relationship

A. Ultimate Holding Company

Sr. No.	**2005-06**	**2004-05**	**2003-04**	**2002-03**	**2001-02**
1.	Fortis Healthcare Holdings Limited (w.e.f. September 29, 2005)	-			

B. Holding Company

Sr. No.	**2005-06**	**2004-05**	**2003-04**	**2002-03**	**2001-02**
1.	Escorts Limited (till September 28, 2005) Fortis Healthcare Limited (w.e.f. September 29, 2005)	Escorts Limited	Escorts Limited	Escorts Limited	Escorts Limited

C. Fellow Subsidiaries

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	-	-	-	Escorts Hospital and Research Centre Limited	Escorts Hospital and Research Centre Limited
2.	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited	Escosoft Technologies Limited
3.	-	-	Esconet Services Limited	Esconet Services Limited	Esconet Services Limited
4.	-	-	Iserve India Solutions Private Limited	Iserve India Solutions Private Limited	Iserve India Solutions Private Limited
5.	-	-	-	-	Escotel Mobile Communication Limited
6.	Cellnext Solutions Limited	Cellnext Solutions Limited	Cellnext Solutions Limited	Cellnext Solutions Limited	-
7.	Escolife IT Services Private Limited	Escolife IT Services Private Limited	Escolife IT Services Private Limited	Escolife IT Services Private Limited	-
8.	-	-	-	Escorts Telecommunication Limited	-
9.	IFS Solutions India Private Limited	IFS Solutions India Private Limited	IFS Solutions India Private Limited	-	-
10.	International Hospital Limited	-	-	-	-
11.	Oscar Bio-Tech Private Limited	-	-	-	-

D. Subsidiary Companies

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Escorts Heart and Super Speciality Institute Limited	Escorts Heart and Super Speciality Institute Limited	Escorts Heart and Super Speciality Institute Limited	Escorts Heart and Super Speciality Institute Limited	Escorts Heart and Super Speciality Institute Limited
2.	Escorts Heart Centre Limited	Escorts Heart Centre Limited	Escorts Heart Centre Limited	Escorts Heart Centre Limited	Escorts Heart Centre Limited
3.	Escorts Hospital and Research Centre Limited	Escorts Hospital and Research Centre Limited	Escorts Hospital and Research Centre Limited	-	-
4.	Escorts Heart and Super Speciality Hospital Limited	Escorts Heart and Super Speciality Hospital Limited	Escorts Heart and Super Speciality Hospital Limited	-	-

E. Joint Venture of Holding Company

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	-	-	Escotel Mobile Communication Limited	-	-

F. Key management personnel

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Mr. Rajan Nanda (Chairman) [till September 28, 2005] Mr. Harpal Singh (Chairman) [w.e.f. September 29, 2005]	Mr. Rajan Nanda (Chairman)	Mr. Rajan Nanda (Chairman)	Mr. Rajan Nanda (Chairman)	Mr. Rajan Nanda (Chairman)
2.	Mrs. Ritu Nanda (Managing Director) [till September 28, 2005] Mr. Shivinder Mohan Singh (Managing Director) [w.e.f. September 29, 2005]	Mrs. Ritu Nanda (Managing Director)	Mrs. Ritu Nanda (Managing Director)	Mrs. Ritu Nanda (Managing Director)	Mrs. Ritu Nanda (Managing Director)
3.	Mr. Malvinder Mohan Singh (Director) [w.e.f. September 29, 2005]	-	-	-	-

G. Enterprises significantly influenced by Key managerial personnel

Sr. No.	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Ranbaxy Laboratories Limited [w.e.f. September 29, 2005]	-	-	-	-

22. Disclosure in respect of Operating leases (entered on or after April 1, 2001) under Accounting Standard - 19 "Leases" issued by the Institute of Chartered Accountants of India:

a) General description of the Company's operating lease arrangements:
The Company enters into operating lease arrangement for lease of residential premises for its employees. Some of the significant terms and conditions of the arrangement are:
- agreements may generally be terminated by either of the party by serving three months notice or by paying the notice period rent in lieu thereof.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- the Company cannot sublet, assign or part with the possession of the premises.

b) Lease rent charged to the profit and loss account in the reported five years:

(Rs. in millions)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Lease rent	13.22	11.30	8.50	6.82	5.10

II) Transactions with related parties

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
Escorts Limited (erstwhile holding company)							
(a)		Sale of assets	-	-	-	-	0.05
(b)		Rendering of services	0.04	-	0.04	-	0.01
(c)		Receiving of services					
	(i)	Rental and hire charges	0.47	0.94	0.94	0.94	0.94
	(ii)	Management contracts/deputations	5.60	4.67	3.92	3.80	5.79
	(iii)	Others	1.57	3.44	2.65	2.53	2.86
(d)		Interest accrued / received on inter corporate deposits	7.53	16.55	31.52	25.55	22.50
(e)		Purchase of investment	-	-	160.00	-	-
(f)		Inter corporate deposit:					
	(i)	Given	-	-	125.00	50.00	-
	(ii)	Received back / adjusted	135.00	150.00	60.00	30.00	-
(g)		Closing balances :					
	(i)	Amount payable / receivable	(Cr.) 6.03	(Dr.) 10.92	(Dr.) 15.71	(Cr.) 1.62	(Cr.) 3.16
	(ii)	Inter corporate deposit	-	(Dr.) 135.00	(Dr.) 285.00	(Dr.) 220.00	(Dr.) 200.00
	(iii)	Interest on inter corporate deposits	-	-	-	(Dr.) 5.94	(Dr.) 5.73
(h)		Security by way of hypothecation	Refer to note 5b above				

SUBSIDIARY COMPANIES:							
Escorts Heart and Super Speciality Institute Limited							
(a)		Rendering of services					
	(i)	Management contracts / deputations	18.33	16.39	15.63	6.42	2.21
	(ii)	Others	0.13	0.57	0.87	0.29	0.25
(b)		Equity contribution	-	17.50	15.00	51.60	85.20
(c)		Interest income on loan	2.13	2.12	2.09	0.10	-
(d)		Loan given	6.00	-	3.50	20.10	-
(e)		Purchase of goods	0.17	0.10	-	-	-
(f)		Closing balances :					
	(i)	Amount receivable	(Dr.) 61.65	(Dr.) 42.47	(Dr.) 26.05	(Dr.) 8.77	(Dr.) 1.98
	(ii)	Loan	(Dr.) 29.60	(Dr.) 23.60	(Dr.) 23.60	(Dr.) 20.10	-
	(iii)	Investment in equity shares	(Dr.) 169.30	(Dr.) 169.30	(Dr.) 151.80	-	-
(g)		Corporate Guarantee for financial assistance	Refer to note 5c above				

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
Escorts Heart Centre Limited							
(a)		Rendering of services					
	(i)	Management contracts / deputations	-	6.12	5.63	4.49	1.16
	(ii)	Others	0.01	0.81	0.91	0.21	0.09
(b)		Equity contribution	-	-	-	5.20	10.00
(c)		Purchase or sale of goods (other)	0.42	-	-	-	-
(d)		Purchase of fixed assets	5.41	-	-	-	-
(e)		Sale of fixed assets	0.38	-	-	-	-
(f)		Interest income on loan	-	0.81	0.51	0.07	-
(g)		Loan given	6.00	4.00	5.20	2.80	-
(h)		Closing balances :					
	(i)	Amount receivable	(Dr.) 14.99	(Dr.) 20.43	(Dr.) 12.87	(Dr.) 5.94	(Dr.) 1.25
	(ii)	Loan	(Dr.) 18.00	(Dr.) 12.00	(Dr.) 8.00	(Dr.) 2.80	
	(iii)	Investment in equity shares	(Dr.) 15.21	(Dr.) 15.20	(Dr.) 15.20		
Escorts Hospital and Research Centre Limited							
(a)		Receiving of services	-	0.04	-	-	-
(b)		Rendering of services					
	(i)	Management contracts / deputations	11.67	10.57	8.29	-	-
	(ii)	Others	0.03	0.15	0.27	-	-
(c)		Purchase of assets	-	0.51	-	-	-
(d)		Closing balances :					
	(i)	Amount receivable	(Dr.) 4.16	(Dr.) 3.03	(Dr.) 8.73	-	-
	(ii)	Investment in equity shares	(Dr.) 624.52	(Dr.) 624.52	(Dr.) 624.52	-	-
Escorts Heart and Super Speciality Hospital Limited							
(a)		Equity contribution in cash	-	91.00	0.49	-	-
(b)		Share application money	-	28.46	-	-	-
(c)		Transfer of fixed assets	-	28.46	-	-	-
(d)		Rendering of services	0.01	-	0.45	-	-
(e)		Loan given	7.00	-	-	-	-
(f)		Closing balances :					
	(i)	Amount receivable	(Dr.) 0.01	-	-	-	-
	(ii)	Investment in equity shares	(Dr.) 91.50	(Dr.) 91.50	(Dr.) 0.49	-	-
	(iii)	Share application money	(Dr.) 28.46	(Dr.) 28.46	-	-	-
	(iv)	Loan	(Dr.) 7.00	-	-	-	-

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
FELLOW SUBSIDIARIES:							
Escosoft Technologies Limited							
(a)		Receiving of services					
	(i)	Management contracts / deputations	-	-	0.09	0.35	2.96
	(ii)	Software development charges	-	-	-	1.03	1.51
	(iii)	Others	0.17	0.30	0.27	0.84	-
(b)		Closing balance					
		Amount payable	(Cr.) 0.25	(Cr.) 0.24	(Cr.) 0.32	(Cr.) 0.76	(Cr.) 0.78
Cellnext Solutions Limited							
(a)		Receiving of services					
	(i)	Software development charges	-	-	-	0.25	-
	(ii)	Others	-	0.09	0.03	-	-
(b)		Closing balance					
		Amount payable	-	-	-	(Cr.) 0.04	-
IFS Solutions India Private Limited							
(a)		Receiving of services	0.69	1.10	0.59	-	-
(b)		Closing balance					
		Amount payable	-	(Cr.) 0.26	-	-	-
Escolife IT Services Private Limited							
(a)		Receiving of services					
	(i)	Management contracts / deputations	0.25	-	-	0.23	-
(b)		Closing balance :					
		Amount payable	-	-	-	(Cr.) 0.23	-
Escorts Telecommunications							
(a)		Rendering of services	**-**	**-**	**-**	**0.10**	**-**
(b)		Closing balance :					
		Amount receivable	-	-	-	0.10	-
Esconet Services Limited							
(a)		Sale of assets	-	-	-	0.17	-
(b)		Rendering of services	-	-	-	0.01	-
(c)		Receiving of services					
	(i)	Management contracts / deputation	-	-	-	5.94	8.62
(d)		Closing balance					
		Amount payable	-	-	-	(Cr.) 0.41	(Cr.) 2.00
Escotel Mobile Communications Limited							
(a)		Rendering of services	-	-	-	-	0.01
Escorts Hospital and Research Centre Limited							
(a)		Rendering of services	-	-	-	-	0.01
(b)		Receiving of services					
	(i)	Management contracts / deputation	-	-	-	2.92	-
	(ii)	Others	-	-	-	0.41	0.01
(b)		Interest received on inter corporate deposits	-	-	-	0.11	-
(c)		Inter corporate deposit given / repaid	-	-	-	10.00	-
(d)		Closing balance					
		Amount payable / receivable	-	-	-	(Dr.) 3.38	(Cr.) 0.02

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
I Serve India Solutions Pvt. Ltd.							
(a)		Receiving of services					
	(i)	Software development charges	-	-	-	0.03	-
	(ii)	Others	-	-	-	-	0.03
(b)		Closing balance					
		Amount payable	-	-	-	(Cr.) 0.03	-
ENTERPRISES SIGNIFICANTLY INFLUENCED BY							
KEY MANAGERIAL PERSONNEL							
Ranbaxy Laboratories Limited							
(a)		Rendering of services	0.02	-	-	-	-
(b)		Closing balance					
		Amount payable	-	-	-	-	-
KEY MANAGEMENT PERSONS:							
(a)		Remuneration to key management persons	5.59	13.67	16.05	19.14	18.82
(b)		Assignment of Keyman insurance policy	-	-	9.77	5.40	10.79
(c)		Closing balance :					
		Amount Payable	-	(Cr.) 2.49	(Cr.) 2.63	(Cr.) 5.73	(Cr.) 9.30

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - IV

STATEMENT OF ADJUSTED CASH FLOW

(Rs. in millions)

	Particulars	Year ended March 31,				
		2006	**2005**	**2004**	**2003**	**2002**
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Net profit before tax and extraordinary items	115.07	214.66	272.15	303.42	367.71
	Adjustment for :					
	Depreciation	134.37	149.45	150.79	114.28	78.40
	Provision for diminution in value of investments	-	-	-	-	6.46
	Profit on sale of fixed asset	(0.74)	(0.27)	(0.57)	(2.02)	(0.08)
	Loss on sale of fixed asset	0.28	-	0.08	0.14	0.21
	Profit on sale of investments	-	-	(19.46)	(1.86)	-
	Interest expenses	25.50	15.32	18.82	-	-
	Interest income	(10.11)	(22.00)	(35.82)	(70.17)	(96.86)
	Dividend income	-	-	-	-	(1.58)
	Operating profit before working capital changes	**264.37**	**357.16**	**385.99**	**343.79**	**354.26**
	Adjustments for working capital changes:					
	Trade and other receivables	(112.67)	(99.36)	(90.05)	(84.28)	9.51
	Inventories	(4.90)	(10.96)	4.48	(1.36)	0.89
	Trade and other payable	61.27	23.18	66.00	(35.96)	41.57
	Cash generated from operations	**208.07**	**270.02**	**366.42**	**222.19**	**406.23**
	Direct taxes paid	(137.48)	(57.33)	(84.17)	(116.94)	(109.73)
	Net cash from operating activities	**70.59**	**212.69**	**282.25**	**105.25**	**296.50**
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of fixed assets	(158.59)	(329.33)	(194.29)	(283.30)	(303.11)
	Sale of fixed assets	4.48	10.17	1.34	3.29	0.36
	Investments in shares of subsidiaries	(0.01)	(108.51)	(640.01)	(56.80)	(95.20)
	Purchase of other investments	-	-	-	-	(1.50)
	Loan to subsidiaries	(19.00)	(4.00)	(8.70)	(22.90)	-
	Inter corporate deposits given	-	-	(125.00)	(60.00)	-
	Inter corporate deposits adjusted/repaid	135.00	150.00	60.00	40.00	-
	Sale of investments	-	-	250.30	78.95	15.50
	Interest received	10.08	22.05	62.16	91.61	113.36
	Dividend received	-	-	-	-	1.58
	Net cash (used) in investing activities	**(28.04)**	**(259.62)**	**(594.20)**	**(209.15)**	**(269.01)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from long term borrowings	183.50	338.14	297.10	-	-
	Repayment of long term borrowings	(225.90)	(244.86)	(60.00)	-	-
	Interest paid	(24.82)	(15.32)	(18.53)	-	-
	Net cash from / (used) in financing activities	**(67.22)**	**77.96**	**218.57**	**-**	**-**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(24.67)**	**31.03**	**(93.38)**	**(103.90)**	**27.49**
	Cash and cash equivalents as at the beginning of the year	46.86	15.83	109.21	213.11	185.62
	Cash and cash equivalents as at the end of the year	**22.19**	**46.86**	**15.83**	**109.21**	**213.11**

Refer to Annexure III for significant accounting policies and notes.

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - V

SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year Ended March 31,				
		2006	2005	2004	2003	2002
Nominal value of shares	Rupees	10	10	10	10	10
Earnings per share	Rupees	34.68	69.91	89.29	95.46	112.67
Net asset value per share	Rupees	1,087.77	1053.09	983.17	893.89	798.43
Return on net worth	Percentage	3.19%	6.64%	9.08%	10.68%	14.11%

Notes:

Definition of ratios

Earning per share	=	{Adjusted Profit/(loss) after tax as per Statement of Adjusted Profits and Losses} / {Weighted average number of shares}
Net asset value	=	{Net worth as per Statement of Adjusted Assets and Liabilities} / {Weighted average number of shares}
Return on net worth	=	{Adjusted Profit / (loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities}

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - VI

STATEMENT OF CAPITALISATION

(Rs. in millions)

	Particulars		As at March 31, 2006
	Borrowings:		
A	**Short term debts**		
	- Secured loans		-
	- Unsecured loans		155.52
	Total	**(A)**	**155.52**
B	**Long term debts**		
	- Secured loans		115.79
	- Unsecured loans		16.67
	Total	**(B)**	**132.46**
	Total debts	**(A)+(B)**	**287.98**
C	**Shareholders' funds:**		
	Equity Share Capital		20.00
	Reserves and surplus		2,155.87
	Total Shareholders' funds	**(C)**	**2,175.87**
D	**Total Capitalisation**	**(A)+(B)+(C)**	**2,463.85**
E	**Long term debt / Equity ratio**	**(B)/(C)**	**0.06**

Note: Post issue Capitalisation Statement : Not applicable

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

ANNEXURE - VII

STATEMENT OF TAX SHELTER

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Normal tax rate (including surcharge and education cess)	**33.66%**	**36.59%**	**35.88%**	**36.75%**	**35.70%**
Concessional tax rate for long term capital gain (including surcharge and education cess)	**22.44%**	**20.91%**	**20.50%**	**21.00%**	**20.40%**
Profit taxable at normal rate	115.07	214.66	253.19	301.56	367.71
Profit taxable at concessional rate	-	-	18.96	1.86	-
Net profit before tax as per Statement of Adjusted Profits and Losses	**115.07**	**214.66**	**272.15**	**303.42**	**367.71**
Tax at Notional Rate	38.73	78.55	94.72	111.22	131.27
Adjustments:					
Difference between tax and book depreciation	30.23	(26.93)	(49.44)	(58.63)	(49.31)
Accrued expenses deductible on payment basis	18.89	11.55	13.93	12.85	11.97
Other adjustments	(0.06)	0.12	(0.14)	(1.87)	23.14
Net adjustments	49.06	(15.26)	(35.65)	(47.65)	(14.20)
Tax (saving) / expense thereon	16.51	(5.58)	(12.79)	(17.51)	(5.07)
Tax as per income tax	55.24	72.97	81.93	93.71	126.20
Deferred tax charge / (benefit)	(16.05)	4.78	13.56	18.47	15.33

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar

Sandeep Kapoor

AUDITORS' REPORT

The Board of Directors
Escorts Heart and Super Speciality Institute Limited
Okhla Road
New Delhi - 110025

Dear Sirs,

We have examined the financial information of Escorts Heart and Super Speciality Institute Limited (the Company), annexed to this report, which has been prepared in accordance with the requirements of:

i. The instructions received from Escorts Heart Institute and Research Centre Limited (the holding company of the Company), requesting us to examine the financial information referred to above in connection with the proposed initial public offer of equity shares, by Fortis Healthcare Limited, the holding company of Escorts Heart Institute and Research Centre Limited;
ii. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
iii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005 and 2006 (Annexure-I) and the accompanying Statement of Adjusted Profits and Losses of the Company for the financial periods/years ended on March 31, 2003, 2004, 2005 and 2006 (Annexure-II) (Summary Statements). The Summary Statements have been extracted by the Company from the financial statements of the Company for the respective periods, duly approved by the Board of directors and audited by us.

2. Based on our examination of these Summary Statements, we confirm that:

   i. There are no material amounts relating to the previous years which needs to be adjusted in arriving at the profits/losses for the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;

      There were no qualification in the auditors' reports on the financial statements for the financial years ended on March 31, 2002, 2003, 2004 and 2005.

   ii. The qualification in Audit Report on the accounts for the year ended March 31, 2006 has been adjusted in that year in the Summary Statements (refer to note 7 in Annexure III);

   iii. There is no change in accounting policies which required adjustments to arrive at the Summary Statements; and

   iv. There are no extraordinary items which are required to be disclosed separately in Summary Statements.

3. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2002, 2003, 2004, 2005 and 2006 on the equity shares. The Company had no other class of shares during these years.

4. We have examined the following financial information relating to the Company, attached to this report:

   i. The significant accounting policies followed by the Company and notes pertaining to the Summary Statements, enclosed as Annexure-III.

   ii. Statement of Adjusted Cash Flows, enclosed as Annexure-IV.

   iii. Summary of accounting ratios based on the adjusted profits relating to earnings per share, net assets value and return on net worth, enclosed as Annexure-V.

   iv. Statement of Capitalisation as at March 31, 2006, enclosed as Annexure-VI.

   v. Statement of Tax Shelter, enclosed as Annexure-VII.

   vi. The details of transactions with the related parties in accordance with the Accounting Standard 18 – Related Party Disclosures issued by the Institute of Chartered Accountants of India (refer to note 15 in Annexure-III).

5. This report is intended solely for your information and for forwarding it to Fortis Healthcare Limited, the holding company, for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer (“IPO”) of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For A. F. Ferguson & Co.
Chartered Accountants

J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in millions)

	Particulars	As at March 31,				
		2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed assets**					
	Gross block	445.89	445.52	444.10	437.72	4.98
	Less : Depreciation	188.49	144.34	91.11	28.71	0.41
	Net Block	**257.40**	**301.18**	**352.99**	**409.01**	**4.57**
	Capital work-in-progress	-	-	-	3.58	148.45
	Total	**257.40**	**301.18**	**352.99**	**412.59**	**153.02**
B	**Project and preoperative expenditure**	-	-	-	-	14.16
C	**Deferred tax assets (net)** (refer to note 7 in Annexure III)	-	74.40	49.73	16.09	-
D	**Current assets, loans and advances**					
	Inventories	13.57	14.25	8.87	8.83	-
	Sundry debtors	38.26	4.23	2.91	-	-
	Cash and bank balances	1.49	0.26	2.88	3.19	6.59
	Loans and advances	2.85	2.69	4.19	3.97	2.83
	Total	**56.17**	**21.43**	**18.85**	**15.99**	**9.42**
E	**Liabilities and provisions**					
	Secured loans (including interest accrued and due)	261.78	249.44	244.50	246.80	51.72
	Unsecured loans	29.60	23.60	23.60	20.10	-
	Current liabilities and provisions	112.88	74.20	64.57	45.71	26.12
	Total	**404.26**	**347.24**	**332.67**	**312.61**	**77.84**
F	**Net worth - Total (A+B+C+D-E)**	**(90.69)**	**49.77**	**88.90**	**132.06**	**98.76**
G	**Represented by**					
	1. Share capital	157.01	157.01	139.51	123.21	60.02
	2. Reserves and surplus (represents share premium)	39.60	39.60	39.60	39.60	39.60
	Total	**196.61**	**196.61**	**179.11**	**162.81**	**99.62**
	Less : Miscellaneous expenditure to the extent not written-off or adjusted	1.04	2.08	3.13	4.16	0.86
	Less : Debit balance in profit and loss account	286.26	144.76	87.08	26.59	-
	Net worth	**(90.69)**	**49.77**	**88.90**	**132.06**	**98.76**

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar   Sandeep Kapoor

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - II

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in millions)

Particulars	**Year ended March 31, 2006**	**Year ended March 31, 2005**	**Year ended March 31, 2004**	**2 months ended March 31, 2003**	**Period ended March 31, 2002***
Income					
Operating income:					
Income from:					
In-patients	186.75	143.32	125.23	11.33	-
Out-patients	14.57	13.61	10.86	0.84	-
	201.32	**156.93**	**136.09**	**12.17**	**-**
Less : Subsidy	18.47	7.36	5.10	0.30	-
	182.85	149.57	130.99	11.87	-
Other Income (refer note 3 in Annexure III)	0.84	0.81	0.89	0.28	-
Total	**183.69**	**150.38**	**131.88**	**12.15**	**-**
Expenditure					
Materials consumption	87.04	62.25	52.11	8.84	-
Staff costs	46.98	43.65	39.69	6.50	-
Professional fees	3.76	2.09	2.13	0.32	-
Other operating expenses	36.95	30.50	29.23	4.52	-
Administration and other expenses	5.18	6.50	7.11	4.33	-
Miscellaneous expenditure written-off	1.04	1.04	1.04	1.04	-
Interest	25.28	33.45	31.12	4.62	-
Depreciation	44.15	53.25	63.58	24.66	-
Total	**250.38**	**232.73**	**226.01**	**54.83**	**-**
(Loss) before tax	**(66.69)**	**(82.35)**	**(94.13)**	**(42.68)**	**-**
Provision for taxation :					
- Fringe benefit tax	(0.40)	-	-	-	-
- Deferred tax (charge)/benefit	(74.40)	24.67	33.64	16.09	-
(Loss) after tax	**(141.49)**	**(57.68)**	**(60.49)**	**(26.59)**	**-**

* Hospital commenced its commercial operations from February 1, 2003.

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar

Sandeep Kapoor

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE- III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF STATEMENT OF ADJUSTED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED PROFITS AND LOSSES FOR THE PERIOD / YEARS ENDED MARCH 31, 2002, 2003, 2004, 2005 AND 2006

1. Significant accounting policies

a) Fixed assets

i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses relating to acquisition and installation of assets.

ii) Cost of independent feeder, though incurred by the Company but ownership of which belongs to Punjab State Electricity Board (PSEB), is being amortized over a period of 5 years.

b) Depreciation

Depreciation on fixed assets is provided on the written down value method on a pro-rata basis at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions is charged for the full month irrespective of the date of acquisition/deletion.

c) Inventories

Stores and spares are valued at cost or under. Medical consumables and drugs and pharmaceuticals are valued at the lower of cost and net realizable value. Weighted average method is used in determining the cost of inventories.

d) Revenue recognition

Revenue is recognised on an accrual basis and includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the end of the financial period except in respect of the years ended March 31, 2002 and 2003, in which revenue from patients was recognised on discharge of the patients i.e. bills raised. (Also refer to note 2 below)

e) Borrowing costs

Borrowing costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of cost of such asset upto the date the assets are put to use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

f) Retirement benefits

Provision for gratuity and leave encashment benefits are determined on an actuarial valuation at the year-end and the Company's contributions to the provident and other funds are charged against revenue every year.

g) Foreign currency transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise except where the foreign currency liabilities have been incurred in connection with fixed assets acquired up to March 31, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where the exchange differences are adjusted in the carrying amount of concerned fixed assets..

h) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. (Refer to note 7 below)

i) Miscellaneous expenditure (to the extent not written off or adjusted)

i) Preliminary expenses and project and pre-operative expenses incurred during construction period are written off over a period of 5 years from the date of commencement of commercial operations.

ii) Project and preoperative expenditure incurred upto January 31, 2003 being:-

a) project and preoperative expenditure other than expenditure which can be allocated directly have been allocated to buildings, plant and machinery, medical equipments and furniture and fixtures in the ratio of direct cost of concerned assets; and

b) indirect expenditure not related to construction activity has been carried forward under the head "Project and preoperative expenditure" to be written off over a period of 5 years from the date of commencement of commercial production i.e. February 1, 2003.

k) Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounting to their present value based on an appropriate discount factor.

NOTES

2. The Statement of adjusted profits and losses for the financial period / year(s) ended on March 31, 2003, 2004, 2005 and 2006 and the Statement of adjusted assets and liabilities as at March 31, 2002, 2003, 2004, 2005 and 2006 reflect the profits and losses and assets and liabilities for each of the relevant period / years indicated above. These statements have been prepared by extracting from the audited profit and loss accounts and balance sheets for the aforesaid years after making therein the disclosures and adjustments [refer to note 7 below] required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

3. The analysis of the other income arrived as per the Statement of adjusted profits and losses in the period / years ended March 31, 2002, 2003, 2004 and 2006 is as under:

(Rs. in millions)

Particulars	**Year ended March 31, 2006**	**Year ended March 31, 2005**	**Year ended March 31, 2004**	**2 months ended March 31, 2003**
Interest on fixed deposits	-	-	-	0.18
Profit on sale of assets	-	0.02	0.36	-
Miscellaneous	0.84	0.79	0.53	0.10
Total	**0.84**	**0.81**	**0.89**	**0.28**

The above other income is of recurring nature, arising in and incidental to normal business activities of the Company.

4. The Company has not declared any dividend during the financial years ended March 31, 2002, 2003, 2004, 2005 and 2006.

5. Contingent liability not provided for in the reported five years / periods:

(Rs. in millions)

Particulars	**2005-06**	**2004-05**	**2003-04**	**2002-03**	**2001-02**
Claims against the Company not acknowledged as debts	-	0.30	0.30	0.30	1.50

6. Estimated amount of contracts remaining to be executed on capital account in the reported five years / periods:

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Capital commitments	0.78	-	0.09	0.81	60.42

7. The Company commenced its commercial operations from February 1, 2003 and has incurred losses. Since the gestation period in such projects are comparatively longer and the losses reflect mainly depreciation charge and finance cost, based on future projections, the management was of the view that there will be sufficient future taxable income against which the net deferred tax assets will be realized. Accordingly, the Company recognized deferred tax assets in the following years:

(Rs. in millions)

Description	As at March 31, 2006 *	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Deferred tax assets on:					
Accumulated losses and unabsorbed depreciation	-	88.10	62.48	28.80	-
Accrued expenses deductible on payment	-	0.51	0.34	0.11	-
Sub-total	**-**	**88.61**	**62.82**	**28.91**	**-**
Deferred tax liabilities on:					
Accelerated depreciation	-	13.63	12.16	11.58	-
Deferred revenue expenditure	-	0.58	0.93	1.24	**-**
Sub-total	**-**	**14.21**	**13.09**	**12.82**	**-**
Net deferred tax assets	**-**	**74.40**	**49.73**	**16.09**	**-**

***** As the recognition of deferred taxation, in the absence of evidence with regard to virtual certainty of its realisation, has been a subject matter of audit qualification, the amount of net deferred tax asset has been adjusted in the Statement of adjusted profit and loss for the year ended March 31, 2006.

8. Annual analysis of Unsecured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From others:					
Escorts Heart Institute and Research Centre Limited, the holding Company	29.60	23.60	23.60	20.10	-
Total	**29.60**	**23.60**	**23.60**	**20.10**	**-**

9. Analysis of Unsecured loans taken by the Company as at March 31, 2006:

Name of the Institution / Bank	Loan outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)
Escorts Heart Institute and Research Centre Limited, the holding company	29.60	9.00 %
Total	**29.60**	

10. Annual analysis of Secured loans

(Rs. in millions)

Name of the Institution / Bank	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Long-term					
From banks:					
Punjab National Bank	248.91	-	-	-	-
State bank of India	-	248.91	244.50	244.39	45.92
Interest accrued and due thereon	-	-	-	2.41	5.80
Short-term					
From banks:					
Working capital loan from State Bank of India	-	0.53	-	-	-
Working capital loan from Punjab National Bank	12.87	-	-	-	-
Total	**261.78**	**249.44**	**244.50**	**246.80**	**51.72**

11. Analysis of Secured loans taken by the Company as at March 31, 2006:

Name of the Institution / Bank	Loan outstanding as at March 31, 2006 (Rs. in millions)	Rate of Interest (per annum)	Repayment Schedule	Nature of security
Punjab National Bank				
- Term loan	248.91	9.00%	Twenty equal quarterly instalments commencing from December 2006	refer to foot note (i)
- Working capital loan	12.87	9.50%	-	refer to foot note (ii)
Total	**261.78**			

(i) Term loan from Punjab National Bank is secured by way of equitable mortgage of Company's land and buildings and hypothecation of all other fixed assets and further secured by corporate guarantee given by Escorts Heart Institute and Research Centre Limited, the holding Company.

(ii) Working Capital Loan from Punjab National Bank is secured by way of hypothecation of stocks of medicines including life saving drugs and further secured by a corporate guarantee given by Escorts Heart Institute and Research Centre Limited, the holding Company.

12. Analysis of Sundry debtors (Unsecured - considered good)

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Debts over six months	12.07	0.01	2.27	-	-
Other debts	27.42	5.31	2.47	-	-
Less: Advance against unbilled revenue per contra	(1.23)	(1.09)	(1.83)	-	-
Net balance	**38.26**	**4.23**	**2.91**	**-**	**-**

13. Analysis of loans and advances (Unsecured - considered good)

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Loans and advances recoverable in cash or in kind or for value to be received	2.56	2.51	4.03	3.85	2.83
Advance tax (net of provisions)	0.29	0.18	0.16	0.12	-
Total	**2.85**	**2.69**	**4.19**	**3.97**	**2.83**

14. As the Company's business activity falls within a single primary business segment viz. "Healthcare Services", the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India is not applicable.

15. Related party disclosures under Accounting Standard 18

I) Name of related party and nature of related party relationship

A. Holding company	:	Escorts Heart Institute and Research Centre Limited Fortis Healthcare Limited (w.e.f. September 29, 2005)
B. Ultimate holding company	:	Escorts Limited (till September 28, 2005) (Holding company of Escorts Heart Institute and Research Centre Limited) Fortis Healthcare Holdings Limited (w.e.f. September 29, 2005)
C. Fellow subsidiary	:	Escorts Hospital and Research Centre Limited (w.e.f. October 15, 2003)
D. Subsidiary of ultimate holding company	:	Escosoft Technologies Limited (upto September 28, 2005)
E. Key Management Personnel	:	Dr. (Lt. Gen.) Harcharan Singh (w.e.f. 2003-04)

II) Transactions with related parties during the year:

(Rs. in millions)

			2005-06	2004-05	2003-04	2002-03	2001-02
Escorts Heart Institute and Research Centre Limited (holding company)							
(a)		Equity contribution in cash	-	17.50	15.00	51.60	45.60
(b)		Loan received	6.00	-	3.50	20.10	-
(c)		Interest on loan	2.13	2.12	2.09	0.10	-
(d)		Receiving of services					
	(i)	Management contracts / deputations	18.33	16.39	15.57	6.42	2.24
	(ii)	Others	0.13	0.57	1.23	0.29	-
(e)		Sale / transfer of goods	0.17	0.10	0.68	-	-
(f)		Payment of licence fees	-	-	0.01	-	-
(g)		Balance as at the end of the year:					
	(i)	Amount payable (Credit)	61.65	42.47	26.05	8.77	1.98
	(ii)	Loan	29.60	23.60	23.60	20.10	-
Fortis Healthcare Limited (holding company)							
(a)		Receiving of services					
	(i)	Professional services	0.51	-	-	-	
	(ii)	Others	0.03	-	-	-	
(b)		Rendering of services					
	(i)	Professional services	0.02	-	-	-	-
(c)		Balance as at the end of the year:					
	(i)	Amount payable (Credit)	0.29	-	-	-	-
FELLOW SUBSIDIARY							
Escorts Hospital and Research Centre Limited							
(a)		Sale of asset	-	-	2.14	-	-
(b)		Sale of consumables	-	-	0.13	-	-
(c)		Balance as at the end of the year:					
	(i)	Amount receivable (Debit)	-	-	2.28	-	-
SUBSIDIARY OF ULTIMATE HOLDING COMPANY							
Escosoft Technologies Limited							
(a)		Receiving of services					
	(i)	Management contracts	-	0.15	0.15	0.34	-
(b)		Balance as at the end of the year:					
	(i)	Amount payable (Credit)	-	0.10	0.10	0.05	-
KEY MANAGEMENT PERSONNEL							
(a)		Remuneration to Key management personnel	1.64	1.34	0.15	-	-
(b)		Balance as at the end of the year:					
	(i)	Amount payable (Credit)	-	0.10	0.10	-	-

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - IV

STATEMENT OF ADJUSTED CASH FLOW

(Rs. in millions)

	Particulars	Year Ended March 31,				
		2006	2005	2004	2003	2002
A	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	(Loss) before tax	(66.69)	(82.35)	(94.13)	(42.68)	-
	Adjustment for :					
	Depreciation	44.15	53.25	63.58	24.66	-
	Miscellaneous expenditure written off	1.04	1.04	1.04	1.04	-
	Profit on sale of fixed asset	-	(0.02)	(0.36)	-	-
	Loss on sale of fixed asset	-	-	0.02	-	-
	Interest expenses	25.28	33.45	31.12	4.62	-
	Interest income	-	-	-	(0.18)	-
	Operating profit / (loss) before working capital changes	**3.78**	**5.37**	**1.27**	**(12.54)**	**-**
	Adjustments for working capital changes:					
	Trade and other receivables	(34.07)	(2.07)	(0.95)	(1.02)	(2.69)
	Inventories	0.68	(5.38)	(0.04)	(8.83)	-
	Trade and other payable	38.59	19.16	33.85	19.42	-
	Cash generated from operations	**8.98**	**17.08**	**34.13**	**(2.97)**	**(2.69)**
	Direct taxes paid	(0.46)	(0.02)	(0.04)	(0.12)	-
	Miscellaneous expenditure	-	-	-	(4.35)	(0.49)
	Net cash from / (used) in operating activities	**8.52**	**17.06**	**34.09**	**(7.44)**	**(3.18)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**					
	Purchase of fixed assets	(0.35)	(11.03)	(22.24)	(269.89)	(96.03)
	Sale of fixed assets	-	2.37	1.45	-	-
	Project and preoperative expenditure pending allocation	-	-	-	-	(6.42)
	Interest received	-	-	-	0.18	-
	Net cash (used) in investing activities	**(0.35)**	**(8.66)**	**(20.79)**	**(269.71)**	**(102.45)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**					
	Proceeds from issue of share capital	-	17.50	16.30	63.20	48.62
	Proceeds from premium on equity	-	-	-	-	39.60
	Proceeds from long term borrowings (net)	-	248.90	3.61	218.56	23.96
	Repayment of long term borrowings	-	(244.50)	-	-	-
	Proceeds from short term borrowings (net)	13.50	-	-	-	-
	Loan from holding company	6.00	-	-	-	-
	Interest paid	(26.44)	(32.92)	(33.52)	(8.01)	-
	Net cash from / (used) in financing activities	**(6.94)**	**(11.02)**	**(13.61)**	**273.75**	**112.18**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**1.23**	**(2.62)**	**(0.31)**	**(3.40)**	**6.55**
	Cash and cash equivalents as at the beginning of the year	0.26	2.88	3.19	6.59	0.04
	Cash and cash equivalents as at the end of the year	**1.49**	**0.26**	**2.88**	**3.19**	**6.59**

Refer to Annexure III for significant accounting policies and notes.

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - V

SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year Ended March 31,				
		2006	2005	2004	2003	2002
Nominal value of shares	Rupees	10	10	10	10	10
Earnings per share	Rupees	(9.01)	(3.98)	(4.87)	(4.42)	-
Net assets value per share	Rupees	-	3.17	6.37	10.73	16.46
Return on net worth	Percentage	-	-115.89%	-68.04%	-20.14%	-

Notes:

Definition of ratios

Earnings per share	=	{Adjusted Profit/(loss) after tax as per Statement of Adjusted Profits and Losses} / {Weighted average number of shares}
Net assets value per share	=	{Net worth as per Statement of Adjusted Assets and Liabilities} / {Weighted average number of shares}
Return on net worth	=	{Adjusted Profit / (loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities}

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - VI

STATEMENT OF CAPITALISATION

(Rs. in millions)

	Particulars		As at March 31, 2006
	Borrowings:		
A	**Short term debts**		
	- Secured loans		12.87
	- Unsecured loans		-
	Total	**(A)**	**12.87**
B	**Long term debts**		
	- Secured loans		248.91
	- Unsecured loans		29.60
	Total	**(B)**	**278.51**
	Total debts	**(A)+(B)**	**291.38**
C	**Shareholders' funds:**		
	Equity Share Capital		157.01
	Reserves and surplus		39.60
	Less: Miscellaneous expenditure to the extent not written-off or adjusted		(1.04)
	Less: Debit balance in profit and loss account		(286.26)
	Total Shareholders' funds	**(C)**	**(90.69)**
D	**Total Capitalisation**	**(A)+(B)+(C)**	**200.69**
E	**Long term debt / Equity ratio**	**(B)/(C)**	**(3.07)**

Note: Post issue Capitalisation statement : Not applicable

ESCORTS HEART AND SUPER SPECIALITY INSTITUTE LIMITED

ANNEXURE - VII

STATEMENT OF TAX SHELTER

(Rs. in millions)

Particulars	Year ended March 31,			2 months ended March 31, 2003
	2006 *	2005	2004	
Tax rate (including surcharge and education cess)	**33.66%**	**36.59%**	**35.88%**	**36.75%**
(Loss) before tax as per Statement of Adjusted Profits and Losses	**(66.69)**	**(82.35)**	**(94.13)**	**(42.68)**
Tax at Notional Rate	-	-	-	-
Adjustments:				
Difference between tax and book depreciation	11.26	(6.61)	(15.17)	(34.87)
Accrued expenses deductible on payment basis	0.42	0.51	0.66	0.29
Other adjustments	0.87	0.87	0.89	(3.48)
Net adjustments	12.55	(5.23)	(13.62)	(38.06)
Tax (saving) thereon	4.23	(1.91)	(4.89)	(13.99)
Tax as per income tax	-	-	-	-
Deferred tax charge / (benefit)	74.40	(24.67)	(33.64)	(16.09)

* Refer to note 7 in Annexure III

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar

Sandeep Kapoor

AUDITORS' REPORT

The Board of Directors
Escorts Heart and Super Speciality Hospital Limited
Okhla Road
New Delhi - 110025

Dear Sirs,

We have examined the financial information of Escorts Heart and Super Speciality Hospital Limited (the Company), annexed to this report, which has been prepared in accordance with the requirements of:

i. The instructions received from Escorts Heart Institute and Research Centre Limited (the holding company of the Company), requesting us to examine the financial information referred to above in connection with the proposed initial public offer of equity shares, by Fortis Healthcare Limited, the holding company of Escorts Heart Institute and Research Centre Limited;
ii. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
iii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at March 31, 2004, 2005 and 2006 (Annexure-I) (Summary Statement). The Summary Statement has been extracted by the Company from the financial statements of the Company for the respective periods, duly approved by the Board of directors and audited by us.
2. Based on our examination of this Summary Statement, we confirm that:
   i. Since the Company has not commenced its commercial operations as yet, no Statement of adjusted profit and loss has been prepared;
   ii. There are no qualifications in auditors' reports on the accounts for the above mentioned years, which required adjustments to the Summary Statements;
   iii. There are no changes in accounting policies which required adjustments to arrive at the Summary Statement; and
   iv. There are no extraordinary items which are required to be disclosed separately in Summary Statement.
3. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2004, 2005 and 2006 on the equity shares. The Company had no other class of shares during these years.

4. We have examined the following financial information relating to the Company, attached to this report:
   i. The significant accounting policies followed by the Company and notes pertaining to the Summary Statement, enclosed as Annexure-II.
   ii. Statement of Adjusted Cash Flows, enclosed as Annexure-III.
   iii. Statement of Capitalisation as at March 31, 2006, enclosed as Annexure-IV.
   iv. The details of transactions with the related parties in accordance with the Accounting Standard 18 – Related Party Disclosures issued by the Institute of Chartered Accountants of India (refer to note 9 in Annexure-II).

5. This report is intended solely for your information and for forwarding it to Fortis Healthcare Limited, the holding company, for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer (“IPO”) of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For A. F. Ferguson & Co.
Chartered Accountants

J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

ANNEXURE I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in millions)

	Particulars	As at March 31,		
		2006	**2005**	**2004 ***
A	**Fixed assets**			
	Gross block	117.82	117.82	-
B	**Project and preoperative expenditure**	1.16	1.14	0.47
C	**Current assets, loans and advances**			
	Cash and bank balances	0.69	1.01	0.04
	Loans and advances	7.30	#	-
	Total	**7.99**	**1.01**	**0.04**
D	**Liabilities and provisions**			
	Unsecured loans	7.00	-	-
	Current liabilities and provisions	0.01	0.01	0.01
	Total	**7.01**	**0.01**	**0.01**
E	**Net worth - Total (A+B+C-D)**	**119.96**	**119.96**	**0.50**
F	**R epresented by**			
	1. Share Capital	91.50	91.50	0.50
	2. Share application money pending allotment	28.46	28.46	-
	Net worth	**119.96**	**119.96**	**0.50**

* The Company has been incorporated in the year 2003-04.
# Rs. 1,000.

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar   Sandeep Kapoor

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

ANNEXURE- II

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF STATEMENT OF ADJUSTED ASSETS AND LIABILITIES AS AT MARCH 31, 2004, 2005 AND 2006.

1. **Significant accounting policies**

a) Fixed assets

Fixed assets are stated at cost. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses relating to acquisition of assets.

NOTES

2. The Statement of Adjusted Assets and Liabilities as at March 31, 2004, 2005 and 2006 reflect the assets and liabilities for each of the relevant years indicated above. These statements have been prepared by extracting from the audited balance sheets for the aforesaid years after making therein the disclosures required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

3. The Company was incorporated on April 24, 2003 and has yet to commence its commercial operations. Hence, Statement of Adjusted Profit and loss has not been prepared for the financial years ended on March 31, 2004, 2005 and 2006.

4. The Company has not declared any dividend during the financial years ended March 31, 2004, 2005 and 2006.

5. Annual analysis of Unsecured loans

(Rs in millions)

Name of the Institution / Bank	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**
Long-term			
From others:			
Escorts Heart Institute and Research Centre Limited	7.00	-	-
Total	**7.00**	**-**	**-**

6. Analysis of Unsecured loans taken by the Company as at March 31, 2006:

Name of the Institution / Bank	**Loan outstanding as at March 31, 2006 (Rs. in millions)**	**Rate of Interest (per annum)**
Escorts Heart Institute and Research Centre Limited, the holding company	7.00	Interest free loan
Total	**7.00**	

7. Analysis of loans and advances (Unsecured - considered good)

(Rs. in millions)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**
Loans and advances recoverable in cash or in kind or for value to be received	7.30	#	-
Total	**7.30**	**#**	**-**

Rs. 1,000.

8. As the Company's business activity falls within a single primary business segment, viz., "Health Care Services", the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by The Institute of Chartered Accountants of India are not applicable.

9. Related party disclosures under Accounting Standard 18

I) Name of related party and nature of related party relationship

A. Holding company : Escorts Heart Institute and Research Centre Limited
: Fortis Healthcare Limited (w.e.f. September 29, 2005)

B. Ultimate holding company : Escorts Limited (till September 28, 2005)
(Holding company of Escorts Heart Institute and Research Centre Limited)

: Fortis Healthcare Holdings Limited
(w.e.f. September 29, 2005)

II) Transactions with related parties during the year:

(Rs. in millions)

			2005-06	**2004-05**	**2003-04**
Escorts Heart Institute and Research Centre Limited (holding company)					
(a)		Equity contribution in cash	-	91.00	0.50
(b)		Loan taken	7.00	-	-
(c)		Preliminary expenses incurred in connection with incorporation of the company	-	-	0.45
(d)		Share application money	-	28.46	-
(e)		Transfer of fixed assets	-	28.46	-
(f)		Preoperative expenses incurred	#	-	-
(h)		Balance as at the end of the year:			
	(i)	Amount payable (credit)	#	-	-
	(ii)	Investment in equity shares	91.50	91.50	0.50
	(iii)	Share application money	28.46	28.46	-
	(iv)	Loan	7.00	-	-

Rs.1,000.

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar Sandeep Kapoor

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

ANNEXURE - III

STATEMENT OF ADJUSTED CASH FLOW

(Rs. in millions)

	Particulars	Year ended March 31,		
		2006	**2005**	**2004**
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Changes in working capital			
	Changes in trade and other receivables	(7.30)	#	-
	Net cash (used) in operating activities	**(7.30)**	**#**	**-**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	-	(89.36)	-
	Preliminary and preoperative expenses	(0.02)	(0.67)	(0.46)
	Net cash (used) in investing activities	**(0.02)**	**(90.03)**	**(0.46)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from issue of share capital	-	91.00	0.50
	Loan from holding company	7.00	-	-
	Net cash from financing activities	**7.00**	**91.00**	**0.50**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(0.32)**	**0.97**	**0.04**
	Cash and cash equivalents as at the beginning of the year	1.01	0.04	-
	Cash and cash equivalents as at the end of the year	**0.69**	**1.01**	**0.04**

Refer to Annexure II for significant accounting policies and notes.
Rs.1,000.

For A. F. Ferguson & Co.
Chartered Accountants
J.M. Seth (Partner)
Membership No.17055
Place: New Delhi
Date: September 29, 2006

For and On behalf of the Board of Directors

Anil Panwar   Sandeep Kapoor

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

ANNEXURE - IV

STATEMENT OF CAPITALISATION

(Rs. in millions)

	Particulars		**As at March 31, 2006**
	Borrowings:		
A	**Short term debts**		
	- Secured loans		-
	- Unsecured loans		-
	Total	**(A)**	**-**
B	**Long term debts**		
	- Secured loans		-
	- Unsecured loans		7.00
	Total	**(B)**	**7.00**
	Total debts	**(A)+(B)**	**7.00**
C	**Shareholders' funds:**		
	Equity Share Capital		91.50
	Share application money pending allotment		28.46
	Total Shareholders' funds	**(C)**	**119.96**
D	**Total Capitalisation**	**(A)+(B)+(C)**	**126.96**
E	**Long term debt / Equity ratio**	**(B)/(C)**	**0.06**

Note: Post issue Statement of capitalisation : Not applicable

For A. F. Ferguson & Co. Chartered Accountants	For and On behalf of the Board of Directors
J.M. Seth (Partner) Membership No.17055 Place: New Delhi Date: September 29, 2006	Anil Panwar Sandeep Kapoor

AUDITORS' REPORT

SUMMARY STATEMENTS OF STANDALONE ASSETS AND LIABILITIES AS AT AND STANDALONE PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002 AND STANDALONE CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002, AS RESTATED, OF ESCORTS HOSPITAL AND RESEARCH CENTRE LIMITED.

The Board of Directors
Escorts Hospital and Research Centre Limited,
11, Scindia House
Connaught Place
New Delhi

We have examined the financial information of **Escorts Hospital and Research Centre Limited ("the Company")** annexed to this report, which has been prepared in accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
(ii) The Securities and Exchange Board Of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board Of India ('SEBI') and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act,1992.
(iii) The instructions received from Escorts Heart Institute and Research Centre Limited (the holding company of the Company), requesting us to examine the financial information referred to above in connection with the proposed initial public offer of equity shares, by Fortis Healthcare Limited, the holding company of Escorts Heart Institute and Research Centre Limited.

Restated Financial Information of the Company

1. We have examined the attached summary statement of restated assets and liabilities of the Company as at March 31, 2006, 2005, 2004, 2003 and 2002 and the attached summary statement of restated profits and losses for each of the years ended on those dates and the attached summary statement of restated cash flows for the years ended March 31, 2006, 2005, 2004, 2003 and 2002 ("Summary Statements") as prepared by the Company and approved by the Board of Directors. These Summary Statements have been arrived at after making such adjustments as in our opinion are appropriate and are more fully described in the notes appearing in Annexure 5 to this report. The summary statements are based on the financial statements which have been audited and reported upon by us.
2. Based on our examination of these restated statements, we confirm that
   (i) The changes in accounting policies which required adjustments to arrive at the summary statements have been carried out. (Refer Note No.1 of para 'B' of Annexure 5).
   (ii) Material amounts relating to adjustments for the previous years have been identified and adjusted in arriving at the profits/losses for the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred. (Refer Note No.1 of para 'B' of Annexure 5).
   (iii) There were no qualification in the auditors' reports on the financial statements for the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002.
   (iv) There are no extraordinary items which are required to be disclosed separately in Summary Statements.
3. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002 on the equity shares. The Company had no other class of shares during these years.
4. We have also examined the significant accounting policies followed by the Company and notes pertaining to the Summary Statement, enclosed as Annexure 5.
5. In our opinion, the 'Restated Financial Information of the Company' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
6. This report is intended solely for your information and for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For N.D. Kapur & Co.
Chartered Accountants

Satish Kumar Gupta (Partner)
Membership No: 82453

Place: New Delhi
Date: September 28, 2006

Escorts Hospital and Research Centre Limited, Faridabad
ANNEXURE - 1

Statement of Profit and Losses-Restated

(Rupees in million)

	Year ended March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
INCOME					
Operating Revenue	404.80	334.27	269.77	189.38	195.55
Other Income	3.00	3.00	7.51	12.30	27.75
Total Income	**407.80**	**337.27**	**277.28**	**201.69**	**223.30**
EXPENDITURE					
Materials	91.75	75.41	54.29	30.45	21.29
Personnel	121.50	108.31	99.01	77.85	63.62
Operating	34.27	29.12	27.44	19.19	16.97
Selling, General and Administration	93.22	84.64	70.55	62.36	57.17
Total Expenditure	**340.74**	**297.48**	**251.28**	**189.86**	**159.04**
Profit/(Loss) (EBIDTA)	**67.06**	**39.79**	**26.00**	**11.83**	**64.26**
Interest and Finance Charges	13.43	18.17	20.95	13.59	16.52
Profit/(Loss) before Depreciation & Tax	**53.63**	**21.62**	**5.05**	**(1.76)**	**47.74**
Depreciation	45.98	50.87	107.63	21.59	12.61
Net Profit/(Loss) before Tax	7.65	(29.25)	(102.58)	(23.35)	35.13
Fringe Benefits Tax	(1.72)	0.00	0.00	0.00	0.00
Current Wealth Tax Expense	(0.04)	(0.02)	(0.04)	(0.06)	0.00
Current Income Tax Expense	(0.34)	0.00	0.00	0.00	(2.69)
Deferred Tax Income/(Expense)	(2.58)	8.55	37.17	8.85	(11.85)
Net Profit/(Loss) after Tax	2.97	(20.72)	(65.45)	(14.56)	20.59
Miscellaneous Expenditure written off	0.00	0.00	0.00	0.00	0.00
Preliminary Expenses written off	0.00	0.00	0.00	0.00	0.00
Income Tax/Wealth Tax Adjustment For earlier years	0.00	0.00	(0.00)	0.00	0.02
Deferred Revenue Expenditure written off	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss) after Extraordinary Items	2.97	(20.72)	(65.45)	(14.56)	20.62
Exceptional Items	0.00	0.00	0.00	0.00	0.00
Prior period Income/(Expenditure) Items	0.03	0.23	(0.34)	0.00	0.00
Net Profit/(Loss) as per Audited Statement of Accounts (A)	3.00	(20.49)	(65.79)	(14.56)	20.62
Adjustments on account of:-					
Revenue accrued from in-patients pending billing	0.00	0.00	(1.68)	0.47	0.40
Deferred Tax Income/(Expense)	0.00	0.00	(18.59)	3.87	2.11
Depreciation Reduction/ (Increase)	0.00	0.00	52.28	(12.26)	(7.99)
Profit/ (Loss) on sale of Fixed Assets	0.00	0.00	0.00	0.02	0.06
Total Adjustments (B)	0.00	0.00	32.01	(7.90)	(5.42)

Adjusted Profit/(Loss) (A-B)	3.00	(20.49)	(33.78)	(22.46)	15.20
Carry forward Profit/(Loss) from previous year	(62.67)	(42.18)	(8.40)	14.06	(1.14)
Balance available for Appropriation	**(59.67)**	**(62.67)**	**(42.18)**	**(8.40)**	**14.06**
Transfer from/(to) General Reserve	0.00	0.00	0.00	0.00	0.00
Profit/ (loss) transferred to Balance Sheet	**(59.67)**	**(62.67)**	**(42.18)**	**(8.40)**	**14.06**

As per our report of even date attached

For N.D. Kapur & Co. Chartered Accountants	For and On behalf of the Board of Directors
Satish Kumar Gupta (Partner) Membership No: 82453 Place: New Delhi Date: September 28, 2006	Anil Panwar Sandeep Kapoor

<u>Escorts Hospital and Research Centre Limited, Faridabad</u>
ANNEXURE - 2
Statement of Assets and Liabilities – Restated

(Rupees in million)

	As at March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
APPLICATION OF FUNDS					
Fixed Assets:					
Gross Block	737.95	727.54	705.01	681.39	340.80
Less: Depreciation	256.27	218.50	170.10	116.81	83.30
Net Block	**481.69**	**509.04**	**534.91**	**564.58**	**257.51**
Capital Work-in-Progress	1.37	3.75	0.00	0.00	204.05
Total	**483.05**	**512.79**	**534.91**	**564.58**	**461.55**
Investments	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Current Assets, Loans and Advances:					
Inventories	8.76	7.44	6.94	6.49	3.23
Sundry Debtors	52.79	34.65	23.99	12.14	5.87
Cash and Bank Balances	7.95	4.48	12.95	2.35	5.33
Other Current Assets	0.03	0.02	0.01	0.29	0.56
Loans and Advances	8.70	7.97	30.78	55.70	105.36
Deferred Tax Asset	27.54	30.12	21.56	2.98	0.00
Total (A)	**105.77**	**84.67**	**96.23**	**79.95**	**120.34**
Current Liabilities and Provisions:					
Current Liabilities	47.39	48.65	44.93	55.92	20.26
Provisions	8.08	4.87	6.57	5.59	7.83
Deferred Tax Liability	0.00	0.00	0.00	0.00	9.74
Total (B)	**55.47**	**53.52**	**51.51**	**61.51**	**37.83**
Net Current Assets (A-B)	**50.30**	**31.15**	**44.72**	**18.44**	**82.51**
Preoperative Expenditure	0.00	0.00	0.00	0.00	0.00
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
Total	**533.35**	**543.94**	**579.63**	**583.02**	**544.06**
SOURCES OF FUNDS					
Loan Funds					
Secured Loans	143.02	156.61	171.81	141.42	80.00
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Total	143.02	156.61	171.81	141.42	80.00
Share Capital and Reserves					
Equity Share Capital	220.00	220.00	220.00	220.00	220.00
Reserves & Surplus (incl. Share Premium)	230.00	230.00	230.00	230.00	230.00
Profit and Loss Account	(59.67)	(62.67)	(42.18)	(8.40)	14.06
Total	**533.35**	**543.94**	**579.63**	**583.02**	**544.06**

As per our report of even date attached

For N.D. Kapur & Co. Chartered Accountants	For and On behalf of the Board of Directors
Satish Kumar Gupta (Partner) Membership No: 82453 Place: New Delhi Date: September 28, 2006	Anil Panwar Sandeep Kapoor

Escorts Hospital and Research Centre Limited, Faridabad
ANNEXURE - 3
Statement of Cash Flows - Restated

(Rupees in millions)

	As at March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Cash From Operating Activities					
Net Profit / (Loss) before tax	7.65	(29.02)	(52.31)	(35.12)	27.61
Adustments for:					
Depreciation	45.98	50.87	55.34	33.85	20.60
Loss/(Profit) on sale of Fixed Assets (Net)	0.27	0.19	0.17	0.14	0.14
Assets written off	1.58	0.02	0.36	0.09	0.00
Increase in Provision for Leave Encashment	1.12	0.97	1.00	0.77	0.86
Interest on loans	12.99	18.17	20.95	13.59	16.52
Interest received	(0.32)	(0.51)	(5.84)	(10.88)	(26.52)
Cash from operations before working capital changes	69.26	40.68	19.68	2.45	39.22
Adustments for:					
Inventories	(1.32)	(0.49)	(0.46)	(3.26)	(0.41)
Debtors	(18.15)	(10.66)	(11.85)	(6.27)	1.05
Other Current Assets	(0.01)	(0.01)	0.28	0.27	1.80
Current Liabilities	(1.26)	3.73	(11.00)	35.66	13.58
Cash from operations after working capital changes	48.52	33.24	(3.34)	28.85	55.25
Fringe Benefits Tax Paid	(1.67)	0.00	0.00	0.00	0.00
Income Tax/Wealth Tax refunds received/(paid)	1.40	(0.72)	3.65	(0.28)	(5.13)
Net Cash From Operating Activities (A)	**48.25**	**32.52**	**0.31**	**28.57**	**50.12**
Cash From Financing Activities					
Net secured loans taken/(paid)	(13.54)	(15.21)	30.37	61.41	(40.00)
Interest paid on term loans	(12.99)	(18.17)	(20.95)	(13.59)	(16.52)
Net cash From Financing Activities (B)	**(26.53)**	**(33.38)**	**9.42**	**47.82**	**(56.52)**
Cash From Investing Activities					
Purchase of fixed assets	(19.21)	(30.84)	(26.68)	(137.44)	(157.59)
Sale of fixed assets	1.11	1.89	0.48	0.33	0.21
Movement in loans and advances given	(0.47)	20.83	21.23	46.87	139.65
Interest received	0.33	0.51	5.84	10.87	26.52
Net Cash From Investing Activities (C)	**(18.24)**	**(7.61)**	**0.87**	**(79.37)**	**8.79**
Increase (+)/Decrease(-) in cash and bank balances (A+B+C)	3.48	(8.47)	10.60	(2.98)	2.39
Cash and cash equivalents as on	4.48	12.95	2.35	5.33	2.94
Cash and cash equivalents as on	7.95	4.48	12.95	2.35	5.33

NOTE: Figures in brackets denote cash outflows.

As per our report of even date attached

For N.D. Kapur & Co. Chartered Accountants	For and On behalf of the Board of Directors	
Satish Kumar Gupta (Partner) Membership No: 82453 Place: New Delhi Date: September 28, 2006	Anil Panwar	Sandeep Kapoor

Escorts Hospital and Research Centre Limited, Faridabad
ANNEXURE - 4
Summary of Accounting Ratios

(Rupees in millions)

	Particulars	As at March 31, 2006	2005	2004	2003	2002
1	**Net Profit after tax before Exceptional items**					
	Net Profit after tax	3.00	(20.49)	(33.78)	(22.46)	15.20
	Add: Exceptional Items	0.00	0.00	0.00	0.00	0.00
	Net Profit after tax before Exceptional items	**3.00**	**(20.49)**	**(33.78)**	**(22.46)**	**15.20**
2	Weighted average number of Equity Shares					
	outstanding during the year/period (Nos. in millions)	**22**	**22**	**22**	**22**	**22**
3	Number of Equity Shares outstanding at the					
	end of the year/period (Nos. in millions)	**22**	**22**	**22**	**22**	**22**
4	Net Worth	**390.33**	**387.33**	**407.82**	**441.60**	**464.06**
	Accounting Ratios					
	Earning per Share (1/2)	**0.14**	**(0.93)**	**(1.54)**	**(1.02)**	**0.69**
	Net Asset Value per share (4/3) (in Rs.)	**17.74**	**17.61**	**18.54**	**20.07**	**21.09**
	Return on Net Worth (1/4) (%age)	**0.77**	**(5.29)**	**(8.28)**	**(5.09)**	**3.28**

As per our report of even date attached

For N.D. Kapur & Co. Chartered Accountants	For and On behalf of the Board of Directors
Satish Kumar Gupta (Partner) Membership No: 82453 Place: New Delhi Date: September 28, 2006	Anil Panwar Sandeep Kapoor

Escorts Hospital and Research Centre Limited, Faridabad
ANNEXURE - 5
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

(i) Accounting Convention
The financial statements are prepared under the historical cost convention on accrual method of accounting in accordance with applicable Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

(ii) Revenue Recognition
Revenue is recognized on accrual basis which includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the close of the financial year.

(iii) Fixed Assets and Depreciation
Fixed assets are stated at cost less accumulated depreciation. Depreciation on Fixed Assets excluding Land is calculated on Diminishing Balance Method at the rates prescribed in schedule XIV of the Companies Act, 1956. However, the depreciation on assets acquired/sold during the year is provided from/up to the month the asset is commissioned/sold. Fixed assets costing not exceeding Rs.5,000/- each individually has been depreciated fully in the year of purchase.

(iv) Inventory Valuation
Medical consumables, stores and spares are valued at cost or realizable value whichever is lower. Weighted average method is used in determining the cost of inventories.

(v) Retirement Benefits
The liability for gratuity is accounted for on the basis of demand raised by the Gratuity Trust on actuarial valuation basis. Superannuation charges have been accounted for on the basis of the entitlement of the employees covered under the scheme.

(vi) Leave Encashment
The provision on account of Leave encashment benefit to employees is based on actuarial valuation.

(vii) Preliminary Expenses
Preliminary expenses/Fees paid for increase in authorized capital is charged to Profit & Loss account as and when incurred.

(viii) Borrowing Cost
Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalized as part of cost of such assets up to the date the assets are ready for its intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

B) NOTES TO ACCOUNTS

1. The summary statement of restated profits and losses for the financial years/periods ended on March 31, 2006, 2005, 2004, 2003 and 2002 reflect the profits and losses and assets and liabilities for each of the relevant years/periods indicated above. These statements have been prepared by extracting from the audited profit and loss accounts and balance sheets for the aforesaid years after making therein the disclosures and adjustments required to be made in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as under :-
   A. The Company had, with effect from the financial year 2003-04, changed the method of providing depreciation on Plant & Machinery from Straight Line Method to Diminishing Balance Method at the rates prescribed in schedule XIV of the Companies Act, 1956. Accordingly, the depreciation charged for the financial year 2003-04 included Rs. 52.28 million on account of differential depreciation for earlier years. The accounts for the financial years 2001-02 and 2002-03 have accordingly been restated to account for such change in the method of accounting for depreciation on Plant & Machinery.
   B. The Company had, with effect from the financial year 2003-04, changed the accounting policy by recognizing revenue from In-patients in respect of services rendered pending billing on the close of the financial year, which was recognized on discharge of such patients in the earlier years. The accounts for the financial years 2001-02 and 2002-03 have accordingly been restated to account for such change in the method of recognition of revenue.
2. The Company is a wholly owned subsidiary of Escorts Heart Institute and Research Centre Limited, which in turn was a subsidiary of Escorts Limited (referred to as erstwhile ultimate holding company) up to 28th September, 2005. Due to the change in the shareholding pattern of Escorts Heart Institute and Research Centre Limited, Fortis Healthcare Limited has, with effect from 29th September 2005, become its ultimate holding company.
3. The Company has provided a corporate guarantee of Rs. 35.00 million (Previous year – Rs. 35.00 million) to the

Governor of Haryana for the registration of Escorts Limited, the erstwhile ultimate holding company under Haryana Value Added Tax Act, 2003. However, the Company has received a comfort letter from Fortis Healthcare Limited, its present ultimate holding Company, in case any liability arises under this guarantee.

4. Managerial Remuneration: -

In the absence of adequate profit, fixed monthly remuneration is being paid as per approval of the Central Government under applicable provisions of the Companies Act, 1956.

(A) Remuneration as Whole Time Director*.

(Rs in million)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
(i) Salary	0.77	1.32	0.97	3.18	3.05
(ii)Allowances & Perquisites	2.39	4.55	3.53	0.89	0.78
TOTAL	3.16	5.87	4.50	4.07	3.83

*Ceased to be Whole Time Director w.e.f. 29th September, 2005.

(B) Remuneration as Manager**.

(Rs in million)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
(i) Salary	0.39	NIL	NIL	NIL	NIL
(ii)Allowances & Perquisites	1.16	NIL	NIL	NIL	NIL
TOTAL	1.55	NIL	NIL	NIL	NIL

** Appointment as Manager w.e.f. 30th December, 2005 which is subject to requisite approval from the Central Government.

5. As per the information available with us, no sums are due to Small Scale & Ancillary Undertaking as at March 31, 2006, 2005, 2004, 2003 and 2002 . Accordingly, no provisions has been made in respect of Interest under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act 1993".

6. The major components of deferred tax asset and liability arising on account of timing difference are as under: -

(Rs in million)

Deferred Tax Asset/(Liability)	2005-06	2004-05	2003-04	2002-03	2001-02
Depreciation	(23.34)	(25.42)	(22.80)	(17.06)	(10.23)
Expenses of Nature Allowable on payment basis	2.16	1.78	1.56	0.67	0.48
Unabsorbed Depreciation/Carry Forward Losses under Tax Laws	48.51	53.49	42.67	19.38	0.00
Others	0.20	0.27	0.14	3,000	0.04
Total Deferred Tax Asset/ (Liability)	27.53	30.12	21.57	2.99	(9.71)

* Shaded figure is in Rupee

7. Estimated amounts of contracts remaining to be executed on capital account and not provided for :

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
0.16	39.23	0.85	0.11	23.85

8. Contingent Liabilities not provided for in respect of claims against the Company not acknowledged as debts:

(A) Claims for medico-legal cases :

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
13.38	18.82	2.25	2.35	NIL

The Company has taken professional indemnity/error and omission policy to cover the hospital, its doctors and staff for any possible liability arising from such claims.

(B) Other Claims :

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
3.77	0.70	0.55	0.55	0.55

9. As the Company's business activity falls within a single primary business segment viz., "Health Care Services", the disclosure requirement of Accounting Standards (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India is not applicable.

10.(A) (i) The Company has taken premises on operating leases that are renewable on a periodic basis and are cancelable by either party by giving a notice of one month. Rent expenses included in profit and loss account towards such operating leases is as under :-.

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
3.12	3.05	3.01	3.05	3.85

(ii) Similarly, lease charges paid for a vehicle taken on operating lease which is renewable annually is as under :-

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
0.04	NIL	NIL	NIL	NIL

(B) (i) The Company has given 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 profit and loss account towards such operating leases is as under :-

(Rs in million)

2005-06	2004-05	2003-04	2002-03	2001-02
1.58	1.47	1.39	1.32	1.24

(ii) Future minimum lease amounts under non-cancelable operating lease contracts are as under:

(Rs in million)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Lease Income for the period from non-cancelable Operating lease	0.72	0.72	0.12	NIL	NIL
Not later than one Year	0.72	0.72	0.72	NIL	NIL
Later than one year but not later than five years	1.32	2.04	2.76	NIL	NIL

11. Prior period income/(expenditure) credited/(debited) to Profit & Loss account:

(Rs. in million)

2005-06	2004-05	2003-04	2002-03	2001-02
0.03	0.23	(0.34)	NIL	NIL

12. Expenditure in foreign currency:

(Rs. in million)

Items	2005-06	2004-05	2003-04	2002-03	2001-02
CIF Value of Imports- Capital Goods	1.23	NIL	3.28	3.53	NIL
Travelling	NIL	NIL	NIL	NIL	4.35
Others	4,352	0.52	0.02	0.01	NIL

Shaded figure is in Rupee

13. Income in foreign currency:

(Rs. in million)

2005-06	2004-05	2003-04	2002-03	2001-02
NIL	NIL	NIL	0.24	NIL

14. Borrowing Cost capitalized as per AS 16:

(Rs. in million)

2005-06	2004-05	2003-04	2002-03	2001-02
NIL	NIL	NIL	5.09	NIL

As per our report of even date attached

For N.D. Kapur & Co. Chartered Accountants	For and On behalf of the Board of Directors
Satish Kumar Gupta (Partner) Membership No: 82453 Place: New Delhi Date: September 28, 2006	Anil Panwar Sandeep Kapoor

AUDITOR'S REPORT

STANDALONE SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF MARCH 31, 2006, 2005, 2004, 2003 AND 2002, PROFITS AND LOSSES FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002 AND CASH FLOWS FOR EACH OF THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002 AS RESTATED UNDER INDIAN GAAP FOR ESCORTS HEART CENTRE LIMITED

To,
The Board of Directors
Escorts Heart Centre Limited
Piccadily House, (4th Floor)
275-276, Capt. Gaur Marg,
Srinivas Puri, New Delhi-110065.

Dear Sirs,

We have examined the financial information of Escorts Heart Centre Limited ("the Company"), annexed to this report, which has been prepared in accordance with the requirements of:

i. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act); and
ii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

Financial information of the company

1. We have examined the attached Statement of Restated Assets and Liabilities (Annexure - I) of the Company as at March 31, 2006, 2005, 2004, 2003 and 2002 and the 'Statement of Restated Profit and Loss (Annexure-II) for the years ended on those dates ("Summary Statements"). These Summary Statements have been extracted by the Company from the financial statements of the Company for the respective periods, duly approved by the Board of directors and audited by us. The restated profits have been arrived at after making such adjustments as in our opinion are appropriate and are more fully described in the notes to the Summary Statements in Annexure-III to this report.
2. Based on our examination of these Summary Statements, we confirm that :
   a. There are no material amounts relating to the previous years which need to be adjusted in arriving at the profits/losses for the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   b. There were no qualification in the auditors' reports on the financial statements for the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002;
   c. The changes in accounting policies which required adjustments to arrive at the Summary Statements have been carried out except for a change in recognizing unbilled revenue with effect from the financial year ended on March 31, 2004, due to a lack of necessary information for prior years, as stated in note 2 in Annexure III; and
   d. There are no extraordinary items which are required to be disclosed separately in Summary Statements.
3. We further report that as per the books and records produced to us, no dividend has been paid by the Company in respect of each of the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002 on the equity shares. The Company had no other class of shares during these years.
4. We have examined the following financial information relating to the Company, approved by the Board of Directors and annexed to this report:
   i. The significant accounting policies followed by the Company and notes pertaining to the Summary Statements, enclosed as Annexure-III.
   ii. Statement of Adjusted Cash Flows, enclosed as Annexure-IV.
   iii. Summary of accounting ratios based on the adjusted profits relating to earnings per share, net assets value and return on net worth, enclosed as Annexure-V.
5. In our view, the "financial information of the Company" referred to above have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
6. This report is intended solely for your information and for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For R. Khattar & Associates
Chartered Accountants
Ranjit Khattar (Partner)
Membership No.: 82488
Place: New Delhi
Date: July 17, 2006

ESCORTS HEART CENTRE LIMITED

ANNEXURE-I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in millions)

	Particulars	As at March 31,				
		2006	2005	2004	2003	2002
A	**Fixed assets:**					
	Gross block	-	24.69	24.89	18.70	17.88
	Less: Depreciation	-	11.15	8.42	5.62	2.66
	Net block	**-**	**13.54**	**16.47**	**13.08**	**15.22**
	Capital work-in-progress	-	-	-	2.16	-
	Total	**-**	**13.54**	**16.47**	**15.24**	**15.22**
B	**Deferred tax assets(net)**	17.33	15.21	11.03	7.24	3.34
	(Refer note 6 in Annexure III)					
C	**Current assets, loans and advances:**					
	Inventories	-	0.91	1.27	0.74	0.44
	Sundry debtors	-	0.18	0.06	0.07	-
	Cash and bank balances	1.19	0.61	3.75	1.28	0.19
	Loans and advances	0.01	0.74	0.81	0.79	1.38
	Total	**1.20**	**2.44**	**5.89**	**2.88**	**2.01**
D	**Liabilities and provisions:**					
	Secured loans	-	3.26	5.28	7.05	8.58
	(including interest accrued and due)					
	Unsecured loans	18.00	12.00	8.00	2.80	-
	Current liabilities and provisions	15.20	26.51	20.42	8.92	3.22
	Total	**33.20**	**41.76**	**33.70**	**18.77**	**11.80**
E	**Net worth (A+B+C-D)**	**(14.67)**	**(10.57)**	**(0.31)**	**6.59**	**8.77**
F	**Represented by**					
	1. Share capital	19.70	19.70	19.70	19.70	13.17
	2. Share application money	-	-	-	-	1.35
	3. Reserves and surplus	-	-	-	-	-
	Total	**19.70**	**19.70**	**19.70**	**19.70**	**14.52**
	Less : Debit balance in profit and loss account	34.37	30.27	20.01	13.11	5.75
	Net worth	**(14.67)**	**(10.57)**	**(0.31)**	**6.59**	**8.77**

For R. Khattar & Associates Chartered Accountants	For and On behalf of the Board of Directors
Ranjit Khattar (Partner) Membership No.: 82488 Place: New Delhi Date: July 17, 2006	Anil Panwar Sandeep Kapoor

ESCORTS HEART CENTRE LIMITED

ANNEXURE-II

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Income					
Operating income					
Income from :					
In-patients	1.96	18.94	21.99	10.99	0.57
Out-patients	0.81	1.70	1.82	2.23	0.49
	2.77	**20.64**	**23.81**	**13.22**	**1.06**
Less : Subsidy	0.14	0.60	0.74	0.37	0.02
	2.63	20.04	23.07	12.85	1.04
Other income (refer note 3 in Annexure III)	0.77	0.05	-	0.01	0.01
Total	**3.40**	**20.09**	**23.07**	**12.86**	**1.05**
Expenditure					
Materials consumption	0.87	8.93	9.41	4.66	0.31
Staff costs	1.50	10.55	9.62	6.51	1.65
Professional fees	0.19	0.18	0.28	0.53	0.02
Other operating expenses	2.04	7.53	6.79	5.37	2.36
Administration and other expenses	3.77	3.04	3.42	3.00	2.10
Interest/finance charges	0.18	1.40	1.35	1.09	1.04
Depreciation	1.05	2.90	2.89	2.96	2.66
Total	**9.60**	**34.53**	**33.76**	**24.12**	**10.14**
Profit before tax	**(6.20)**	**(14.44)**	**(10.69)**	**(11.26)**	**(9.09)**
Provision for taxation :					
Fringe benefits tax	(0.02)	-	-	-	-
Deferred tax (charge)/benefit	2.12	4.18	3.79	3.90	3.34
Net profit after tax	**(4.10)**	**(10.26)**	**(6.90)**	**(7.36)**	**(5.75)**

For R. Khattar & Associates Chartered Accountants	For and On behalf of the Board of Directors
Ranjit Khattar (Partner) Membership No.: 82488 Place: New Delhi Date: July 17, 2006	Anil Panwar Sandeep Kapoor

ESCORTS HEART CENTRE LIMITED

ANNEXURE- III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ADJUSTED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED PROFITS AND LOSSES FOR THE YEAR(S) ENDED MARCH 31, 2006, 2005, 2004, 2003 and 2002

1. **Significant accounting policies**

   a) **Fixed assets**

   Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses relating to acquisition and installation of assets.

   b) **Borrowing costs**

   Borrowing costs that are attributable to the acquisition and construction of fixed assets are capitalised as part of the cost of such asset up to the date the assets are put to use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

   c) **Depreciation**

   Depreciation on fixed assets is provided on the written down value method on a pro-rata basis at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions is charged for the full month irrespective of the date of acquisition /deletion.

   d) **Inventories**

   Stores and spares, medical consumables and drugs and pharmaceuticals are valued at the lower of cost and net realisable value. Weighted average method is used in determining the cost of inventories.

   e) **Revenue recognition**

   Revenue is recognized on an accrual basis and includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the end of the financial period except in respect of the years ended March 31, 2002 and 2003, In which revenue from patients was recognized on discharge of the patients i.e. bill raised. (Also refer to note 2 below).

   f) **Retirement benefits**

   Provisions for gratuity and leave encashment benefits are determined on an actuarial valuation at the year end. The Company's contributions to the provident and other funds are charged against revenue every year.

   g) **Taxation**

   The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

   Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

NOTES

2. The Statement of Adjusted Profits and Losses for the financial year(s) ended on March 31, 2006, 2005, 2004, 2003 and 2002 and the Statement of Adjusted Assets and Liabilities as at March 31, 2006, 2005, 2004, 2003 and 2002 reflect the profits and losses and assets and liabilities for each of the relevant period / years indicated above. These statements have been prepared by extracting from the audited profit and loss account and balance sheet for the aforesaid years after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 except for change in accounting policy in respect of revenue recognition from the year ended March 31, 2004, as stated in note 1(f) due to lack of necessary information for prior years. The related impact on account of the above change in the revenue recognition policy on the restated statement for the years ended March 31, 2002 and 2003 can not been ascertained and consequently, no adjustments have been made for the same.

3. The analysis of the other income arrived as per the Statement of adjusted profit and losses in the period / years ended March 31, 2006, 2005, 2004, 2003 and 2002 is as under:

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Interest income	-	-	-	-	-
Profit on sale of assets	-	0.02	-	-	-
Miscellaneous balance written off	0.76	-	-	-	-
Others	0.01	0.03	-	0.01	0.01
Total	**0.77**	**0.05**	**-**	**0.01**	**0.01**

The above other income is on account of sale of wastage, credit given by suppliers on full and final settlements and accordingly non-recurring in nature and has arisen out of other than normal business activities.

4. The Company has not declared any dividend during the financial years ended March 31, 2006, 2005, 2004, 2003 and 2002.
5. Estimated amount of contracts remaining to be executed on capital account in the reported five years:

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Capital commitments	-	-	-	0.89	0.32

6. In view of substantial reduction in the number of patients visiting the hospital resulting in low revenue and mounting losses, the Company has closed the hospital operations in Kanpur from 31st August 2005.
7. After the closure of Kanpur operations the Company is moving into the business of managing the operations of Cardiac Care Units located at various hospitals across the country, with the view to provide exclusive focus and direction to the said units for achieving higher efficiency. Based on this new business plan Company would generate enough revenue to cover up all its brought forward business losses and unabsorbed depreciation. Looking into future income expected out of new business plan, the Company has created deferred tax asset for brought forward losses and unabsorbed depreciation. Deferred tax assets / (liability) have been computed for the reported years as under:

(Rs. in millions)

Particulars	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Deferred tax assets on:					
Unabsorbed depreciation	5.01	5.01	4.16	2.65	1.37
Carry forward business loss	12.13	11.30	7.91	5.17	2.12
Preoperative and Miscellaneous expenses to the extent carried forward	-	-	-	-	0.03
Provisions for leave encashment and gratuity disallowed	-	0.07	0.07	0.05	0.01
Short term capital loss	0.19	-	-	-	-
Sub-total	**17.33**	**16.38**	**12.14**	**7.87**	**3.73**
Deferred tax liabilities on:					
Depreciation	-	1.17	1.11	0.63	0.39
Sub-total	**-**	**1.17**	**1.11**	**0.63**	**0.39**
Net deferred tax assets / (liability)	**17.33**	**15.21**	**11.03**	**7.24**	**3.34**

8. Annual analysis of Unsecured loans

(Rs. in millions)

Name of the Institution / Bank	**Year ended March 31,**				
	2006	**2005**	**2004**	**2003**	**2002**
Long-term					
From others :					
Escorts Heart Institute and Research Centre Limited, the holding company	18.00	12.00	8.00	2.80	-
Total	**18.00**	**12.00**	**8.00**	**2.80**	**-**

9. Analysis of Unsecured loans taken by the Company as at March 31, 2006:

(Rs. in millions)

Name of the Institution / Bank	Loans outstanding as at March 31, 2006	Rate of Interest (per annum)	Repayment Schedule
Escorts Heart Institute and Research Centre Limited, the holding company	18.00	9.00%	Long term loan
Total	**18.00**		

10. Annual analysis of Secured loans

(Rs. in millions)

Name of the Institution / Bank	Year ended March 31,				
	2006	2005	2004	2003	2002
Long-term					
From Banks :					
Central Bank of India	-	3.26	5.28	7.05	8.58
Total	**-**	**3.26**	**5.28**	**7.05**	**8.58**

11. Analysis of Secured loans taken by the Company as at March 31, 2006:

(Rs. in millions)

Name of the Institution / Bank	Loan outstanding as at March 31, 2006	Rate of Interest (per annum)	Repayment Schedule	Nature of security
No secured loan as at 31.03.2006	-			
Total	**-**			

12. Analysis of Sundry debtors (Unsecured - considered good)

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	2005	2004	2003	2002
Debts over six months	-	0.13	0.04	-	-
Other debts	-	0.10	0.13	0.07	-
Less: Advance against unbilled revenue per contra (refer to note 1-f)	-	0.05	0.11	-	-
Net debtors balance	**-**	**0.18**	**0.06**	**0.07**	**-**

13. Analysis of Loans and advances (Unsecured - considered good)

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	2005	2004	2003	2002
Prepaid expenses	-	0.06	0.06	0.08	0.62
Security deposit	-	0.66	0.72	0.69	0.69
Advances to suppliers	-	-	0.01	0.01	0.02
Other loans and advances	0.01	0.02	0.02	0.01	0.05
Total	**0.01**	**0.74**	**0.81**	**0.79**	**1.38**

14. As the Company's business activity falls within a single primary business segment viz, "Healthcare Services" the disclosure requirement of Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India, are not applicable.

15. Related party disclosures under Accounting Standard 18

I) Name of related party and nature of related party relationship

A. Holding company : Escorts Heart Institute and Research Centre Limited

B. Ultimate holding company : Escorts Limited
(until September 28, 2005)
(Holding company of Escorts Heart Institute and Research Centre Limited)

: Fortis Healthcare Holding Limited through Fortis Healthcare Limited
(w.e.f September 29, 2005)

II) Nature of transactions with holding company.

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Purchase of goods	-	-	0.02	-	-
Transfer of goods	0.42	-	-	-	-
Purchase of fixed assets	0.38	-	-	-	-
Sale of fixed assets	5.41	-	-	-	-
Receiving of services					
i. Management contracts/deputation	-	6.12	5.63	4.49	1.25
ii. Others	0.01	0.81	0.89	0.21	-
Interest on unsecured loan	-	0.81	0.51	0.01	-
Finance					
i. Equity	-	-	-	5.20	10.00
ii. Loan funds	6.00	4.00	5.20	2.80	-
Balance					
i. Amount payable	14.99	20.43	12.87	5.94	12.50
ii. Unsecured loan	18.00	12.00	8.00	2.80	-

16. Disclosure in respect of Operating leases (entered on or after April 1, 2001) under Accounting Standard - 19 “Leases” issued by the Institute of Chartered Accountants of India:

a) General description of the Company’s operating lease arrangements:

The Company entered into operating lease on 21.12.2001 for lease of the Hospital Premises. Some of the significant terms and conditions of the arrangement are:

- the lease term shall be for a period of ten years commencing from 01.10.2001.
- the lease may be renewed for a further period of ten years after the expiry of term
- the rent shall be increased by 5% every years.
- The lessee may terminate this lease, by giving three months notice in writing to the lessor.
- the Company cannot sublet, assign or part with the possession of the premises.

The Lease has been terminated from 31st August 2005 due to closure of operations at Kanpur.(refer to note 6 above).

b) The total of future minimum lease payments under non-cancelable operating lease for each of the following period following Lease rent charged to the profit and loss account in the reported five years:

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
i. Not later than one year	-	1.21	1.15	1.10	1.05
ii. Later than one year and not later than five years	-	5.48	5.22	4.97	4.73
iii. Later than five years	-	2.34	3.81	5.21	6.54

c) Lease rent charged to the profit and loss account in the reported years:

(Rs. in millions)

Particulars	Year ended March 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Lease Rent	0.49	1.15	1.10	1.05	1.02

For R. Khattar & Associates Chartered Accountants	For and On behalf of the Board of Directors
Ranjit Khattar (Partner) Membership No.: 82488 Place: New Delhi Date: July 17, 2006	Anil Panwar Sandeep Kapoor

ESCORTS HEART CENTRE LIMITED

ANNEXURE-IV

STATEMENT OF ADJUSTED CASH FLOW

(Rs. in millions)

	Particulars	Year ended March 31,				
		2006	2005	2004	2003	2002
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Net Profit before tax and extraordinary items.	(6.20)	(14.44)	(10.69)	(11.26)	(9.09)
	Adjustment for :					
	Depreciation	1.05	2.90	2.89	2.96	2.66
	Profit on sale of fixed assets	-	(0.02)	-	-	-
	Loss on sale of fixed assets	2.91	0.01	0.13	-	-
	Miscellaneous expenditure written off	-	-	-	-	0.09
	Interest expenses	0.18	1.40	1.35	1.09	1.04
	Operating (loss) /profit before working capital changes	**(2.06)**	**(10.15)**	**(6.32)**	**(7.21)**	**(5.30)**
	Adjustment for working capital changes					
	Trade & other receivables	0.91	(0.05)	(0.01)	0.52	(0.22)
	Inventories	0.91	0.36	(0.53)	(0.30)	(0.43)
	Trade and other payable	(11.30)	5.44	10.98	5.71	2.98
	Cash generated from operations	**(11.54)**	**(4.40)**	**4.12**	**(1.28)**	**(2.97)**
	Tax paid	(0.02)	-	-	-	-
	Net cash from / (used) in operating activities	**(11.56)**	**(4.40)**	**4.12**	**(1.28)**	**(2.97)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of fixed assets/ CWIP	(0.38)	(0.07)	(4.34)	(2.99)	(13.92)
	Sale of fixed assets	9.96	0.11	0.10	-	-
	Net cash from / (used) in investing activities	**9.58**	**0.04**	**(4.24)**	**(2.99)**	**(13.92)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Received from shareholders	-	-	-	5.18	9.70
	Term loan taken	-	-	-	-	8.44
	Unsecured loan taken	6.00	4.00	5.20	2.80	-
	Loan repaid	(3.13)	(1.96)	(1.71)	(1.49)	(0.50)
	Interest paid	(0.31)	(0.82)	(0.90)	(1.13)	(0.74)
	Net cash from / (used) in financing activities	**2.56**	**1.22**	**2.59**	**5.36**	**16.90**
	Net increase / (decrease in cash and cash equivalents (A+B+C)	**0.58**	**(3.14)**	**2.47**	**1.09**	**0.01**
	Cash and cash equivalents as at the beginning of the year	0.61	3.75	1.28	0.19	0.18
	Cash and cash equivalents as at the end of the year	**1.19**	**0.61**	**3.75**	**1.28**	**0.19**

For R. Khattar & Associates Chartered Accountants	For and On behalf of the Board of Directors	
Ranjit Khattar (Partner) Membership No.: 82488 Place: New Delhi Date: July 17, 2006	Anil Panwar	Sandeep Kapoor

ESCORTS HEART CENTRE LIMITED

ANNEXURE - V

SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year Ended March 31,				
		2006	2005	2004	2003	2002
Nominal value of shares	Rupees	10	10	10	10	10
Earnings per share	Rupees	(2.08)	(5.21)	(3.50)	(3.74)	(4.36)
Net asset value per share	Rupees	(7.45)	(5.37)	(0.16)	3.35	6.66
Return on net worth	Percentage	N.A. **	N.A. **	N.A. **	(111.63)%	(65.52)%

Notes:

Definition of ratios

Earning per share	=	{Adjusted Profit/(loss) after tax as per Statement of Adjusted Profits and Losses} / {Weighted average number of shares}
Net asset value	=	{Net worth as per Statement of Adjusted Assets and Liabilities} / {Weighted average number of shares}
Return on net worth	=	{Adjusted Profit / (loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities}

** Not calculated due to Negative Net Worth as on date.

For R. Khattar & Associates Chartered Accountants	For and On behalf of the Board of Directors
Ranjit Khattar (Partner) Membership No.: 82488 Place: New Delhi Date: July 17, 2006	Anil Panwar Sandeep Kapoor

AUDITORS' REPORT

SUMMARY STATEMENTS OF STANDALONE ASSETS AND LIABILITIES AS AT AND STANDALONE PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004, 2005 AND 2006 AND STANDALONE CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002, AS RESTATED, OF INTERNATIONAL HOSPITAL LIMITED.

To

The Board of Directors
International Hospital Limited
Piccadily House
275/276 (4th floor)
Captain Gaur Marg
Sri Niwas Puri
New Delhi 110065

1. At your request, we have examined the attached restated summary statement of assets and liabilities as at March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 (Annexure I) and the related attached restated summary statement of profit and loss (Annexure II) and restated summary statement of cash flows (Annexure III) of International Hospital Limited ("IHL") for each of the year ended on those dates, together with Accounting policies and notes thereon (Annexure IV), referred to as the "Restated IHL Financials". These Restated IHL Financials are the responsibility of IHL's management. These Restated IHL Financials, including the adjustments and regrouping which one are more fully described in the note on adjustments appearing in Annexure IV to this report have been extracted from the audited financial statements of IHL as of and for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006. We did not audit the financial statements of the Company for the year ended March 31, 2002 which were audited by other auditors whose report has been furnished to us.
2. Based on our examination of these Restated IHL Financials in respect of the year ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, we confirm that:
    - the impact of changes in accounting policies adopted by IHL for the year ended March 31, 2006 has been adjusted with retrospective effect in the attached Restated IHL Financials.
    - there are no adjustments/rectifications for incorrect accounting practices/policies or failures to make provisions or other adjustments which resulted in audit qualifications for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, which have not been given effect to in the Restated IHL Financials.
    - there are no material amounts relating to adjustments for previous periods which have been identified during the audit for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, which have not been given effect to in the Restated IHL Financials.
    - there are no extraordinary items that have been identified during the audit for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, which have not been disclosed separately.
3. In our opinion, the Restated IHL Financials mentioned above has been prepared in accordance with Part II of Schedule II of the Companies Act and the Securities and Exchange Board Of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board Of India and amendments made thereto from time to time. This report should not be in any way construed as a re-issuance and for inclusion or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to herein.
4. This report is intended solely for your information and for the purpose of inclusion of the Restated IHL Financials in the Consolidated Restated Financial Statements of Fortis Healthcare Limited, which will form part of the financial information reproduced in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose is that our prior written comment.

For Walker, Chandiok & Co
Chartered Accountants

Rajesh Jain
Partner
Membership No. 81203
New Delhi
September 25, 2006

INTERNATIONAL HOSPITAL LIMITED
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED **Annexure I**

(Rs. in million)

Particulars	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
FIXED ASSETS					
Gross Block	772.38	650.38	24.81	24.80	22.89
Less Depreciation	63.68	24.61	0.02	0.01	0.15
Net Block	708.70	625.77	24.79	24.79	22.74
Capital Work in Progress Including Capital Advances	-	8.68	230.01	13.33	7.74
TOTAL	**708.70**	**634.45**	**254.80**	**38.12**	**30.48**
Preoperative Expenditure (Pending Allocation)	-	-	90.69	44.68	8.14
Investments	-	-	-	-	-
Current Assets,Loans & Advances					
Inventories	14.36	5.72			
Sundry Debtors	57.69	16.50	-	-	-
Cash and Bank Balances	1.82	1.38	2.65	1.50	0.26
Other Current Assets	2.49	3.94	-	0.00	
Loans & Advances	14.17	13.78	53.45	9.58	0.03
Total	**799.23**	**675.77**	**401.59**	**93.88**	**38.91**
Liabilities and Provisions					
Secured Loans	435.82	380.45	181.00	-	-
Unsecured Loans	37.26	-	-	51.99	-
Current Liabilities	79.07	80.12	77.87	42.10	6.07
Provisions	1.67	0.99	-	-	-
Deferred Payments		-	-	-	-
Deferred Tax Liability/ (assets)	(1.52)	0.58	(0.01)	(0.01)	(0.01)
Total	**552.30**	**462.14**	**258.86**	**94.08**	**6.06**
Net Worth	**246.93**	**213.63**	**142.73**	**(0.20)**	**32.85**
Equity Share Capital	402.51	301.91	146.91	1.61	0.00
Redeemable Preference shares	-	-	-	-	-
Share Application Money(Pending Allotment)	-	-	-	-	33.76
Reserves & Surplus	-	-	-	-	-
Profit & Loss Account	(155.58)	(88.28)	(4.18)	(1.81)	(0.91)
Less: Preliminary Expenditure	-	-	-	-	-
(To the extent not written off or adjusted)					
Net Worth	**246.93**	**213.63**	**142.73**	**(0.20)**	**32.85**

Note - The above financial statements should be read with Notes on Adjustments and Significant Accounting Policies, as appearing in Annexure- IV to the report

For International Hospital Limited

For Walker, Chandiok & Co.
Chartered Accountants

Director Director

Per Rajesh Jain
Partner
Membership No. 81203

Place: New Delhi
Date: September 25, 2006

INTERNATIONAL HOSPITAL LIMITED
STATEMENT OF PROFITS AND LOSSES, AS RESTATED **Annexure II**

(Rs. in million)

PARTICULARS	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003	For the year ended March 31, 2002
INCOME					
Operating Income	486.21	133.72	-	-	-
Other Income	18.52	15.33	-	-	-
Total Income	**504.73**	**149.05**	**-**	**-**	**-**
EXPENDITURE					
Materials Consumed	171.96	53.82	-	-	-
Personnel Expenses	78.99	31.56	-	-	-
Operating Expenses	182.82	69.91	-	-	-
Selling and Distribution Expenses	14.87	15.20	-	-	-
General and Administrative Expenses	41.22	13.55	-	-	-
Interest	40.48	20.91	-	-	-
Miscellaneous Expenditure written off	-	10.28	-	-	-
Preliminary Expenses written off	-	0.05			
Depreciation/ Amortization	39.12	24.61	-	-	-
Total Expenditure	**569.46**	**239.89**	**-**	**-**	**-**
LOSS BEFORE TAX	(64.73)	(90.84)	-	-	-
Fringe Benefit Tax	1.53	-	-	-	-
Deffered Tax Expensesfor the Current Year	(1.04)	26.07			
NET LOSS BEFORE PRIOR PERIOD & EXTRAORDINARY ITEM	(65.22)	(116.91)	-	-	-
Extraordinary item (gain)		-	-	-	-
NETLOSS BEFORE PRIOR PERIOD ITEMS	(65.22)	(116.91)	-	-	-
Prior Period Items - Deferred tax adjustment	26.54	-	-	-	-
NET LOSS BEFORE ADJUSTMENTS	(38.68)	(116.91)	-	-	-
Sum of all adjustments other than tax adjustments	(3.13)	7.33	(2.37)	(0.90)	(0.04)
Current Tax Impact of Adjustments		-	-	-	-
Deferred Tax Impact of Adjustments	(25.49)	25.48	0.00	0.00	0.00
Total adjustments	(28.62)	32.81	(2.37)	(0.90)	(0.04)
NET LOSS AS RESTATED	(67.30)	(84.10)	(2.37)	(0.90)	(0.04)
Profit & Loss Account at the beginning of the year	(88.28)	(4.18)	(1.81)	(0.91)	(0.87)
Loss Brought forward from Amlgamating Company		-	-	-	
(refer Note No. of Annexure)					
BALANCE CARRIED FORWARD AS RESTATED	**(155.58)**	**(88.28)**	**(4.18)**	**(1.81)**	**(0.91)**

Note - The above financial statements should be read with Notes on Adjustments and Significant Accounting Policies, as appearing in Annexure- IV to the report

For International Hospital Limited

For Walker, Chandiok & Co.
Chartered Accountants

Director Director

Per Rajesh Jain
Partner
Membership No. 81203

Place: New Delhi
Date: September 25, 2006

INTERNATIONAL HOSPITAL LIMITED
STATEMENT OF CASH FLOWS, AS RESTATED **Annexure III**

(Rs. in million)

Particulars	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003	For the year ended March 31, 2002
A. Cash Flow from Operating Activities					
Net Profit/(Loss) before Tax, as restated	(67.86)	(83.51)	(2.37)	(0.90)	(0.04)
Adjustment for:	-				
Depreciation & Amortisation	39.12	24.61	-	-	-
Loss on sale of fixed assets	0.09	-	-	-	-
Provision for Doubtful Debt	2.82	0.02	-	-	-
Bad Debts/Sundry Balances written off	3.41	0.58	-	-	-
Interest income	(0.14)	(0.00)	-	-	-
Interest expense	40.48	20.91	-	-	-
Operating profit/(Loss) before working capital changes	17.92	(37.39)	(2.37)	(0.90)	(0.04)
Movement in working capital:					
Decrease / (Increase) in sundry debtors	(47.42)	(17.10)	-	-	-
Decrease / (Increase) in inventories	(8.64)	(5.72)	-	-	-
Decrease / (Increase) loans and advances	3.88	42.81	(43.87)	(9.54)	1.03
Decrease / (Increase) on other Current Assets	1.45	(3.94)	0.00	(0.00)	-
Increase / (Decrease) in current liabilities	(0.37)	3.24	35.77	36.03	5.96
Cash generated from operations	(33.18)	(18.10)	(10.47)	25.59	6.95
Tax paid	(5.79)	(3.14)	-	-	-
Net Cash genrated from/(used in) operations(A)	(38.97)	(21.24)	(10.47)	25.59	6.95
B. Cash Flow from Investing Activities					
Purchase of fixed assets & changes in CWIP	(113.68)	(404.26)	(216.67)	(7.65)	(8.32)
Change in Preoperative expenditure(pending allocation)	-	90.69	(46.02)	(36.54)	-
Proceeds from sale of Fixed Assets	0.22	-	-	-	-
Interest received	-	0.00	-	-	-
Sale of Investment					-
Net Cash used in Investing activities(B)	(113.46)	(313.57)	(262.69)	(44.19)	(8.32)
C. Cash Flows from Financing Activities					
Proceeds from issuance of share capital & Share Application Money	100.60	155.00	145.30	(32.15)	1.50
Proceeds from long-term borrowings	52.03	198.95	181.00	-	-
Proceeds from Short-term borrowings	37.27	-	(51.99)	51.99	-
Car Loan received	-	0.50	-	-	-
Car Loan repaid	(0.37)	-	-	-	-
Interest paid	(36.66)	(20.91)	-	-	-
Net Cash(used in)/genrated from financing activities (C)	152.87	333.54	274.31	19.84	1.50
Net changes in cash & cash equilent(A+B+C)	0.44	(1.27)	1.15	1.24	0.13
Cash and cash equivalents at the beginning of the year	**1.38**	2.65	1.50	0.26	0.13
Add: Cash acquired on amalgamation		-	-	-	-
Cash and cash equivalents at the end of the year	1.82	1.38	2.65	1.50	0.26
Components of cash and cash equivalents:					
Cash on Hand	0.50	0.55	-	-	0.08
Balances with Scheduled Banks on Current Accounts	1.32	0.83	2.65	1.50	0.18

Note - The above financial statements should be read with Notes on Adjustments and Significant Accounting Policies, as appearing in Annexure- IV to the report

For International Hospital Limited

For Walker, Chandiok & Co.
Chartered Accountants

Director Director

Per Rajesh Jain
Partner
Membership No. 81203

Place: New Delhi
Date: September 25, 2006

International Hospital Limited

Annexure IV – Significant accounting policies and notes to the accounts

I. Statement of significant accounting policies

(a) Basis of preparation

The Restated financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

(b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

(c) Depreciation

Depreciation is provided on Straight Line Method at the rates mentioned below which are as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Premium paid on perpetual leasehold land is charged to revenue on termination/ renewal of lease agreements.

Assets individually costing less than Rs 5,000 are fully depreciated in the year of purchase.

(d) Inventories

Inventories comprise of medical consumables, pharmacy items and fuel, and are valued at the lower of cost and net realizable value. Cost is determined on a first-in-first-out basis.

(e) 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.

(i) Operating Income

Operating Income is recognized as and when the services are rendered/ pharmacy items are sold.

(ii) Interest

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

(f) Foreign currency transactions

Transactions in foreign currency are recorded in the reporting currency by applying to the foreign currency amount the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on that date. The exchange differences resulting on such translation and on settlement of transactions are charged to profit and loss account, except for exchange differences arising on translation of liability in foreign currency relating to acquisition of fixed assets, which are adjusted to the cost of the relevant asset.

(g) Retirement benefits

Retirement benefits to employees comprise gratuity benefits, leave encashment and contributions to provident/ pension funds under the approved schemes of the Company.

The Company's contributions to provident fund is charged to the profit and loss account on accrual basis.

The liability for employees' leave encashment and gratuity is provided for in accordance with the rules of the Company and is based on actuarial valuations made by an independent actuary at the balance sheet date.

(h) Income taxes

Tax expense comprises current tax, deferred taxes and fringe benefit tax.

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

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 on timing differences 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. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets/liabilities will be realized/disbursed against future taxable income.

Consequent to introduction of Fringe Benefit Tax (FBT) effective April 1, 2005, the Company has made provision for FBT in accordance with applicable Income-tax laws.

(i) Expenditure on new project and substantial expansion

Expenditure directly relating to new project and substantial expansion is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost 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 are neither related to the construction nor are incidental thereto are charged to the profit and loss account.

(j) Contingent liabilities

Depending on the facts of each case and after due evaluation of relevant legal aspects, the Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligations that may but probably will not require outflow of resources as contingent liability in the financial statement.

II Notes to the accounts

1. Material Adjustment:

Given below is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits / losses of the Company.

(Rs. in million)

	For the year ended				
	March 31,2006	**March 31,2005**	**March 31,2004**	**March 31,2003**	**March 31,2002**
Adjustments for					
A) INCOME					
I) Operating income					
Unbilled revenues	(3.94)	3.94			
II) Other Income					
Miscellaneous expenditure written off		2.89			
Total(A)	**(3.94)**	**6.83**			
B) EXPENDITURE					
I) Personnel expenses					
Miscellaneous expenditure written off		2.72	0.37	0.37	
III) Operating expenses					
Consultancy fee to Doctors, for un-discharged patients	(0.24)	0.24			
III) Selling, general & administrative expenses					
Provision for doubtful debts	(0.02)	0.02			
Bad debts written off	(0.55)	0.55			
Miscellaneous expenditure written off		6.30	2.00	0.53	0.04
IV) Miscellaneous expenditure written off					
Miscellaneous expenditure written off		(10.28)			
V) Preliminary expenses written off		(0.05)			
VI) Prior Period Items					
Deferred tax adjustment	26.54				
VII) Deferred Tax Expenses(Income)					
Deferred tax assets created in March 2005	(1.05)	(25.48)	(0.003)	(0.003)	(0.003)
VIII) Impact on the opening reserves					0.87
Total(B)	**24.68**	**(25.98)**	**2.37**	**0.89**	**0.91**
Total (A-B)	**(28.62)**	**32.81**	**(2.37)**	**(0.89)**	**(0.91)**

a. Unbilled revenues

Operating income for the year ended March 31, 2006 included certain revenues relating to services provided by the Company to patients on or before March 31, 2005. Accordingly the effect of these revenues has been credited in the period in which these services were provided with a corresponding reduction in the income for the year ended March, 2006 in the 'Statement of Profits and Losses, as Restated'.

b. Miscellaneous expenditure written off

Revenue expenditure incurred by the Company prior to the commencement of business operations was being accumulated and carried in the Balance Sheet of each year-end and the entire amount was charged to revenue in the year the Company commenced business operations i.e. year ended March 31, 2005. For the purpose of this statement, the said expenditure has been charged in the 'Statement of Profits and Losses, as Restated' of respective year with a corresponding adjustment in the year-ended March 31, 2005. Further the accumulated profit and loss balance as at April 1, 2001 has been adjusted to reflect the impact of expenses incurred prior to March 31, 2001.

c. Consultancy fee to Doctors

Personnel expenses for the year ended March 31, 2006 included certain expenses relating to consultancy fees to doctors pursuant to services provided to patients admitted on or before March 31, 2005. Accordingly the effect of these expenses has been debited in the period in which these services were obtained with a corresponding reduction in the expense for the year ended March 31, 2006 in the 'Statement of Profits and Losses, as Restated'.

d. Provision for doubtful debts

The Company has made provisions for doubtful debts in respect of revenues recognized in previous periods. Accordingly, the effect of these provisions has been considered in the respective years in which the revenues were originally recorded with a corresponding reduction in the expenses in the 'Statement of Profits and Losses, as Restated'.

e. Bad debts written off

The Company has written off receivables in respect of revenues recognized in previous periods. Accordingly, the effect of these write offs has been considered in the respective years in which these receivables were originally recorded with a corresponding reduction in the expenses for the year ended March 31, 2006 in the 'Statement of Profits and Losses, as Restated'.

f. Preliminary expenses written off

Revenue expenditure incurred by the Company prior to incorporation was accumulated and carried in the Balance Sheet of each year-end and the entire amount was charged to revenue in the year the Company commenced business operations i.e. year ended March 31, 2005. For the purpose of this statement, the said expenditure has been charged to accumulated profit and loss balance as at March 31, 2001 with a corresponding reduction in the expenses of the year ended March 31, 2005 in the 'Statement of Profits and Losses, as Restated'.

g. Deferred tax adjustment

1. The Company recorded a prior period item being errors and/or omissions in respect of certain periods from April 1, 2001 to March 31, 2006. Accordingly the effect of these prior period amounts have been adjusted in the period of origination by a corresponding charge to the 'Statement of Profits and Losses, as Restated', with a corresponding reduction in the expenses for the year ended March 31, 2006 in the 'Statement of Profits and Losses, as Restated'.
2. Also, the 'Statement of Profits and Losses, as Restated' has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per the income tax returns filed by the Company for these years.

2. Material Regroupings:

a. The "General and administration expenses" in the profit and loss account for the year ended March 31, 2006 and March 31, 2005 included advertisement and publicity expenses incurred by the Company. These expenses have been reclassified under "Selling expenses" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

b. Housekeeping consumables charges incurred by the Company were included under "Operating expenses" in the profit and loss account for the year ended March 31, 2006 and March 31, 2005. These expenses have been reclassified under "Material Consumed" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

c. Recruitment and training expenses charges incurred by the Company were included under "General and administration expenses" in the profit and loss account for the year ended March 31, 2006 and March 31, 2005. These expenses have been reclassified under "Personnel expenses" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

d. Consultancy fee to Doctor paid by the Company were included under "General and administration expenses" in the profit and loss account of the year ended March 31, 2005. These expenses have been reclassified under "Operating expenses" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

e. Repair and maintenance of Building expenses incurred by the Company were included under "General and administration expenses" in the profit and loss account for the year ended March 31, 2006 . These expenses have been reclassified under "Operating expenses" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

f. Repair and maintenance of plant and machinery expenses incurred by the Company were included under "General and administration expenses" in the profit and loss account for the year ended March 31, 2006. These expenses have been reclassified under "Operating expenses" for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

g. Interest and other finance charges incurred by the Company were included under "General and administration expenses" in the profit and loss account for the year ended March 31, 2006 and March 31, 2005. Finance charges have been reclassified under "General and administration expenses" and Interest has been disclosed separately for all the periods presented in the 'Statement of Profits and Losses, as Restated'.

3. In accordance with the resolution passed by the Board of Directors of the Company, the Company has borne expenses allocated/ apportioned by Fortis Healthcare Limited. Further, in terms of an agreement with the holding company, leave encashment, gratuity and other statutory dues in respect of the employees deputed / shared by the holding company would be reimbursed and charged by the Company, on such payments being made by the holding company.

(Rs. in million)

	For the year ended				
Particulars	**March 31,2006**	**March 31,2005**	**March 31,2004**	**March 31,2003**	**March 31,2002**
Transfer to Fixed Assets	3.99	15.58			
Allocated under various head of Profit & Loss Account	32.41	18.02			
Allocated under various head to Pre operative exp.			25.29	19.63	Nil

4. Term loan from UTI bank is secured against first exclusive hypothecation / mortgage charge on the existing and future movable and immovable assets of the Company.

Loan for vehicles is secured against hypothecation of respective vehicles.

5. In the opinion of the board of directors current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in the accounts.

6. Capital commitments and contingent liabilities

(Rs. in million)

Particulars	For the year ended March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
(I) Capital commitments					
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Capital advances)	3.97	2.91	382.62	85.53	Nil
(II) Contingent liabilities (not provided for) in respect of:					
Demand raised by New Okhla Industrial Development Authority	Nil	8.32	8.32	Nil	Nil
Suit for medical negligence	1.82	Nil	Nil	Nil	Nil

Sales tax

The Sales Tax Department vides their order dated March 14, 2006 made a provision assessment and raised a demand on the Company. The Company by way of a "Civil Miscellaneous Writ Petition" has challenged the provisional assessment orders before the Honorable High Court of Allhabad. The High Court vide its order dated May 17, 2006 set aside these provisional assessment orders and the assessing officer has been directed to pass a final assessment order after examining the relevant accounts or records maintained by the Company and also the law laid down by the Supreme Court of India in "Bharat Sanchar Nigam Limited Vs. Union of India & Others". Since no further demand has been raised against the Company it is not possible to quantify the liability which may arise upon reassessment.

7. Segmental Disclosure

The Company is engaged in the business of Speciality Hospitals which as per Accounting standard 17 on "Segment Reporting", is considered to be the only reportable business segment. The Company is operating only in India and there is no other significant geographical segment.

8. Related party disclosures

I Related party relationship

	Relationship	Entity/ Person
a.	**Holding Companies**	
	Ultimate Holding Company	Fortis Healthcare Holding Limited(FHHL)
	Holding Company	Fortis Healthcare Limited(FHL)
b.	**Other entities controlled by the Holding Companies**	
		Oscar Bio-Tech Private Limited
		Escorts Heart Institute and Research Centre Limited (EHIRCL) acquired by FHL w.e.f. September 29, 2005
		Escorts Hospital and Research Centre Ltd. acquired by FHL w.e.f. September 29, 2005
		Escorts Heart and Super Speciality Institute Ltd. acquired by FHL w.e.f. September 29, 2005
		Escorts Heart and Super Speciality Hospital Ltd.,Escorts Heart Centre Ltd. acquired by FHL w.e.f. September 29, 2005
c.	**Key Management Personnel**	
		Mr. Harpal Singh
		Mr. Shivinder Mohan Singh

d. **Enterprises owned or significantly influenced by key management personnel or their relatives**

SRL Ranbaxy Limited
Ranbaxy Laboratories Limited
Ranbaxy Holdings Limited

II. Transactions with related parties - Since AS – 18 on Related Party Transactions as issued by the Institute of Chartered Accountants of India, became first applicable to the Company with effect from the accounting year starting April 1, 2004, hence information for the years ended March 31, 2004, March 31, 2003 and March 31, 2002 has not been presented under.

(Rs. in million)

	For the year ended	
	March 31,2006	**March 31,2005**
Holding Companies:		
Allocation of corporate expenses	36.40	33.61
Reimbursement of expenses incurred on behalf of Company	7.21	2.69
Interest paid/ (received)	(0.14)	0.301
Balance payable / (receivable)	32.13	12.52
Entities over which significant influence is exercised		
Utilization charges paid/(received)	(16.35)	(4.39)
Reimbursement of expense paid/(received)	(6.00)	(0.93)
Upfront fee paid/(received)		(10.50)
Pathology/Investigation charges paid	16.35	6.40
Balance payable / (receivable)	13.54	(0.99)

AUDITORS' REPORT

SUMMARY STATEMENTS OF STANDALONE ASSETS AND LIABILITIES AS AT AND STANDALONE PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004, 2005 AND 2006 AND STANDALONE CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2006, 2005, 2004, 2003 AND 2002, AS RESTATED, OF OSCAR BIO TECH PRIVATE LIMITED.

To,

The Board of Directors
Oscar Bio Tech Private Limited,
275-276, Piccadily House
Captain Gaur Marg   Srinivas Puri
New Delhi -110065

We have examined the financial information of **OSCAR BIO TECH PRIVATE LIMITED ('OBTPL' or 'the Company')** annexed to this report, which has been prepared in accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act ,1956 (the Act); and

(ii) The Securities and Exchange Board Of India (Disclosure and Investor Protection) Guidelines ,2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board Of India ('SEBI') and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act,1992.

(iii) The instructions received from the Company requesting us to examine the restated financial information in connection with the proposed initial public offer of equity shares by Fortis Healthcare Limited, the holding company.

Restated Financial Information of the Company

1. We have examined the attached restated summary statement of restated assets and liabilities of the Company as at March 31, 2006, 2005, 2004, 2003 and 2002 (Annexure I) and the attached restated summary statement of profits and losses for each of the years ended on those dates (Annexure II) and the attached restated summary statement of cash flows for the years ended March 31, 2006, 2005, 2004, 2003 and 2002 (Annexure III) (together the "summary statements") as prepared by the Company and approved by the Board of Directors. These summary statements have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and are more fully described in the notes appearing in Annexure IV to this report. The summary statements are based on the financial statements which have been audited and reported upon by us.

2. Based on our examination of these restated statements, we confirm that:

    (i) The prior period items have been adjusted in the summary statements in the years to which they relate (Refer to Annexure IV, note 3);

    (ii) There are no changes in accounting policies which need to be adjusted in the summary statements in the relevant financial years.

    (iii) The extraordinary items have been adjusted in summary statement (Refer to Annexure IV,note 3)

    (iv) There were no qualification in the auditors' reports on the financial statements for the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002, which require any adjustments to the summary statements.

3. The summary of significant accounting policies and notes to accounts adopted by the Company pertaining to the audited financial statements are enclosed as Annexure IV to this report.

4. In our opinion, the 'Restated Financial Information of the Company' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

5. This report is intended solely for your information and for the purpose of inclusion in the offer document to be prepared by Fortis Healthcare Limited in connection with the proposed initial public offer ("IPO") of its equity shares and should not be used or referred to for any other purpose without our prior written consent.

For A. Malhotra & Associates
Chartered Accountants

J.L. Malhotra
[Proprietor]
Membership No: 4518
Place: New Delhi
Date: 25th September 2006

OSCAR BIOTECH PRIVATE LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Rs . in Million)

Particulars	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Fixed Assets					
Gross Block	537.49	149.51	136.00	0.84	0.75
Less Depreciation / Amortization	-	0.18	0.18	0.18	0.18
Net Block	537.49	149.33	135.82	0.66	0.57
Capital Work in Progress including capital advances	217.31	13.08	-	-	-
Expenditure during construction period (pending capitilisation/ allocation)	11.24	-	-	-	-
TOTAL	**766.04**	**162.41**	**135.82**	**0.66**	**0.57**
Investments	-	50.66	454.57	84.74	191.04
Current Assets,Loans & Advances					
Inventories	-	44.02	33.08	26.07	26.36
Sundry Debtors	-	-	-	1.90	4.28
Cash and Bank Balances	3.47	2.29	46.18	143.52	91.81
Other Current Assets	-	-	-	-	-
Loans & Advances	128.70	139.12	354.44	242.95	317.70
Total	**898.21**	**398.50**	**1,024.09**	**499.84**	**631.76**
Liabilities and Provisions					
Secured Loans	-	-	-	-	250.00
Unsecured Loans	387.80	179.65	842.74	1.60	8.20
Deferred Payment Liabilities	-	-		-	-
Current Liabilities	51.80	91.62	66.75	389.48	265.26
Total	**439.60**	**271.27**	**909.49**	**391.08**	**523.46**
Net Worth	**458.61**	**127.23**	**114.60**	**108.76**	**108.30**
Equity Share Capital	450.00	120.50	120.50	120.50	120.50
1% Non Cumulative Redeemable Preference Share Capital	-	-	-	-	-
Reserves & Surplus	8.61	6.73	-	-	-
Less:					
Debit Balance of Profit & Loss Account	-	-	5.90	11.74	12.20
Less: Miscellanueous Expenditure(To the extent not written off or adjusted)					
Net Worth	**458.61**	**127.23**	**114.60**	**108.76**	**108.30**

For A. Malhotra & Associates

J.L. Malhotra [Proprietor]
Membership No: 4518
Place: New Delhi
Date: 25th September 2006

For Oscar Bio-Tech Pvt. Ltd.

Director

Director

OSCAR BIOTECH PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs . in Million)

PARTICULARS	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003	Year Ended March 31, 2002
Income					
Operating Income	19.15	74.85	49.93	41.93	62.30
Other Income	0.00	1.89	3.00	3.00	-
Total Income	**19.15**	**76.74**	**52.93**	**44.93**	**62.30**
Expenditure					
Materials consumed	-	-	-	-	-
Personnel Expenses	8.91	0.04	0.17	0.03	-
Operating Expenses	0.55	61.46	42.81	41.75	63.13
General and Administration Expenses	7.58	2.09	2.73	2.69	0.25
Selling and Distribution Expenses	-	-	-	-	-
Interest Expense	-	-	-	-	-
Miscellaneous Expenditure written off	-	-	-	-	-
Depreciation/ Amortization	-	-	-	-	-
Total Expenditure	**17.04**	**63.59**	**45.71**	**44.47**	**63.38**
Profit / (Loss) before Tax	**2.11**	**13.15**	**7.22**	**0.46**	**(1.08)**
Fringe Benefit Tax	0.23	-	-	-	-
Current Tax Expense	-	1.10	1.38	-	-
Net Profit / (Loss) before Prior period & Exceptional Item	**1.88**	**12.05**	**5.84**	**0.46**	**(1.08)**
Exceptional Item (Refer Note No. 3 b)	-	-	-	16.83	-
Net Profit / (Loss) as per audited accounts	**1.88**	**12.05**	**5.84**	**(16.37)**	**(1.08)**
Adjustments (Refer Note No. 3 a)	-	0.58	-	16.83	(17.41)
Net Profit / (Loss) as restated	**1.88**	**12.63**	**5.84**	**0.46**	**(18.49)**
Profit & Loss Account at the beginning of the year	6.73	(5.90)	(11.74)	(12.20)	6.29
Balance Carried Forward as restated	**8.61**	**6.73**	**(5.90)**	**(11.74)**	**(12.20)**

For A. Malhotra & Associates

J.L. Malhotra [Proprietor]
Membership No: 4518
Place: New Delhi
Date: 25th September 2006

For Oscar Bio-Tech Pvt. Ltd.

Director

Director

OSCAR BIOTECH PRIVATE LIMITED
STATEMENT OF CASHFLOWS, AS RESTATED

(Rs . in Million)

Particulars	**For the year ended March 31, 2006**	**For the year ended March 31, 2005**	**For the year ended March 31, 2004**	**For the year ended March 31, 2003**	**For the year ended March 31, 2002**
A. Cash Flow from Operating Activities					
Net Profit/(Loss) before Tax, as restated	1.88	12.63	5.84	0.46	(18.49)
Adjustment for:					
Depreciation & Amortisation	-	-	-	-	-
Depreciation Written back	(0.18)	-	-	-	-
Bad Debts/Sundry Assets written off	0.66	-	-	-	-
Operating profit/(Loss) before working capital changes	2.36	12.63	5.84	0.46	(18.49)
Movement in working capital:					
Decrease / (Increase) in sundry debtors	-	-	1.90	2.38	(4.06)
Decrease / (Increase) in inventories	44.02	(10.94)	(7.01)	0.28	1.72
Decrease / (Increase) loans and advances	10.42	215.32	(111.48)	74.75	255.24
Increase / (Decrease) in current liabilities	(39.82)	24.87	(322.73)	124.22	247.29
Cash generated from operations	16.98	241.88	(433.48)	202.09	481.70
Net Cash genrated from/(used in) operations(A)	**16.98**	**241.88**	**(433.48)**	**202.09**	**481.70**
B. Cash Flow from Investing Activities					
Purchase of fixed assets & changes in CWIP	(604.11)	(26.59)	(135.16)	(0.08)	0.05
Sale/(Purchase) of Investment	50.66	403.91	(369.84)	106.30	(123.93)
Net Cash used in Investing activities(B)	**(553.45)**	**377.32**	**(505.00)**	**106.22**	**(123.88)**
C. Cash Flows from Financing Activities					
Proceeds from issuance of share capital & Share Application Money	329.50	-	-	-	-
Proceeds from long-term borrowings	208.15	-	841.14	-	-
Preliminary Expenses (to the extent not written off)	-	-	-	-	-
Repayment of Long -term borrowings	-	(663.09)	-	(256.60)	(266.31)
Net Cash(used in)/genrated from financing activities (C)	**537.65**	**(663.09)**	**841.14**	**(256.60)**	**(266.31)**
Net changes in cash & cash equilent(A+B+C)	**1.18**	**(43.89)**	**(97.34)**	**51.71**	**91.52**
Cash and cash equivalents at the beginning of the year	2.29	46.18	143.52	91.81	0.29
Add: Cash acquired on amalgamation					
Cash and cash equivalents at the end of the year	3.47	2.29	46.18	143.52	91.81
Components of cash and cash equivalents:					
Cash and Cheques on Hand	0.00	1.95	44.97	140.97	91.20
Balances with Scheduled Banks on Current Accounts	3.47	0.34	1.21	2.55	0.61
Note - The above financial statements should be read with Notes on Adjustments and Significant Accounting Policies, as appearing in Annexure- IV to the report					

For A. Malhotra & Associates

For Oscar Bio-Tech Pvt. Ltd.

J.L. Malhotra [Proprietor]
Membership No: 4518
Place: New Delhi
Date: 25th September 2006

Director

Director

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1 Significant Accounting Policies

a) System of Accounting

The Company follows the accrual basis of accounting

b) Fixed Assets and Depreciation

Fixed Assets are stated at cost gross block less depreciation. Capital work in progress includes advances also. Depreciated fixed assets is provided on straight-line method at the rate and in the manner prescribed in Schedule-XIV to the company.

c) Intangible Assets

Intangible assets comprises of amount paid to a registered society with similar objective, which will be amortised appropriately.

d) Valuation of Stock

During the year company is not holding any stock as compared to the stock held in earlier years

e) Taxation

Provision for tax for the period comprises estimated current tax determined to be payable in respect of taxable income.

f) Income from investments where appropriate are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

g) At the close of financial year the company is not holding any investment, as had been the practice in the earlier year therefore there is no question of commenting on the provisions in fluctuation or accounting for the same in these notes.

2 Material Regroupings

a) For the year ended March 31, 2006, 2005, 2004, 2003, 2002 the following heads appearing in the profit and loss account have been classified under the head Operating Income. In the statement for Profits and Losses as restated, for the years ended March 31, 2006, 2005, 2004, 2003, 2002, such Operating Income has been reclassified and disclosed accordingly.

Sales (Formulations)
Sales (Shares & Securities)
Interest Received
Dividend Received
Profit from Partnership Firm
Profit on sale of Investments (Net)
JV Profit
Closing Stock (Shares & Securities)
Less
Opening Stock (Shares & Securities)
Purchases (Shares & Securities)
Finished Goods Purchased
Loss on sale of Investments/Assets
Loss from Partnership Firm
Operating Income

b) Upto the year ended March 31, 2006, interest expenses was classified under the head Interest and Financial Charges. In the statement for Profits and Losses as restated, for the years ended March 31,2006, 2005, 2004, 2003 and 2002, such Interest Expense has been reclassified and disclosed under the head Operating Expense accordingly.

c) For the year ended March 31, 2005, Amount written off on assets was shown as line item in the profit and loss account. In the statement for Profits and Losses as restated, for the year ended March 31,2005, such amount written off has been classified under the head Administration Expense and disclosed accordingly.

d) For the year ended March 31, 2006, Loss on write off on assets was shown as line item in the profit and loss account. In the statement for Profits and Losses as restated, for the year ended March 31,2006, such amount written off has been classified under the head Administration Expense and disclosed accordingly.

e) Upto the year ended March 31,2006; Provision for Income Tax was classified under the head Current Liabilities and Provisions. In the statement of Assets and Liabilities as restated, for the years ended March 31,2006, 2005, 2004, 2003 and 2002, such Provision for Income Tax has been reclassified under the head Current Assets, Loans and Advances and disclosed accordingly.

3 Material Adjustments

a) The adjustment of Rs.17.41 million in the restated profit and loss account above, pertains to amounts written off in the year ended March 31, 2003 and March 31, 2005 on advances given to parties. As these advances pertain to the period prior to the year ended March 31, 2002, the effect of same has been recognised in the year ended March 31, 2002.

b) For the year ended March 31, 2003, Amount written off was shown as line item in the profit and loss account. In the statement for Profits and Losses as restated, for the year ended March 31,2003, such amount written off has been classified as an exceptional item and disclosed accordingly

c) Besides the above, there have been no changes in accounting policies, material prior period items, extraordinary items and qualifications resulting from incorrect accounting practices/ policies or failures to make provisions or other adjustments pertaining to the audited financial statements of Oscar Bio Tech Private Limited as at and for the years ended March 31, 2006, 2005, 2004, 2003 and 2002, which require any adjustments to the summary statements. Consequently, no adjustments have been made for the same.

4 In the opinion of the Board of Directors, current assets, loans and advances, are realizable in the ordinary course of business will at least equal to the amount at which they are stated. Provision for all known liabilities has been made in the accounts.

5 Sundry Creditors includes Rupees nil due to small-scale industrial undertakings.

6 The company during the year has become the wholly owned subsidiary of Fortis Health Care Limited on 20th March 2006.

7 The Company was a partner in ‘Oscar Syndicate’, a partnership firm. The share of the Company in the firm during the Financial Years ended March 31, 2002, 2003, 2004 and 2005 was 90%.

AS PER REPORT OF EVEN DATE

for A. MALHOTRA & ASSOCIATES
Chartered Accountants

(J.L.MALHOTRA) DIRECTOR DIRECTOR
PROPRIETOR
MEMBER SHIP NO 4518
PLACE:NEW DELHI
DATE : 25th September 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with the Financial Statements, the notes thereto and the reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. The Financial Statements are based on Indian GAAP, which differ in certain significant respects from U.S. GAAP and IFRS. For more information on these differences, see the section titled "Summary of Significant Differences between Indian GAAP, U.S. GAAP & IFRS", on page [ ] of this Draft Red Herring Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Our revenue is referred to herein and in the Financial Statements as income.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" and elsewhere in this Draft Red Herring Prospectus.

Overview

We believe that we are one of the largest private healthcare companies in India, based on the number of hospital beds, according to information provided by CRIS-INFAC's report published in 2005. We currently have a network of 12 hospitals primarily in north India, 15 satellite and heart command centers in hospitals across the country and one heart command center in Afghanistan. We are committed to delivering quality healthcare services to our patients in modern facilities using advanced technology and our teams of doctors, nurses and other healthcare professionals, who follow international protocols. Most of our hospitals are multi-specialty hospitals, which provide secondary and tertiary healthcare to patients. Some of our multi-specialty hospitals also include super-specialty "centers of excellence" providing quaternary healthcare to patients in key specialty areas such as cardiac care, orthopedics, neuro-sciences, oncology, renal care, gastroenterology and mother and child care. In addition, two of our hospitals, Escorts Heart Institute & Research Centre at New Delhi ("EHIRC") and Escorts Heart Centre at Raipur ("EHCR"), focus primarily on cardiac patients, with EHIRC serving as a super-specialty "center of excellence" for cardiac care. We also operate Fortis La Femme, a "boutique" style hospital that focuses on women's health and maternity care.

Drawing on the experience of our Promoters as promoters of Ranbaxy Laboratories Limited, a multi-national pharmaceutical company headquartered in India ("RLL"), and with a vision of creating an integrated healthcare delivery system, we opened our first hospital in Mohali in 2001. Since 2001, we have expanded our operations by opening multi-specialty hospitals (including some with super-specialty "centers of excellence"), a "boutique" style hospital and various satellite and heart command centers. Our hospital network consists of multi-specialty "spoke" hospitals, which provide comprehensive general healthcare to patients in their local communities, and super-specialty "hub" hospitals, which also provide more advanced care to patients, including patients from our "spoke" hospitals and other hospitals in the surrounding area. Six of our hospitals are owned or majority-owned by us, and we operate and manage EHCR in collaboration with the Government of Chattisgarh; the remaining five, together with our satellite and heart command centers, are operated and managed by us but owned by trusts or societies or other corporate owners, except for Fortis La Femme, in which we currently own a 5% interest.

On September 28, 2005, we acquired a 90% interest in Escorts Heart Institute & Research Centre Limited ("EHIRCL"), a provider of private healthcare services that owns and operates three majority-owned hospitals in north India and operates and manages a fourth hospital in collaboration with the

Government of Chattisgarh (collectively, the "Escorts hospitals") and, at the time of the acquisition, operated and managed 10 satellite and heart command centers, for total consideration of Rs. 5,850.10 million (the "Escorts hospitals acquisition"). The Escorts hospitals acquisition more than doubled our gross income and increased our expertise and prominence, especially in the cardiac care specialty area, and enhanced our profile among patients.

Our primary sources of income are:

(i) inpatient and outpatient hospital services;

(ii) hospital management fees; and

(iii) retail sales at the pharmacies we run at our owned, Fortis-branded hospitals.

In addition, we receive income from rent or access fees, paid by third-party vendors who are on-site at our owned hospitals, such as pharmacies, banks and ATMs, gift shops and cafeterias. We also receive income from the Fortis Inn rehabilitation center for patients and their visitors at Fortis Hospital, Mohali.

Acquisitions and Development Projects

In May 2006, the Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, a hospital which we operate through our Oscar Bio-Tech Private Limited ("OBPL") subsidiary under a perpetual O&M contract, commenced operations. We spent approximately Rs. 350 million to obtain the perpetual right to operate the hospital and spent approximately Rs. 29.26 million on improvements to the hospital building and pre-operative expenses. Under the terms of the O&M contract, we have the right to receive a significant portion of the hospital's total profits, if any (and are not responsible for its losses). We are responsible for building, managing, maintaining and running the hospital, including arranging funds, in each case, at the hospital's expense. We also invested approximately Rs. 470.17 million in medical and other equipment, to which we retain title, and infrastructure for the hospital. We financed our payments in respect of the hospital through short-term debt obligations.

In April 2006, we assumed the operation and management of the Khyber Medical Institute in Srinagar, Jammu & Kashmir.

On March 20, 2006, we acquired a 99.9% interest in International Hospital Limited ("IHL") from the Promoter Group for total consideration of approximately Rs. 301.5 million, financed through an equity contribution from FHHL (the "IHL acquisition"). IHL owns Fortis Hospital, Noida, which commenced operations in August 2004. Although the IHL acquisition did no occur until March 20, 2006, the results of IHL have been included in our restated consolidated financial statements with effect from December 20, 2002, the date on which IHL became a board-controlled subsidiary of FHL pursuant to an agreement between FHL and IHL. Following the IHL acquisition, FHL made an additional Rs. 100.6 million equity contribution to IHL.

Also, on March 20, 2006, we acquired a 100% interest in OBPL from a Promoter Group company for total consideration of approximately Rs. 30.5 million (the "OBPL acquisition"). In addition to its O&M contract for the Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, OBPL owns property on which a hospital is to be constructed in northwest Delhi. Prior to the OBPL acquisition, OBPL only conducted non-hospital investment business, all of which has been discontinued. Following the OBPL acquisition, FHL made additional equity contributions of Rs. 329.5 million and Rs. 90 million to OBPL.

In January 2006, we assumed the operation and management of Fortis La Femme in south Delhi, a birthing center which we have recently begun to upgrade to a full service women's hospital. Pursuant to the terms of our share subscription agreement with the hospital's corporate owner, Sunrise

Medicare Private Limited ("SMPL"), and others, we acquired a 5% equity interest in SMPL. We have also extended a loan in the form of convertible debt to SMPL, which is convertible into an additional 21% equity interest in SMPL at any time within two years from the date of infusion of the first tranche of the loan, which was September 1, 2005. At June 30, 2006, we had advanced Rs. 23.55 million as convertible debt to the corporate owner out of the agreed amount of Rs. 28.91 million, and we subsequently paid the remaining balance. After the second anniversary, the subscription agreement provides that the loan shall automatically convert into a 21% equity interest in SMPL. In addition, we have a further option to acquire further shares to increase our interest in the corporate owner to 51% at any time from the second anniversary to the fifth anniversary of January 3, 2006, the date of the subscription agreement (the "Option Period"). After the Option Period, the other shareholders have an option to require us to purchase their entire interest in the corporate owner to us, irrespective of whether we acquire a 51% interest in the corporate owner. If we acquire a 51% interest, the other shareholders have one year from the date of our acquisition of the 51% to sell their shares to us at face value plus 12% interest per annum from September 1, 2005. If we do not acquire a 51% interest, the shareholders have 30 days from the expiration of the Option Period to sell their shares to us at Rs. 15 per share (provided that consideration is only payable in respect of shares outstanding on January 3, 2006). We have financed our investments to date in the Fortis La Femme hospital from operations and financing activities.

In September 2005, we acquired a 90% interest in EHIRCL, a provider of private healthcare services that owns and operates three majority-owned hospitals in north India and operates and manages a fourth hospital in collaboration with the Government of Chattisgarh (collectively, the "Escorts hospitals") and, at the time of the acquisition, 10 satellite and heart command centers for total consideration of Rs. 5,850.10 million (the "Escorts hospitals acquisition"). We financed the Escorts hospitals acquisition with short-term bank loans, Rs. 2,575 million of which has been repaid to date. Also in 2005, we assumed the operations and management of Jeewan Mala Hospital in New Delhi.

In August 2003, we opened Fortis Hospital, Amritsar. Our total investment in this facility was approximately Rs. 40.3 million. Also in 2003, we assumed the operations and maintenance of the Fortis Jessa Ram Hospital.

We commenced operations in June 2001 with the opening of Fortis Hospital, Mohali. Our total investment in Fortis Hospital, Mohali was Rs. 1,281.6 million, financed with equity investments from our Promoters and bank debt in a ratio of approximately 1.00 to 1.00.

We are developing hospitals in Jaipur, Rajasthan, northwest Delhi and Gurgaon, Haryana in the NCR for an estimated total cost of Rs. 6,600 million through fiscal 2010. In addition, we are continuously evaluating acquisition, greenfield development and O&M contract opportunities and are in various stages of consideration and development of other projects. In addition, we are currently in various stages of negotiations, including in some cases having signed a non-binding memorandum of understanding, with a number of other parties to assume O&M contracts and acquire greenfield sites for hospitals outside our core regions, as well as to undertake a joint project with a state government and manage a hospital in a rural area as part of our corporate social responsibility initiative, some of which are larger in scale than any project we have attempted to date. Some or all of these projects may not be undertaken or, if undertaken, may be altered or take longer than anticipated to complete or may exceed our cost expectations.

All our acquisitions were accounted for under the purchase method of accounting and, accordingly, the results of operations of our owned hospitals are reflected on a consolidated or equity basis in our consolidated financial statements from the respective dates of their acquisitions. Other than our initial Rs. 20 million payment for building improvements and pre-operative expenses at Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and, in some cases, purchasing medical equipment which we lease to the hospital, we are generally not responsible for capital expenditures at our O&M contract hospitals. Operating expenses are also paid by the hospital owners and we receive a percentage of total income and/or operating profits, and any income received typically represents profit. However, even with an

O&M contract hospital, we may experience periods of little or no profit as we redefine the role of the hospital after assuming the O&M responsibilities therefor. Acquisitions of existing hospitals and building hospitals on greenfield sites tend to require substantial cash payments, either to fund the purchase price or to acquire the land, hospital buildings and equipment and to finance the operations of the hospital. As a result of these high "start-up" costs and, especially in the case of a greenfield hospital, the gestation period before the hospital matures, an owned hospital will typically operate at a loss for a number of years before achieving profitability.

Note Regarding Presentation

Our historical operating results may not be indicative of our results on a going-forward basis, as these will include the consolidated results of EHIRCL and its subsidiaries, IHL and OBPL for full periods. We completed the Escorts hospitals acquisition on September 28, 2005 and it more than doubled the size of our group. We completed the acquisition of IHL, which owns Fortis Hospital, Noida, and the acquisition of OBPL, which has an O&M contract for Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and owns land for our planned greenfield hospital in northwest Delhi, on March 20, 2006.

We have set forth in this DRHP stand-alone financial statements for Fortis Healthcare Limited ("FHL") and IHL and consolidated financial statements for EHIRCL and its subsidiaries, which collectively represent our principal operations. Stand-alone financial statements for our other, minor subsidiaries are included as well. In addition, we have included consolidated financial statements as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 for FHL, all its subsidiaries and its associate, SMPL (the corporate owner of Fortis La Femme) since the respective dates such subsidiaries were acquired (or, in the case of IHL, since it came a board controlled subsidiary) and SMPL became our associate: September 29, 2005 for EHIRCL and its subsidiaries; March 21, 2006 for OBPL, December 20, 2002 for IHL and January 3, 2006 for SMPL. Additional consolidated financial statements have not been prepared because we did not have any other subsidiaries in prior periods. A pro forma consolidated income statement is included in this Draft Red Herring Prospectus that gives effect to the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition as if they had occurred at the beginning of fiscal 2006.

The discussion below covers only the stand-alone results for FHL and IHL and the consolidated results for EHIRCL, as there are no meaningful comparative periods available for our consolidated results since the closing of the Escorts acquisition occurred during fiscal 2006. Because we have not discussed our consolidated or pro forma results or the results for our other minor subsidiaries below, you should not place undue reliance on the discussion below and should review carefully all the financial statements and other information included herein. In particular, we have not included a separate discussion of the results of operations for OBPL on a stand-alone basis as OBPL only commenced hospital-related operations in May 2006 and its income prior to fiscal 2007 related only to non-hospital investments and its expenses related only to non-hospital and pre-operative expenses.

For historical periods, our liquidity and capital resources discussion below covers each of FHL and IHL on a stand-alone basis and EHIRCL on a consolidated basis with its subsidiaries. Our forward-looking disclosure and future liquidity needs and capital expenditures are discussed on a consolidated basis.

Our financial statements have been prepared in accordance with Indian GAAP and standards issued by the Institute of Chartered Accountants of India. The consolidated financial statements consolidate the accounts of the relevant wholly-owned and majority-owned subsidiaries, with intercompany accounts and transactions eliminated in consolidation and minority interests in subsidiaries in which we own a majority interest accounted for in accordance with Indian GAAP. The consolidated financial statements also consolidate the accounts of IHL since December 20, 2002, even though the IHL acquisition did not occur until March 20, 2006, because it has been deemed to be a board-controlled subsidiary under Indian GAAP. As a result of our rights under a Shareholders' Agreement entered into with SMPL, we have acquired certain rights to participate in the financial and operating decisions at SMPL, and our minority investment in SMPL is accounted for using the equity method. Our share in the profits of SMPL is shown as a separate line item in our consolidated profit and loss account statement.

Our consolidated financial statements are presented in the same manner as FHL's unconsolidated financial statements. Where subsidiaries engage in the provision of similar services as those provided by FHL, uniform accounting policies are adopted for like transactions, except that in certain cases, such as depreciation, EHIRCL and its subsidiaries continue to follow their historical accounting policies, which differ from those adopted by FHL. See note B(c)(iv) in the notes to our consolidated financial statements included in the section titled "Financial Information" on page [ ] of this Draft Red Herring Prospectus. SMPL also follows its own accounting policies, which may differ significantly from those adopted by FHL. Subsidiaries and any joint ventures adopt their own accounting policies for transactions in which FHL is not engaged. No adjustments have been made to our consolidated financial statements or our pro forma consolidated financial statements to harmonize differences in accounting policies. The accounting policies discussed below, unless otherwise indicated, reflect those adopted by FHL. The auditors of the EHIRCL financial statements have included a qualification in their audit report in respect of EHIRC's litigation with the DDA and the Income Tax Authorities due to the potentially high liability to which these cases expose EHIRC. In addition, the notes to FHL financial statements include notes explaining that although FHL has experienced significant net losses, its financial statements have been prepared on a going-concern basis in light of the Issue and management's projections of better financial performance in fiscal 2007. If these projections differ from actual performance, FHL may experience further erosion to its net worth.

Factors affecting our results of operations

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. However, there are some specific items that we believe have impacted our results of operations and, in some cases, will continue to impact our results on a consolidated level and at our individual facilities. In this section, we discuss several factors that we believe have, or could have, an impact on these results. We also discuss the ways in which we generate income and the main expenses associated with generating this income. Please also see the section titled "Risk Factors" on page [ ] of this Draft Red Herring Prospectus.

The Escorts Hospitals Acquisition

On September 28, 2005, FHL acquired a 90% interest in EHIRCL, which owns, directly or through majority-owned subsidiaries, four hospitals in north India. The total consideration for the Escorts hospitals acquisition was approximately Rs. 5,850.10 million, excluding the payment of Rs. 39.38 million of fees and expenses, and subject to certain escrow arrangements. In addition, EHIRCL and its subsidiaries had approximately Rs. 832.23 million of indebtedness outstanding at the time of the acquisition, all of which remains outstanding. We financed the Escorts hospitals acquisition with Rs. 5,850 million borrowed under short-term bank loans.

EHIRCL, together with its subsidiaries, is substantially larger than FHL. Accordingly, our results for the year ended March 31, 2007, incorporating the results of the Escorts hospitals for the full year will differ significantly from our results for the year ended March 31, 2006, which do not incorporate the consolidated results of the Escorts hospitals for the full year. We believe the increased scale and larger infrastructure created by the Escorts hospitals acquisition will enable us to generate economies of scale across our network. For example, we expect to be better able to negotiate network-wide rates with our suppliers. We also believe the prominent reputation of the Escorts hospitals has enhanced the reputation of all our hospitals in the marketplace.

We have recently initiated the integration of the Escorts hospitals and the rest of our hospital network and we intend to adopt the best practices from the Escorts hospitals at the other hospitals within our network and implement the best practices at our existing hospitals at the Escorts hospitals as well.

EHIRCL and its subsidiaries are involved in various significant legal proceedings challenging (i) its right to a leasehold interest on the land on which the EHIRC hospital is located, (ii) its corporate existence, and, by implication, the validity of the Escorts hospitals acquisition, (iii) the application of a condition in an allotment letter in respect of the EHIRC hospital site requiring the provision of free treatment to indigent patients at EHIRC, (iv) the application of a similar free treatment condition in the allotment letter in respect of the EHRC hospital site requiring the provision of free treatment to local residents of Faridabad at EHRC, (v) non-renewal of EHIRC's nursing license and (vi) certain income tax exemptions claimed by EHIRC's predecessors. See the sections titled "Outstanding Litigation and Material Developments" and "Our Business—Legal Proceedings" on pages [●] and [●], respectively, of this Draft Red Herring Prospectus for additional information regarding these proceedings. If any of these matters is resolved in a manner adverse to us, we could be required to make large payments to governmental authorities or could, in some circumstances, lose our right to the shares in EHIRCL and its subsidiaries or our right to the EHIRC and EHRC hospital facilities or our right to operate our inpatient business at EHIRC. Although a portion of the consideration we paid in connection with the Escorts hospitals acquisition remains in an escrow account pending the resolution of the income tax matters, amounts found to be due under the income tax proceedings may exceed the escrow amount, and we may not be able to recover amounts due to us under the indemnity arrangements in the acquisition agreement relating to the Escorts hospitals acquisition. Other than with respect to the tax litigation and the litigation challenging our corporate existence, we may not have any recourse against the sellers in the Escorts hospitals acquisition. Although we may have a claim against the sellers in the Escorts hospitals acquisition for breach of warranty in the event the litigation challenging our corporate existence is resolved in a manner adverse to us, we may not be able to recover amounts paid by us in connection therewith from the sellers. In addition, in connection with the licensing matter, we and personnel in control positions could also face civil and criminal liability.

The IHL and OBPL Acquisitions

On March 20, 2006, we acquired IHL from the Promoter Group for approximately Rs. 301.5 million. We funded the IHL acquisition through an equity contribution from FHHL. In addition, IHL had approximately Rs. 469.19 million of indebtedness outstanding at the time of the IHL acquisition, all of which remains outstanding. Following the IHL acquisition, FHL made an additional Rs. 100.6 million equity contribution to IHL. As IHL and thus, Fortis Hospital, Noida, were previously owned by the Promoter Group and continue to be managed by the same management team, our acquisition of IHL did not change the operations of Fortis Hospital, Noida in any way and no integration is required. On a going-forward basis, however, our consolidated financial statements will include the results of Fortis Hospital, Noida.

Also on March 20, 2006, we acquired a 100% interest in OBPL, which has an 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 northwest Delhi from a Promoter Group company for total consideration of approximately Rs. 30.5 million. OBPL did not conduct any hospital-related business prior to fiscal 2007 and thus its results of operations on a going-forward basis will be quite different from the historical results included elsewhere in this Draft Red Herring Prospectus. Prior to fiscal 2007, OBPL's income related only to non-hospital investments and its expenses related only to non-hospital and pre-operative expenses. OBPL's non-hospital investment business has been discontinued. Following the OBPL acquisition, FHL made additional equity contributions of Rs. 329.5 million and Rs. 90 million to OBPL.

The society that owns Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj is involved in various significant legal proceedings challenging (i) its right to a leasehold interest on the land on which the hospital is located and (ii) its right to a hospital nursing license. See the sections titled "Outstanding Litigation and Material Developments" and "Our Business—Legal Proceedings" beginning on pages [•] and [•], respectively, of this Draft Red Herring Prospectus for additional information regarding these proceedings. If either matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose our entire Rs. 350 million investment in respect of the license fee we paid to obtain the O&M rights for this hospital and the Rs. 29.26 million we have spent on improvements to the hospital building and pre-operative expenses, as well as the portion of the Rs. 470.17 million we have spent on medical and other equipment and other hospital infrastructure that is not movable. Although the society that owns the hospital is required under the O&M contract to reimburse us for these amounts with interest in such an event, the society does not currently have, and in the future may not have (even if it were successful in claiming compensation from the DDA for the hospital building), sufficient funds to do so. In addition, if the society is unsuccessful in defending the registration matter, the society and, potentially, our subsidiary, OBPL, which holds the O&M contract in respect of the hospital, and personnel in control positions could face civil or criminal sanctions for operating a hospital without a registration.

Other Litigation Matters

The trust that owns Fortis Jessa Ram Hospital is involved in significant legal proceedings in which the Land & Development Office of the Ministry of Urban Development of the Government of India (the "L&DO"), which owns approximately 10% of the land on which Fortis Jessa Ram Hospital is located, is challenging the trust's right to a leasehold interest on part of the land on which the hospital is located. If this matter is resolved in a manner adverse to the hospital, our O&M contract for the hospital would no longer be effective, and we could lose all our investments in the infrastructure of the hospital. See the sections titled "Outstanding Litigation and Material Developments" and "Our Business—Legal Proceedings" beginning on pages [●] and [●] respectively, of this Draft Red Herring Prospectus for additional information regarding these proceedings. Although we may have a breach of warranty claim under our O&M contract with the trust that owns the hospital, in which the trust represented to us that it was operating in compliance with the terms of its real property leases, we may not be successful in bringing any such claim, and even if such a claim were successful, the trust may not have sufficient funds to compensate us in full or at all. In addition, an application for renewal of the hospital's nursing license was filed in January 2006, but to date, the hospital has not received a renewal. The existing registration expired in March 2006 and the hospital is currently operating without a valid registration, which could result in civil and criminal liability against the hospital and, potentially, FHL, which holds the O&M contract in respect of the hospital, and personnel in control positions.

Expansion Plans

We have grown from owning and operating a single hospital in 2001 to running a network of 12 hospitals and 16 satellite and heart command centers today, and we are continuously evaluating new acquisition, greenfield development and O&M contract opportunities and are currently in various stages of evaluating and implementing a number of projects. See the section titled "Our Business—Future Plans" on page [●] of this Draft Red Herring Prospectus for a discussion on several of our most developed plans.

When evaluating the viability of a new opportunity, we examine the location, including the number of target patients in the area, the available talent pool at that location, the price and, for the existing facilities, the quality of the infrastructure, the reputation of the staff and the institution's work culture.

We consolidate the operating results of an acquisition for the periods subsequent to acquisition. Because of the relatively small number of hospitals we own, each hospital acquisition can materially affect our overall results and financial profile. We typically take a number of steps to increase operating income when we acquire a hospital. These efforts often result in cost increases to expand services, upgrade facilities, strengthen medical staff and improve market position. Our acquisitions also involve costs related to the acquisition itself and the integration process. The benefits of our investments and of other activities to improve operating margins generally do not occur immediately and it may take between three and five years for a greenfield hospital to generate operating profits. Consequently, the financial performance of a newly acquired hospital may adversely affect our overall operating margins in the short term. We have incurred cumulative restated consolidated net losses of approximately Rs. 1,206.37 million. As we acquire additional hospitals, this effect should be mitigated by the expanded financial base of our existing hospitals.

Pre-IPO Placement

The Company is considering a pre-IPO placement of up to 17,884,614 Equity Shares with certain investors (the "Pre-IPO Placement"). We will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum size of 10% of the post-Issue capital.

Admissions and Average Income per Bed in Use

Our inpatient income is highly dependent on the occupancy rates at our hospitals. Our occupancy rates are critical to optimizing profitability at our facilities and form an integral part of our management information system. The occupancy rate of a hospital is a function of conversions of outpatients to inpatients and of direct admissions.

As a significant portion of inpatient income is derived from medical services provided in the initial two to three days of an inpatient visit (with the remaining patient stay generating primarily occupancy income), we strive to increase our average income per bed in use by reducing the length of patient stay, increasing capacity turnover, focusing on complex procedures with higher margins and achieving higher operating efficiency through the adoption of advanced technology and through the provision of improved medical services.

In our cardiac care hospitals and departments, we also closely monitor our conversion rate, that is, the number of patients who were diagnosed after an angiography as requiring an invasive cardiac procedure who then follow through with such procedure at one of our hospitals. In addition, we monitor the reverse trend: the number of patients diagnosed elsewhere who choose to come to our facilities for treatment. Our conversion and reverse conversion rates are important tools in evaluating the performance of our cardiac care departments. Based on these rates, we determine the number of beds in a hospital allocated to cardiac care, equipment procurements, pricing of various procedures and advertising initiatives.

We believe that the important factors influencing the overall utilization of a hospital include the quality and market position of the hospital and the number, quality and specialties of doctors providing patient care within the facility. Generally, we believe that the ability of a hospital to meet the healthcare needs of its community is determined by its breadth of services, level of technology, emphasis on quality of care and convenience for patients and doctors. Other factors which impact utilization include the growth in local population and local economic conditions. Utilization across the healthcare industry is also affected by improved treatment protocols as a result of advances in medical technology and pharmacology.

The following table sets forth certain aggregate statistics for our owned hospitals, as well as EHCR, for the past three years. For a discussion of the performance of our individual hospitals, see the section titled "Our Business—Our Hospitals" beginning on page [●] of this Draft Red Herring Prospectus.

	Year ended March 31,

	2006	2005	2004
Number of hospitals at end of period[(a)]	7	2	2
Number of beds in use at end of period[(b)]	1,030	176	149
Inpatient admissions[(c)]	55,294	9,494	8,210
Outpatient registrations[(d)]..	370,424	70,478	33,855
Average daily census[(e)]	1,166	219	115
Average income per inpatient admission (Rs. in millions)[(f)]...			
FHL	(0.02)	(0.01)	(0.02)
EHIRCL (consolidated)	0.08	0.08	0.07
IHL	(0.01)	(0.04)	-

Notes:

(a) This table does not include any operating statistics for hospitals managed, but not owned, by FHL and its subsidiaries, but includes EHCR.

(b) Represents inpatient beds. Excludes beds in emergency rooms, beds used for dialysis treatments and other outpatient treatments.

(c) Represents the total number of patients admitted (in the facility for period in excess of 23 hours) to our hospitals and is used by management and certain investors as a general measure of inpatient volume.

(d) Includes multiple visits by the same patient are counted separately, if billed separately.

(e) Represents the average number of inpatient and outpatient registrations each day.

(f) Represents consolidated total income (including income generated from O&M contracts and satellite and heart command centers) divided by the number of inpatient admissions at our owned hospitals and EHCR.

Equipment

The complex nature of the procedures we perform at our hospitals, in particular at our quaternary care "centers of excellence", requires us to invest in technologically sophisticated equipment, such as robots and scopes used in minimally invasive surgeries. This equipment is generally very expensive and forms a major component of our annual capital expenditures budget. In addition, because we are committed to maintaining the highest standards of care, we are continuously upgrading and replacing this equipment as new technologies become available. This could make our existing equipment obsolete more quickly than anticipated. Moreover, as much of this equipment is manufactured outside India, we face foreign exchange risk when we purchase such equipment.

Pricing

Premium Pricing: Historically, we have been able to charge premium prices for our services above the rates charged for similar services by government-run facilities and smaller hospitals and we price our services at levels comparable to the prices charged by our corporate competitors. We are able to charge a premium to public facilities and smaller hospitals in part as a result of the number of prominent doctors on staff at our hospitals, as well as our focus on delivering high-end care with technologically advanced equipment in our operating theaters and comfortable recovery rooms. In addition, our prices at hospitals located in major metropolitan areas, especially our "hub" hospitals, tend to be higher than prices for similar procedures at our "spoke" hospitals, although within a hospital, we charge the same price for a procedure regardless of the type of recovery room a patient has chosen.

We believe we are generally able to maintain charging premium prices without negatively impacting our patient volumes. Our ability to charge premium rates increases at a hospital as the hospital becomes more established and our name recognition increases. However, despite our ability to charge premium prices over government and small hospitals, a large proportion of our patients "price shop" when choosing a hospital at which to undergo a procedure as most patients do not have health insurance and must pay for their healthcare needs directly. We have attempted to reduce the effects of price shopping by offering package pricing, as discussed below, and by ensuring that our hospitals are staffed with highly-skilled doctors with strong reputations in the communities in which we operate.

Package Pricing: For a number of our more common procedures with predictable outcomes, we offer patients the option to pay a package price for a set range of services, including examinations, medical procedures, medications administered during their inpatient period and room charges, which varies by package. Our packages are determined on a hospital-by-hospital basis, and pricing varies depending on the risk profile of the patient. Package pricing is a common phenomenon at hospitals in India, and we believe a well-presented package provides patients with a degree of certainty about the costs of a procedure and offers us a predictable income stream per procedure. There is a risk, however, that we may define the parameters of a package too broadly for a given price and be unable to recoup our costs under such package. Conversely, we may define the parameters too narrowly, requiring the patient to pay for additional costs not included in the package and thus negate many of the benefits of the package pricing perceived by the patient.

Negotiated Rates: Many of our owned hospitals have entered into arrangements with large employers in the regions in which we operate to provide healthcare services to their employees or subscribers at discounted rates, often representing discounts ranging from 5% to 15% to our published rates. In some cases, we provide discounts in the form of negotiated lower prices for individual procedures. We believe the increase in patient volumes that results from these arrangements more than offsets any discounts we provide under such arrangements. However, because the rates charged under these arrangements are set for a specified period, we may not be able to increase the prices we charge thereunder with the same flexibility as our published prices, even if our costs increase.

Upward Pressure on Wages and Other Expenses: The healthcare industry is relatively labor intensive and wages and other operating expenses have shown an upward trend. Suppliers have also tended to pass on the effects of higher costs through increasing the supply prices payable by us. We try to offset the effects of increasing operating costs by measures such as increasing our own charges, expanding our range of services, rationalizing manpower and implementing other cost control policies. However, we have not always been successful in controlling upward pressure on expenses, particularly in connection with salaries and retainer fees paid to doctors at our Escorts hospitals, and we may be unsuccessful in passing along higher prices in the future to our patients without affecting patient volumes.

Patient volumes

Patient volumes are driven by, among other things, the hospital image and brand reputation, the type of services offered, the economic and social conditions of local communities, the degree of competition from other hospitals, seasonal illness cycles, climate and weather conditions, the clinical reputation of our doctors, doctor retention and attrition, healthcare competitors, negotiations or terminations of corporate contracts in respect of employee healthcare needs and spending ability.

Service mix

Charges for inpatient and outpatient services vary significantly depending on the type of service, such as preventive care, medical, surgical or intensive care; the corporate payer; and the geographic location of the hospital. An increasing portion of our income is derived from the provision of services in the cardiac care, neuro-sciences, gastroenterology and orthopedics departments, and we expect the trend to continue in the near future, as the Indian economy grows and corresponding "lifestyle" diseases become more prevalent.

Income

Our income is mainly derived from the provision of healthcare services, consisting of hospital services, in particular, sophisticated inpatient surgical procedures, hospital management fees and the operation of retail pharmacies at our owned, Fortis-branded hospitals.

Inpatient income: Inpatient income represents income generated from the provision of inpatient services, including fees for medical services, food and beverages for patients and room charges, with fees for medical services representing the majority of the income. Inpatient income is recognized as and when the services are rendered. For fiscal 2006, gross inpatient income (which, in the case of EHIRCL and its subsidiaries includes the difference between published prices for procedures and negotiated lower rates offered under certain arrangements) represented approximately 90.62%, 100.67% and 85.06% of the restated total income for FHL, EHIRCL (on a consolidated basis) and IHL, respectively. We expect inpatient income to increase in the future both in absolute terms and as a percentage of total income as we expand our hospital network and continue to focus on sophisticated procedures in cardiac care, orthopedics, neuro-sciences, gastroenterology, renal sciences, oncology and mother and child care, which generate significant income and for which there is an increasing demand.

Outpatient income: Outpatient income represents income generated from the provision of outpatient services at the hospitals we own, including fees for medical and diagnostic services. Outpatient income is recognized as and when the services are rendered. For fiscal 2006, gross outpatient income (which, in the case of EHIRCL and its subsidiaries includes the difference between published prices for procedures and negotiated lower rates offered under certain arrangements) represented approximately 6.52%, 6.87% and 11.29% of the restated total income for FHL, EHIRCL (on a consolidated basis) and IHL, respectively. We expect outpatient income to increase in the future as a result of both higher demand for healthcare services in India and the expansion of our hospital network.

Management fees from hospitals and income from satellite centers: Management fees from hospitals and income from satellite centers represent fees we derive from the facilities we operate and manage, but do not own, including our satellite and heart command centers. Fees derived from our O&M contracts with hospitals are typically determined based on a percentage of the gross income at the hospital, in some cases only if gross income exceeds certain thresholds and in other cases reduced by any net cash losses. Additionally, the fees we derive from one of our O&M contracts are based on a percentage of net operating profits. Fees derived from our satellite and heart command center O&M contracts are typically based on a percentage of total income or profits above a specified threshold amount or a fee per procedure performed. As we add new O&M contract hospitals to our network and improve the operating efficiencies at our existing O&M contract hospitals, we expect to experience increases in hospital management fees from new and existing O&M hospital partners. As a percentage of consolidated total income, management fees from hospitals and income from satellite centers could either increase or decrease depending on the rate and nature of our expansion. For fiscal 2006, management fees from hospitals and income from satellite centers represented approximately 0.46% and 1.68% of the restated total income of FHL and EHIRCL (on a consolidated basis) respectively. IHL does not have any O&M contracts with hospitals or satellite and heart command centers.

Pharmacy income: Pharmacy income represents income generated from retail sales at the pharmacies we operate at the Fortis-branded hospitals in Mohali, Noida and Amritsar. We recognize this income at the point of sale, less any discounts, and we adjust for sales returns during the period in which returns occur. We expect pharmacy income to increase as a result of higher patient volumes at our hospitals. For fiscal 2006, pharmacy income represented approximately 1.62% and 0.84% of the restated total income of FHL and IHL, respectively. In the future, we may choose to outsource our retail pharmacy business to other service providers, including Promoter Group companies or affiliates. EHIRCL and its subsidiaries do not earn any retail pharmacy income.

Discounts and subsidies: Discounts and subsidies represent discounts on healthcare services for individual patients. For EHIRCL and its subsidiaries (other than EHRCL), subsidies also include the discounts provided under arrangements with employers and insurance companies, as well as free treatment requirements included in the terms of the allotment letters in respect of the land on which EHIRC and EHRC are located and EHCR's arrangement with the Government of Chattisgarh. For FHL, IHL and EHRCL, discounts with employers and insurance companies are directly reflected in the inpatient income and outpatient income amounts. We expect discounts and subsidies to increase in absolute terms as a result of higher patient volumes and, in respect of the Escorts hospitals (other than EHRC) we also expect discounts and subsidies to increase as a percentage of total income as the number of negotiated arrangements and the number of patients covered by such arrangements increase.

Other income: Other income consists primarily of fees generated from rent or access charges paid to us by third-parties in respect of banks and ATMs, pharmacies, cafeterias and gift shops co-located at our owned hospitals and income from the Fortis Inn rehabilitation center we operate on-site at Fortis Hospital, Mohali. We expect other income to increase in actual terms as we expand our network but to decrease as a percentage of consolidated total income as our hospitals mature and inpatient and outpatient income increase. For fiscal 2006, other income represented approximately 2.25%, 0.97% and 3.67% of the restated total income of FHL, EHIRCL (on a consolidated basis) and IHL, respectively.

Expenditure

The primary categories of our expenditures include materials consumed, personnel expenses, operating expenses, selling, general and administrative expenses and financial expenses. We exclude from expenditures those common expenses allocated to affiliated companies under the same management and our O&M contract hospitals. These allocations are based on estimates made by management. In making these allocations, management considers the time spent in respect of services delivered to the hospitals we own compared to that spent in respect of affiliated companies and O&M contract hospitals and goods and services consumed by the various entities. In our financial statements, all expenditures are recorded net of amounts reimbursed to us by our affiliates or other third parties.

Materials Consumed: Materials consumed include consumable medical supplies, as well as drugs and consumables administered to a patient while on-site at one of our owned hospitals and include customs duty and freight charges. Our most significant costs include the costs for medical implants and drugs and consumables. We expect materials consumed to increase in absolute terms as we continue to expand our network and prices for consumables increase, but decrease as a percentage of consolidated total income due to the economies of scale and greater bargaining power that comes with a larger hospital network. However, as we expand our network and our existing hospitals mature, materials consumed could represent an increased or decreased percentage of consolidated total income depending on our service mix. For example, joint replacement surgeries tend to have higher materials consumed costs than mother and childcare procedures.

Personnel Expenses: Personnel expenses consist primarily of salaries and wages, staff welfare expenses, contributions to the statutory provident fund, statutory gratuities, bonus payments and staff recruitment and training. In the future, we expect personnel expenses to increase in absolute terms, as a result of both growth in our business and upward pressure on wages for healthcare professionals, especially doctors and nurses. Opening a new hospital requires us to install a basically full complement of doctors even if occupancy rates have not yet reached target levels. As a result of ramping up our staffing levels for doctors and, to a lesser degree, other staff at new hospitals in anticipation of higher patient volumes in the future, personnel expenses will represent a higher percentage of income in respect of a newly acquired or opened owned hospital before it reaches maturity. This will decline as patient volumes and manpower utilization rates increase at a hospital. During periods of expansion in which newly acquired or opened owned hospitals make up the majority of our portfolio, personnel expenses will represent a higher percentage of consolidated total income.

Operating Expenses: Operating expenses consist primarily of retainer fees to doctors at our owned hospitals who act as independent contractors rather than as employees, rent for hospital buildings, equipment leases, repairs and maintenance of buildings, plant and machinery, fees we pay to outsource our diagnostic testing services, utility charges (including power and fuel), security, housekeeping expenses and patient meals. As we expand our business, operating expenses will increase correspondingly in absolute terms. Much of the infrastructure for a hospital must be put in place when a hospital commences operations and many operating expenses are required to be incurred regardless of patient admission levels, and thus initially, operating expenses will represent a higher percentage of a hospital's total income until patient volumes reach targeted levels.

Selling, General and Administrative Expenses: Selling, general and administrative expenses include marketing and business production expenses, bad debt expenses, insurance, repairs and maintenance, communications and non-medical professional fees. We expect that these expenses will increase in the future, primarily as a result of our expansion plans. We expect selling, general and administrative expenses to decrease as a percentage of consolidated total income as these costs (many of which are fixed) are spread out over a larger income base as we expand our network.

Financial Expenses: Financial expenses are primarily composed of interest paid on loans and also include other bank charges. Although a portion of the proceeds from the Issue will help finance repay a portion of our existing loans and certain pending future projects, we expect to incur additional indebtedness in the future to help finance our expansion plans, which would increase our financial expenses. Like selling, general and administrative expenses, we expect financial expenses to decrease as a percentage of consolidated total income as our income base grows as a result of growth in our network and we intend to maintain a ratio of debt to equity financing for new projects of up to 1.25 to 1.00, although this ratio may vary from project to project and may be much higher, especially on a temporary basis before we secure permanent financing for a new project. This ratio could change depending on market conditions, restrictions under our existing debt agreements and other factors.

Depreciation and Amortization: We expect a significant increase in our depreciation and amortization expenses due to the amortization of goodwill recognized with the Escorts hospitals acquisition and the IHL acquisition.

We have made significant investments in medical equipment and we regularly upgrade our property, plant and equipment. We depreciate our property, plant and equipment based on statutorily prescribed rates. If the actual useful life of an asset is shorter than the statutorily prescribed useful life, we write down the full amount of the remaining value of such asset.

Seasonality

Our inpatient and outpatient volumes are lowest during the summer months and other holiday periods as both patients and doctors may take vacation. These lower volumes result in lower inpatient and outpatient income during these periods, especially for elective or non-urgent procedures. Conversely, patient volumes and thus inpatient and outpatient income are highest during the winter months. As we are continuously expanding, the effects of seasonality may be difficult to ascertain from our financial statements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with Indian GAAP. The notes to the Financial Statements contain a summary of our significant accounting policies. The preparation of the Financial Statements may require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Set forth below is a summary of our most significant critical accounting policies under Indian GAAP.

Provision for Contingencies

We are subject to significant claims and legal proceedings, some or all of which may not be covered by our insurance policies or indemnification arrangements or which may exceed our insurance coverage or indemnification limits. We are required to assess the likelihood of adverse judgments or outcomes to these matters and record reserves for claims when they are probable and reasonably estimable. Provisions are not discounted to the present value of a contingency and are determined based on management estimates of the amounts required to settle the obligation at each balance sheet date. We estimate reserves for losses and related expenses for these contingencies based on a careful analysis of each individual issue. The ultimate liability could, however, exceed our estimates. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Any such adjustment could have a material adverse effect on our results of operations or financial position. We have made provision in our accounts for any liability arising out of EHIRCL's litigation proceedings. EHIRCL's litigation with the DDA and the Income Tax Authorities are the subject of qualifications in the auditors' reports prepared by EHIRCL's auditors due to the potentially high liability to which these cases expose EHIRCL.

Allowance for Bad Debts

We estimate our allowances for bad debts based on the historical trend of our hospitals' cash collections and contractual write-offs, accounts receivable agings, established fee schedules, relationships with payors and procedure statistics. While we believe that our allowances for bad debts are adequate, if the actual write-offs are significantly different from our estimates, our results of operations may, in turn, be significantly impacted.

The following table summarizes our day's sales outstanding as of the dates indicated:

	As of March 31,		
	2004	2005	2006
Day's sales outstanding	7	31	88
Day's sales outstanding (ex ECHS)	7	15	74

Our target for day's sales outstanding related to inpatient and outpatient income ranges from 45 days to 60 days. As our patients typically pay their bills in cash, our day's sales outstanding is generally quite low, but we expect day's sales outstanding to increase as the number of patients covered by insurance or employer-provided benefits increases. A government-run agency, the Ex-Servicemen Contributory Health Scheme ("ECHS"), provides healthcare insurance coverage for all veterans of the armed forces, and approximately 10% of our consolidated gross income is derived from patients covered by ECHS. Because we are required to bill ECHS directly and that agency has long payment review times that can run for six or more months, our day's sales outstanding is relatively high. Without payments due from ECHS, our day's sales outstanding ranges from 15 days to 75 days. Our day's sales outstanding (ex ECHS) for the dates presented in the table above are within the target range except for fiscal 2006. Since that date, we have improved and standardized our collection policies and procedures. In addition, we have established a centralized receivables management services department to supplement the individual hospital collection efforts. This centralized department also serves as a tool to monitor ongoing compliance with our policies and procedures.

For payments due from patients and other payors, including ECHS, our collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The operating systems used to manage our patient accounts provide for an aging schedule in 30-day increments, by payor, doctor and patient. The operating systems generate reports that assist in the collection efforts by prioritizing patient accounts. Collection efforts include direct contact with patients or third-party payors, written correspondence and the use of legal or collection agency assistance, as required.

We review the standard aging schedule, by hospital, to determine the appropriate provision for doubtful accounts. This review is supported by an analysis of the actual net income, contractual adjustments and cash collections received. If our internal collection efforts are unsuccessful, we manually review patient accounts with balances of Rs. 10,000 or more. We then classify the accounts based on any external collection efforts we deem appropriate. An account is written-off only after we have pursued collection with legal or collection agency assistance or otherwise deemed an account to be uncollectible. Typically, accounts will be outstanding a minimum of 120 days before being written-off.

Asset Impairment

We review the carrying amounts of our plant, property and equipment at the end of each balance sheet period if there is any indication of impairment based on internal or external factors. An impairment loss is recognized whenever 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Management's judgment is critical in assessing the following criteria for asset impairment:

- a significant decrease in the asset's market price;
- a significant adverse change in the extent or manner in which the asset is being used or in its physical condition, including the age of the asset;
- technological obsolescence leading to earlier-than-planned redundancy of equipment;
- a significant adverse change in the operating performance of the asset;
- an accumulation of costs significantly in excess of the amount originally expected for an asset's acquisition or construction;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associate with an asset's use; and
- a current expectation that it is more likely than not that the asset will be sold or otherwise disposed of significantly before the end of the statutorily prescribed rate of useful life.

Depreciation

We depreciate our leasehold improvements, including immovable fixtures in our owned hospitals located in leased premises, over the lease period. Depreciation on all other fixed assets is provided using the straight line method and is based on statutorily prescribed rates. Individual assets not exceeding Rs. 5,000 are depreciated fully in the year of purchase. In contrast, EHIRCL and its subsidiaries use the written-down value or WDV method of depreciation on all fixed assets, charging a statutorily prescribed fixed rate of depreciation (which differs from the statutorily prescribed rate under the straight line method) on the dealing balance each year, which results in lower depreciation rates after the first year.

Income Taxes

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Although on a consolidated basis, we have a history of substantial losses and expect to continue to incur losses in the future, these losses are concentrated at FHL, IHL and EHIRCL's subsidiaries, EHRCL, EHSSIL and EHSSHL. EHIRCL has a history of net profits. We currently do not report our income tax liability on a consolidated basis. EHIRCL paid current taxes at an effective rate of 33.54%, 30.98% and 29.39% for fiscal 2006, 2005 and 2004, respectively. EHIRCL's effective current tax rates were primarily affected by differences between accounting and tax depreciation rates, differences in treatment of certain statutory liabilities relating to employees and capital gains, which are taxed at a rate lower than the normal corporate rate. OBPL paid current taxes at an effective rate of 25.09%, 8.36% and 19.05% for fiscal 2006, 2005 and 2004, respectively. OBPL's effective current tax rates in fiscal 2004 and 2005 were lower than the normal corporate rate due to accumulated losses in prior periods that offset taxable profits, such that minimum alternative tax applied. In fiscal 2006, OBPL's effective current tax rate reflected dividend income that exceeded profit before tax, which dividend income is not subject to current income tax. As we have losses at FHL, IHL and EHIRCL's subsidiaries, EHRCL, EHSSIL and EHSSHL, we do not pay income taxes at these entities, and when we do realize profits, we expect that our effective current tax rates will be decreased by any deferred tax assets relating to our prior tax losses. In the future, we may consider consolidating our corporate structure to take advantage of the deferred tax assets accumulated at FHL, IHL and EHIRCL's subsidiaries, EHRCL, EHSSIL and EHSSHL.

Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Effective fiscal 2006, we have become obligated to pay fringe benefit taxes in respect of certain perquisites offered to our employees and certain other business expenses. Fringe benefit taxes apply even when an entity has incurred net losses.

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.

As part of the process of preparing our financial statements, we are required to estimate our income taxes and this process requires us to estimate our actual current tax exposure and assess temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We record a deferred tax asset when we believe that there is reasonable certainty that sufficient future taxable income will be available against which the deferred tax asset can be realized. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The amount of the deferred tax asset considered realizable could be reduced in the near term if estimates of future taxable income during the carry forward period differ materially from current estimates. In the event we are not able to realize the deferred tax assets, an adjustment to the deferred tax asset would be charged to income in the period such determination was made which would result in a reduction of our net income.

We have not recognized deferred tax assets on carried-forward losses or unabsorbed depreciation as it is not certain whether the Company will be able to take advantage of such losses and depreciation in the future.

Results of Operations for Fortis Healthcare Limited on a Standalone Basis

The following table sets forth certain profit and loss data in rupees and as a percentage of total income and certain operating data for the years ended March 31, 2006, 2005 and 2004 in respect of FHL on a standalone basis.

	Restated Unconsolidated Summary Statements Year Ended March 31,					
	2006		2005		2004	
	(Rupees in millions)					
Inpatient Income	906.05	90.62%	550.35	87.30%	443.41	88.13%
Outpatient Income	65.17	6.52%	44.69	7.09%	35.18	6.99%
Management Fees from Hospitals	4.55	0.46%	0.31	0.05%	--	--
Pharmacy Income	16.23	1.62%	12.19	1.93%	5.04	1.00%
Less Discounts	(14.71)	(1.47)%	(4.00)	(0.63)%	(2.94)	(0.58)%
Net Operating Income	**977.29**	**97.75%**	**603.54**	**95.74%**	**480.69**	**95.54%**
Other Income	22.53	2.25%	26.88	4.26%	22.44	4.46%
Total Income	**999.82**	**100.00%**	**630.42**	**100.00%**	**503.13**	**100.00%**
Materials Consumed	369.52	36.96%	218.55	34.67%	176.77	35.13%
Personnel Expenses	184.51	18.45%	141.34	22.42%	149.74	29.76%
Operating Expenses	251.65	25.17%	196.77	31.21%	119.21	23.69%
General and Administration Expenses	102.90	10.29%	43.10	6.84%	53.74	10.69%
Selling and Distribution Expenses	20.92	2.09%	25.31	4.02%	20.59	4.09%
Interest Expenses	272.75	27.28%	22.91	3.63%	78.68	15.64%
Depreciation/	73.35	7.34%	62.82	9.96%	67.21	13.36%

Amortization						
Total Expenditure	**1,275.60**	**127.58%**	**710.80**	**112.75%**	**665.94**	**132.36%**
Loss before tax	**(275.78)**	**(27.58)%**	**(80.38)**	**(12.75)%**	**(162.81)**	**(32.36)%**
Fringe tax benefit	2.20	0.22%	--	--	--	--
Loss before prior period and exceptional items	**(277.98)**	**(27.80)%**	**(80.38)**	**(12.75)%**	**(162.81)**	**(32.36)%**
Exceptional item	--	--	--	--	107.01	21.27%
Prior period items	1.53	0.15%	2.98	0.47%	--	--
Net Loss	**(279.51)**	**(27.95)%**	**(83.36)**	**(13.22)%**	**(55.80)**	**(11.09)%**
Adjustments for restatement	2.80	0.28%	(0.29)	(0.05)%	(1.61)	(0.32)%
Net Loss, as restated	**(276.71)**	**(27.67)%**	**(83.65)**	**-(13.27)%**	**(57.41)**	**(11.41)%**

Fiscal Year Ended March 31, 2006 Compared to Fiscal Year Ended March 31, 2005

Income

FHL's total income increased by 58.60% from Rs. 630.42 million in fiscal 2005 to Rs. 999.82 million in fiscal 2006.

Inpatient Income: Inpatient income increased by 65% from Rs. 550.35 million in fiscal 2005 to Rs. 906.05 million in fiscal 2006. This increase was primarily due to an increase in inpatient admissions and procedures at Fortis Hospital, Mohali, as well as an increase in prices charged for various procedures, partially offset by a slight decrease in admissions at Fortis Hospital, Amritsar due to a study leave of absence of one of FHL's principal doctors at that hospital.

Outpatient Income: Outpatient income increased by 46% from Rs. 44.69 million in fiscal 2005 to Rs. 65.17 million in fiscal 2006. This increase was primarily due to an increase in outpatient registrations, including consultations, investigations and minor procedures at Fortis Hospital, Mohali and, to a lesser extent, a slight increase in outpatient registrations at Fortis Hospital, Amritsar.

Management Fees from Hospitals: Hospital management fees from O&M contracts increased by 1,367% from Rs. 0.31 million in fiscal 2005 to Rs. 4.55 million in fiscal 2006. This increase was primarily due to fees earned under FHL's new O&M contracts for Jeewan Mala Hospital and Fortis La Femme, both of which were entered into during fiscal 2006, partially offset by the discontinuation of FHL's O&M arrangement with Nayyar Hospital. FHL did not earn any fees under its O&M contract for Fortis Jessa Ram Hospital in either period.

Pharmacy Income: Pharmacy income increased by 33% from Rs. 12.19 million in fiscal 2005 to Rs. 16.23 million in fiscal 2006. This increase was primarily due to an increase in retail sales volumes at FHL's pharmacy at Fortis Hospital, Mohali as a result of higher patient volumes at that hospital. Pharmacy income also increased slightly at Fortis Hospital, Amritsar.

Discounts: Discounts on healthcare services given to patients on an individual basis increased by 268% from Rs. 4.00 million in fiscal 2005 to Rs. 14.71 million in fiscal 2006. This increase was primarily due to an increase in patient volumes. Discounts do not include discounts under arrangements with employers and insurance companies, which are directly reflected in the inpatient income and outpatient income amounts.

Other Income: Other income decreased by 16.18% from Rs. 26.88 million in fiscal 2005 to Rs. 22.53 million in fiscal 2006. This decrease was primarily due to a decline in foreign exchange gains recognized in fiscal 2005 in connection with a U.S. dollar-denominated loan, partially offset by increases in income from the Fortis Inn rehabilitation center at Fortis Hospital, Mohali, rental income from third-party, on-site vendors and, to a lesser extent, interest from short-term investments made with surplus funds and miscellaneous income.

Expenditure

FHL's total expenditure increased by 79.46% from Rs. 710.80 million in fiscal 2005 to Rs. 1,275.60 million in fiscal 2006, and represented 112.75% of total income in fiscal 2005, compared to 127.58% of total income in fiscal 2006.

Materials Consumed: Materials consumed increased by 69.08% from Rs. 218.55 million in fiscal 2005 to Rs. 369.52 million in fiscal 2006. This increase was primarily due to an increase in consumables during the period in response to higher patient volumes at Fortis Hospital, Mohali and, to a lesser extent, Fortis Hospital, Amritsar and a change in procedure mix, with consumables-intensive procedures, such as joint replacements and various cardiac procedures, representing a higher proportion of FHL's total procedure count. This was partially offset by an increase in inventories at the end of fiscal 2006. Materials consumed as a percentage of total income increased from 34.67% in fiscal 2005 to 36.96% in fiscal 2006 due to changes in procedure mix and higher prices for materials.

Personnel Expenses: Personnel expenses increased by 30.54% from Rs. 141.34 million in fiscal 2005 to Rs. 184.51 million in fiscal 2006. This increase was primarily due to increases in salaries and wages and related benefits as FHL increased its headcount from 637 in fiscal 2005 to 1,019 in fiscal 2006 in response to higher patient volumes at Fortis Hospital, Mohali and at its corporate office as FHL increased its expansion efforts. FHL's personnel expenses also increased as a result of several doctors shifting from being compensated on a retainer basis to becoming FHL's employees. In addition, FHL increased the remuneration for its existing employees. As a benefit of ramping up its operations in earlier periods in anticipation of higher patient volumes, FHL's manpower utilization rates improved and the increase in patient volumes in fiscal 2006 did not require a proportionate increase in staffing at its hospitals, and personnel expenses as a percentage of total income decreased from 22.42% in fiscal 2005 to 18.45% in fiscal 2006.

Operating Expenses: Operating expenses increased by 27.89% from Rs. 196.77 million in fiscal 2005 to Rs. 251.65 million in fiscal 2006. This increase was primarily due to the overall growth in FHL's business during fiscal 2006, as well as an increase in outsourcing fees for consulting and professional fees to doctors as a result of higher patient volumes and the ramping up of operations in anticipation of higher patient volumes in future periods. Operating expenses as a percentage of total income decreased from 31.21% in fiscal 2005 to 25.17% in fiscal 2006 due to improved operating efficiencies and higher utilization of FHL's existing infrastructure.

General and Administration Expenses: General and administration expenses increased by 138.75% from Rs. 43.10 million in fiscal 2005 to Rs. 102.90 million in fiscal 2006. This increase was primarily due to the overall growth in FHL's business during fiscal 2006, and in particular, the Escorts hospitals acquisition and the IHL acquisition, losses related to exchange rate fluctuations in connection with a U.S. dollar-denominated loan and an increase in the provision for bad debt as a result of growth in the business at Fortis Hospital, Mohali. General and administration expenses as a percentage of total income increased from 6.84% in fiscal 2005 to 10.29% in fiscal 2006 due, in part, to FHL's continued focus on expanding its network, losses related to exchange rate fluctuations and provisions for bad debt.

Selling and Distribution Expenses: Selling and distribution expenses decreased by 17.34% from Rs. 25.31 million in fiscal 2005 to Rs. 20.92 million in fiscal 2006 and decreased as a percentage of total income from 4.02% in fiscal 2005 to 2.09% in fiscal 2006. This decrease was primarily due to a withdrawal of certain business promotion schemes with respect to Fortis Hospital, Mohali and the restructuring of FHL's scientific association with Partners Healthcare Systems, Inc.

Interest Expenses: Interest expenses increased by 1,090.53% from Rs. 22.91 million in fiscal 2005 to Rs. 272.75 million in fiscal 2006 and increased as a percentage of total income from 3.63% in fiscal 2005 to 27.28% in fiscal 2006. This increase was primarily due to the increase in FHL's short-term borrowings during fiscal 2006 to finance the Escorts hospitals acquisition and the IHL acquisition.

Depreciation and Amortization

Depreciation and amortization increased by 16.78% from Rs. 62.81 million in fiscal 2005 to Rs. 73.35 million in fiscal 2006. This increase was primarily due to the acquisition of new medical equipment and IT hardware in response to the growth in FHL's business. As a benefit ramping up FHL's operations in earlier periods in anticipation of higher patient volumes, the increases in patient volumes and income in fiscal 2006 did not require a proportionate increase in equipment purchases and depreciation and amortization as a percentage of total income decreased from 9.96% in fiscal 2005 to 7.34% in fiscal 2006.

Fringe Benefit Tax

With effect from the beginning of fiscal 2006, an additional tax on certain perquisites offered to FHL's employees and certain other business expenses has been imposed by the Central Government. Depending on the nature of the perquisite/business expense, 20% or 50% of the expense is taxed at the corporate tax rate. In fiscal 2006, FHL paid Rs. 2.2 million in fringe benefit taxes, due primarily to traveling and conveyance, telephone expenses, staff welfare expenses, running maintenance and depreciation on vehicles, medical allowance, medical expenses reimbursement to the extent tax-exempt for employees, medical insurance expenses, meetings and seminars, books and periodicals etc. (20% of the value of which was taxed) and gifts and festival celebrations (50% of the value of which was taxed).

Prior Period Items

Prior period items decreased by 48.66% from Rs. 2.98 million in fiscal 2005 to Rs. 1.53 million in fiscal 2006 and decreased as a percentage of total income from 0.47% in fiscal 2005 to 0.15% in fiscal 2006. This decrease was primarily due to professional charges to doctors and bonus payments made during fiscal 2005 in respect of services performed in fiscal 2004, partially offset by increases in prior period materials consumed and discounts on sales.

Net Loss

Net loss increased by 235.30% from Rs. 83.36 million in fiscal 2005 to Rs. 279.51 million in fiscal 2006. This change was primarily due to the increase in financial expenses associated with the Escorts hospitals acquisition, the IHL acquisition and FHL's other expansion projects during fiscal 2006. Following the restatement of FHL's financial statements to adjust for, among other things, prior period items and the provision for bad debts to reflect the year to which these pertained, FHL's net loss, as restated, increased from Rs. 83.65 million in fiscal 2005 to Rs. 276.70 million in fiscal 2006.

Fiscal Year Ended March 31, 2005 Compared to Fiscal Year Ended March 31, 2004

Income

FHL's total income increased by 25.30% from Rs. 503.13 million in fiscal 2004 to Rs. 630.42 million in fiscal 2005. FHL's results of operations for fiscal 2005 include the results of Fortis Hospital, Amritsar as a result of the merger of Fortis Medical Centre Holdings Limited with FHL with effect from the beginning of fiscal 2005 (the "FMCHL Merger").

Inpatient Income: Inpatient income increased by 24% from Rs. 443.41 million in fiscal 2004 to Rs. 550.35 million in fiscal 2005. This increase was primarily due to an increase in inpatient admissions and procedures, particularly growth in specialty areas such as neuro-sciences, orthopedics, oncology, gastroenterology and cosmetic surgery at Fortis Hospital, Mohali and the impact of the operations of Fortis Hospital, Amritsar, following the FMCHL Merger with effect from the beginning of fiscal 2005.

Outpatient Income: Outpatient income increased by 27% from Rs. 35.18 million in fiscal 2004 to Rs. 44.70 million in fiscal 2005. This increase was primarily due to an increase in outpatient registrations, including consultations, investigations and minor procedures at Fortis Hospital, Mohali and the impact of the operations of Fortis Hospital, Amritsar, following the FMCHL Merger with effect from the beginning of fiscal 2005.

Management Fees from a Hospital: Hospital management fees from O&M contracts were nil in fiscal 2004 compared to Rs. 0.31 million in fiscal 2005. The fees in fiscal 2005 represented fees earned under an O&M contract for Nayyar Hospital Amritsar. FHL's O&M contract for Fortis Jessa Ram Hospital commenced in the second half of fiscal 2004. FHL did not earn any fees under its O&M contract for Fortis Jessa Ram Hospital in either period.

Pharmacy Income: Pharmacy income increased by 142% from Rs. 5.04 million in fiscal 2004 to Rs. 12.18 million in fiscal 2005. This increase was primarily due to an increase in retail sales volumes at FHL's pharmacies as a result of higher patient volumes at Fortis Hospital, Mohali and the impact of the operations of Fortis Hospital, Amritsar, following the FMCHL Merger with effect from the beginning of fiscal 2005.

Discounts: Discounts on healthcare services given to patients on an individual basis increased by 36% from Rs. 2.94 million in fiscal 2004 to Rs. 4.00 million in fiscal 2005. This increase was primarily due to an increase in patient volumes. Discounts do not include discounts under arrangements with employers and insurance companies, which are directly reflected in the inpatient income and outpatient income amounts.

Other Income: Other income increased by 19.79% from Rs. 22.44 million in fiscal 2004 to Rs. 26.88 million in fiscal 2005. This increase was primarily due to a Rs. 12.5 million foreign exchange gain FHL recognized in fiscal 2005 in connection with a U.S. dollar-denominated loan, partially offset by decreases in interest from short-term investments made with cash on hand as a result of lower cash balances.

Expenditure

FHL's total expenditure increased by 6.74% from Rs. 665.94 million in fiscal 2004 to Rs. 710.80 million in fiscal 2005, and represented 132.36% of total income in fiscal 2004, compared to 112.75% of total income in fiscal 2005.

Materials Consumed: Materials consumed increased by 23.64% from Rs. 176.77 million in fiscal 2004 to Rs. 218.55 million in fiscal 2005. This increase was primarily due to an increase in consumption during the period in response to higher patient volumes at Fortis Hospital, Mohali and Fortis Hospital, Amritsar. Materials consumed as a percentage of total income decreased slightly from 35.13% in fiscal 2004 to 34.67% in fiscal 2005, reflecting an improvement in utilization and decrease in prices for consumables, reflecting FHL's ability to negotiate lower prices and volume discounts as a result of growth in its business, and a change in procedure mix, with consumables-intensive procedures representing a lower proportion of its total procedure count.

Personnel Expenses: Personnel expenses decreased by 5.61% from Rs. 149.74 million in fiscal 2004 to Rs. 141.34 million in fiscal 2005 and decreased as a percentage of total income from 29.76% in fiscal 2004 to 22.42% in fiscal 2005. This decrease was primarily due to an improvement in utilization and a rationalization of manpower, particularly at the senior corporate manager level, partially offset by the addition of personnel from Fortis Hospital, Amritsar following the FMCHL Merger.

Operating Expenses: Operating expenses increased by 65.06% from Rs. 119.21 million in fiscal 2004 to Rs. 196.77 million in fiscal 2005. This increase was primarily due to the overall growth in FHL's business during fiscal 2005, an increase in consulting and professional fees to doctors as a result of higher volumes in non-core procedures for which doctors are compensated on a fee-for-service basis and as a result of the addition of doctors who are compensated on a retainer basis from Fortis Hospital, Amritsar following the FMCHL Merger, an increase in rental payments on the Fortis Hospital, Mohali land and buildings for the full fiscal 2005 period following the sale of the land and buildings during fiscal 2004 and rental payments on the Fortis Hospital, Amritsar following the FMCHL Merger. Operating expenses as a percentage of total income increased from 23.69% in fiscal 2004 to 31.21% in fiscal 2005 as FHL continued to make improvements to its facilities.

General and Administration Expenses: General and administration expenses decreased by 19.80% from Rs. 53.74 million in fiscal 2004 to Rs. 43.10 million in fiscal 2005, and decreased as a percentage of total income from 10.68% in fiscal 2004 to 6.84% in fiscal 2005. This decrease was primarily due to losses recognized as the result of depreciation in connection with the sale of non-medical equipment to IHL during fiscal 2004.

Selling and Distribution Expenses: Selling and distribution expenses increased by 22.92% from Rs. 20.59 million in fiscal 2004 to Rs. 25.31 million in fiscal 2005. This increase was primarily due to marketing and business promotion activities in respect of Fortis Hospital, Mohali and Fortis Hospital, Amritsar following the FMCHL Merger.

Interest Expenses: Interest expenses decreased by 70.87% from Rs. 78.68 million in fiscal 2004 to Rs. 22.92 million in fiscal 2005 and decreased as a percentage of total income from 15.64% in fiscal 2004 to 3.63% in fiscal 2005. This decrease was primarily due to the partial repayment of borrowings outstanding in fiscal 2004 with the proceeds from the sale of the Fortis Hospital, Mohali land and buildings, as well as the refinancing of existing indebtedness at lower interest rates during fiscal 2005.

Depreciation and Amortization

Depreciation and amortization decreased by 6.55% from Rs. 67.21 million in fiscal 2004 to Rs. 62.81 million in fiscal 2005. This decrease was primarily the result of ramping up FHL's operations at its hospitals in earlier periods such that increases in patient volumes and income in fiscal 2005 did not require a proportionate increase in equipment purchases. The sale of the Fortis Hospital, Mohali land and buildings and related plant and machinery assets during fiscal 2004 also resulted in lower depreciation and amortization for the fiscal 2005 period.

Loss Before Prior Period and Exceptional Items

Loss before prior period and exceptional items was Rs. 162.81 million in fiscal 2004 compared to a loss before prior period and exceptional items of Rs. 80.38 million in fiscal 2005. This change was due primarily to the higher growth in income compared to expenses, which increased only slightly in fiscal 2005.

Exceptional Items

In fiscal 2004, FHL recognized a Rs. 107.01 million gain on the sale of the Fortis Hospital, Mohali land and buildings. There were no exceptional items in fiscal 2005.

Prior Period Items

In fiscal 2005, FHL incurred Rs. 2.98 million in prior period items, relating to professional charges to doctors and bonus payments, payments for materials consumed and discounts on sales made in fiscal 2005 in respect of services performed and materials consumed in fiscal 2004. There were no prior period items in fiscal 2004.

Net Loss

Net loss increased from Rs. 55.80 million in fiscal 2004 to Rs. 83.36 million in fiscal 2005. This change was primarily due to the gain from the sale of the Fortis Hospital, Mohali land and buildings in fiscal 2004, offset by the higher growth in income in fiscal 2005 compared to expenses, which increased only slightly in fiscal 2005. Following the restatement of FHL's financial statements to adjust for, among other things, prior period items and the provision for bad debts to reflect the year to which these pertained, FHL's net loss, as restated, increased by 45.73% from Rs. 57.40 million in fiscal 2004 to Rs. 83.65 million in fiscal 2005.

Results of Operations for Escorts Heart Institute and Research Centre Limited and its subsidiaries on a Consolidated Basis

The following table sets forth certain profit and loss data in rupees and as a percentage of total income and certain operating data for the years ended March 31, 2006, 2005 and 2004 in respect of EHIRCL and its subsidiaries on a consolidated basis.

	Audited (restated) Year Ended March 31,					
	2006		**2005**		**2004**	
	(Rupees in millions)					
Inpatient Income	2,942.37	100.67%	2,708.91	97.80%	2,394.59	97.15%
Outpatient Income	200.87	6.87%	206.29	7.45%	140.53	5.70%
Income from Satellite Centers	49.04	1.68%	45.72	1.65%	29.11	1.18%
Less Subsidy	(297.72)	(10.19)%	(226.06)	(8.16)%	(178.74)	(7.25)%
Net Operating Income	**2,894.56**	**99.03%**	**2,734.86**	**98.74%**	**2,385.49**	**96.79%**
Other Income	28.32	0.97%	34.86	1.26%	79.24	3.21%
Total Income	**2,922.88**	**100.00%**	**2,769.72**	**100.00%**	**2,464.73**	**100.00%**
Materials Consumption	987.53	33.79%	941.91	34.01%	813.22	32.99%
Staff Costs	828.81	28.36%	740.39	26.73%	611.71	24.82%

	Audited (restated) Year Ended March 31,					
	2006		2005		2004	
	(Rupees in millions)					
Professional Fees	84.00	2.87%	72.00	2.60%	70.00	2.84%
Other Operating Expenses	388.57	13.29%	348.44	12.58%	274.57	11.14%
Administration and Other Expenses	295.26	10.10%	254.81	9.2%	249.07	10.11%
Interest Expense	62.26	2.13%	65.82	2.38%	58.88	2.39%
Depreciation	246.01	8.42%	276.91	10.00%	290.75	11.80%
Miscellaneous Expenditure Written Off	1.04	0.04%	1.04	0.04%	1.04	0.04%
Total Expenditures	**2,893.48**	**98.99%**	**2,701.32**	**97.53%**	**2,369.24**	**96.13%**
Profit before Tax	**29.40**	**1.01%**	**68.40**	**2.47%**	**95.49**	**3.87%**
Provision for Taxation						
-Current Tax	(56.38)	(1.93)%	(70.05)	(2.53)%	(80.04)	(3.25)%
-Fringe Benefit Tax	(7.90)	(0.27)%	-	-	-	-
-Deferred Tax (Charge)/Benefit	(58.81)	(2.01)%	32.62	1.18%	42.48	1.72%
Profit/(Loss) after tax before minority interest and pre-acquisition cost adjustments	**(93.69)**	**(3.21)%**	**30.97**	**1.12%**	**57.93**	**2.35%**
Minority Interest	9.02	0.31%	11.29	0.41%	15.32	0.62%
Profit/(Loss)	**(84.67)**	**(2.90)%**	**42.26**	**1.53%**	**73.25**	**2.97%**

Fiscal Year Ended March 31, 2006 Compared to Fiscal Year Ended March 31, 2005

Income

EHIRCL's consolidated total income increased by 5.53% from Rs. 2,769.72 million in fiscal 2005 to Rs. 2,922.88 million in fiscal 2006.

Inpatient Income: Inpatient income increased by 8.62% from Rs. 2,708.91 million in fiscal 2005 to Rs. 2,942.37 million in fiscal 2006. This increase was primarily due to an increase in inpatient fees charged by EHIRC (partially offset by a 1.7% decline in the number of surgical inpatient admissions) and a 3.1% increase in inpatient admissions at EHRC, EHSSI and EHCR.

Outpatient Income: Outpatient income decreased by 2.63% from Rs. 206.29 million in fiscal 2005 to Rs. 200.87 million in fiscal 2006. This decrease was primarily due to a 13% decrease in outpatient registrations and procedures at EHIRC and the closure of the Escorts hospital in Kanpur during fiscal 2005, partially offset by an increase in outpatient registrations and procedures at EHSSI and EHCR, a slight increase in outpatient registrations at EHRC and a small increase in prices charged for various procedures at EHIRC.

Income from Satellite Centers: Income from satellite and heart command centers increased by 7.26% from Rs. 45.72 million in fiscal 2005 to Rs. 49.04 million in fiscal 2006. This increase was primarily due to higher patient volumes at the centers.

Subsidy: Subsidies (including discounts reflected in negotiated rates that are lower than EHIRCL's and its subsidiaries' published rates) on healthcare services pursuant to arrangements with employers and insurance companies, free bed requirements included in the terms of the lease of the land on which EHIRC is located and EHCR's arrangement with the Government of Chattisgarh, as well as other discounts given to patients, increased by 31.70% from Rs 226.06 million in fiscal 2005 to Rs. 297.72 million in fiscal 2006. This increase was primarily due to an increase in the number of negotiated arrangements during the period, as well as an increase in the number of patients covered by existing arrangements.

Other income: Other income decreased by 18.76% from Rs. 34.86 million in fiscal 2005 to Rs. 28.32 million in fiscal 2006. This decrease was primarily due to a decline in interest on deposits as a result of lower interest rates, as well as lower cash balances, partially offset by the assignment of a keyman insurance policy for a senior EHIRC doctor to the insured.

Expenditure

EHIRCL's consolidated total expenditure increased by 7.11% from Rs. 2,701.32 million in fiscal 2005 to Rs. 2,893.48 million in fiscal 2006, and represented 97.53% of total income in fiscal 2005, compared to 98.99% of total income in fiscal 2006.

Materials Consumption: Materials consumption increased by 4.84% from Rs. 941.91 million in fiscal 2005 to Rs. 987.53 million in fiscal 2006. This increase was primarily due to an increase in consumption during the period in response to higher patient volumes at EHRC, EHSSI and EHCR. This was partially offset by lower surgical patient volumes at EHIRC and a decrease in prices for drugs and consumables as a result of a reduction in the value added tax in Delhi applicable to EHIRC from 8% to 4%. Materials consumption as a percentage of total income decreased slightly from 34.01% in fiscal 2005 to 33.79% in fiscal 2006.

Staff Costs: Staff costs increased by 11.94% from Rs. 740.39 million in fiscal 2005 to Rs. 828.81 million in fiscal 2006. This increase was primarily due to increases in salaries and wages and related benefits as EHIRCL and its consolidated subsidiaries increased headcount from 2,638 in fiscal 2005 to 2,794 in fiscal 2006 in response to higher patient volumes at EHRC, EHSSI and EHCR. During fiscal 2006, average remuneration for EHIRCL's and its subsidiaries' employees increased in response to upward pressure on wages, in particular for doctors and nurses, as well as due to general wage increases for EHIRCL's and its subsidiaries' existing employees (which was not offset by entry level salaries from new employees as the attrition rates for EHIRCL's and its subsidiaries' doctors and nurses is relatively low). Staff costs as a percentage of total income increased from 26.73% in fiscal 2005 to 28.36% in fiscal 2006.

Professional Fees: Professional fees for a senior EHIRC doctor increased by 16.67% from Rs. 72.00 million in fiscal 2005 to Rs. 84.00 million in fiscal 2006 and increased as a percentage of total income from 2.6% in fiscal 2005 to 2.87% in fiscal 2006. This increase was due to a negotiated increase in the retainer paid to such doctor.

Other Operating Expenses: Other operating expenses increased by 11.52% from Rs. 348.44 million in fiscal 2005 to Rs. 388.57 million in fiscal 2006. This increase was primarily due to higher retainer fees paid to doctors who act as independent contractors, as well as higher maintenance costs at the Escorts hospital facilities, higher power and fuel costs and pantry expenses in fiscal 2006, as well as the introduction in fiscal 2006 in the State of Punjab of a value added tax applicable to EHIRC on the sale of inpatient drugs and consumables to patients collected by the hospital and payable to the state government. Other operating expenses as a percentage of total income increased slightly from 12.58% in fiscal 2005 to 13.29% in fiscal 2006.

Administration and Other Expenses: Administration and other expenses increased by 15.87% from Rs. 254.81 million in fiscal 2005 to Rs. 295.26 million in fiscal 2006. This increase was primarily due to higher legal and professional charges relating to litigation matters commenced following the Escorts hospitals acquisition in fiscal 2006 and increases in tax rates and other duties, insurance costs and repairs and maintenance for the Escorts hospitals facilities during fiscal 2006, partially offset by lower software development charges, communications and traveling and conveyance expenses in fiscal 2006. Administration and other expenses as a percentage of total income increased slightly from 9.20% in fiscal 2005 to 10.10% in fiscal 2006.

Interest Expense: Interest expense decreased by 5.41% from Rs. 65.82 million in fiscal 2005 to Rs. 62.26 million in fiscal 2006 and decreased as a percentage of total income from 2.38% in fiscal 2005 to 2.13% in fiscal 2006. This decrease was primarily due to a reduction in total indebtedness and, in particular, a reduction in higher-yielding unsecured loans.

Depreciation: Depreciation decreased by 11.16% from Rs. 276.91 million in fiscal 2005 to Rs. 246.01 million in fiscal 2006. This decrease was primarily due to lower capital expenditures during fiscal 2006. Depreciation as a percentage of total income decreased from 10.00% in fiscal 2005 to 8.42% in fiscal 2006.

Miscellaneous Expenditure Written Off: In each of fiscal 2005 and fiscal 2006 miscellaneous expenditures of Rs. 1.04 million were written off. The write-offs relate to preliminary and preoperative expenses incurred in connection with the construction of EHSSI at Amritsar, which are being written off over a period of five years.

Provision for Taxation

Current Tax: EHIRCL paid Rs. 56.38 million in current taxes in fiscal 2006, reflecting an effective tax rate for EHIRCL (on a standalone basis) of 49.00% compared to Rs. 70.05 million in current taxes in fiscal 2005, reflecting an effective tax rate of 32.63%. The difference in tax rate is primarily due to a decrease in depreciation rates applicable under the Income Tax At for plant and machinery, including medical equipment, an add-back provision made on account of the Delhi value added tax, an increase in the provision for gratuities and earned leave based on actuarial valuations and an increase in the surcharge on income tax from 2.5% to 10% during fiscal 2006. None of EHIRCL's subsidiaries earned taxable income, and as such, none of the subsidiaries paid any current tax.

Fringe Benefit Tax: Effective for fiscal 2006, the Central Government has imposed a fringe benefit tax in respect of certain perquisites offered to employees and certain other business expenses. Depending on the nature of the perquisite/business expense, 20% or 50% of the expense is taxed at the corporate tax rate. In fiscal 2006, EHIRCL and its subsidiaries incurred Rs. 7.90 million in fringe benefit taxes, due primarily to traveling and conveyance, telephone expenses, staff welfare expenses, running maintenance and depreciation on vehicles, medical allowance, medical expenses reimbursement to the extent tax-exempt for employees, medical insurance expenses, meetings and seminars, books and periodicals etc. (20% of the value of which was taxed) and gifts and festival celebrations (50% of the value of which was taxed).

Deferred Tax Charge: EHSSIL commenced operations on February 1, 2003 and has incurred losses since that time. As the gestation period for new hospital projects is comparatively longer and the losses reflect mainly depreciation charges and financing costs, EHSSIL's management, based on future projections, is of the view that there will be sufficient future taxable income against which net deferred tax assets can be realized. However, as it is not a virtual certainty that such deferred tax assets can be so realized, the amount of net deferred tax asset has been adjusted in fiscal 2006, which was partially offset by the deferred tax assets recognized by EHCL and EHRCL.

Minority Interests

Minority interests decreased by 20.11% from Rs. 11.29 million in fiscal 2005 to Rs. 9.02 million in fiscal 2006.

Profit/(Loss)

On a consolidated basis with its subsidiaries, EHIRCL had a profit of Rs. 42.26 million in fiscal 2005 compared to a loss of Rs. 84.67 million in fiscal 2006. This change was primarily due to the higher increase in expenses relative to the increase in income during fiscal 2006 as well as the deferred tax charge described above.

Fiscal Year Ended March 31, 2005 Compared to Fiscal Year Ended March 31, 2004

Income

EHIRCL's consolidated total income increased by 12.37% from Rs. 2,464.73 million in fiscal 2004 to Rs. 2,769.72 million in fiscal 2005.

Inpatient Income: Inpatient income increased by 13.13% from Rs. 2,394.59 million in fiscal 2004 to Rs. 2,708.91 million in fiscal 2005. This increase was primarily due to a 3% increase in inpatient fees charged by EHIRC and a 4% increase in catheterization procedures at EHIRC, which have higher margins relative to many of the procedures performed at the Escorts hospitals (partially offset by a decline in the overall number of inpatient admissions at EHIRC) and an increase in inpatient admissions at EHRC, EHSSI and EHCR.

Outpatient Income: Outpatient income increased by 46.79% from Rs. 140.53 million in fiscal 2004 to Rs. 206.29 million in fiscal 2005. This increase was primarily due to an increase in outpatient registrations and procedures at each of EHIRC, EHRC, EHSSI and EHCR. The increase in outpatient registrations at EHIRC was due primarily to the opening of the remainder of a new outpatient wing at the hospital, which was only partially opened during fiscal 2004.

Income from Satellite Centers: Income from satellite and heart command centers increased by 57.06% from Rs. 29.11 million in fiscal 2004 to Rs. 45.72 million in fiscal 2005. This increase was primarily due to the closing of two under-performing centers and the opening of three new centers, increasing the number of satellite and heart command centers from 10 in 2004 to 11 in 2005.

Subsidy: Subsidies (including discounts reflected in negotiated rates that are lower than EHIRCL's and its subsidiaries' published rates) on healthcare services pursuant to arrangements with employers and insurance companies), free bed requirements included in the terms of the lease of the land on which EHIRC is located and EHCR's arrangement with the Government of Chattisgarh, as well as other discounts given to patients, increased by 26.47% from Rs. 178.74 million in fiscal 2004 to Rs. 226.06 million in fiscal 2005. This increase was primarily due to an increase in the number of negotiated arrangements during the period, as well as an increase in the number of patients covered by existing arrangements.

Other Income: Other income decreased by 56.01% from Rs. 79.24 million in fiscal 2004 to Rs. 34.86 million in fiscal 2005. This decrease was primarily due to a decline in interest on deposits in fiscal 2005 as a result of lower interest rates and receipt in fiscal 2004 of proceeds from the sale of short-term investments in the form of securities and the assignment of a keyman insurance policy of a promoter of the seller in the Escorts hospitals acquisition to the insured.

Expenditure

EHIRCL's consolidated total expenditure increased by 14.02% from Rs. 2,369.24 million in fiscal 2004 to Rs. 2,701.32 million in fiscal 2005, and represented 96.13% of total income in fiscal 2004, compared to 97.53% of total income in fiscal 2005. During fiscal 2005, EHIRC fully opened its new outpatient wing, resulting in a general increase in all operating expenses over fiscal 2004.

Materials Consumption: Materials consumption increased by 15.82% from Rs. 813.22 million in fiscal 2004 to Rs. 941.91 million in fiscal 2005. This increase was primarily due to an increase in consumption during the period in response to higher patient volumes at EHIRC, EHRC, EHSSI and EHCR. Materials consumption as a percentage of total income increased from 32.99% in fiscal 2004 to 34.01% in fiscal 2005 due to an increase in the proportion of complex procedures.

Staff Costs: Staff costs increased by 21.04% from Rs. 611.71 million in fiscal 2004 to Rs. 740.39 million in fiscal 2005. This increase was primarily due to increases in salaries and wages and related benefits as EHIRCL and its consolidated subsidiaries increased headcount from 2,608 in fiscal 2004 to 2,638 in fiscal 2005 in response to higher patient volumes at EHIRC, EHRC, EHSSI and EHCR. During fiscal 2005, average remuneration for EHIRCL's and its subsidiaries' employees increased in response to upward pressure on wages, in particular for doctors and nurses, as well as due to general wage increases for their existing employees (which was not offset by entry level salaries from new employees as the attrition rates for EHIRCL's and its subsidiaries' doctors and nurses is relatively low). Staff costs as a percentage of total income increased from 24.82% in fiscal 2004 to 26.73% in fiscal 2005.

Professional Fees: Professional fees for a senior EHIRC doctor increased by 2.86% from Rs. 70.00 million in fiscal 2004 to Rs. 72.00 million in fiscal 2005, and decreased as a percentage of total income from 2.84% in fiscal 2004 to 2.60% in fiscal 2005. This increase was due to an incremental increase in the retainer paid to such doctor.

Other Operating Expenses: Other operating expenses increased by 26.91% from Rs. 274.57 million in fiscal 2004 to Rs. 348.44 million in fiscal 2005. This increase was primarily due to higher retainer fees paid to doctors who act as independent contractors, as well as higher maintenance costs at the Escorts hospital facilities and higher energy prices. Operating expenses as a percentage of total income increased from 11.14% in fiscal 2004 to 12.58% in fiscal 2005.

Administration and Other Expenses: Administration and other expenses increased by 2.30% from Rs. 249.07 million in fiscal 2004 to Rs. 254.81 million in fiscal 2005. This increase was primarily due to higher traveling and conveyance and other professional fees, partially offset by lower taxes and insurance costs. Administration and other expenses as a percentage of total income remained relatively flat, decreasing slightly from 10.11% in fiscal 2004 to 9.20% in fiscal 2005.

Interest Expense: Interest expense increased by 11.79% from Rs. 58.88 million in fiscal 2004 to Rs. 65.82 million in fiscal 2005. This increase was primarily due to an increase in total indebtedness. Interest expense as a percentage of total income remained relatively flat, decreasing slightly from 2.39% in fiscal 2004 to 2.38% in fiscal 2005.

Depreciation. Depreciation decreased by 4.76% from Rs. 290.75 million in fiscal 2004 to Rs. 276.91 million in fiscal 2005. This decrease was primarily due to a reduction in capital expenditure levels during fiscal 2005 as a result of cash flow constraints. Depreciation as a percentage of total income decreased from 11.80% in fiscal 2004 to 10.00% in fiscal 2005.

Miscellaneous Expenditure Written Off: In each of fiscal 2004 and fiscal 2005 miscellaneous expenditures of Rs. 1.04 million were written off. The write-offs relate to preliminary and preoperative expenses incurred in connection with the construction of EHSSI at Amritsar, which are being written off over a period of five years.

Provision for Taxation

EHIRCL paid Rs. 70.05 million in current taxes in fiscal 2005 reflecting an effective tax rate for EHIRCL (on a standalone basis) of 32.63%, compared to Rs. 80.04 million in current taxes in fiscal 2004, reflecting an effective tax rate of 29.41%. The difference in tax rate is due to an increase in depreciation due to the capitalization of the new outpatient wing at EHIRC during fiscal 2004, receipt of income from the sale of securities during fiscal 2004, which was taxed at the lower long-term capital gains rate and the introduction of an additional 2% education assessment during fiscal 2005. None of EHIRCL's subsidiaries earned a profit before tax, and as such, none of the subsidiaries paid any current tax. EHIRCL's subsidiaries did, however, recognize deferred tax assets to be realized in respect of future taxable income.

Minority Interests

Minority interests decreased by 26.31% from Rs. 15.32 million in fiscal 2004 to Rs. 11.29 million in fiscal 2005.

Profit

Profit decreased by 42.31% from Rs. 73.25 million in fiscal 2004 compared to Rs. 42.26 million in fiscal 2005. This decrease was primarily due to the higher increase in expenses relative to the increase in income during fiscal 2005.

Results of Operations for International Hospital Limited on a Standalone Basis

Fiscal Year Ended March 31, 2006 Compared to Fiscal Year Ended March 31, 2005

The following table sets forth certain profit and loss data in rupees and as a percentage of total income and certain operating data for the years ended March 31, 2006 and 2005 in respect of IHL on a standalone basis.

	Audited (restated) Year Ended March 31,			
	2006		**2005**	
	(Rupees in millions)			
Inpatient Income	429.29	85.06%	119.68	80.30%
Outpatient Income	57.00	11.29%	13.82	9.27%
Pharmacy Income	4.23	0.84%	0.75	0.50%

Less Discounts	(4.32)	(0.86)%	(0.53)	(0.36)%
Net Operating Income	**486.20**	**96.33%**	**133.72**	**89.71%**
Other Income	18.52	3.67%	15.33	10.28%
Total Income	**504.72**	**100.00%**	**149.05**	**100.00%**
Materials Consumed	171.96	34.07%	53.82	36.11%
Personnel Expenses	78.99	15.65%	31.56	21.17%
Operating Expenses	182.82	36.22%	69.91	46.90%
Selling and Distribution Expenses	14.87	2.95%	15.20	10.20%
General and Administrative Expenses	41.22	8.17%	13.55	9.09%
Interest Expenses	40.48	8.02%	20.91	14.03%
Miscellaneous Expenditure Written Off	--	--	10.28	6.90%
Preliminary Expenses Written Off	--	--	0.05	0.03%
Depreciation/Amortization	39.12	7.75%	24.61	16.51%
Total Expenditure	**569.46**	**112.83%**	**239.89**	**160.95%**
Loss before Tax	**(64.74)**	**(12.83)%**	**(90.84)**	**(60.95)%**
Fringe Benefit Tax	1.52	0.30%	0.00	0.00%
Deferred Tax Expenses	(1.04)	(0.21)%	(26.07)	(17.49)%
Prior Period Items – Deferred Tax Adjustment	26.54	5.26%	**--**	**--**
Net Loss	**(38.68)**	**(7.66)%**	**(116.91)**	**(78.44)%**
Adjustments for restatement	(28.62)	(5.67)%	32.81	22.01%
Net Loss as adjusted	**(67.30)**	**(13.33)%**	**(84.10)**	**(56.42)%**

Fiscal Year Ended March 31, 2006 Compared to Fiscal Year Ended March 31, 2005

Income

IHL's total income increased by 238.62% from Rs. 149.05 million in fiscal 2005 to Rs. 504.72 million in fiscal 2006. Fortis Hospital, Noida is the sole hospital at IHL. As the hospital only commenced operations during the second quarter of fiscal 2005, IHL's results in fiscal 2006 (throughout which Fortis Hospital, Noida was operational) will not be directly comparable to IHL's results for fiscal 2005.

Inpatient Income: Inpatient income increased by 258.70% from Rs. 119.68 million in fiscal 2005 to Rs. 429.29 million in fiscal 2006. This increase was primarily due to an increase in inpatient admissions and procedures at Fortis Hospital, Noida, as the hospital gained broader acceptance in its core region, continued to increase the number of beds and expanded the procedures it offers, including introducing cardiac care as a super specialty in July 2005. The increase in fiscal 2006 also reflected the results of Fortis Hospital, Noida for the full year in fiscal 2006, as the hospital only commenced operations in the second quarter of fiscal 2005.

Outpatient Income: Outpatient income increased by 312.45% from Rs. 13.82 million in fiscal 2005 to Rs. 57.00 million in fiscal 2006. This increase was primarily due to an increase in outpatient registrations, including consultations, investigations and minor procedures at Fortis Hospital, Noida. The increase in fiscal 2006 also reflected the results of Fortis Hospital, Noida for the full year in fiscal 2006, as the hospital only commenced operations in the second quarter of fiscal 2005.

Pharmacy Income: Pharmacy income increased by 465.33% from Rs. 0.75 million in fiscal 2005 to Rs. 4.24 million in fiscal 2006. This increase was primarily due to an increase in retail sales volumes at the pharmacy at Fortis Hospital, Noida as a result of higher patient volumes at the hospital (due, in part, to the operation of Fortis Hospital, Noida for all of fiscal 2006, compared to only eight months of fiscal 2005).

Discounts: Discounts on healthcare services given to patients on an individual basis increased by 715.09% from Rs. 0.53 million in fiscal 2005 to Rs. 4.32 million in fiscal 2006. This increase was primarily due to an increase in patient volumes during fiscal 2006 (due, in part, to the operation of Fortis Hospital, Noida for all of fiscal 2006, compared to only eight months of fiscal 2005). Discounts do not include discounts under arrangements with employers and insurance companies, which are directly reflected in the inpatient income and outpatient income amounts.

Other Income: Other income increased by 20.87% from Rs. 15.33 million in fiscal 2005 to Rs. 18.52 million in fiscal 2006. This increase was primarily due to an increase in bed utilization charges in respect of beds provided to RLL for clinical research, reflecting charges earned for all of fiscal 2006, compared to only four months of fiscal 2005, an increase in income from access fees charged to third-party, on-site vendors at Fortis Hospital, Noida and, to a lesser extent, an increase in interest income, as well as income generated from parking fees at the hospital during fiscal 2006 (due, in part, to the operation of Fortis Hospital, Noida for all of fiscal 2006, compared to only eight months of fiscal 2005). This was partially offset by receipt of a non-recurring utilization fee relating to the RLL clinical research.

Expenditure

IHL's total expenditure increased by 137.38% from Rs. 239.89 million in fiscal 2005 to Rs. 569.46 million in fiscal 2006, and represented 160.95% of total income in fiscal 2005, compared to 112.83% of total income in fiscal 2006.

Materials Consumed: Materials consumed increased by 219.51% from Rs. 53.82 million in fiscal 2005 to Rs. 171.96 million in fiscal 2006. This increase was primarily due to an increase in consumables during the period in response to higher patient volumes at Fortis Hospital, Noida (due, in part, to the operation of Fortis Hospital, Noida for all of fiscal 2006, compared to only eight months of fiscal 2005). Materials consumed as a percentage of total income decreased from 36.11% in fiscal 2005 to 34.07% in fiscal 2006 as a result of an increase in the volume of high-margin procedures performed at Fortis Hospital, Noida and an improvement in utilization.

Personnel Expenses: Personnel expenses increased by 150.29% from Rs. 31.56 million in fiscal 2005 to Rs. 78.99 million in fiscal 2006. This increase was primarily due to increases in salaries and wages and related benefits as IHL increased its headcount from 231 in fiscal 2005 to 469 in fiscal 2006 in response to higher patient volumes at Fortis Hospital, Noida, as well as the operation of Fortis Hospital, Noida for all of fiscal 2006 compared to only eight months of fiscal 2005. During fiscal 2006, average remuneration for IHL's employees increased to become more competitive with higher wages paid by IHL's competitors in its region, in particular for doctors and nurses, as well as due to general wage increases for IHL's existing employees. Due to the ramping up of operations at Fortis Hospital, Noida during fiscal 2005 in anticipation of higher patient volumes, the increase in patient volumes in fiscal 2006 did not require a proportionate increase in staffing at the hospital, and personnel expenses as a percentage of total income decreased from 21.17% in fiscal 2005 to 15.65% in fiscal 2006.

Operating Expenses: Operating expenses increased by 161.51% from Rs. 69.91 million in fiscal 2005 to Rs. 182.82 million in fiscal 2006. This increase was primarily due to the overall growth in patient volumes at Fortis Hospital, Noida during fiscal 2006 (due, in part, to the operation of Fortis Hospital, Noida for all of fiscal 2006, compared to only eight months of fiscal 2005). Operating expenses as a percentage of total income decreased from 46.90% in fiscal 2005 to 36.22% in fiscal 2006 due to improved operating efficiencies and higher utilization of the existing infrastructure.

Selling and Distribution Expenses: Selling and distribution expenses decreased by 2.17% from Rs. 15.20 million in fiscal 2005 to Rs. 14.87 million in fiscal 2006 and decreased as a percentage of total income from 10.20% in fiscal 2005 to 2.95% in fiscal 2006. This decrease was primarily due to inaugural selling expenses incurred during fiscal 2005 in connection with the commencement of operations at Fortis Hospital, Noida, partially offset by higher seminar and conference expenses during fiscal 2006 as Fortis Hospital, Noida became more established, as well as the operation of Fortis Hospital, Noida for all of fiscal 2006 compared to only eight months of fiscal 2005.

General and Administrative Expenses: General and administrative expenses increased by 204.20% from Rs. 13.55 million in fiscal 2005 to Rs. 41.22 million in fiscal 2006. This increase was primarily due to the overall growth in IHL's business during fiscal 2006, as well as the operation of Fortis Hospital, Noida for all of fiscal 2006 compared to only eight months of fiscal 2005. General and administrative expenses as a percentage of total income decreased from 9.09% in fiscal 2005 to 8.17% in fiscal 2006 as many of these expenses are fixed costs that do not increase as patient volumes increase.

Interest Expenses: Interest expenses increased by 93.59% from Rs. 20.91 million in fiscal 2005 to Rs. 40.48 million in fiscal 2006. This increase was primarily due to an increase in long-term secured and unsecured borrowings during fiscal 2006 to finance capital expenditures and the growing working capital requirements at Fortis Hospital, Noida as a result in growth in IHL's business due to an increase in patient volumes, as well as the operation of Fortis Hospital, Noida for all of fiscal 2006 compared to only eight months of fiscal 2005. Interest expenses as a percentage of total income decreased from 14.03% in fiscal 2005 to 8.02% in fiscal 2006, reflecting the higher growth in income during fiscal 2006.

Miscellaneous Expenditure Written Off and Preliminary Expenses Written Off: In fiscal 2005, IHL made non-recurring write-offs of Rs. 10.33 million in miscellaneous expenditures, reflecting pre-operative expenses such as salaries, legal and professional fees, advertisement, publicity and business promotion and electricity and fuel charges, Rs. 10.28 million of which was incurred in fiscal 2005 and Rs. 0.05 million of which was incurred in fiscal 2004.

Depreciation and Amortization

Depreciation and amortization increased by 58.96% from Rs. 24.61 million in fiscal 2005 to Rs. 39.12 million in fiscal 2006. This increase was primarily due to the acquisition of new medical equipment, plant and machinery and furniture, as well as improvements to the hospital building in response to the growth in patient volumes at Fortis Hospital, Noida and the introduction of cardiac care as a super specialty at the hospital during fiscal 2006. Due to the benefits of ramping up IHL's operations during fiscal 2005 in anticipation of higher patient volumes, increases in patient volumes and income in fiscal 2006 did not require a proportionate increase in equipment or purchases or improvements, and depreciation and amortization as a percentage of total income decreased from 16.51% in fiscal 2005 to 7.75% in fiscal 2006.

Fringe Benefit Tax

With effect from the beginning of fiscal 2006, an additional tax on certain prerequisites offered to IHL's employees and certain other business expenses has been imposed by the Central Government. Depending on the nature of the perquisite/business expense, 20% or 50% of the expense is taxed at the corporate tax rate. In fiscal 2006, IHL paid Rs. 1.52 million in fringe benefit taxes, due primarily to traveling and conveyance, telephone expenses, staff welfare expenses, running maintenance and depreciation on vehicles, medical allowance, medical expenses reimbursement to the extent tax-exempt for employees, medical insurance expenses, meetings and seminars, books and periodicals etc. (20% of the value of which was taxed) and gifts and festival celebrations (50% of the value of which was taxed).

Deferred Tax Expenses and Deferred Tax Adjustment

Deferred tax expenses decreased by 96.01% from Rs. 26.07 million in fiscal 2005 to Rs. 1.04 million in fiscal 2006 and decreased as a percentage of total income from 17.49% in fiscal 2005 to 0.21% in fiscal 2006. This decrease was primarily due to deferred tax assets not being recognized as there was not a virtual certainty that sufficient future taxable income would be available against which such deferred tax assets could be realized. The deferred tax liability created due to timing differences for depreciation through fiscal 2005 was reversed in fiscal 2006 as the corresponding deferred tax assets are not being recognized.

Net Loss

Net loss decreased from Rs. 116.91 million in fiscal 2005 to Rs. 38.68 million in fiscal 2006. This change was primarily due to the increase in operating income associated with the increase in patient volumes at Fortis Hospital, Noida during fiscal 2006. Following the restatement of IHL's financial statements to harmonize revenue recognition policies, among other things, IHL's net loss, as restated, decreased by 19.99% from Rs. 84.10 million in fiscal 2005 to Rs. 67.30 million in fiscal 2006.

Cash Flow from Operating Activities

FHL

The table below summarizes the restated cash flow of FHL on a standalone basis for the years ended March 31, 2006, 2005 and 2004.

	Year ended March 31,		
	2006	**2005**	**2004**
		(Rupees in millions)	
Net cash generated from (used in) operations	(57.55)	(94.91)	6.28

Net cash generated from (used in) investing activities......................	(7,449.73)	8.05	737.31
Net cash generated from (used in) financing activities	7,501.05	90.32	(740.40)

FHL's net cash flow used in operations in fiscal 2006 was Rs. 57.55 million, reflecting a restated net loss before taxation of Rs. 274.50 million and a direct tax refund of Rs. 0.97 million and income tax expense of Rs. 2.20 million, and including adjustments of Rs. 272.75 million for interest expense and Rs. 73.35 million for depreciation and amortization, among others. Working capital changes included, among others, a Rs. 148.72 million increase in sundry debtors, reflecting an increase in operations and an increase in institutional business from employers and insurance companies with which FHL has negotiated preferential pricing and payment arrangements, a Rs. 32.53 million increase in loans and advances, reflecting an increase in operations and a Rs. 55.24 million increase in current liabilities, reflecting an increase in operations and an increase in liabilities in respect of interest accrued but not due on loans borrowed by FHL.

FHL's net cash used in operations in fiscal 2005 was Rs. 94.91 million, reflecting a restated net loss before taxation of Rs. 83.65 million and a direct tax refund of Rs. 0.22 million, and including adjustments of Rs. 62.81 million for depreciation and amortization and Rs. 22.91 million for interest expense, partially offset by adjustments of Rs. 11.99 million for foreign exchange gains on a U.S. dollar-denominated loan and Rs. 4.71 million in interest income. Working capital changes included, among others, a Rs. 55.35 million increase in loans and advances, reflecting an increase in operations, a Rs. 37.74 million increase in sundry debtors, reflecting an increase in operations and an increase in institutional business and a Rs. 18.77 million increase in current liabilities, reflecting an increase in operations and an increase in liabilities in respect of interest accrued but not due on loans borrowed by FHL. FHL's net cash used in operations decreased by 39.36% from fiscal 2005 to fiscal 2006, primarily as a result of an increase in interest expense, partially offset by an increase in loss before taxation and extraordinary items and increases in sundry debtors and loans and advances.

FHL's net cash generated from operations in fiscal 2004 was Rs. 6.28 million, reflecting a net loss before taxation of Rs. 57.41 million and direct taxes paid of Rs. 3.17 million, and including adjustments of Rs. 78.68 million for interest expense and Rs. 67.21 million for depreciation and amortization, partially offset by adjustments of Rs 107.02 million for profit on the sale of the Fortis Hospital, Mohali land and buildings and Rs. 14.65 million for interest income. Working capital changes included, among others, a Rs. 41.12 million decrease in loans and advances, reflecting, in part, the repayment of advances from operating income, a Rs. 7.60 million decrease in current liabilities, reflecting the repayment of accounts payable in respect of capital expenditures and a Rs. 6.87 million increase in sundry debtors, reflecting an increase in operations and an increase in institutional business. FHL experienced net cash generated from operations in fiscal 2004 compared to net cash used in operations in 2005, primarily as a result of the sale of the Fortis Hospital, Mohali land and buildings.

EHIRCL and its Subsidiaries

The table below summarizes the consolidated cash flow of EHIRCL and its subsidiaries on a consolidated basis for the years ended March 31, 2006, 2005 and 2004.

	Year ended March 31,		
	2006	**2005**	**2004**
		(Rupees in millions)	

Net cash from operating activities…………..	108.46	258.27	359.85
Net cash (used in) investing activities…………..	(19.73)	(256.30)	(614.52)
Net cash from /(used in) financing activities…………..	(108.44)	15.80	174.87

EHIRCL's consolidated net cash from operating activities in fiscal 2006 was Rs. 108.46 million, reflecting a net profit before taxation of Rs. 29.40 million and direct taxes paid of Rs. 138.24 million, and including adjustments of Rs. 246.01 million for depreciation and Rs. 62.26 million for interest expense, among others, partially offset by an adjustment of Rs. 8.30 million for interest income. Working capital changes included, among others, a Rs. 186.61 million increase in trade and other receivables, reflecting an increase in institutional business from employers and insurance companies with which EHIRCL and its subsidiaries have negotiated preferential pricing and payment arrangements and a Rs. 103.27 million increase in trade and other payables.

EHIRCL's consolidated net cash from operating activities in fiscal 2005 was Rs. 258.27 million, reflecting a net profit before taxation of Rs. 68.40 million and direct taxes paid of Rs. 56.16 million, and including adjustments of Rs. 276.91 million for depreciation and Rs. 65.82 million for interest expense, partially offset by an adjustment of Rs. 21.48 million for interest income, among others. Working capital changes included, among others, a Rs. 130.53 million increase in trade and other receivables, reflecting an increase in institutional business and a Rs. 70.83 million increase in trade and other payables. EHIRCL's consolidated net cash from operating activities decreased by 58.01% from fiscal 2005 to fiscal 2006, primarily as a result of a decrease in profit before taxation and a decrease in direct taxes paid.

EHIRCL's consolidated net cash from operating activities in fiscal 2004 was Rs. 359.85 million, reflecting a net profit before taxation of Rs. 95.49 million and direct taxes paid of Rs. 83.02 million, and including adjustments of Rs. 290.75 million for depreciation and Rs. 58.88 million for interest expense, partially offset by adjustments of Rs. 36.14 million for interest income and Rs. 19.47 million for profit on the sale of securities, among others. Working capital changes included, among others, a Rs. 83.56 million increase in trade and other payables, a Rs. 56.11 million increase in trade and other receivables, reflecting an increase in institutional business and a Rs. 22.38 million decrease in non-income tax advances. EHIRCL's consolidated net cash from operating activities decreased by 28.23% from fiscal 2004 to fiscal 2005, primarily as a result of a decrease in profit before taxation and a decrease in direct taxes paid, partially offset by an increase in interest income and a decrease in interest expense.

IHL

The table below summarizes the cash flow of IHL on a standalone basis for the years ended March 31, 2006 and 2005.

	Year ended March 31,	
	2006	**2005**
	(Rupees in millions)	
Net cash (used in) operations	(38.97)	(21.24)
Net cash (used in) investing activities.......................................	(113.46)	(313.57)
Net cash generated from financing activities.......................................	152.87	333.54

IHL's net cash used in operations in fiscal 2006 was Rs. 38.97 million, reflecting a restated net loss before taxation of Rs. 67.87 million and taxes paid of Rs. 5.79 million, and including adjustments of Rs. 40.48 million for interest expense and Rs. 39.12 million for depreciation and amortization, among others. Working capital changes included, among others, a Rs. 47.42 million increase in sundry debtors, reflecting an increase in operations and an increase in institutional business an increase in institutional business from employers and insurance companies with which IHL has negotiated preferential pricing and payment arrangements and a Rs. 8.64 million increase in inventories, reflecting an increase in operations.

IHL's net cash used in operations in fiscal 2005 was Rs. 21.24 million, reflecting a net loss before taxation of Rs. 83.51 million and taxes paid of Rs. 3.14 million, and including adjustments of Rs. 24.61 million for depreciation and amortization and Rs. 20.91 million for interest expense, among others. Working capital changes included, among others, a Rs. 42.81 million increase in loans and advances, reflecting an increase in operations, a Rs. 17.10 million increase in sundry debtors, reflecting an increase in operations and an increase in institutional business and a Rs. 5.72 million increase in inventories, reflecting an increase in operations. IHL's net cash used in operations increased by 83.47% from fiscal 2005 to fiscal 2006, primarily as a result of increases in sundry debtors and inventories, partially offset by an increase in interest expense and a decrease in loss before taxation.

Net Cash Generated From Investing Activities

FHL

FHL's net cash used in investing activities was Rs. 7,449.73 million in fiscal 2006, composed primarily of Rs. 6,746.67 million for the purchase of investments and Rs. 459.08 million for the purchase of fixed assets. The investments included investments made in connection with the Escorts hospitals acquisition, the IHL acquisition and the OBPL acquisition and FHL's equity interest in the corporate owner of Fortis La Femme and loan thereto. The fixed assets FHL purchased included land in respect of the planned hospital in Gurgaon, medical equipment in respect of the Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj and furniture and fixtures.

FHL's net cash generated from investing activities was Rs. 8.05 million in fiscal 2005, composed of Rs. 18.68 million for the purchase of fixed assets, including medical equipment and generators, partially offset by Rs. 4.91 million in proceeds from the sale of fixed assets and interest of Rs. 5.80 million received on its short-term investments.

FHL's net cash generated from investing activities was Rs. 737.31 million in fiscal 2004, composed of Rs. 617.02 million in proceeds from the sale of the Fortis Hospital, Mohali land and buildings and interest of Rs. 14.71 million received on its short-term investments, partially offset by Rs. 11.38 million for the purchase of fixed assets, including medical equipment, vehicles and furniture and fixtures.

Pursuant to the terms of our share subscription agreement with the hospital's corporate owner, SMPL, and others, FHL acquired a 5% equity interest in SMPL during fiscal 2006. FHL has also extended a loan in the form of convertible debt to SMPL, which is convertible into an additional 21% equity interest in SMPL at any time within two years from the date of infusion of the first tranche of the loan, which was September 1, 2005. At June 30, 2006, FHL had advanced Rs. 23.55 million as convertible debt to the corporate owner out of the agreed amount of Rs. 28.91 million, and FHL subsequently paid the remaining balance. After the second anniversary, the subscription agreement provides that the loan shall automatically convert into a 21% equity interest in SMPL. In addition, FHL has a further option to acquire further shares to increase its interest in the corporate owner to 51% at any time from the second anniversary to the fifth anniversary of January 3, 2006, the date of the O&M contract (the "Option Period"). After the Option Period, the other shareholders have an option to require FHL to purchase their entire interest in the corporate owner to FHL, irrespective of whether it acquires a 51% interest in the corporate owner. If FHL acquires a 51% interest, the other shareholders have one year from the date of our acquisition of the 51% to sell their shares to FHL at face value plus 12% interest per annum from September 1, 2005. If FHL does not acquire a 51% interest, the shareholders have 30 days from the expiration of the Option Period to sell their shares to FHL at Rs. 15 per share (provided that consideration is only payable in respect of shares outstanding on January 3, 2006). FHL has financed its investments to date in the Fortis La Femme hospital from operations and financing activities and intends to fund any additional investments in the same manner.

EHIRCL and its Subsidiaries

EHIRCL's consolidated net cash used in investing activities was Rs. 19.73 million in fiscal 2006, composed primarily of Rs. 178.53 million for the purchase of fixed assets, partially offset by Rs. 135.00 million in repayments of intercompany deposits, Rs. 8.26 million in interest received and Rs. 15.57 million in proceeds from the sale of fixed assets, among others. The fixed assets purchased by EHIRCL and its subsidiaries included medical equipment, furniture and fixtures, vehicles and improvements to a building, and the fixed assets sold by EHIRCL and its subsidiaries included medical and other equipment, furniture and fixtures and vehicles. The repayment of intercompany deposits related to repayments of an intercompany loan issued by EHIRCL to EHIRCL's holding company prior to the Escorts hospitals acquisition.

EHIRCL's consolidated net cash used in investing activities was Rs. 256.30 million in fiscal 2005, composed primarily of Rs. 460.64 million for the purchase of fixed assets, partially offset by Rs. 170.00 million in repayments of intercompany deposits, Rs. 19.63 million in interest received and Rs. 14.55 million in proceeds from the sale of fixed assets, among others. The fixed assets purchased by EHIRCL and its subsidiaries included medical and other equipment, land, vehicles, furniture and fixtures, software and improvements to a building, and the fixed assets sold by EHIRCL and its subsidiaries included medical and other equipment, furniture and fixtures and vehicles. The repayment of intercompany deposits related to repayments of an intercompany loan issued by EHIRCL to EHIRCL's holding company prior to the Escorts hospitals acquisition.

EHIRCL's consolidated net cash used in investing activities was Rs. 614.52 million in fiscal 2004, composed primarily of Rs. 624.52 million in investments in shares of subsidiaries, Rs. 240.32 million for the purchase of fixed assets and Rs. 125.00 million in issuances of intercompany deposits, partially offset by Rs. 250.30 million in proceeds from the sale of investments, Rs. 62.48 million in interest received and Rs. 60.00 million in repayments of intercompany deposits, among others. The shares of subsidiaries purchased included EHRCL, the fixed assets purchased included acquired assets of EHRCL and purchases of medical equipment, furniture and fixtures and vehicles, and the issuances of intercompany deposits included an intercompany loan issued by EHIRCL to EHIRCL's holding company prior to the Escorts hospitals acquisition. The investments sold included securities. The repayment of intercompany deposits related to deposits from EHIRCL's holding company prior to the Escorts hospitals acquisition.

In the past, EHIRCL's and its subsidiaries' capital expenditures have fluctuated significantly. This fluctuation was due primarily to cash flow constraints. Following the Escorts hospitals acquisition and the improved liquidity of the consolidated Fortis Healthcare Limited group due to the completion of the Issue, we expect capital expenditures by EHIRCL and its subsidiaries to return to prior levels.

IHL

IHL's net cash used in investing activities was Rs. 113.46 million in fiscal 2006, composed of Rs. 113.68 million for the purchase of fixed assets and changes in current work in progress, partially offset by Rs. 0.22 million in proceeds from the sale of fixed assets. The fixed assets purchased by IHL included buildings, plant and machinery, and medical equipment, and the fixed assets sold by IHL included vehicles. Changes in current work in progress related to the capitalization of fixed assets in fiscal 2006.

IHL's net cash used in investing activities was Rs. 313.57 million in fiscal 2005, composed of Rs. 404.26 million for the purchase of fixed assets and changes in capitalized work in progress and pre-operative expenditures, partially offset by interest of Rs. 0.002 million received on short-term investments. The fixed assets purchased by IHL included buildings in respect of Fortis Hospital, Noida, plant and machinery, computer accessories and medical equipment.

Consolidated Outlook

During fiscal 2007, we plan to incur capital expenditures of approximately Rs. 810 million, which we expect to finance primarily from cash flows from operating activities, the proceeds of the Issue, additional indebtedness and the planned Pre-IPO Placement. Our capital expenditures will primarily relate to investments in new hospitals, the purchase of medical equipment and building modification and improvements at our existing hospitals. We have not made any commitments to incur these planned capital expenditures and the amounts and purpose of these expenditures may change in accordance with our business requirements. We also intend to invest additional sums in acquiring equity interests in corporations or other societies that own existing hospitals.

Net Cash Generated From (Used In) Financing Activities

FHL

FHL's net cash from financing activities was Rs. 7,501.05 million in fiscal 2006, composed primarily of Rs. 105.73 million in gross proceeds from long-term borrowings and net proceeds from short-term borrowings of Rs. 4,231.84 million which were used to fund the investments discussed above, Rs. 2,599.85 million in proceeds from the receipt of amounts in respect of share application money pending allotment from the Promoter Group, which amounts and allotment may be replaced by amounts received and allotments made in connection with the planned Pre-IPO Placement and Rs. 863.45 million in proceeds from the issuance of share capital to the Promoters (which excludes Rs. 5.2 million received as non-cash consideration in connection with the FMCHL Merger), partially offset by Rs. 44.84 million in repayments of long-term borrowings.

FHL's net cash generated from financing activities was Rs. 90.32 million in fiscal 2005, composed primarily of Rs. 341.50 million in proceeds from long-term borrowings which were used for the prepayment of loans and for capital expenditures and Rs. 92.30 million in proceeds from the issuance of share capital to the Promoters, partially offset by Rs. 252.67 million in repayments of long-term borrowings and Rs. 70.18 million in repayments of short-term borrowings, among others.

FHL's net cash used in financing activities was Rs. 740.40 million in fiscal 2004, composed primarily of Rs. 504.71 million in repayments of long-term borrowings, Rs. 159.98 million in repayments of short-term borrowings and Rs. 76.79 million in interest payments, partially offset by Rs. 9.52 million in proceeds from the issuance of share capital to the Promoters, among others.

EHIRCL and its Subsidiaries

EHIRCL's consolidated net cash used in financing activities was Rs. 108.44 million in fiscal 2006, composed of Rs. 242.57 million in repayments of long-term borrowings and Rs. 62.87 million in interest payments, partially offset by Rs. 183.50 million in proceeds from long-term borrowings and Rs. 13.50 million in proceeds from short-term borrowings which were used to fund the investments discussed above.

EHIRCL's consolidated net cash generated from financing activities was Rs. 15.80 million in fiscal 2005, composed of Rs. 737.96 million in proceeds from long-term borrowings which were used to fund the investments discussed above, partially offset by Rs. 658.82 million in repayments of long-term borrowings and Rs. 63.34 million in interest payments.

EHIRCL's consolidated net cash generated from financing activities was Rs. 174.87 million in fiscal 2004, composed primarily of Rs. 250.00 million in proceeds from short-term borrowings and Rs. 98.50 million in proceeds from long-term borrowings and Rs. 1.31 million in proceeds from the issuance of shares to minority shareholders which were used to fund the investments discussed above, partially offset by Rs. 114.39 million in repayments of long-term borrowings and Rs. 60.55 million in interest payments.

IHL

IHL's net cash generated from financing activities was Rs. 152.87 million in fiscal 2006, composed of Rs. 100.60 million in proceeds from the issuance of share capital and share application money, Rs. 52.03 million in proceeds from long-term borrowings and Rs. 37.27 million in proceeds from short-term borrowings which were used to fund the investments discussed above, partially offset by Rs. 36.66 million in interest payments and Rs. 0.37 million in repayments of a car loan.

IHL's net cash generated from financing activities was Rs. 333.54 million in fiscal 2005, composed of Rs. 198.95 million in proceeds from long-term borrowings which were used to fund the investments discussed above, Rs. 155.00 million in proceeds from the issuance of share capital and share application money and Rs. 0.50 million in proceeds from a car loan, partially offset by Rs. 20.91 million in interest payments.

Consolidated Outlook

We expect that our acquisition-related capital expenditures and investments will primarily be funded with additional indebtedness and the proceeds of future equity offerings and, to the extent available, cash on hand. We typically obtain financing for our expansion plans on a project-by-project basis, raising sufficient funds at the beginning of a project to pay for all anticipated cash costs related to that project. Our target debt to equity ratio for any new project is up to 1.25 to 1.00, although this ratio may vary from project to project and may be much higher, especially on a temporary basis before we secure permanent financing for a new project. This ratio could change depending on market conditions, restrictions under our existing debt agreements and other factors. In the past, we have relied on equity funding from members of the Promoter Group and bank financing, often supported by guarantees and security provided by the Promoters, to finance our expansion projects and working capital requirements. The Promoters and other members of the Promoter Group have not committed to provide such forms of credit support on a going-forward basis, and in the future we expect that such forms of credit support will be unnecessary in light of our improved liquidity due to the completion of the Issue, as well as increased income from operations as our existing hospitals mature.

Financing Arrangements

Total consolidated restated debt was Rs. 5,984.61 million at March 31, 2006, compared to Rs. 731.09 million at March 31, 2005 and Rs. 478.76 million at March 31, 2004. Rs. 3,330.00 million of this indebtedness at March 31, 2006 represented short-term loans incurred to finance the Escorts hospitals acquisition. As described in the section titled "Objects of the Issue" on page [ ] of this Draft Red Herring Prospectus, we intend to apply Rs. 3,300.00 million of the proceeds from the Issue to repay these short-term loans.

At March 31, 2006, 2005 and 2004, our outstanding short-term and long-term indebtedness included the following:

Name of the Institution	Type of Facility	Rate of Interest	Amount Outstanding as of 31 March 2006	2005	2004	Maturity
			(Rs. in millions)			
Fortis Healthcare Limited (Borrower)						
Kotak Mahindra Bank Limited	Term Loan	9.00%	500.00	-	-	December 29, 2006
Bank of Rajasthan	Short Term Loan	8.50%	300.00	-	-	December 15, 2006
Standard Chartered Bank (London)	Term Loan	LIBOR + 1.80%	USD 65,62,500	USD 75,00,000	-	May 12, 2009
HDFC Bank Limited	Term Loan	10.00%	3,000.00	-	-	March 27, 2007
Standard Chartered Bank	Working Capital Facility	9.50%	-	10	-	April 1, 2005
Standard Chartered Bank	Working Capital Facility	8.50%	-	3.25	-	May 16, 2005
Standard Chartered Bank	Working Capital Facility	8.60%	-	3.20	-	April 18, 2005
Standard Chartered Bank	Term Loan	10.75%	-	-	250	May 12, 2004
HDFC Bank Ltd.	Short Term Loan	11.00%	300	-	-	September 1, 2006
Standard Chartered Bank – Bill Discounting	Term Loan	8.55% to 8.90%	41.14	0	0	September 2006
Standard Chartered Bank – Overdraft	Overdraft	10%	20.79	4.08	-	September 2006
Oscar Bio Tech Pvt. Ltd. – Subsidiary	Unsecured Loan		90.44	-	-	
Delta Aromatics Pvt. Ltd.	Unsecured Loan	11%	-	-	44.50	May 13,2005
International Hospital Ltd.	Unsecured Loan		-	-	46.21	
Others (Vehicle loans)	Secured	7%-9%	6.04	2.21	3.26	
International Hospital Limited						

(Borrower)						
UTI Bank	Term Loan	10.50%	435.68	379.95	181.00	June 1, 2013
Fortis Healthcare Limited – Holding Company	Unsecured Loan	9.50%	32.13	12.53	-	
Ranbaxy Holding Company	Unsecured Loan	10.00%	5.13			
Other {Vehicle Loans)	Secured Loan	7%-9%	0.13	0.50		April 2006
Oscar Bio Tech Pvt. Ltd.						
Oscar Pharmaceuticals Private Ltd.	Unsecured Loan	8.75%	387.80			
Delta Aromatics Pvt. Limited	Unsecured Loan	7%		109.60		March 22, 2006
Hero Wadani Balani (NRI)	Unsecured Loan	9%		70.05		May 16, 2005
Delta Aromatics Pvt. Limited	Unsecured Loan	10%			349.55	March 22, 2006
Oscar Pharmaceuticals Pvt. Limited	Unsecured Loan	10%			231.95	
Ranbaxy Holding Company	Unsecured Loan	10%			261.24	March 24, 2006
EHIRCL (Borrower)						
ICICI BANK LTD	Term Loan	10.00%	-	-	47.10	
IDFC	Term Loan	9.00%	50.00	50.00	-	April 2012
GE Capital Services India	Term Loan	8.90%	12.41	32.24	-	October 1, 2006
GE Capital Services India	Term Loan	8.75%	22.53			April 1,2007
GE Capital Services India	Term Loan	8.75%	30.85			August 4,2007
ILFS	Term Loan	9.43%	16.67	50.00	90.00	September 2006
Lord Krishna Bank			-	-	100.00	
UTI Bank	Term Loan	9.50%	100.00	100.00	-	October 2006
PNB	OD	10.75%	55.52	98.14	-	March 2007
EHCL (Borrower)						
Central Bank of India	Term Loan	Prime lending rate + 1.00%	-	3.25	5.28	
EHSSI (Borrower)						
State Bank of India	Term Loan	11.50%	-	-	244.50	
Punjab National Bank TL	Term Loan	9.00%	248.91	248.91	-	September 22, 2011
Punjab National Bank CC	Cash Credit	9.50%	12.87	0.53	-	July 2007
EHRCL (Borrower)						
Union Bank of India	Term Loan	Prime lending rate – 2.75%	135.82	151.18	-	April 2009
Union Bank of India	Cash Credit	11.75%	4.32	-	-	May 2007
Lord Krishna Bank		14%	-	-	67.54	
State Bank of Indore		12.5%	-	-	22.52	
GE Capital		9.5%	-	-	46.54	
ICICI Bank		11%	-	-	30.9	
ICICI Bank	Car Loan	8.75%	1.91	3.56	3.26	September 2009
Citi Bank	Car Loan	8.75%	0.55	1.28	1.02	July 2008
HDFC	Car Loan	8.50%	0.42	0.55	-	December 2008

The terms of certain of our borrowings contain restrictive covenants, such as requiring lender consent for, among other things, issuing new shares, incurring further indebtedness, creating encumbrances on our assets, disposing of our assets or incurring capital expenditures beyond certain limits. Certain of these borrowings also contain covenants which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring or enlarge or diversify our scope of business. In addition, certain of these borrowings contain financial covenants, which require us to maintain a specified financial position, including debt service coverage ratios and security coverage levels. In connection with the Escorts hospitals acquisition, we breached certain of these financial covenants under certain of our debt agreements, but the applicable lending institutions waived application of such covenants. Certain of our short and long-term debt is secured by a charge over our fixed assets, land and buildings and our current assets, including, but not limited to, our inventory and receivables. As of the date of this Draft Red Herring Prospectus, we believe that we are in full compliance with all the covenants and undertakings as described above.

We finance our short-term working capital requirements through cash flow from operations and revolving credit facilities from banks and financial institutions. As of March 31, 2006, revolving credit facilities available to the Company aggregated Rs. 250.00 million, of which Rs. 143.81 million was utilized.

Management believes that cash flows from operations and financing activities will be sufficient to meet expected liquidity needs during the next 12 months.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than the 10-year lease in respect of the Fortis Hospital, Mohali land and buildings. We sold the land and buildings during fiscal 2004 for consideration of approximately Rs. 600.00 million and subsequently entered into a lease with the new owners. We pay annual rent under the lease of Rs. 55.81 million, which will increase to Rs. 64.80 million in fiscal 2009 and have provided a bank guarantee in respect of a sum equal to 3 months' rent.

Contractual Obligations

The following table shows our total future contractual obligations as of March 31, 2006 for each of FHL and IHL on a stand-alone basis and EHIRCL and its subsidiaries on a consolidated basis:

	Payments due by period (Rs. in millions)				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
FHL					
Total debt obligations	4553.53	4326.15	153.60	73.78	
Operating Leases	605.16	84.50	176.28	149.54	194.84
Total	**5158.69**	**4410.65**	**329.88**	**223.32**	**194.84**
IHL					
Total debt obligations	**473.07**	**37.40**	**130.70**	**174.27**	**130.70**
OBPL					
Total debt obligations	387.80	387.80	-	-	-
Capital lease obligations	81.38	-	3.26	6.51	71.61
Total	**469.18**	**387.80**	**3.26**	**6.51**	**71.61**
EHIRCL and its subsidiaries					
Total debt obligations	**692.78**	**299.99**	**232.53**	**125.38**	**34.89**

Recent Accounting Pronouncements

The revised AS-15, which became applicable April 1, 2006, mandates specificity of the actuarial assumption and actuarial method to be deployed, accentuates constructive obligations for recognition of employee benefits and also allows deferral of past service costs under specified circumstances. We do not believe that this change will have a material impact on our financial results or those of any of our subsidiaries.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the major borrowings of the Company, as on September 26, 2006 together with a brief description of certain significant terms of the relevant financing agreements.

Lender	Facility and Loan Documentation	Interest Rate and Repayment Schedule	Security
Kotak Mahindra Bank Limited(1)(2)(3)	Short term loan of Rs. 500 million availed pursuant to agreement dated December 28, 2005 as amended by letter dated April 3, 2006 and July 8, 2006.	**Interest:** 10.00 % per annum **Repayment:** Principal amount repayable in two equal quarterly instalments after initial moratorium of six months.	Second charge by way of hypothecation on movable and fixed assets, present and future, of the Company. Personal Guarantees of Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. Third party pledge by Ranbaxy Holding Company in respect of equity shares held in Ranbaxy Laboratories Limited having a value of at least Rs. 250 million.
Bank of Rajasthan	Short term loan for Rs. 300 million availed pursuant to agreement dated December 15, 2005.	**Interest:** 8.50% per annum with monthly rest. **Repayment:** Bullet repayment at the end of the 12 months from the first disbursement.	Secured by third party pledge by Ranbaxy Holding Company in respect of equity shares held in Ranbaxy Laboratories Limited for 200% of exposure.*
Standard Chartered Bank (London)(1)(2)(4)(5)	US$ 7.5 million availed pursuant to vide agreement dated March 22, 2004.	**Interest:** LIBOR + 180 bps. **Repayment:** Repayable in eight equal instalments of US$ 0.93 million. The first instalment payable 18 months from the date of first drawdown and the remaining seven instalments payable every six months from the date of payment of the first instalment.	Secured by first charge by way of hypothecation on plant and machinery including all present and future medical equipment stored at Fortis Hospital, Punjab. Pledge of equity shares of Ranbaxy Laboratories Limited by Ranbaxy Holding Company.
Standard Chartered Bank(6)	Working capital facility availed	**Interest:** WCDL: 10% per	Secured by a first pari passu hypothecation

Lender	Facility and Loan Documentation	Interest Rate and Repayment Schedule	Security
	pursuant to sanction letter dated September 5, 2005 in the following manner: Working capital demand loan (WCDL): Rs. 25 million. Letter of credit (LC): Rs. 50 million. Guarantee/bond: Rs. 50 million. Sales invoicing and discounting (SD): Rs. 50 million.	annum. LC: 0.9% per annum. Guarantee/bond: 0.90% per annum. **Repayment:** WCDL: Up to 90 days LC: Up to 180 days Guarantee/bond: Up to one year. SD: Up to 180 days.	charge over present and future current assets of the Company. The minimum coverage is of 1.25 x. Corporate guarantee of Ranbaxy Holding Company.
HDFC Limited	Inter corporate deposit of Rs. 300 million availed pursuant to letter dated March 7, 2006 as amended by letter dated August 30, 2006.	**Interest:** 11.50% per annum. **Repayment:** Principal amount to be repaid in 365 days.	Personal guarantee of Mr. Shivinder Mohan Singh.
HDFC Limited(7)	Short term loan for Rs. 3,000 million availed pursuant to an agreement dated March 27, 2006	**Interest:** 10% per annum. **Repayment:** Principal amount to be repaid in 12 months.	Pledge of 1.8 million equity shares of EHIRCL. Personal guarantees of Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh.
IndusInd Bank Limited (8)	Short term loan for Rs. 200 million availed pursuant to an agreement dated July 7, 2006	**Interest:** BPLR less 4.00% per annum subject to a minimum of 10.5% per annum. **Repayment:** Principal amount to be repaid in 12 months.	Unsecured.
HSBC Bank Limited(9)	Facility for a combined limit of Rs. 500 million for, *inter alia,* a short term loan, overdraft, guarantee and letter of credit, availed pursuant to agreement dated	**Interest:** 9.50% **Repayment:** Working capital loans repayable within 12 months and short term loans repayable within 3 months.	Personal guarantees of Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, of Rs. 500 million each.

Lender	Facility and Loan Documentation	Interest Rate and Repayment Schedule	Security
	April 12, 2006, on the terms set out in the sanction letter dated June 3, 2006, as amended by letters dated June 22, 2006, and June 24, 2006, available in multiple tranches.		

* The shares will be valued at lower of present market quote or average 52 weeks high/low. In case the market value of the share goes down below 175% of short term loan amount as per BSE/NSE quote, the company will make good the shortfall by replenishing more shares or repay the pro-rata loan amount, failing which the bank will have the absolute authority to sell the shares pledged by serving 24 hours notice.

(1) Under the terms of the loan agreement, the Company has undertaken not to enter into any transaction with an affiliate without prior consent of the lender.
(2) Under the terms of the loan agreement, the Company has undertaken not to change or bring down the shareholding of the Promoters and scheduled shareholders below 51% of its total equity share capital or change its management, without prior written consent of the lender.
(3) Under the terms of the loan agreement, the lender has the right to appoint a nominee to the Board.
(4) Under the terms of the loan agreement, a default would occur in the event the Promoters, either directly or indirectly, reduce their equity holding below the 51% of the paid-up equity capital or alternatively fails to maintain management control over the Company.
(5) Under the terms of the loan agreement, a default would occur in the event that the Company incurs defaults in terms of any of its incumbent financial indebtedness.
(6) Under the terms of the sanction letter, the Company has undertaken not to declare dividend in the event of default. Further, the Company has undertaken that the Promoters will not dilute their equity shareholding below 51% and to retain management control in the Company during the term of the facility. Additionally a gearing ratio of 2.7:1 must be maintained by the Company.
(7) Under the terms of the loan agreement, the Company has undertaken not to do the following without the prior consent of the lender:

- Undertake or permit any merger, consolidation, scheme of arrangement or compromise with our shareholders
- Change the equity/ownership structure substantially so as to cause change in management control.

(8) Pursuant to the terms of the loan agreement, the Promoters have provided the bank with an undertaking that in case the initial public offer and/or private equity placement through the strategic investor does not materialise, the loan as well the commitment under the letter of credit facility for Rs. 100 million will be repaid from other sources. Additionally, pursuant to the terms of the sanction letter, the Company has undertaken not to do the following without the prior consent of the lender:

- Change or in any way alter the capital structure of the Company;
- Effect any scheme of amalgamation, reconstruction or reconstitution;
- Allow the Promoters and directors or their associates or relatives to disinvest their shareholding in the Company;
- Implement a new scheme of expansion or take up an allied line of business or manufacture; and
- Declare a dividend or distribute profits after deduction of taxes in the event of default or irregularities in respect of the credit facility.

(9) Under the terms of the loan agreement, the Company has undertaken to maintain a current ratio of 1.33:1 at all times and that its principal shareholders/Promoters shall maintain a minimum shareholding of 60% at all times. Further, the Company has undertaken to inform the bank within 30 days from the end of each quarter, in the event of any of the following:

- Undertake or permit any merger, consolidation, scheme of arrangement or compromise with our shareholders;
- Change the capital/management structure substantially so as to cause change in management control;

- Incur any expenditure in new projects, unless this is covered by the Company's internal accruals or out of long term funds received for financing projects/expansions;
- Invest in share capital, advance funds to, place deposits or provide guarantees on behalf of any concern, except in the ordinary course of business; and
- Enter into any borrowing arrangements with any other lenders.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, our Directors, our subsidiaries, Promoters or Promoter group companies, that would have a material adverse effect on our business and there are no defaults or arrears in statutory dues, institutional/bank dues or dues payable to holders of any debentures, bonds or fixed deposits, that would have a material adverse effect on our business, other than unclaimed liabilities against the Company, our Directors, our subsidiaries, Promoters or Promoter group companies as of the date of this Draft Red Herring Prospectus.

I. Litigation against and Contingent liabilities of the Company

A. *Contingent liabilities not provided for as of March 31, 2006*

Contingent Liabilities (not provided for) in respect of:	Amounts in millions	
	2006	2005
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 management, these claims are not likely to devolve on the Company due to their frivolous nature.	18,843	19,925
Unredeemed Bank Guarantees executed in favour of lessor as security for hospital land and building taken on lease.	13,953	13,953
Unredeemed Bank Guarantees executed in favour of Excise and Taxation Department, Mohali for sales tax purposes.	30	30

B. *Pending litigation against the Company*

1. Income Tax Cases

The Assessing Officer has issued a show cause notice dated November 27, 2004 to the Company, disallowing deduction of tax deducted at source by the Company upon an affiliation fee debited by it in the assessment year 2002-2003, and raising a demand of Rs. 3.61 million with respect to delayed payments into the Company's provident fund and superannuation fund. The Assistant Commissioner of Income Tax Circle 11(1), New Delhi, confirmed the disallowance through his order dated January 24, 2005. The Company has filed an appeal dated February 20, 2006 before the Commissioner of Income Tax (Appeals) against this order of the Assessing Officer. The matter is currently pending.

2. Medical Negligence

There are 10 complaints relating to medical negligence under the Consumer Protection Act, 1985 filed against the Company by our patients or their representatives, in various consumer redressal forums in India. The aggregate claim against the Company in these complaints is Rs. 23.52 million. The details of the major complaint in this regard, i.e. the complaint where an amount over Rs. 5 million has been claimed, are as follows:

> Ms. Rajwant Kaur and others have filed a complaint (Complaint No.32 /2003) against the Fortis Hospital, Mohali, and others, in the State Consumer Disputes Redressal Commission at Chandigarh, claiming compensation of Rs. 5.19 million, on account of her husband's death due to alleged negligence and deficiency in services by the Company. The next date of hearing has been fixed for November 13, 2006.

In addition, there are 9 cases pertaining to alleged medical negligence and deficiency in service, filed against the Company by certain persons in various consumer redressal forums in India, where the aggregate claim in each case is less than Rs. 5 million. The aggregate amount claimed in these cases is Rs. 18.33 million.

Property

Dr. (Ms.) Sudesh Bahl Dhall has filed a suit (No. 96/06) before the court of the Additional District Judge, New Delhi, Tis Hazari, praying for the court to issue a permanent and mandatory injunction restraining the Company from claiming that it is the owner or as having possession or dealing in any manner in respect of the immovable property situated at Vasant Kunj, where the Fortis Flt. Lt. Rajan Dhall Hospital is located. The matter was listed before the Tis Hazari Courts for the filing of a reply by the plaintiff to the Company's application under order VII rule 11 C.P.C. The plaintiff has filed her reply, as well as an application for impleadment of OBPL as a party to this litigation. The Court has issued a notice to OBPL on her application. The matter has been fixed for filing of reply to the said application on October 26, 2006.

Notices Issued Against the Company

Certain parties have issued legal notices to the Company, where the aggregate claim against the Company is approximately Rs. 1.82 million. These notices have not yet given rise to legal proceedings in any form.

a. The Punjab Medical Council has issued a notice dated November 11, 2005 against the Company and others, being doctors at Fortis Hospital, Mohali, regarding publication of advertisements in the newspapers, in violation of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations of 2002 and 2004. Pursuant to this notice, personal appearances were made and replies were sent to the Punjab Medical Council, stating that this advertisement had appeared without the knowledge and consent of the doctors against whom the notice has been issued. There has been no further communication by the Punjab Medical Council in this regard.

b. Mr. Abhishek Soni has issued a notice dated August 3, 2006, against the Company, in connection with the sale of expired drugs, to his sister Ms. Neeru Soni, and further alleging that the drug sold to his sister was not the same as that which was prescribed by the doctor. Mr. Soni has claimed Rs. 1.5 million as damages from the Company.

c. Kay Emm Bio-medicals Private Limited has issued two notices dated July 19, 2006 and September 19, 2006, to the Company, alleging breach of contract on account of delayed payment for the supply of certain goods. Kay Emm Bio-medicals Private Limited has claimed Rs. 0.32 million, with interest at the rate of 18%, from the date of the first notice issued by it to the Company.

II. MATERIAL DEVELOPMENTS

Except as stated in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations on an Unconsolidated Basis," beginning on page [•] of this Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or our ability to pay material liabilities within the next 12 months.

III. LITIGATION AGAINST THE DIRECTORS OF THE COMPANY

The Directors of the Company are not subject to any outstanding litigation pertaining to any tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults or arrears in statutory dues, either in their individual capacities or in connection with the Company and other companies with which the Directors are associated, except as below:

a. Mr. Anil Nanda and Goetze (India) Limited have filed contempt proceedings (Contempt Petition No. 127 of 2005, arising out of CS (OS) 1372 of 2005) dated November 22, 2005 against EHIRCL, Mr. O.P. Verma and Mr. Shivinder Mohan Singh, alleging willful disobedience of the status quo order dated September 30, 2005, in relation to the defendants having allegedly issued a post dated cheque of Rs. 50 million, dated November 25, 2005, to the Income Tax department, in response to a demand raised by the Income Tax Department vide their assessment order dated March 28, 2005, for the assessment year 2001-2002. The matter was listed before the High Court of Delhi, which has listed the matter for its next hearing on November 8, 2006.

b. Mr. Tarsem Lal has filed a complaint (Complaint No. 319 of 2004), in the court of the Chief Judicial Magistrate, Panipat, against Mr. Malvinder Mohan Singh, Mr. Vinay Kaul and others, under the Indian Penal Code, claiming that Mr. Malvinder Mohan Singh, Mr. Vinay Kaul and others have dishonestly received Rs. 0.40 million from the complainant. The High Court of Punjab and Haryana has directed a stay in the proceedings before the Chief Judicial Magistrate, Panipat, alleging that the complaint filed by Dr. Tarsem Lal was frivolous and baseless. The defendants have filed a petition in the High Court of Punjab and Haryana, for this complaint to be quashed. The matter is currently pending.

c. Mr. Bhai Analjit Singh, Ms. Surinder Saini, Mr. B.B. Sawhney and Mr. A.K. Sharma, all executors of the will dated August 28, 2005 of the late Dr. Bhai Mohan Singh have filed a suit (Probate Case No. 428) against the heirs of Dr. Bhai Mohan Singh, including Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and others, for the grant of the probate for the late Dr. Bhai Mohan Singh's will, in the court of the Additional District Judge, Tis Hazari Courts, Delhi.

IV. LITIGATION AGAINST OUR SUBSIDIARIES:

1. Litigation against EHIRCL:

Public Interest Litigation

Social Jurist, a group of lawyers, has filed a public interest litigation in the High Court of Delhi (CWP No. 2866/2002) against the Government of Delhi and others, in connection with the failure of the Government of Delhi to ensure that all hospitals and nursing homes to which the Government of Delhi has allotted land at concessional rates should comply with the conditions of the allotment, specifically relating to the provision of free treatment to indigent persons. The High Court of Delhi through its order dated March 3, 2004, directed the Government of Delhi to take action against any hospitals and nursing homes found to be in non-compliance of the conditions prescribed in this regard by the Justice Qureshi Committee Report. The High Court of Delhi further issued notices to such hospitals and nursing homes, including EHIRCL, through its order dated March 24, 2004. Further, the High Court of Delhi, pursuant to the report submitted by the Maninder Acharya Committee constituted by the High Court of Delhi, issued the following directions through its order dated February 7, 2006:

(i) The respondent hospitals and nursing homes were to advertise that they would provide free treatment as per the conditions of the letter of allotment;

(ii) The respondent hospitals and nursing homes were to place notice boards outside the premises stating that they would provide free treatment as per the conditions of the letters of allotment; and,

(iii) If a patient claiming to have income of Rs. 2,000 or less were to approach the respondent hospitals and nursing homes, the respondent hospitals and nursing homes were to provide free treatment to such patient.

The High Court of Delhi through its order dated May 22, 2006, directed the Maninder Acharya Committee to submit a report on compliance with the directions of the courts in this matter, which was accordingly filed on August 21, 2006. The High Court of Delhi through its order dated August 21, 2006, directing the DDA and the Land Development Office of the Government of Delhi ('LDO") to cancel the allotment of land to the hospitals and nursing homes failing to abide by the conditions of their allotment, including EHIRCL. The High Court of Delhi has further directed the DDA to file a comprehensive status report, including detail of all institutional lands allotted at concessionary rates for running hospitals and nursing homes, the use to which the said land has been put to and action, if any, taken with respect to violation of allotment conditions. The High Court of Delhi also directed the LDO to submit details of the alleged takeover of the Jessa Ram Hospital by Fortis on a management contract. Additionally, the Court directed that the records of CS (OS) No. 1440/2005 titled Escorts Hospital v. DDA be made available for the court's perusal, in order that these matters be heard together in the event that they are found to be related. The next hearing in this matter has been listed for November 2, 2006.

Litigation relating to Property

The DDA has issued a show cause notice dated October 31, 2003 to EHIRCL, alleging non-compliance of certain conditions to the allotment of land to EHIRCL, specifically relating to an obligation to reserve 25% of the hospital's beds for free treatment to indigent persons. Subsequently, the DDA issued a show cause notice dated April 21, 2004 to EHIRCL, stating that the vesting of land with EHIRCL pursuant to the merger of the erstwhile Delhi Society, which was the original allottee, and the erstwhile Chandigarh Society, was illegal since the DDA's prior consent to such transfer was not obtained. Pursuant to the show cause notices dated October 31, 2003 and April 21, 2004, the DDA, through its order dated October 6, 2005 (F/4 14(18)8/IL/2417), terminated the allotments of land to EHIRCL, and directed EHIRCL to cede the land to it. In response, EHIRCL filed a petition (OMP 346/2005) in the High Court of Delhi, seeking to invoke the arbitration clause under the land allotment letter, and seeking a declaration that the order of the DDA is illegal, and further seeking a permanent injunction restraining the DDA from dispossessing EHIRCL. The High Court of Delhi has granted a stay, through its order dated October 7, 2005, restraining the DDA from recovering physical possession of property until the next date of hearing, which has been fixed for February 6, 2007.

Additionally, EHIRCL has filed a civil suit before the High Court of Delhi (CS (OS) 1440/2005) seeking a declaration that the order of the DDA is illegal, and further seeking a permanent injunction restraining DDA from dispossessing EHIRCL. The High Court of Delhi has granted a stay through its order dated October 20, 2005, restraining DDA from recovering physical possession of property until the next date of hearing, which has been fixed for February 6, 2007.

The High Court of Delhi, in Social Jurist v. Government of Delhi and others (CWP No. 2866/2002), a writ petition filed in connection with the Government's failure to ensure that all hospitals to which land has been allotted at concessional rates should comply with the conditions of the allotment, has directed that the records of this matter (CS (OS) No. 1440/2005) be made available for the court's perusal, in order that these matters be heard together in the event that they are found to be related. The next hearing in this matter has been listed for November 2, 2006.

The Estate Officer has issued a show cause notice dated November 9, 2005, to EHIRCL, initiating eviction proceedings against EHIRCL alleging that EHIRCL is an unauthorised occupant under the Public Premises Act, 1971, since the consent of the DDA was not obtained prior to the vesting of land with EHIRCL, pursuant to the merger of the erstwhile Delhi Society, which was the original allottee, and the erstwhile Chandigarh Society, and further, that EHIRCL is in violation of the terms of allotment of the land occupied by it, specifically, with the condition to provide free beds to indigent persons. EHIRCL filed an application before the Estate Officer requesting a stay of the eviction proceedings initiated in this matter. As the proceedings were not stayed by the Estate Officer, EHIRCL filed a civil writ petition (No. 4627 of 2006) in the High Court of Delhi against the DDA and the Estate Officer, for quashing the order of the DDA, and requesting a stay in the proceedings before the Estate Officer. A single Judge of the High Court of Delhi dismissed this writ petition through his order dated April 3, 2006. EHIRCL filed a Letters Patent Appeal (No. 612 of 2006) ("**LPA**") before the Division Bench of the Delhi High Court, challenging the above order. The next date of hearing in this matter has been fixed for December 14, 2006. The Division Bench of the High Court of Delhi passed an order dated April 27, 2006, directing the Estate Officer that no final order on eviction can be passed by him during the pendency of the LPA. The Estate Officer has accordingly suspended the eviction proceedings initiated against EHIRCL.

Income Tax Cases

There are three cases relating to income tax filed against EHIRCL pending before various authorities in India. The aggregate claim against EHIRCL in these cases is Rs. 3,050.57 million. The details of these cases are as follows:

a. The Assessing Officer has raised a demand for an aggregate amount of Rs. 2229.5 million, for the assessment years 1997-98 to 2001-02, vide separate assessment orders issued between July 22, 2005 and March 28, 2006, supplemented by show cause notices issued from time to time to EHIRCL, relating to the income tax returns filed by the erstwhile Delhi Society, alleging that the entire pre- and post-merger income of the Society is taxable. EHIRCL has filed an appeal before the Commissioner of Income Tax (Appeals)–II, New Delhi (No. 185/2005-2006), which is pending. Further, EHIRCL has filed a writ petition in the High Court of Delhi (CWP 11909/2005), seeking directions to quash the show cause notices and orders issued in this matter, and to stay any demand arising out of the same in respect of the income of the erstwhile Delhi Society, in the assessment years 1997-2001. The High Court of Delhi has, through its order dated September 20, 2005, issued the following interim orders:

   (i) The Assessing Officer shall be free to pass appropriate orders for reassessment pertaining to the assessment years 1998-99, 1999-2000 and 2000-2001;
   (ii) The Assessing Officer shall be free to pass appropriate orders for reassessment pertaining to the assessment years 2001-2002 and the assessee will not raise any objections as to the maintainability of the reassessment proceedings;
   (iii) The recoveries on the basis of the assessment years 1997-98, 1998-99, 1999-2000 and 2000-2001 shall be stayed until the next date of hearing; and
   (iv) The hearing and disposal of any appeal filed by the assessee for the assessment years 1997-98, 1998-99, 1999-2000 and 2000-2001 shall be stayed until the next date of hearing.

   The matter has been fixed for hearing on October 31, 2006.

   The Assistant Commissioner of Income Tax has issued a notice dated September, 7, 2006 calling upon EHIRCL to pay 50% of the demand of Rs. 1243.6 million for the assessment year 2001-2002 failing which necessary action including attachment of bank accounts may be resorted to.

b. The Assessing Officer issued a show cause notice dated January 23, 2004 to EHIRCL, seeking to reopen the assessment order for assessment year 2001-02, and raising a demand of capital gains tax on the transfer of assets of by the erstwhile Chandigarh Society to EHIRCL, a company under Part IX of the Companies Act. The Assessing Officer issued an order of reassessment dated March 28, 2005, raising a demand of Rs. 814.88 million from EHIRCL. EHIRCL has remitted payment of Rs. 80 million, but has filed an appeal against the order before the Commissioner of Income Tax (Appeals), Chandigarh. The Commissioner of Income Tax (Appeals), Chandigarh, through his order dated February 10, 2006, confirmed the demand raised by the Assessing Officer. EHIRCL has filed an appeal (Appeal No. 144/CHD/06) against this order along with a stay application (IA No. 9/CHD/06) for restraining collection of duty demanded before the Income Tax Appellate Tribunal ("the **ITAT**"), Chandigarh. The ITAT has issued a stay in the matter and the next date of hearing has been fixed for August 28, 2006. The next date of hearing of this appeal has been fixed for October 26, 2006.

c. The Assessing Officer has issued an order raising a demand of Rs. 42.40 million, on account of having assessed EHIRCL's total income in the assessment year 2003-04 at Rs. 356.50 million, as against an income of Rs. 225.80 million reflected by EHIRCL in its income tax returns. EHIRCL has paid an amount of Rs. 20 million out of the demand for Rs. 42.40 million, and has filed an appeal before the Commissioner of Income Tax with respect to the remaining amount. The next date of hearing has been fixed for October 9, 2006

Customs Cases

There are two cases relating to customs duty filed against EHIRCL pending before various authorities in India. The aggregate claim against EHIRCL in these cases is Rs. 67.8 million. The details of these cases are as follows:

a. The Assistant Collector of Customs issued an assessment order dated June 17, 1994, raising a demand of Rs. 33.03 million, holding EHIRCL to be a commercial establishment in relation to the import of medical equipment, spares and consumables. EHIRCL has filed an appeal before the Collector of Customs (Appeals) against the demand of the Assistant Collector of Customs, claiming exemption from customs duty based on notifications No. 70/81 and 321/87, dated March 26, 1981 and September 22, 1987 respectively, which granted exemption from customs duty to the import of scientific equipment imported by non–commercial research institutions. The Collector of Customs (Appeals) rejected this appeal through his order dated March 31, 1995. EHIRCL filed a further appeal [No.386/95B] and an application for stay (C/STAY/689/95-B) before the Customs, Excise and Gold (Control) Appellate Tribunal ("the **CEGAT**"), against the said order of the Collector of Customs (Appeals). The CEGAT has issued a stay through its order dated September 20, 1995, and directed EHIRCL to deposit Rs. 15 million with the customs authorities, pending disposal of the appeal. This amount has been deposited by EHIRCL with the customs authorities. The matter is currently pending.

b. The Commissioner of Customs (Import and General), Delhi, issued a show cause notice dated September 27, 2004 to EHIRCL, denying exemption of Rs. 34.8 million, from customs duty claimed on the import of the Da Vinci (robotic) surgical machine, alleging that the machine was non-endoscopic equipment. The matter is currently pending.

Sales Tax Cases

In response to an application filed by EHIRCL to the Commissioner of Trade and Taxes, New Delhi, the Commissioner of Trade and Taxes, New Delhi, through his order dated March 17, 2006, had clarified that medicines and consumables, etc., administered in the course of treatment of patients are marketable commodities and hence, EHIRCL is liable to pay tax on these goods under the Delhi Value Added Tax Act, 2004. EHIRCL has challenged this order of the Commissioner of Trade and Taxes, New Delhi, on May 11, 2006**.** The next date of hearing has been fixed for December 5, 2006.

Other Civil Cases

Mr. Anil Nanda and Goetze (India) Limited have filed a suit (C.S. (OS) 1372/ 2005) in the High Court of New Delhi, against Escorts Limited, EHIRCL, Ms. Ritu Nanda, Mr. Rajan Nanda, Mr. G.B Mathur and others, challenging the amalgamation of the erstwhile Delhi Society and Chandigarh Society, and the subsequent conversion of the merged entity into a public limited company, *inter alia,* seeking a declaration that the amalgamation of the societies and the subsequent conversion to a company is void, and seeking an injunction restraining Escorts Limited from creating any third party interest with respect to its shares in EHIRCL. The High Court through its order dated September 30, 2005 ordered the parties to maintain status quo. The plaintiffs have filed an application (No. 9139 of 2005) for the appointment of a receiver and have filed a contempt petition (No. 127 of 2005) against EHIRCL, Mr. Shivinder Mohan Singh and Mr. O.P. Verma. Subsequently, the plaintiffs filed an application (No. 1614 of 2006) for an amendment of the plaint (No. C.S. (OS) No. 1372 of 2005) to incorporate a plea that the amalgamation of the Delhi Society and the Chandigarh Society was not proper based on an inspection of records of the Registrars of Societies at Delhi and Chandigarh. The High Court of Delhi has through its order dated March 6, 2006 allowed the said amendment to the plaint. Escorts Limited has also filed an application for perjury against the plaintiffs.

Escorts Limited has filed an application in the High Court of Delhi in September 2006 praying that the High Court should restrain the escrow agent, HDFC Bank Limited from parting with possession of the amount of Rs. 1499.90 million lying in the escrow account and restrain the Assistant Commissioner of Income Tax from recovering the tax demand requested in its demand notice dated September 7, 2006 against EHIRCL from the said escrow account. Escorts Limited has filed another application praying that the High Court should issue a clarification that the said amount of Rs. 1499.90 million in the escrow account with HDFC Bank Limited is not part of any charitable corpus and is not covered by the status quo order of the court dated September 30, 2005. Escorts Limited has filed another application in September 2006, praying that the High Court should implead HDFC Bank Limited, the Assistant Commissioner of Income Tax Central Circle-3, and the Company as parties in the Anil Nanda Civil suit.

The next date of hearing in respect of the Anil Nanda matter (including applications) is fixed for November 8, 2006.

Medical Negligence and Insurance Cases

There are 37 complaints against EHIRCL relating to medical negligence, reimbursement for medical negligence and reimbursement of medical expenses under the Consumer Protection Act, 1985 and other relevant laws pending before various authorities in India. The aggregate amount claimed against EHIRCL in these complaints is Rs. 380.90 million. Four of these matters are petitions that have been filed by certain government servants in the Delhi High Court, against the Union of India and others, including EHIRCL as a pro forma party, claiming entitlement to certain benefits under the Central Government Health Scheme, including reimbursement of medical expenses from the Union of India, on account of the difference between the amount charged for medical treatment by the defendant hospitals, including EHIRCL, and the amount paid by the Union of India under the said scheme. These matters are currently pending. The major civil complaints in this regard, i.e., complaints in which Rs. 5 million or above have been claimed, are as follows:

a. Mr. J.P. Gupta, a beneficiary of the Central Government Health Scheme (CGHS) had undertaken treatment at the Escorts Hospital, New Delhi, under which he was charged as per the prevailing CGHS rates. The expenses incurred over the package rate not paid by CGHS. Mr. Gupta has filed a writ petition at the High Court of Delhi (Writ Petition 7218/05) claiming the said amount of Rs. 6 million from the CGHS and the Escorts Hospital. The matter is currently pending.

b. Mr. Ruben Banerjee has filed a complaint (O.P. No. 243/1996) against EHIRCL and others, before the National Consumer Disputes Redressal Commission, claiming compensation of Rs. 200 million alleging medical negligence and deficiency in service by EHIRCL and its doctors, in connection with the death of the complainant's infant daughter, who had been admitted for surgery to EHIRCL. The next of hearing has been fixed for October 11, 2006.

c. Ms. Manjeet Chawla has filed a complaint (O.P No. 228/2001) against EHIRCL and others, before the National Consumer Disputes Redressal Commission, claiming compensation of Rs. 96 million alleging medical negligence and inadequate post-operative care given to her diabetic husband, which resulted in his death. The next date of hearing has been fixed for November 2, 2006.

d. Mr. Amarnath Kakkar has filed a complaint (O.P No. 270/2001) against EHIRCL and others, before the National Consumer Disputes Redressal Commission, claiming compensation of Rs. 10 million along with interest alleging negligence of the doctors at EHIRCL, and inadequate post-operative care, which resulted in infection which ultimately resulted in the death of the complainant's wife.

e. Ms. Sukhwinder Kaur has filed a complaint (Case No. C-22/2004) against EHIRCL and another, before the State Consumer Dispute Redressal Commission, New Delhi, claiming compensation of Rs. 6 million alleging that the wrongful retention of her husband's medical device, and reckless treatment undertaken at EHIRCL for experimental reasons caused the death of her husband. The Medical Council of India issued a notice dated March 21, 2003, to the Director of Health Services, Government of Delhi, to investigate this matter further. Pursuant to the notice, the Delhi Medical Council issued a notice dated April 22, 2004 to EHIRCL. The Delhi Medical Council subsequently issued an order dated July 22, 2004, noting that the death of the patient did not result from any medical negligence, however, EHIRCL had erred in not obtaining the consent of the next of kin of the deceased prior to implanting his medical device into another patient. The next date of hearing has been fixed for November 16, 2006.

f. Master Nitish Sethi, the son of the deceased Mr. Raman Sethi filed a complaint (O.P. No. 143/95) before the National Commission for Consumer Redressal, against EHIRCL and others, claiming compensation of Rs. 5 million alleging medical negligence which led to the death of Mr. Raman Sethi, as a result of complications arising out of aortic valve replacement surgery performed on him at EHIRCL. Subsequently, in response to complaints on the same grounds filed by Dr. M.D. Sethi, the father of the deceased Mr. Raman Sethi, separate notices were issued to Dr. Naresh Trehan and Dr. A.K. Omar, directing them to respond in this matter, by the Medical Council of India, the U.P. Medical Council and the Directorate of Health Services, through their letters dated respectively, January 19, 1996, December 29, 2005, and December 18, 1995. The next date of hearing at the National Consumer Disputes Redressal Forum is yet to be fixed.

g. Mr. S.I. Tripathi and Mr. K. Tripathi have filed a complaint (O.P No. 346/2000) before the National Consumer Disputes Redressal Commission, against the Executive Director of EHIRCL and another, claiming compensation of Rs. 5 million, alleging medical negligence causing pain and agony due to performance of repeated defective invasive on the patient, Mr. S.I. Tripathi. The next date of hearing has been fixed for October 12, 2006.

h. Dr. Kamal Kishore has filed a complaint (O.P. No. 269/2001) before the National Commission for Consumer Redressal, against EHIRCL, claiming compensation of Rs. 5 million, alleging that the death of his mother, Ms. Kaushalya Devi, was caused by EHIRCL postponing the patient's surgery, and due to allegedly negligent post-operative care. The next date of hearing has been fixed for October 16, 2006.

i. Mr. Suresh Pratap Singh has filed a petition (O.P. No. 17/1997) before the National Commission for Consumer Redressal, claiming compensation of Rs. 5.1 million, alleging that he contracted hepatitis B due to transfusions of infected blood at EHIRCL, following cardiac surgery performed on him at EHIRCL.

One criminal complaint on account of alleged medical negligence is pending against Dr. Trehan filed by Mr. Dheeraj Pal Chanana, which is currently pending in the court of judicial magistrate, Gidderbaha, Punjab.

There are 28 cases pertaining to alleged medical negligence and deficiency of service, pending against EHIRCL before various consumer redressal forums in India, where the aggregate claim in each case is less than Rs. 5 million. The aggregate claim in these cases is approximately Rs. 42.5 million.

Labour Litigation

There are three labour cases instituted by certain former employees of EHIRCL, where the claims raised against EHIRCL pertain to claims for reinstatement in service with full back wages and continuity in service from the date of termination from service. These matters have been referred for adjudication to the Labour Court, by the Government of Delhi, and are currently pending.

Others

Nine legal notices have been issued by certain parties against EHIRCL, alleging medical negligence and deficiency in service. The aggregate claim against EHIRCL in the said notices is Rs. 18.09 million. Only two of these notices issued against EHIRCL individually raise a claim of over Rs. 5 million. These notices have not yet given rise to legal proceedings in any form.

The RoC has issued a notice dated April 28, 2006 to EHIRCL, requiring furnishing of certain information on the basis of its balance sheet as of March 31, 2001. EHIRCL has filed a reply dated June 5, 2006, to the RoC. No further communication has been received from the RoC in this regard.

2. Litigation against EHSSIL:

Income Tax Cases

The Assessing Officer has issued a show cause notice dated November 30, 2004 to EHSSIL, alleging concealment of income in relation to expenditures on the purchase of software, which EHSSIL treated as revenue expenditure and the Assessing Officer as capital expenditure, in the assessment year 2003-2004. The Assessing Officer through his order dated January 30, 2006, disallowed EHSSIL's claim of Rs. 2.36 million, for deduction as revenue expenditure. EHSSIL has filed an appeal dated April 3, 2006 before the Commissioner of Income Tax (Appeals).

Medical Negligence Cases

Three separate complaints have been filed by certain persons against EHSSIL before the District Consumer Disputes Redressal Forum, Amritsar, alleging medical negligence by various doctors at EHSSIL. The aggregate amount claimed in this dispute is Rs. 3.77 million.

3. Litigation against EHRCL

Income Tax Cases

The Assessing Officer has issued a show cause notice dated May 26, 2004 to EHRCL, alleging concealment of income in relation to expenditures on maintaining village dispensaries, which EHRCL treated as revenue expenditure and the Assessing Officer as capital expenditure, in assessment year 2003-2004. The Assessing Officer, through his order dated January 30, 2006, disallowed EHRCL's claim for deduction as revenue expenditure. The assessed loss was determined at Rs. 52.14 million, as against returned loss at Rs. 53.85 million. EHRCL has filed an appeal in March 2006 before the Commissioner of Income Tax (Appeals) XIV, New Delhi, which is currently pending. There is no tax demand currently outstanding.

Writ Petitions:

There are two writ petitions filed against EHRCL pending before various authorities in India. The aggregate claim against EHRCL cannot be quantified as no specific claim has been made against EHRCL. The details of these writ petitions are as follows:

a. Mr. Krishan Lal Gera has filed a writ petition in the High Court of Punjab and Haryana (CWP No. 5019/2000) against the State of Haryana and EHRCL, alleging that the hospital unit being operated in Faridabad was being operated in violation of the terms of the allotment of land to EHRCL in respect of free beds for indigent persons. Mr. Gera sought a direction from the court that EHRCL's operation should be compliant with the said terms of allotment. The High Court of Punjab and Haryana, through its order dated January 24, 2002, directed the State of Haryana to examine EHRCL's scheme of compliance with the terms of the said allotment letter, and to make suitable corrections in operations. EHRCL has filed a special leave petition (CA 7034/2004) in the Supreme Court on March 8, 2002 against the interim order of the High Court of Punjab and Haryana, praying for an ex parte ad interim stay of the operation of the interim order. The Supreme Court has through its order dated October 29, 2005 directed a stay in the proceedings at the High Court of Punjab and Haryana, pending final disposal of the matter.

b. Mr. Krishan Lal Gera has filed a writ petition in the High Court of Punjab and Haryana (CWP No. 18845/2004) against the State of Haryana and EHRCL, among others, alleging unauthorised occupation of government land by various persons, including EHRCL. The allegation made in relation to EHRCL is that it has illegally closed the service road leading from EHRCL to Bata Chowk. The matter is currently pending.

Medical Negligence Cases

There are 25 complaints pertaining to alleged medical negligence and deficiency of service, filed against EHRCL by certain parties before various consumer redressal forums in India. The total amount of claims in cases aggregates to approximately Rs. 13.74 million. In addition, There is one civil suit pending against EHRCL in which the plaintiff has claimed an amount of Rs. 0.5 million as compensation on account of deficiency in service.

Labour Litigation

There are 19 labour cases instituted by certain former employees of EHRCL, where the claims raised against EHRCL pertain to claims for reinstatement in service with full back wages and continuity in service from the date of termination from service.

EHSSHL

The Jaipur Development Authority (**JDA**) has issued notices dated October 5, 2005 and March 16, 2006, in respect of the property in Jaipur on the grounds that the property at Jaipur has been sold to the Company in violation of the terms of the lease deed, and further requiring EHSSHL to show cause why the allotment should not be revoked and the land forfeited. The JDA has stated that if adequate cause is not shown in this matter, the matter will be decided ex parte. EHSSHL has appropriately replied to the both the notices denying the allegations. There has been no further development in this matter.

4. Litigation against IHL

There are four complaints relating to medical negligence, reimbursement for medical negligence and reimbursement of medical expenses under the Consumer Protection Act, 1985 and other relevant laws pending before various authorities in India. The aggregate amount claimed against IHL in these complaints is Rs. 3.65 million.

V. LITIGATION AGAINST OUR PROMOTER GROUP COMPANIES

Fortis Financial Services Limited ("FFSL")

Unimetal Ispat Limited has filed a suit (M.S. No. 13 of 1997) against FFSL, before the Civil Judge (Senior Division) at Alipore, raising an aggregate claim of Rs. 1.1 million. FFSL has filed an appeal in this matter and the next date of hearing has yet to be notified.

Oscar Investments Limited ("OIL")

There are two matters pertaining to income tax claims pending before various authorities in India, against OIL, for the assessment years 1990-1991 and 1996-1997, where the aggregate amount disallowed as deduction is Rs.1.77 million. These matters are pending.

Ranbaxy Laboratories Limited ("RLL")

Central Excise Cases

There are three matters involving excise duty claims aggregating to Rs.76 Million, against RLL, which are pending before various authorities in India. The details of these cases are as follows:

a. Appeal by RLL before the Commissioner of Central Excise (Appeals), against an order of the Additional Commissioner of Central Excise, New Delhi about demand of Rs. 2 million in regard to sale of certain drugs by RLL in April-May 2004.

b. Show Cause Notice issued by the Commissioner of Central Excise, Chandigarh to RLL for denial of credit of Rs.70 million claimed by RLL on stock-in-hand as on January 10, 2005 on grounds that RLL subsequently opted for exemption from payment of duty under notification No. 50/2003-CE dated June 10, 2003.

c. Show Cause Notice dated November 21, 2005 issued by the Additional Commissioner of Central Excise to RLL stating that when re-imported goods, initially manufactured at RLL's unit at Dewas were transferred to its Paonta unit, equivalent central value added tax of Rs. 4.69 million should have been credited in the assessment year 2004-05 which has been replied by RLL. In this matter, another Show Cause Notice dated February 8, 2006 has also been issued to RLL.

Purchase Tax

An order issued by the Assessing Officer claiming interest on purchase tax for the year 1989-90 and 1990-91 raising a demand of Rs.2 Million from RLL against which a stay order has been granted by the Appellate Tribunal at Chandigarh. The matter is currently pending.

Octroi Duty

The Municipal Council, Mohali, issued notices in 1995 seeking to raise rate(s) of octroi duty charged by it on entry of certain heavy chemicals brought by RLL into Mohali. This was challenged by RLL before the High Court of Punjab & Haryana without success. RLL has filed an appeal before the Supreme Court against the order of the High Court that is pending.

In the interim, the Municipal Council, Mohali has raised a demand of Rs.170.9 Million against RLL. RLL has requested the demand to be kept in abeyance pending decision of the Supreme Court

Drugs (Prices Control) Order, 1995 (DPCO)

a. Against certain actions taken by National Pharmaceutical Pricing Authority (NPPA) under DPCO for 4 drug products, RLL has filed writ petitions before the High Court of Delhi (3) and the High Court of Bombay (Goa Branch) (1) which have been admitted and stay orders granted against recovery of demands aggregating Rs.16.61 Crores raised by NPPA pending disposal of the petitions against furnishing of a bank guarantee aggregate deposits of Rs.5.79 Crores.
b. Against action taken by NPPA under DPCO on a certain drug product raising a demand of Rs.4.65 Crores, RLL filed a writ petition before the High Court at Delhi. The petition succeeded and the demand set-aside. NPPA has filed Special Leave Petition (SLP) before the Supreme Court where the hearing is awaited.
c. The Government of India (GOI) issued Notices seeking to include the drug Ciprofloxacin under the price control provisions of DPCO and pursuant thereto, raised a demand of about Rs.110 Crores for alleged overcharging on RLL. RLL (alongwith certain other companies) successfully challenged the action of GOI before the Bombay High Court against which GOI filed an appeal before the Supreme Court which remanded the matter to the High Court for re-determination subject to deposit of 50% of the alleged overcharged amounts pursuant to which RLL deposited Rs.23.47 Crores. Matter is pending before the Bombay High Court
d. Against a Price Notification and a Press Release issued by GOI on August 14, 2003 in respect of the drug Ciprofloxacin and its formulations, RLL filed a writ petition before the Bombay High Court which has granted a stay order on the action of GOI. Matter is pending before the Bombay High Court.
e. RLL has received notices from the Food and Drug Administration Authorities in various states in India seeking to prohibit manufacture, sale and distribution of "Revital" alleging that this product is classifiable under the Drugs and Cosmetics Act, 1940, and cannot be manufactured, marketed or distributed as a "dietary supplement" under the Prevention of Food Adulteration Act, 1954 ("PFA"). RLL has challenged the notices in various courts in India on the ground that it has been granted a valid license by the relevant authorities under the PFA to manufacture and sell the product as a dietary supplement. Proceedings are pending in this matter in the High Courts of Kerala, Bombay and Patna and before the respective Food and Drug Administration Authorities in Maharashtra and Bihar. Pending disposal, stay orders have been granted in these matters.

Income-Tax

There are 29 cases of appeals filed by RLL or the Income-Tax Department pending before various appellate authorities [High Courts, Income-Tax Appellate Tribunal and Commissioner of Income-Tax (Appeals)] concerning allowing of deductions aggregating about Rs.1020 million in computation of Taxable Income covering Assessment Years from 1983-84 to 2004-05.

Intellectual Property

There are certain cases instituted by certain private parties against RLL before various courts and authorities in and outside India. The aggregate claim against RLL in these cases cannot be quantified. The details of some of these cases are as follows:

a) Pfizer, Inc. has filed cases against RLL in 17 countries including the U.S.A., Canada and certain countries in Europe, for alleged infringement of Pfizer's patents on Atorvastatin tablets. Various lower or appeals courts have granted injunctions to prevent marketing of RLL's Atorvastatin tablets prior to the expiration dates of the said patents. RLL has not yet launched its Atorvastatin tablets in any of these markets, pending the final determination of these matters. No specific financial claim has been raised against RLL in these matters.

b) Pfizer, Inc. has filed a case against RLL in the U.S.A., for alleged infringement of Pfizer's patent on a quinapril formulation, claiming damages of US$ 100 million from RLL. A Preliminary Injunction Order issued by the District Court of New Jersey has been affirmed by a Court of Appeals of the Federal Circuit. The matter is pending before the District Court.

c) Aventis has filed a case against RLL and two other companies, for alleged infringement/invalidation of certain patents of Aventis concerning Fexofenadine in USA. An appeal filed by Aventis before a Court of Appeals in the Federal Circuit against the Opinion issued by the District Court of New Jersey has been heard and decision awaited. No financial claim has been raised against RLL.

d) Certain private plaintiffs and Apotex have filed cases against RLL, the patent holder and certain other companies before the Eastern District Court of Pennsylvania, USA alleging anti-competitive collusion with the patent holder for a certain product to the detriment of patients. No specific financial claim has been raised in these matters that are pending.

e) RLL is one of the respondents in a writ petition filed by Novartis before the Madras High Court against rejection of its application for grant of patent by the Patent Office in India concerning Imatinib Mesylate that is pending.

In addition, there are six other cases that have been filed against RLL by parties, pending before various district courts in the U.S.A., alleging invalidation/infringement of patents of certain products that are pending. No specific financial claim has been raised on RLL.

Labour Litigation

There are 410 labour cases pending against RLL before various courts and tribunals in India filed by certain former and present employees and contract workers. The claims pertain, inter alia to regularization, reinstatement in service with full back wages, continuity in service from date(s) of termination from service, payment of bonus etc.

Arbitration

RLL has received a Notice of Claim from ERCROS INDUSTRIAL SA – FYSE (FYSE) under the Rules of Arbitration of the London Court of International Arbitration on August 29, 2006 seeking damages for alleged wrongful termination by RLL in June, 2006 of a contract dated June 28, 2004 between RLL and FYSE for supply of a certain product by FYSE to RLL. FYSE has further raised a claim on RLL for shortfall in purchase of the stipulated minimum quantities of the product that has not been quantified. RLL will shortly submit its response to the Notice.

Religare Securities Limited ("RSL")

Consumer Cases

There are six complaints filed under the Consumer Protection Act, 1985 pending before various consumer redressal fora in India. The aggregate amount claimed against RSL in these complaints is Rs. 1.89 million.

Other Civil Cases

There are certain other civil cases pending before various authorities in India, which have been filed against RSL by various parties, where the aggregate claim against RSL is Rs. 0.75 million.

Arbitration

Ms. Kanika Soni has filed an arbitration application before the Arbitral Tribunal of the NSE against RSL claiming Rs.3.07 million in relation to alleged transfer of trades by changing of codes by the staff functioning at Faridabad. The matter is currently pending.

Notices

Mr. Dalbir Kumar Jain has filed a complaint with the police, after the fall of the stock market on May 19 and 22, 2006, alleging that certain shares of the client were sold without his instructions. RSL has filed its reply to the notice. The matter has not yet culminated into any litigation.

Religare Finvest Limited ("RFL")

RFL has raised a demand of Rs. 0.91 million from Mr. Anil Kumar Mehta in relation to a loan made by RFL to Mr. Mehta. The matter is currently pending before the arbitrator Mr. Rajeev Talwar. In this connection, Mr. Mehta has filed a suit for declaration and permanent injunction against RFL in the Tis Hazari Courts, New Delhi. There is no monetary claim currently outstanding against RFL in this matter.

Ranbaxy Holding Company ("RHC")

Income Tax

There are certain cases pertaining to income tax pending before various authorities in India, including the High Courts of Delhi and of Punjab and Haryana, and the Income Tax Appellate Tribunal at Chandigarh, for the assessment years 1988-1989 to 1994-1995, 1992-1993 to 1998-1999, and 1998-99, where the aggregate amount disallowed as deduction is Rs. 61.14 million. These matters are currently pending.

SRL Ranbaxy Limited ("SRL")

Writ Petitions

There are two writ petitions pending against SRL before various authorities in India. The claims against SRL cannot be quantified as no specific amount has been claimed in the writ petitions. The details of these cases are as follows:

a. Dr. Anil Bansal, the owner of City Med Collection Centre, Agra and a franchisee of SRL filed a complaint against SRL and others, before the City Civil Court, Agra (Complaint No. 590 of 2002) alleging that SRL had sent back drug samples sent by the complainant through a courier agency, without testing the same and also without assigning any reason, with the intention of maligning the image of the complainant. The complainant also alleged that he tried sending other samples through the courier agency, however, the accused told the courier agency not to collect the samples from the complainant. SRL filed a petition (Criminal Misc. No. 4102 of 2006) before the High Court of Uttar Pradesh at Allahabad, praying that this complaint be quashed. The High Court of Uttar Pradesh at Allahabad, through its order dated April 20, 2006 has directed that the proceedings in the City Civil Court, Agra be stayed. The matter is currently pending.

b. Mr. Rajesh Kumar Srivastava, a correspondent with a daily newspaper, filed a suit (Civil Contempt Petition No. 820 of 2002) in the High Court of Uttar Pradesh, alleging that the judgment of the court in an earlier case, D.K. Joshi v. State of Uttar Pradesh, decided on April 25, 2000, were not being complied with. The court had in this matter directed that the concerned state regulatory authorities should take steps to identify unqualified and unregistered medical practitioners operating in the state of Uttar Pradesh, and to initiate legal action against them immediately. The High Court of Uttar Pradesh, through its order dated January 28, 2004, directed all hospitals, nursing homes and pathology labs to provide full details of all the medical facilities and the qualifications of the staff, and to register themselves with the Chief Medical Officer of the District.

   In connection with this contempt petition, the Association of Pathologists and Microbiologists, Varanasi Forum, filed Application No. 44973 of 2003, in the High Court of Uttar Pradesh, providing a list of alleged unauthorized laboratories operating in the city of Varanasi. The High Court of Uttar Pradesh directed the Chief Medical Officer, Varanasi, through its order dated April 28, 2004, to issue fresh notice providing names of pathology centres and laboratories scheduled to close within two weeks, for failure to comply with the directions earlier issued by the High Court of Uttar Pradesh in this matter. The High Court of Uttar Pradesh in its order dated April 28, 2004, further directed that criminal cases be registered under the Indian Medical Council Act, 1956, and the Indian Penal Code, etc., against all pathology centres and laboratories failing to comply with the court's directions in this matter.

   Pursuant to this order of the High Court of Uttar Pradesh, Rangoli Pathology Lab of Varanasi, which is a collection centre of SRL, was also closed by the Chief Medical Officer, Varanasi. Rangoli Pathology Lab filed an application praying that the court be pleased to clarify its order dated April 28, 2004, to indicate that it did not apply to collecting centres that merely forward samples to accredited laboratories for pathological tests. The applicant also prayed for the order of closure of the Rangoli Pathology Lab to be lifted. S.S. Diagnostics Centre, which is also a collection centre of SRL, also filed a similar application in the same matter. The High Court of Uttar Pradesh, vide its order dated July 7, 2004, issued an order directing that these collection centres be allowed to operate only as collection centres, so long as they did not carry out any pathology procedures or hold themselves out as pathologists. The matter is currently pending.

Medical Negligence Cases

There are 19 complaints pertaining to medical negligence under the Consumer Protection Act, 1985 before various consumer redressal forums in India, which have been filed against SRL by patients or their representatives. The aggregate amount claimed in these complaints is Rs. 15.38 million. The major complaint in this regard, i.e. the complaint wherein an amount over Rs. 5 million has been claimed is as follows.

a. Mr Aditya Mohan and his parents have filed a complaint against SRL, before the National Consumer Disputes Redressal Commission (Complaint No 165/2002), claiming compensation of Rs. 5 million alleging that as per tests conducted by SRL he was misdiagnosed as suffering from Hepatitis C but it was subsequently discovered after great expense, that he was in fact suffering from pulmonary tuberculosis. The complainant expired in 2004, but no application was moved to substitute the name of the complainant. The National Consumer Disputes Redressal Commission observed through its order dated August 16, 2004, that the complaint would not, however, abate. The next date of hearing is yet to be fixed.

Additionally, there are 18 other cases relating to medical negligence filed against SRL by various parties, before various consumer redressal forums in India, where the aggregate claim in each case is less than Rs. 5 million. The aggregate claim against SRL in all these cases is Rs. 10.38 million.

Notices

There are several notices issued by various persons against SRL, which have not culminated into any legal proceedings.

VI. LITIGATION AGAINST OUR O&M CONTRACT HOSPITALS

Litigation

Fortis Jessa Ram Hospital

The L&DO has issued certain show cause notices to the Seth Jessa Ram and Bros Charitable Hospital Trust ("**JSR Trust**"), threatening to cancel the allotment of land, alleging non-compliance of certain conditions to the allotment of land by the L& DO. Vide its termination order dated August 17, 2005, the L&DO terminated the lease deed relating part of the land (balance majority land owned by DDA) on the ground that the allotted land was lying vacant for a period in excess of two years and the hospital has been taken over by the Company under a management contract. The JSR Trust has filed a suit in the Delhi High Court for declaration and permanent injunction against the L&DO. The Delhi High Court has granted a stay and has restrained the L&DO from giving effect to the termination order and from recovering physical possession of property from the trust vide its order dated August 22, 2006. The next date of hearing in the matter is November 10, 2006.

In the public interest filed by Social Jurist in the High Court of Delhi, against the Government of Delhi and others (CWP No. 2866/2002), mentioned above, the High Court of Delhi through its order dated August 21, 2006, has directed the L&DO to file a comprehensive status report, including detail of all institutional lands allotted at concessionary rates for running hospitals and nursing homes, the use to which the said land has been put to and action, if any, taken with respect to violation of allotment conditions. The High Court of Delhi also directed the DDA to submit details of the alleged takeover of the Jessa Ram Hospital by the Company on a management contract. The next hearing in this matter has been listed for November 2, 2006.

Fortis Flt. Lt. Rajan Dhall Hospital

The DDA has issued certain show cause notices to the Flt. Lt. Rajan Dhall Charitable Trust (**"RD Trust**"), alleging non-compliance of certain conditions to the allotment of land by the DDA. The DDA has terminated the lease deed in respect of such land on the ground that the RD Trust did not use the property in accordance with the terms of the lease, leaving the property vacant for a number of years vide its order dated November 30, 2005. The RD Trust has filed a suit in the Delhi High Court for declaration and permanent injunction against the DDA [Civil Suit OS No 1740 of 2005]. The Delhi High Court has granted a stay restraining DDA from recovering physical possession of property vide its order dated December 19, 2005. The said status quo order has been modified on February 22, 2006 to the extent that no third party rights can be created on the land. The matter is currently pending in the Delhi High Court and the next date of hearing in the matter is January 15, 2007.

Notices relating to registration under the Delhi Nursing Homes Registration Act, 1953 (DNH Act)

Fortis Jessa Ram Hospital

EHIRCL has received a show cause notice dated September 4, 2006, from the Directorate of Health Services, requiring EHIRCL to show cause why its registration under the Delhi Nursing Homes Registration Act, 1953 should not be cancelled, alleging that EHIRCL's lease has been cancelled by the DDA and that eviction proceedings have been launched against it. Appropriate replies to the DHS notice have been sent.

Fortis Flt. Lt. Rajan Dhall Hospital

RD Trust has received show cause notice and order dated June 22, 2006, and September 4, 2006 respectively from the Directorate of Health Services, alleging that the Flt. Lt. Rajan Dhall Hospital was found to be operating without a registration under the Delhi Nursing Homes Registration Act, 1953, and accordingly, directing the Flt. Rajan Dhall Hospital to stop operating in-patient activities until such registration is obtained failing which DHS file a complaint under the Delhi Nursing Homes Registration Act, 1953. The RD Trust has filed appropriate replies to the show cause notice and order with the DHS.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake the Issue and our current business activities and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

A. Approvals for the Issue

We have received the following approvals relating to the Issue:

The Board of Directors has, pursuant to a resolution dated February 10, 2006, authorised the Issue.

The shareholders of the Company have, pursuant to a resolution dated March 8, 2006 under Section 81(1A) of the Companies Act, authorised the Issue.

B. Approvals for our Business

We have received the following major Government and other approvals pertaining to our business:

1. Approvals relating to the Company:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AAACF0907E	November 15, 1996	Not applicable
Tax Deduction Account Number	DELF02499A	June 16, 2004	Not applicable
Registration with the Regional Provident Fund Commissioner, under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.	DL25364	November 21, 2005	Not applicable

2. Approvals for Fortis Hospital, Mohali:

Description	Reference/License Number	Date of Issue	Date of Expiry
Registration under the Punjab Value Added Tax Act, 2005	03181060067	April 1, 2005	Valid until cancelled
Authorization of the Punjab Pollution Control Board, Patiala to operate a common facility under Bio-Medical Waste (Management and Handling) Rules, 1998	BMW/CHD/2003/R-22	October 27, 2005	October 26, 2006
Consent of the Punjab Pollution Control Board, under the Air (Prevention and Control of Pollution) Act, 1981	RPN/APC/2002-16 F 320	December 19, 2002	June 6, 2016
Approval of the Bhabha Atomic Research Centre for the nuclear medicine laboratory*	RPAD/MPSS/NM-Plan/PJ-Gen/2963/01	May 2, 2001	Not applicable
Registration of diagnostic X-Ray	AERB/XRAY	November	Not applicable

and CT scan installations*		28, 2003	
Approval of the Director Health Services Family Welfare under the Medical Termination of Pregnancy Act, 1971	FW(4) PB 424	February 22, 2006	Not applicable
Registration with the Chief Medical Officer, under the Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994*	24 RPR/01	September 28, 2001	September 27, 2006, renewed up to August 14, 2008
Licenses from the State Drug Controller, under the Drugs and Cosmetics Rules, 1945	19290 B 19290 NB	July 1, 2004	June 30, 2009
No objection certificate from the Atomic Energy Regulatory Board for the import of rectangular flood and vial/source	AERB/RSD/NM-NOC/PJ-36/05/18101	October 25, 2005	October 31, 2006
No objection certificate from the Atomic Energy Regulatory Board for the import of Gallium Chloride	AERB/RSD/NM-NOC/PJ-36/06/2609	February 15, 2006	February 31, 2007
No objection certificate from the Atomic Energy Regulatory Board for the import of Thallous Chloride	AERB/RSD/NM-NOC/PJ-36/06/12610	February 15, 2006	February 31, 2007
No objection certificate from the Atomic Energy Regulatory Board for the import of a column generator	AERB/RSD/NM-NOC/PJ-36/06/2608	February 15, 2006	February 31, 2007
Consent from the Atomic Energy Regulatory Board for handling radioactive substances in nuclear medicine department	AERB/RSD/444/564-NM/2227/02	March 11, 2002	Not applicable
License from the Controller of Explosives under the Static Mobile Pressure Vessels (Unfired) (Amendment) Rules, 1999, for storage of liquid oxygen	PB96/PVS	March 3, 2004	March 31, 2007
No objection certificate from the Atomic Energy Regulatory Board for the import of MIBG and therapeutic capsule	AERB/RSD/NM-AUTH/PJ-36/06/5290	May 11, 2006	Not applicable
Registration with the Inspector of Shops and Commercial Establishments under the Punjab Shops and Establishments Act, 1958	Mohali/2825	September 14, 2001	Not applicable
Registration with the Registering Officer under the Contract Labour (Regulation and Abolition) Act, 1970*	901	May 27, 2002	Not applicable
Registration with the Regional Provident Fund Commissioner under the Employees Provident	21156	November 5, 2001	Not applicable

Funds and Miscellaneous Provisions Act, 1952*			
License from the Controller of Explosives for the import and storage of up to 40 KL of petroleum in the installation	P/HQ/PB/15/514(P2677)	September 27, 2001	December 31, 2007
Municipal approval for the connection to authorised sewage	2001/1322	April 17, 2001	Not applicable
Approval in respect of the hospital under the Income Tax Act, 1961	Addl. CIT (Coord)/Hospital/2002-03/1782	June 13, 2002	Not applicable
Municipal License for operation of the hospital	Book No. 019	April 28, 2005	Not applicable
Permission of the Estate Office, Punjab Urban Planning and Development Authority, for occupancy of the hospital building	PUDA SDO(B)/BA-1and2/2000/1832	May 31, 2001	Not applicable

* The hospital was previously operating under the name 'Fortis Heart Institute' and 'Fortis Heart Institute and Multispeciality Hospital' and consequently the approvals/licenses received for operations were in these names. The Company has made applications to the concerned Governmental authorities intimating change of name to 'Fortis Hospital'.

Approvals/licenses which have been applied for:

- Application dated November 28, 2005 to the State Drug Controller for renewal of license to operate a blood bank.
- Application dated February 17, 2006 to State Drug Controller and Licensing Authority for renewal of license under the Dangerous Drugs Act, 1930.
- Application dated March 3, 2005 to the Atomic Energy Regulatory Boards for renewal of consent for handling of radioisotopes in nuclear medicine department/centres under the Atomic Energy Act, 1962.
- Application dated [March 5, 2006] to Chief Electrical Inspector, Punjab, for renewal of approval for two 2000 KVA transformers and two 1250 KVA diesel generator sets.
- Application dated April 25, 2006 to the appropriate authority for renewal of license under the Food Adulteration Act, 1954.
- Application dated November 28, 2003 to the Atomic Energy Regulatory Board for registration for X-Ray/CT Scan and other radiation equipment.
- Application dated June 27, 2001 to the Assistant Divisional Fire Officer for approval of fire fighting system.

3. Approvals for Fortis Hospital, Amritsar:

Description	Reference/ License Number	Date of Issue	Date of Expiry
No objection certificate from Punjab Pollution Control Board, Jalandhar for setting up a 43 bed hospital at SCO 128, District Shopping Centre, Ranjit Nagar, Amritsar	1606	August 21, 2003	Not applicable
Licenses from the State Drug Controller under the Drugs and Cosmetics Rules, 1945	18720 18720 B	March 4, 2004	March 3, 2009

Approval of the Chief Medical Officer under the under the Medical Termination of Pregnancy Act, 1971	FW(4) PB 343	March 8, 2005	Not applicable
Registration with the Regional Provident Fund Commissioner under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	PB/AS/27018	August 19, 2003	Not applicable
Registration of establishment under the Punjab Shops and Establishments Act, 1958	ASR/4/2006	March 31, 2006	March 31, 2007

Approvals/licenses which have been applied for:

- Application dated April 19, 2006 to the Punjab State Pollution Control Board for renewal of approval under the Bio-Medical Waste (Management and Handling) Rules, 1998, which forms a part of Fortis Hospital, Mohali.

4. Approvals for clinic at Fortis Health Care City Centre, Chandigarh:

Description	Reference/License Number	Date of Issue	Date of Expiry
Registration with the Directorate of Health Services, under the Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994	(67)	May 17, 2005	May 17, 2010
Registration of establishment under the Punjab Shops and Establishments Act, 1958	CH/9/2006-07/139	May 23, 2006	March 31, 2007

5. Approvals for EHIRC:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AAACE8731F	May 30, 2000	Not applicable
Tax Deduction Account Number	DELE02999D	May 19, 2004	Not applicable
Recognition by the Income Tax officer, HQ-IX, of the EHIRCL provident fund trust under Schedule IV to the Income Tax Act, 1961	Order of the Commissioner of Income Tax, Delhi, No: CIT-IX/PF/289/89-90	June 2, 1989	Not applicable
License from the Deputy Drugs Controller and Licencing Authority to operate a blood bank for processing of whole human blood for preparation for sale or distribution of its components	1250	July 18, 1988	December 31, 2006
Registration with the Directorate of Family Welfare of the operation of ultrasound	392	March 18, 2002	March 18, 2007

machine			
Registration with the Chief Medical Officer under the Pre Natal Diagnostic Techniques (Regulations and Prevention of Misuse) Act, 1994	DL/SD/110/2003-2004	July 17, 2003	July 16, 2008
Authorisation of the State Drug Controller under the Delhi Narcotic Drug Rules, 1985, to obtain and possess Morphine for use by patients	F 7(1213)/2004/DC/15419	January 24, 2006	December 31, 2006
License of the Assistant Drug Controller under the Drugs and Cosmetics Rules, 1945	14(3024)	April 25, 2005	April 24, 2010
Licenses from the Assistant Drug Controller under the Drugs and Cosmetics Rules, 1945	14(2874)20 14(2874)21 14(2874)20B 14(2874)21B	May 13, 2003	May 12, 2008
Licenses from the Assistant Drug Controller under the Drugs and Cosmetics Rules, 1945	14(2838)20 14(2838)21 14(2838)20 B 14(2838)21B	January 6, 2003	January 5, 2008
No objection certificate from the Atomic Energy Regulatory Board for the import of Thallium Chloride and a column generator	AERB/RSD/NM-NOC/DL-44/2004/6184	September 1, 2004	September 30, 2007
License issued by the Department of Posts for the operation of the franking machine	L4/DL-4/147/02-03	December 18, 2002	Not applicable
License of the Controller of Explosives under the Petroleum Rules, 2002, to import and store up to 20 KL of petroleum.	P/NC/DL/15/183(P56248)	March 1, 2005	December 31, 2007
License of the Controller of Explosives under the Petroleum Rules, 2002, for storage of up to 40 KL of petroleum in the installation	RJ/15/974(P21954)	April 6, 2005	Not applicable
Registration with the Registering Officer, Delhi, under the Contract Labour (Regulation and Abolition) Act, 1970	CLA/PE/950/87/LC	June 30, 1987	December 31, 2006

Exemption granted by the Regional Provident Fund Commissioner under Section 17(1)(a) of the Employees Provident Fund and Miscellaneous Provisions Act, 1952	E/DL/13644/relaxed/5371 as amended by E/DL/13644/relaxed/30/2	September 18, 1991	Not applicable
No objection certificate from the Airport Authority of India, for construction of a building	AAI/20012/1074/2004	December 7, 2004	Not applicable
No objection certificate issued by the Chief Fire Officer, DDA for occupancy in EHIRC Housing Complex, for fire safety	F6/DFS/MS/93/323	February 23, 1993	Not applicable
Occupancy certificate issued by the DDA in respect of the additional block of the EHIRC Complex, Okhla Road	FI3(90)/83/Bldg	December 12, 2002	Not applicable
Fire clearance issued by the Chief Fire Officer, Delhi Fire Service	F6/DFS/Hospital/2002/1406	September 2, 2002	Not applicable
Occupancy certificate issued by the DDA in respect of EHIRC, Okhla Road	F13(2)(89)	February 24, 1993	Not applicable
Licenses from the Office of the Electrical Inspector, under the Delhi Lift Rules, 1942	ED.3(5848)/2001/192 ED.3(5849)/2001/192 ED.3(5850)/2001/192 ED.3(5851)/2001/192 ED.3(5852)/2001/192	February 2, 2002	Not applicable
Possession certificate of land situated at Jawaharlal Nehru Marg, Malviya Nagar, Jaipur	2/2466/zoneA/1/96/716	December 15, 1999	Not applicable
No objection certificate from the Electrical Inspector, New Delhi, under the Indian Electricity Rules, 1956 for the installation of a 1600 KVA transformer	ED5(140)/2000/1002	May 15, 2001	Not applicable
No objection certificate from the Electrical Inspector, New Delhi, under the Indian Electricity Rules, 1956 for the installation of a 630 KVA transformer	ED5(107)/92/256	January 18, 1993	Not applicable
No objection certificate from the Electrical Inspector, New Delhi, under the Indian Electricity Rules, 1956 for the	ED5(140)/2000/457	May 15, 2001	Not applicable

installation of a 1600 KVA transformer			
No objection certificate from the Electrical Inspector, New Delhi, under the Indian Electricity Rules, 1956 for the installation of a 2000 KVA transformer	ED5(140)/2000/4164	October 31, 2000	Not applicable
Permission of the Delhi Vidyut Board for installation of a 2,000 KVA generator set at the EHIRC complex	COI/GS-10155/JEI/777	February 20, 2001	Not applicable
Permission of the Delhi Electricty Supply Undertaking for installation and operation of generator set at the EHIRC complex	COI/GS-2784/1349	June 7, 1993	Not applicable
Sanction of the Delhi Electric Supply Undertaking for additional power load	COI/BS-II-1473/575	April 24, 1991	Not applicable

Approvals/licenses which have been applied for:

- Application dated May 20, 2006 to the Delhi Pollution Control Committee for renewal of authorisation under the Bio-Medical Waste (Management and Handling) Rules, 1998.
- Application dated January 24, 2005 to the Directorate of Health Services, Delhi for renewal of registration under the Delhi Nursing Homes Registration Rules, 1953 for the year 2005-2006.
- Application dated February 20, 2006 to the Joint Chief Controller of Explosives for renewal of license for storage of liquid oxygen.
- Application dated June 28, 2006 under the Dangerous Drugs Act, 1930 for renewal of license for usage of Pethidine, Fentanyl and Su- Fentanyl.
- Application dated June 28, 2006 under the Dangerous Drugs Act, 1930 for renewal of license for usage of denatured spirit.
- Application dated June 28, 2006 under the Dangerous Drugs Act, 1930 for renewal of license for usage of rectified spirit.
- Application dated August 4, 2006, for renewal of no objection certificate from the Inspector of Lifts, under the Bombay Lift Act, 1939 as extended to Delhi

6. Approvals for EHSSIL:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AAACE9671L	May 10, 2002	Not applicable
Tax Deduction Account Number	AMRE10005C	May 29, 2002	Not applicable
Consent of the Punjab Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981	ASR/APC/2003/F-217	November 11, 2003	Not applicable
Consent of the Punjab Pollution Control Board under the Water (Prevention and Control of	ASR/APC/2003/F-218	November 11, 2003	Not applicable

Pollution) Act, 1974			
License from the State Drugs Controlling and Licencing Authority to operate a blood bank	1752-B	February 10, 2003	February 9, 2008
Licenses from the Assistant Drug Controller under the Drugs and Cosmetics Rule, 1945	16930B 16930NB 15440W 15440OW	January 8, 2003	January 7, 2008
License from the Drug Controlling and Licensing Authority under the Dangerous Drugs Act, 1930 for grant of DD6 narcotic drug license	159/pb/2003	April 1, 2006	March 31, 2006, renewed up to March 31, 2007
Approval of the Atomic Energy Regulatory Board in respect of Mr. Sandeep Sethi as radiological safety officer	AERB/RSD/44/RT/416/2005/22	December 9, 2005	December 31, 2008
Registrations with the Directorate of Health Services, under the Pre Natal Diagnostic Techniques (Regulations and Prevention of Misuse) Act, 1994	PNDT/ASR/120 PNDT/ASR/121 PNDT/ASR/122	December, 2002	December 26, 2007
Registration with the Inspector of Shops and Commercial Establishments under the Punjab Shops and Establishments Act, 1938	ASRII/03/23/825	June 9, 2003	Not applicable
Registration with the Registering Officer under the Contract Labour (Regulation and Abolition) Act, 1970	16	January 12, 2004	Not applicable
Registration with the Employees Provident Fund Officer under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	PB/AS/22821	July 10, 2002	Not applicable
License from the Controller of Explosives under the Petroleum Act, 1934, to import and store petroleum in installation	P/NC/PB/15/269(P50754)	January 16, 2002	December 31, 2008
Approval of the Chief Electrical Inspector under the Indian Electricity Rules, 1956, for installation of two 1000 KVA transformers	11385	December 9, 2003	Not applicable
License from the Controller of Explosives under the Indian Explosives Act, 1884, to store compressed gas in pressure vessels	S/HO/CH/03/10	April 28, 2005	March 31, 2008
Approval of the Chief Electrical	68	January 2,	Not

Inspector for installation of Diesel generator sets		2003	applicable

Approvals/licenses which have been applied for:

- Application dated May 1, 2006 to the Chief Commissioner of Income Tax, Delhi for renewal of approval under Section 17 of the Income Tax Act, 1961.
- Application dated January 14, 2003 to the State Drugs Controller under the Dangerous Drugs Act, 1952 for morphine, fentanyl and pethidine.

7. Approvals for EHCL:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AABCE1145N	November 28, 2001	Not Applicable
Tax Deduction Account Number	KNPE00327F	May 2, 2003	Not Applicable
Registration with the Regional Provident Fund Commissioner under the Employees Provident fund and Miscellaneous Provisions Act, 1952	U.P. 29066	December 1, 2001	Not Applicable

8. Approvals for EHRCL:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AAACE2711M	December 16, 1997	Not applicable
Tax Deduction Account Number	DELE01703	July 15, 2005	Not applicable
Registration as a dealer under the Central Sales Tax Act, 1956	06531321240	May 16, 2003	Valid until cancelled
Registration under the Haryana Value Added Tax, Act, 2003	TIN 06531321240	April 1, 2003	Not applicable
Approval under section 17(2) of the Income Tax Act, 1961	CIT(Coord)/125/29/Escorts/CCDelhi/92-98/2144	June 9, 1999	Not applicable
Registration of the Importer-Exporter Code.	0598062441	February 11, 1999	Not applicable
Consents of the Haryana State Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981	HSPCB 136 HSPCB 138	May 2, 2004	2007
Licenses from the Licensing Authority, under the Drugs and Cosmetics Act, 1940	1050 –B 1050 –OB	July 14, 2003	July 31, 2008
Registration with the Directorate of Family	FBD/PNDT/2001/3	August 9, 2001	August 8, 2006, renewed up to

Welfare under the Prenatal Diagnostic Techniques (Regulations and Prevention of Misuse) Act, 1994 for tests to be conducted by Dr. Neerja Ajmani and Dr. Abha Jyoti			August 8, 2011
Approval of the Chief Civil Surgeon, Faridabad, under the Medical Termination of Pregnancy Act, 1971 permitting medical terminations of pregnancies to be carried out by the following doctors: • Dr. Amita Kant • Dr. Nisha Kapoor • Dr. Indu Taneja	471	January 29, 2002	Not applicable
Permission of the State Drugs Controller to manufacture additional items and carry out Apheresis: • Concentrated human red blood corpuscles • Fresh frozen plasma • Platelets concentrate • Platelet pheresis • Plasma pheresis	Not applicable	January 22, 2004	Not applicable
Recognition under the Central Government Health Services, Delhi for general/specialised purpose and diagnostic purpose except cardiac surgery	F.No. Rec- 24/2001-2002/JD(M)/CGHS/DELHI-CGHS(P)	January 10, 2003	Not applicable
License of the State Drugs Controller to operate blood bank	500 B(H)	April 17, 2003	April 16, 2008
Approval of the State Drugs Controller of endorsement of blood components preparation	63/131- 4 drugs-1-2004/595	January 22, 2004	Not applicable
Registration with the Civil Surgeon, Faridabad, for operation of ultrasound equipment	FBD/PNDT/2001/Three	August 9, 2001	August 8, 2006
Registration with the Appropriate Authority cum Civil Surgeon, Faridabad, to operate genetic clinic for performing ultrasound procedures	PNDT/FBD/413	August 17, 2001	Not applicable
License of the Excise and Taxation Commissioner for the hospital druggist to possess and sell medicinal	Not applicable	March 31, 2004.	December 31, 2006

opium			
Permit from the Excise and Taxation Commissioner for purchase and possession of 1500 BL of denatured spirit	17/2005-2006/Faridabad	September 14, 2005	2006
Registration with Regional Provident Fund Commissioner under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	HR 9940	March 1, 1985	Not applicable
Registration with the Regional Provident Fund Commissioner under the Employee Provident Fund and Miscellaneous Provisions Act, 1952	HR/3319/10533	March 14, 1991	Not applicable
Registration with the Labour Commissioner, Haryana, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970	CLN353/666/466/FBD-494/I-172/NI-150	July 1, 2004	March 31, 2007
Occupation certificate issued by the Municipal Corporation for the plot situated at Neelam Bata Road, NIT Faridabad	MCF/CTP/2003/35	January 8, 2003	Not applicable
Registration with the Assessing Authority, Faridabad (West), under the Haryana Local Area Development Act, 2000	FBW/DT/3ho/06531321240	August 25, 2000	Valid until cancelled
Approval of the local government authority under the Haryana Municipal Corporation Act, 1999, of the building plan	64	March 9, 2000	Not applicable
Licence of the Chief Controller of Explosives for bulk storage of HSD/fuel oil	Not applicable	Not applicable	Not applicable
Compliance certificate with the Indian Electricity Rules, 1956	Memo No. 4059	December 22, 2005	Not applicable
License from the Controller of Explosives under the Indian Explosives Act, 1884, to store compressed liquid oxygen in pressure vessels	S/HO/HN/03/120(s5117)	June 28, 2003	March 31, 2007
Clearance from Electrical Inspectorate	Not applicable	December 22, 2005	Not applicable
Clearance certificate and permission of the Chief Administrator, Faridabad, to occupy building	FCA/STP/91/1616	December 17, 1991	Not applicable

Clearance certificate and permission of the Commissioner, Municipal Corporation, Faridabad, to occupy building	MCF/CTP/2003/35	January 8, 2003	Not applicable
Permission of the Excise and Income Tax Department for the purchase and possession of 1500 BL of denatured spirit	Memo No: 3438	September 21, 2005	2006

Approvals/licenses which have been applied for but not received:

- Application dated February 27, 2006 to the Haryana Pollution Control Board for renewal of the authorisation under the Bio-Medical Waste (Management and Handling) Rules, 1998.
- Application dated February 28, 2006, for renewal of registration with the Inspector of Shops and Commercial Establishments under the Punjab Shops and Commercial Establishments Act, 1958.

9. Approvals for Fortis Hospital, Noida:

Description	Reference/License Number	Date of Issue	Date of Expiry
Permanent Account Number	AAACI9792A	December 4, 2002	Not applicable
Tax Deduction Account Number	MRTI00120B	February 23, 2004	Not applicable
Registration with the Commercial Tax Officer under the Central Sales Tax Act, 1957, for Uttar Pradesh	ND 5310222	February 6, 2003	Valid until cancelled
Registration with the Commercial Tax Officer under the Uttar Pradesh Trade Tax Act, 1948	ND 0311963	February 6, 2003	Not applicable
Registration under the Value Added Tax Act	TIN ND5310222	March 6, 2003	Not applicable
Approval of hospital under the name Fortis Hospital, by the Chief Commissioner of Income Tax, under the Income Tax Act, 1961 for treatment of ailments/diseases except mental disorder and drug addiction	Addl.CIT (Coord)/Hospitals/2004-05/10538	March 28, 2005 as modified by letter dated October 19, 2005	Not applicable
Consent of the Uttar Pradesh Pollution Control Board to operate under the Air (Prevention and Control of Pollution) Act, 1981	342/2005	January 1, 2006	December 31, 2006
Consent of the Uttar Pradesh Pollution Control Board to operate under the Water (Prevention and Control of Pollution) Act, 1974	338/2005	January 2006	December 3, 2006

Approval from the Chief Civil Surgeon under the Medical Termination of Pregnancy Act, 1971	05/1936	March 21, 2005	Not applicable
License from the Drug Licencing Authority under the Drugs and Cosmetics Rules, 1945	42/21/GBN/2004	October 25, 2004	Not applicable
Licenses from the Drug Licencing Authority under the Drugs and Cosmetics Rules, 1945	42/20F/GBN/2004 42/20/GBN/2004	July 19, 2004	July 18, 2009
Registration with the Chief Medical Officer under the Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994	98	November 1, 2004	March 31, 2009
License from the Drug Licensing cum Controlling Authority to operate a blood bank for collection, storage and processing of whole human blood and/or its components for sale and distribution	UP/BandBP/2005/01	January 27, 2005	January 26, 2010
Registration with the Atomic Energy Regulatory Board for operation of X-ray installation	201301.UP.001(B)	June 3, 2005	December 31, 2007
Registration with the Atomic Energy Regulatory Board for operation of X-ray installation	201301.UP.001(C)	June 3, 2005	December 31, 2007
Approval for opening the GM School for Fortis Nursing and Education Society under Nursing Counsel Rules and Regulations	5629/2004	December 23, 2004	Not applicable
License from the State Drugs Controller to operate a blood bank	Not applicable	December 22, 2004	2009
Registration with the Regional Provident Fund Commissioner under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	UP/34102	August 3, 2004	Not applicable
Registration with the Deputy Director, Employees State Insurance Corporation under Employees State Insurance Act, 1948	21- 34897-90	December 9, 2004	Not applicable
Registration with the Registering Officer, Gautam Buddhnagar, under the Contract Labour (Regulation and Abolition) Act, 1970	443/05	April 18, 2005	Not applicable
License issued by the Chief	S/HO/UP/03/272(S	January 5, 2005	March 31, 2007

Controller of Explosives under the Explosives Act, 1948, for storage of liquid medical oxygen	22130)		
License issued by the Controller of Explosives, under the Petroleum Rules, 2002, for the import and storage of 30 KL of petroleum	P/CC/UP/15/1577(P 114878)	September 28, 2004	December 31, 2006
License issued by the Chief Controller of Explosives, under the Explosives Act, 1948, to store compressed gas in pressure vessel or vessels	S/HO/UP/03/272 (S 22130)	January 5, 2005	March 31, 2007
Approval of the Electricity Safety Department, Government of Uttar Pradesh, for the use of 2014.84 KW electricity	1438/VSN/Ghaziabad Region/mediumlow voltage/NI	September 6, 2004	Not applicable. Company is to inform if any alteration of use of electricity
Supply of 1650KW at 11KV single point supply from the Electricity Board	548/14(P)EVP/98/3/KB/95	April 24, 1998	Not applicable
Occupancy certificate issued by the New Okhla Industrial Development Authority	CA/76/2822	October 6, 2005	Not applicable

Approvals/licenses which have been applied for but not received:

Application dated September 6, 2006 to the Haryana Pollution Control Board for renewal of the license under the Bio-Medical Waste (Management and Handling) Rules, 1998.

10. Approvals for proposed hospital at Jaipur:

Description	Reference/License Number	Date of Issue	Date of Expiry
Consent of the Rajasthan State Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981	16(BMW-544)RPCB)/Jaipur/Gr III/19570	March 11, 2004	February 2, 2007
Building plan approval by the Jaipur Development Authority	611	September 28, 2002	Not applicable
No objection certificate from the Airports Authority of India for construction of the proposed building	AAI/20012/1074/2004	December 7, 2004	Not applicable
License from the Chief Controller of Explosives under the Indian Explosive Act, 1884, to store compressed liquid oxygen in pressure vessels	S/HO/RJ/03/114(s21603)	May 2, 2005	March 31, 2008
Approval of the Controller of Explosives, pending license, for	P/NC/RJ/15/926(P21954)	April 6, 2005	December 31, 2007

proposed petroleum installation			
Approval of the Bhabha Atomic Research Centre in respect of the nuclear medicine laboratory plan	RP7AD/MPSS/NM-PL/RJ-49/2410/03	May 28, 2003	Not applicable
Fire safety clearance issued by the Fire Department	2005/531	December 6, 2005	Not applicable

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on February 10, 2006, authorised the Issue subject to the approval by the shareholders of the Company under section 81(1A) of the Companies Act.

Our shareholders of the Company have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, on March 8, 2006 at the registered office of the Company.

Prohibition by SEBI

The Company, the Directors, the Promoters, directors or the persons in control of the Promoters, the subsidiaries and affliates and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, the Directors, the Promoters and the companies in which the Directors are associated with as directors, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past, or pending against them.

Eligibility for the Issue

The Companyis eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under*:*

Clause 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

And

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

- *(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*
- *(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*
- *(c) The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company."*

The Company is an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

- The Company is complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue is proposed to be Allotted to QIB Bidders (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event the Company fails to do so, the entire application money shall be refunded to the Bidders. Accordingly, as per the second proviso to Clause 11.3.5(i) of the SEBI Guidelines, Non-Institutional Bidders and Retail Individual Bidders will be allocated not less than 10% and 30% of the Net Issue, respectively.

- The Company is also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 2,266.66 million which is more than the minimum requirement of Rs.10 crore (Rs. 100 million).

Hence, the Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, the Company undertakes that the number of allottees, i.e., persons receiving Allotment in the Issue shall be at least 1,000, failing which the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE PUBLIC ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED PUBLIC ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;

B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE AND THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.

D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATIONS ARE VALID.

E. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”

F. WE CERTIFY THAT WRITFEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

* The merchant banking registration of JM Morgan Stanley Private Limited expired on August 15, 2006. The application for renewal of certificate of registration in prescribed Form A was made by JM Morgan Stanley Private Limited to SEBI three months before expiry of period of certificate on May 15, 2006 as required under Regulation 9(1) of SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is awaited. No communication has been received from SEBI rejecting the said application.

Disclaimer from the Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.fortishealthcare.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated [•] and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres, etc.

Neither the Company, nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts (under the applicable trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies and pension funds and to permitted non residents including Eligible NRIs, FIIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction or to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold (i) in the United States to "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The NSE has given, vide its letter dated [•], permission to us to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 10 crores and the market capitalization shall not be less than Rs. 25 crores at the time of listing). The NSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever. The disclaimer clauses given above will be updated on receipt of in-principle approval from the NSE.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The BSE has given vide its letter dated [•], permission to the Company to use BSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. The BSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. The BSE does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
(ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever. The disclaimer clauses given above will be updated on receipt of in-principle approval from the BSE.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, [Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021, India.]

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Company and the Bankers to the Issue; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s S.R. Batliboi and Co., Chartered Accountants, Auditors of the Company and A.F. Fergusen, Charetered Accountants of our subsidicary EHIRCL, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated in the section titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of the Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

(In Rs.millions)

Activity	Expense for the Issue	Percentage of Total Expenditure	Percentage of Issue Size
Lead management, underwriting and selling commissions*	[•]	[●]	[●]
Advertising and marketing expenses**	[•]	[●]	[●]
Printing and stationary expenses**	[•]	[●]	[●]
Others (Registrar fees, legal fees etc.)**	[•]	[●]	[●]
Total estimated Issue expenses	[•]	[●]	[●]

* Will be included after finalisation of Issue Price.
** Will be incorporated at the time of filing of the Red Herring Prospectus.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order (or revised CANs, if required), preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Company's Registered Office. The Company shall bear such expenses.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

The Company has not made any public issue of Equity Shares or a rights issue either in India or abroad prior to the date of this Draft Red Herring Prospectus.

Issues otherwise than for Cash

Except as stated in the section titled "Capital Structure" beginning on page [●] of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of our Equity Shares

Since this is the initial public offer of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the inception of the Company.

Companies under the Same Management

There are no listed companies under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the subsidiaries and group companies, details of which are provided in the section titled "Our Promoters and Group Companies" beginning on page [●] of this Draft Red Herring Prospectus.

Promise vs. Performance – Last Issue of Group/Associate Companies

For further details see the section titled "Our Promoters and Group Companies" beginning on page [●] of this Draft Red Herring Prospectus.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company had issued 100 cumulative redeemable Preference Shares (Class A) on August 4, 2005, which are outstanding. Further, the Company issued Preference Shares (Class B) on September 26, 2006.

Stock Market Data of our Equity Shares

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

The Promoter Group or the directors of the Promoter company or the Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

Mechanism for Redressal of Investor Grievances by the Company

The Memorandum of Understanding between the Registrar to the Issue and the Company, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

The Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances will be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Company has appointed Ms. Geeta Puri Seth, the Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue related problems. She can be contacted at the following address:

Ms. Geeta Puri Seth
Escorts Heart Institute and Research Centre Limited,
Okhla Road,
New Delhi 110 025, India.
Tel: +91 11 2682 5000
Fax: +91 11 4162 8435
E-mail: fortisipo@fortishealthcare.com

Mechanism for Redressal of Investor Grievances by Companies under the Same Management

The Company does not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Changes in Auditors

There has been no change in the auditors of the Company for the last three years.

Capitalisation of Reserves or Profits

The Company has not capitalised its reserves or profits at any time during last five years.

Revaluation of Assets

There has been no revaluation of assets of the Company since incorporation.

Payment or benefit to officers of the Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees since the incorporation of the Company.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to applicable laws, guidelines, notifications, rules and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of, the Companies Act, the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend**.** See the section titled "Main Provisions of the Articles of Association of the Company" beginning on page [●] of this Draft Red Herring Prospectus for a description of the Articles of Association. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of Payment of Dividend

The Company shall pay dividend, if any, to its shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Draft Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see the section titled "Main Provisions of Articles of Association of the Company," beginning on page [●] of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, trading in the Equity Shares shall only be in Dematerialised form for all investors. Since trading of the Equity Shares is in Dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through the Issue will be done only in electronic form in multiples of [●] Equity Shares subject to a minimum Allotment of [●] Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall, in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered Office or with the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or
b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in Dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. As per RBI regulations, OCBs cannot participate in the Issue.

Jurisdiction

Exclusive jurisdiction for purposes of this Issue is with the competent Courts in Delhi, India.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

Further, in terms of clause 2.2.2A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000. if at least 60% of the Net Issue cannot be Allotted to the QIBs, then the entire application money will be refunded.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Tranfer of Shares

There are no restrictions on transfers and transmissions of share and on their consolidation/splitting except as provided in our Articles of Association. For details see the section titled "Main Provisions of our Articles of Association" beginning on page [●] of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

The present Issue of 56,666,633 Equity Shares comprising of a Net Issue of [●] Equity Shares and a Firm Allotment Portion of 500,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process. The Company is considering a Pre-IPO Placement of up to 17,884,614 Equity Shares prior to the completion of this Issue, if any. The Net Issue will constitute [●] % of the post-Issue paid-up capital of the Company. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees/Firm Allotment Portion
Number of Equity Shares available for allocation*#	At least [●] Equity Shares.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	500,000 Equity Shares.**
Percentage of Issue Size available for allocation.	At least 60% of the Net Issue. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of the Net Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.	0.88% of the Issue.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds portion; (b) Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.	Not applicable.
Minimum Bid	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount exceeds Rs. 100,000.	[•] Equity Shares and in multiples of [●] Equity Shares thereafter.	As per Firm Allotment procedure described in section titled "Issue Procedure-Bids by Eligible Employees"

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees/Firm Allotment Portion
				beginning on [●] of this Draft Red Herring Prospectus.
Maximum Bid	Such number of Equity Shares, not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits.	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount does not exceed Rs. 100,000.	As per Firm Allotment procedure described in section titled "Issue Procedure-Bids by Eligible Employees" beginning on [●] of this Draft Red Herring Prospectus.
Mode of Allotment	Compulsorily in Dematerialised form.	Compulsorily in Dematerialised form.	Compulsorily in Dematerialised form.	Compulsorily in Dematerialised form.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply ***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts.	Resident Indian Individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Eligible Employees.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.****	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees/Firm Allotment Portion
Margin Amount	10% of Bid Amount.	100% of Bid Amount.	100% of Bid Amount.	100% of Bid Amount.

* Subject to valid Bids being received at or above the Issue Price. At least 60% of the Net Issue shall be available for Allotment to QIB Bidders. 5% of the QIB Portion shall be available for Allotment on a proportionate basis to Mutual Funds only. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for Allocation in the remaining QIB Portion. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. If the aggregate demand from Mutual Funds is less than 1,684,999 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in any category except in the QIB category would be met with spill- over from other categories in the Company's sole discretion, in consultation with the BRLMs and the Designated Stock Exchange. If a minimum Allotment of 60% of the Net Issue is not made to the QIBs, the entire application money will be refunded. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares (assuming QIB Portion is 60% of the Net Issue size, i.e., [●] Equity Shares), the balance Equity Shares available for Allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under- subscription, if any, would be allowed to be met with spill-over from any other category, except the Firm Allotment Portion or combination of categories in the Company's sole discretion, in consultation with the BRLMs and the Designated Stock Exchange.

** In the event any Eligible Employee to whom it is proposed to allot Equity Shares in the Firm Allotment Portion, withdraws partially or fully from the Issue made to him/her, the Promoters shall apply to the extent of Equity Shares offered to such Eligible Employee upto a maximum of 500,000 Equity Shares. The Bid Amount for such number of Equity Shares shall be brought in by the Promoters at the Cut-Off Price at least one day prior to the Bid/Issue Opening Date. Thus, under-subscription in the Firm Allotment Portion shall be subscribed to by the Promoters.

*** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the Demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid Cum Application Form.

**** After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.

\# If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the

Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefor.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 under certificates of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's, if there are joint Bidders, sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of the Issue.

Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in Dematerialised form within 15 days from the Bid/ Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if the Allotment is not made, on refund orders that are not despatched and/ or ifDemat credits are not made to investors within the 15-day period prescribed above.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Programme

Bidding Period/Issue Period

BID/PUBLIC ISSUE OPENS ON	**[●]**
BID/PUBLIC ISSUE CLOSES ON	**[●]**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date Bids shall be accepted only between 10.00 a.m and 1.00 p.m (Indian Standard Time)** and uploaded until such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The Cap Price should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the Floor Price advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation to Mutual Funds only. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders, and not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. Further, 500,000 Equity Shares shall be allotted to Eligible Employees, subject to valid Bids being received at or above the Issue Price. The Company is considering a Pre-IPO Placement of up to 17,884,614 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 10% of the post Issue capital

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only to the BRLMs. The Company, in consultation with the BRLMs, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receiving of the Bid cum Application Form and the reasons therefor shall be disclosed to the respective QIB Bidder, at the time of the rejection of the Bid. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the Dematerialised form. Bidders will not have the option of allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the Dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Non Residents, including Eligible NRIs, FVCIs or FIIs applying on a repatriation basis	Blue
Eligible Employees	Red

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu undivided families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not permitted to participate in the Issue;
5. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in equity shares;
6. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
7. Scientific and/or industrial research organisations authorised to invest in equity shares;
8. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
9. Mutual funds registered with SEBI;
10. FIIs registered with SEBI, on a repatriation basis;
11. Multilateral and bilateral development financial institutions;
12. Venture capital funds registered with SEBI;
13. Foreign venture capital investors registered with SEBI;
14. State industrial development corporations;
15. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
16. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
17. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
18. Eligible Employees; and
19. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, gudilines and approvals in the Issue.

As per existing regulations, OCBS cannot Bid in the Issue.

Participation by Associates of the BRLMs and Syndicate Members:

The BRLMs and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of an option to bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to bid at the Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date and is required to pay the QIB Margin upon submission of the Bid cum Application Form.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not entitled to the option of bidding at the Cut-off Price.

(c) **For Eligible Employees:** The Bid must be such number of Equity Shares as agreed by them under their Firm Allotment Portion, detailed in the section titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus. Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under "Payment of Refund" beginning on page [●] of this Draft Red Herring Prospectus.

Information for the Bidders:

(a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus, along with the Bid cum Application Form, to Eligible Employees one day after filing the Red Herring Prospectus with the RoC.

(c) Eligible Employees bidding in the Firm Allotment Portion must deposit the Bid Amount atleast three days prior to the Bid/Issue Opening Date at the Cut-Off Price.

(d) In the event any Eligible Employee to whom it is proposed to allot 500,000 Equity Shares in the Firm Allotment Portion, withdraws partially or fully from the Issue made to him/her, the Promoters shall apply to the extent of Equity Shares offered to such Eligible Employee(s) up to a maximum of 500,000 Equity Shares. The Issue Price for such number of Equity Shares shall be brought in by the Promoters at least one day prior to the Bid/Issue Opening Date, at the Cut-Off Price.

(e) The members of the Syndicate will circulate copies of the Red Herring Prospectus, along with the Bid cum Application Form, to potential investors. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid Cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

(f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bid.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

Method and Process of Bidding

(a) The Company and the BRLMs shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus, along with the Bid cum Application Form, to Eligible Employees bidding in the Firm Allotment Portion, upon the filing of the Red Herring Prospectus with the RoC. Eligible Employees bidding in the Firm Allotment Portion must deposit the Bid Amount at Cut-Off Price atleast three days prior to the Bid/Issue Opening Date.

(c) In the event any Eligible Employee to whom it is proposed to allot 500,000 Equity Shares in the Firm Allotment Portion, withdraws partially or fully from the Issue made to him/her, the Promoters. The Issue Price for such number of Equity Shares shall be brought in by the Promoters at least one day prior to the Bid/Issue Opening Date at Cut-Off Price.

(d) The members of the Syndicate shall accept Bids from the Bidders, during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement. During the Bidding/Issue period eligible investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

(e) The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two widely circulated newspapers (one each in English and Hindi) and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate. The Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.

(f) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section titled "Issue Procedure - Bids at Different Price Levels," beginning on page [●] of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder, and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(g) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a member of the Syndicate. Submission of a second Bid cum Application Form, to either the same or to another member of the Syndicate, will be treated as multiple Bids and is liable to be rejected, either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure - Build up of the Book and Revision of Bids," beginning on page [●] of this Draft Red Herring Prospectus.

(h) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(i) During the Bidding/Issue Period, Bidders may approach a member of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Draft Red Herring Prospectus.

(j) Along with the Bid cum Application Form, all Bidders will make payment in the manner described in the section titled "Issue Procedure - Terms of Payment" beginning on page [●] of this Draft Red Herring Prospectus.

Bids at different price levels

The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs. 10 each, Rs. [•] being the Floor Price and Rs. [•] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Re. 1.

(a) In accordance with the SEBI Guidelines, the Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least one day prior to the Bid/Issue Opening Date in two widely circulated newspapers (one each in English and Hindi).

(b) In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of the Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(c) The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

(d) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. However, Eligible Employees shall Bid for their agreed Firm Allotment Portion at the Cut-Off Price and for a maximum Bid calculated on the basis of Equity Shares provided in the Firm Allotment Portion, detailed in the section titled "Issue Procedure- Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus, at the Cut-Off Price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders in excess of Rs. 100,000, and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**

(e) Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at the Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(f) Eligible Employees bidding in the Firm Allotment Portion who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Eligible Employees bidding in the Firm Allotment Portion at the Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Eligible Employees bidding in the Firm Allotment Portion, who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Eligible Employees bidding in the Firm Allotment Portion, who Bid at the Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at the Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000 for any Retail Individual Bidder, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

In case of an upward revision in the Price Band announced as above, Eligible Employees bidding in the Firm Allotment Portion who had Bid at the Cut-off Price could have to revise their Bid and make additional payment based on the cap of the revised Price Band, with the Syndicate Member to whom the original Bid was submitted. In the case of Eligible Employees, if they do not make additional payment based on the cap of the revised Price Band, the same shall be treated as a withdrawal of the Bid and the Promoter shall apply to the extent of Equity Shares offered to such Eligible Employee upto a maximum of 500,000 Equity Shares.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding in the Firm Allotment Portion, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be.

(h) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white, blue or red colour).

(b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected

(d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds Rs. 100,000. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(f) Eligible Employees must Bid for their Firm Allotment Portion, detailed in section the titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.

(g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Escrow Mechanism

The Company shall open Escrow Accounts with the Escrow Collection Banks in whose favour the Bidders shall write the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among the Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details see the section titled "Issue Procedure - Payment Instructions" beginning on page [●] of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to the BRLMs. Bid cum Application Forms accompanied by cash or stock invest or money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The remaining amount after transfer to the Issue Account shall be transferred to the Refund Account.

Each category of Bidders, i.e. QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding in the Firm Allotment Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page [●] of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 10% per annum for any delay beyond the periods as mentioned above.

Application in the Issue

Equity Shares being issued through the Red Herring Prospectus can be applied for in the Dematerialised form only.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. Neither the Company nor the BRLMs are liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Form from the Registered Office, the corporate office of the Company, members of the Syndicate or the Registrar to the Issue.

2. Eligible NRI Bidders may note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in colour).

Bids by Eligible Employees

The following permanent employees, Directors of the Company, except any Promoters or members of the Promoter Group, present in India as on the date of submission of the Red Herring Prospectus are eligible to apply under the Firm Allotment Portion:

[Details of the names of the Eligible Employees and the number of Equity Shares that will be allotted will be incorporated at the time of filing the Red Herring Prospectus]

Bids under Firm Allotment Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. red colour Form).
- Deposited at the Cut-Off Price atleast three days prior to the Bid/Issue Opening Date.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/first Bidder shall be Eligible Employees.
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Firm Allotment Portion.
- The Bids must be for the exact number of Equity Shares proposed to be Allotted Eligible Employee. The allotment in the Firm Allotment Portion will be in the in the manner described above.
- For their agreed Firm Allotment Portion at the Cut-Off Price and for a maximum Bid which is calculated on the basis of Equity Shares provided in the Firm Allotment Portion into the Cut-Off Price.
- Eligible Employees who Bid for Equity Shares as per their Firm Allotment Portion can apply only at Cut-Off Price.
- Bid by Eligible Employees can also be made in the "Net Issue" portion and such Bids shall not be treated as multiple bids.
- Under-subscription and any partial or full withdrawal, if any, in the Firm Allotment Portion will be subscribed to by the Promoters in the manner described above.

Bids by FIIs registered with SEBI / FVCIs registered with SEBI on a repatriation basis

(i) As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the Company's post-Issue paid-up capital (i.e., 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the Company's total issued capital, or 5% of the Company's total issued capital in case such sub account is a foreign corporate body or an individual.

As of now, the aggregate FII holding in the Company cannot exceed 24% of the Company's total issued capital. With approval of our Board and that of the shareholders of the Company by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%.

However, as of the date of this Draft Red Herring Prospectus, no such resolution has been recommended to our shareholders for approval.

(ii) As per the current regulations, any venture capital fund or foreign venture capital investors shall not invest more than 33.33% of their investible funds by way of subscription to initial public offer of a venture capital undertaking, whose shares are proposed to be listed or in a preferential allotment of equity shares of a listed company subject to a lock-in period of one year.

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. By Eligible NRIs – Bids for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of Allocation.

4. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of [●] thereafter, such that the Bid Amount exceeds Rs. 100,000.

5. In the names of individuals, or in the names of FIIs or FVCIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require any approval for the Issue of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue. Further, NRIs who are not Eligible NRIs are not permitted to participate in the Issue.

PAYMENT INSTRUCTIONS

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form, and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account

(i) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

(ii) In case the above Margin Amount paid by the Bidders, except Eligible Employees, during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the remaining amount shall be paid by the Bidders, except Eligible Employees, into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

(iii) The payment instruments for payment into the Escrow Account should be drawn in favour of:

a. In case of resident QIB Bidders: **"Escrow Account – FHL Issue-QIB-R"**
b. In case of Non Resident QIB Bidders: **"Escrow Account-FHL Issue-QIB-NR"**
c. In case of resident Retail and Non-Institutional Bidders: **"Escrow Account – FHL Issue-R"**
d. In case of Non Resident Retail and Non-Institutional Bidders: **"Escrow Account – FHL Issue-NR"**
e. In case of Eligible Employees: **"Escrow Account-FHL-Employees"**

- In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of the Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.
- In case of Bids by Eligible NRIs applying on a non-repatiation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out if funds held in NRE Accounts or FCNR Accounts, maintained with bansk authorized

to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on non-repatriation basis. Payments by draftsshould be accompanies by a bank certificate confirming that the draft has been issued by debiting to the NRE or a FCNR or NRD Account.

- Eligible Employees will be Allotted such Equity Shares of their Firm Allotment Portion as detailed in the section titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.
- In the case of Bids by FIIs, or FVCIs registered with SEBI the payment should be made out of funds held in the Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the remaining amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.
- On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
- On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stock invest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India's Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Electronic registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be displayed on-line at all bidding centres and on the websites of the BSE and the NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the Bidder(s). Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application form is submitted in joint names, Bidders should ensure that that Depository Accounts also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Investor category – individual, corporate, or Mutual Fund etc;
- Numbers of Equity Shares bid for;
- Bid price;
- Bid cum Application Form number;
- Margin Amount paid upon submission of Bid cum Application Form; and
- Depository participant identification no. and client identification no. of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.

(h) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

(i) The members of the Syndicate have the right to review the Bid. Consequently QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding in the Firm Allotment Portion, their Bids shall not be rejected except on the technical grounds listed in section titled "Issue Procedure-Grounds for Technical Rejection" beginning on page [●] of this Draft Red Herring Prospectus.

Build up of the Book and Revision of Bids

(a) Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE and the NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation. In case of discrepancy of data between the BSE and the NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company.

(b) The Company, in consultation with the BRLMs, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.

(c) QIB Bidders will be required to deposit the QIB Margin Amount at the time of submission of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.

(d) Under subscription, if any, in any category, other than the category of QIB Bidders and Firm Allotment Portion, in the Issue would be allowed to be met with spill-over from any of the other categories at the discretion of the Company, in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the remaining Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

(e) The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 10% and 30% of the Net Issue respectively, and the allocation to QIBs for at least 60% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Draft Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. If a minimum allotment of 60% of the Net Issue is not made to the QIBs, the entire application money will subscription. Eligible Employees will be Allotted such Equity Shares of their Firm Allotment Portion as detailed in the section titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.

(f) Allocation to Non Residents applying on a repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for the transfer of Equity Shares to them and to applicable law.

(g) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(h) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reasons whatsoever.

(i) In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(j) The Company, in consultation with the BRLMs, reserves the right to reject any Bid from QIBs, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that reasons for rejecting the same shall be provided to such Bidder in writing.

(k) The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, the Company would update the Red Herring Prospectus and file it with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of the pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two national newspapers (one each in English and Hindi).

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by the Company in two widely circulated newspapers (one each in English and Hindi). This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Issuance of CAN

Subject to the section set forth below titled "Issue Procedure- Notice to QIBs: Allotment Reconciliation and revised CANs" beginning on page [●] of this Draft Red Herring Prospectus:

(a) upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate, a list of their Bidders who have been allocated Equity Shares in the Issue. Investors should note that the Company shall ensure that the Demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in the Issue;

(b) the BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Account at the time if Bidding shall pay in full the amount, payable into the Escrow Account by the Pay-in Date specified in the CAN; and

(c) such Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

INVESTORS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THIS PUBLIC ISSUE.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede its earlier CAN in entirety.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, the Company will ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days from the date of Allotment.

(b) As per the SEBI Guidelines, **Equity Shares will be issued, transferred and allotted only in the Dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to the Issue.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, would be done through the following various modes:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT– Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event

that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

3. Direct Credit – Applicants having bank accounts with the Refund Banker(s) as mentioned in the Bid cum Application Form, in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

4. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Please note that only Bidders having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other Bidders, including Bidders who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply.

b) Read all the instructions carefully and complete the Bid cum Application Form (white, blue or red colour), as the case may be.

c) Ensure that you Bid only within the Price Band. If you are applying in the Firm Allotment Portion, ensure that you Bid at the Cut-Off Price.

d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the Dematerialised form only.

e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate.

f) Ensure that you have been given a TRS for all your Bid options.

g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

h) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the I.T. Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application Form. If you have mentioned "Applied For" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

j) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size.

(b) Do not Bid/revise Bid price to less than Floor Price or higher than the Cap Price.

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.

(d) Do not pay the Bid amount in cash, by money order or by postal order or by stock invest.

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.

(f) Do not Bid at the Cut-off Price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000).

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus.

(h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

(i) Do not Bid at Bid Amount exceeding Rs. 100,000, in case of a Bid by a Retail Individual Bidder.

(j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Bidder's depository account details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY

ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or give credit through ECS, direct credit, RTGS or NEFT, and occupation ("Demographic Details"). Bidders should also note that in the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other applicable modes. **Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/CANs/allocation advice and printing of Company particulars the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar to the Issue. Hence, Bidders are advised to update their demographic details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advices/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may be delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay, nor shall they be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, the names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

Bidders should note that on the basis of names of the Bidders, the Depository Participant's name, the Depository Participant Identification Number and the Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository, the Bidder bank Account details, including the nine digit MICR code as appearing on a cheque leaf. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through ECS, hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refund to Bidders at the Bidders sole risk, and neither the BRLMs nor the Company shall have any responsibility or undertake any liability for the same.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or, if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye-laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to reject such Bids in whole or in part, in either casem without assigning any reason therefor.

In case of the Bids made pursuant to a power of attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to reject such Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we/the BRLMs may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to instruct the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details provided on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as provided in the Bid cum Application Form instead of those obtained from the depositories.

Bids made by Insurance Companies

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to reject such Bids in whole or in part, in either case, without assigning any reason therefor.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address, as per the demographic details received form the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain, from Depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. The addresses of all the applicants in the multiple masters will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each applications received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be taken to check for common names. Any applications with the same name and same address will be treated as multiple applications.

5. The applications will be scrutinised for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures, a printout of multiple master will be taken and applications physically verified to tally signatures, and father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

'PAN' or 'GIR' Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card(s) or PAN allotment letter(s) is required to be submitted with the Bid cum Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground. In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain a PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for a PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled, along with a copy of any one of the following documents in support of the address: (a) ration card; (b) passport; (c) driving licence; (d) identity card issued by any institution; (e) copy of the electricity bill or telephone bill showing residential address; (f) any document or communication issued by any authority of the Central Government, state government or local bodies showing residential address; or (g) any other documentary evidence in support of the address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UINs and the requirement to contain/quote UINs under the SEBI MAPIN Regulations/Circulars pursuant to its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press states that the cut-off limit for obtaining a UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. Therefore, MAPIN is not required to be quoted with the Bids. At present, investors are not required to provide a UIN.

Right to Reject Bids

In case of QIBs, the Company, in consultation with the BRLMs, may reject Bids, provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders the Company has the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

2. Age of first Bidder not given;
3. Bank account details (for refund are not given);
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. **PAN not stated if the Bid is for Rs. 50,000 or more or copy of the PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of the PAN. See the section titled "Issue Procedure—PAN or GIR No" beginning on page [•] of this Draft Red Herring Prospectus;**
7. Bids for a lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at the Cut-off Price by Non-Institutional Bidders and QIBs where the Bid Amount exceeds Rs. 100,000;
11. Bids for a number of Equity Shares, which are not in multiples of [•];
12. Category not ticked;
13. Multiple Bids as defined in this Draft Red Herring Prospectus;
14. In case of a Bid under power of attorney or by limited companies, corporate bodies, trust etc., relevant documents are not submitted;
15. Bids accompanied by stockinvest/money order/postal order/cash;
16. Bids that are not accompanied by the applicable Margin Amount;
17. Signature of sole and/or joint Bidders missing;
18. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
19. Bid cum Application Form does not have the Bidder's depository account details;
20. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
21. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
22. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, see the section titled "Issue Procedure – Bids at Different Price Levels," beginning on page [●] of this Draft Red Herring Prospectus;
23. Bids by OCBs;
24. Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act, 1933;
25. Bids by QIBs not submitted through members of the Syndicate;
26. Bids by persons who are not eligible to acquire Equity Shares in terms of applicable laws, rules, regulations, guidelines and approvals.
27. Bids in respect whereof the bid cum application forms do not reach the registrar prior to the date of finalization of basis of allotment.
28. Bids in respect whereof clear funds are not available in the escrow account upto the date of receipt of final certificates from escrow collection banks.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be allotted only in Dematerialised form, (i.e. not in the form of physical certificates but fungible and represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) an agreement dated [●] among NSDL, the Company and the Registrar to the Issue;
b) an agreement dated [●] among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in Dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares would be in Dematerialised form only for all investors in the Demat segment of the respective Stock Exchanges.

i) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

BASIS OF ALLOCATION.

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

- The Issue less allocation to Non Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this category are for less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this category are for more than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in increments of one Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non Institutional Bidders will be made at the Issue Price.

- The Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this category are for less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non Institutional Bidders to the extent of their valid Bids.

- In case the valid Bids in this category are for more than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in increments of one Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The Issue less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to [●] Equity Shares (the "Mutual Funds Portion"), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e., after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs," appearing below. If the valid Bids by Mutual Funds are for less than [●] Equity Shares, the remaining Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 60% of the Net Issue size, i.e. [●] Equity Shares.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceed 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds, shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

(c) The aggregate allocation to QIB shall be at least [●] Equity Shares.

Except for any Equity Shares allocated to QIB Bidders due to under subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of up to [●] Equity Shares. For the method of proportionate basis of allocation refer below.

D. For Eligible Employees

- Bids received at the Cut-Off Price shall be allocated to Eligible Employees in the manner detailed in the section titled "Issue Procedure-Bids by Eligible Employees" beginning on page [●] of this Draft Red Herring Prospectus.
- Allotment to all successful Eligible Employees will be made at the Issue Price.
- In the event any Eligible Employee to whom it is proposed to allot 500,000 Equity Shares in the Firm Allotment Portion, withdraws partially or fully from the Issue made to him/her, the Promoters shall apply to the extent of Equity Shares offered to such Eligible Employee upto a maximum of 500,000 Equity Shares. The Issue Price for such number of Equity Shares shall be brought in by the Promoters at least one day prior to the Bid/Issue Opening Date, at the Cut-Off Price.

Method of proportionate basis of allocation in the Issue

Bidders will be categorised according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each category, except the Firm Allotment Portion, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) The number of Equity Shares to be allotted to the successful Bidders, except Eligible Employees applying under the Firm Allotment Category, will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by a draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The remaining Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for a minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (60% of the Issue)	120 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	6 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in millions)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of remaining 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in the section titled “Issue Structure” beginning on page [•] of this Draft Red Herring Prospectus.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on a proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The remaining 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on a proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of remaining 95 million Equity Shares to QIBs proportionately” in the above illustration are calculated as follows:

   - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
   - The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

COMMUNICATIONS

All future communication in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refunds orders etc.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Ms. Geeta Puri Seth, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Piccadily House, 275-276,
Escorts Heart Institute and Research Centre Limited,
Okhla Road
New Delhi 110 025, India.
Tel: +91 11 2682 5222
Fax: +91 11 4180 2121
E-mail: fortisipo@fortishealthcare.com

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
(b) **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

DISPOSAL OF APPLICATIONS AND APPLICATION MONIES

The Company shall give credit for the Equity Shares allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS), expect where the applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In the case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by under certificates of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

The Company shall ensure dispatch of refund orders, if any, under a certificate of posting" or registered post or speed post or ECS, or Direct Credit or RTGS as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of the finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- allotment of Equity Shares shall be made only in Dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;

- dispatch of refund orders, except for Bidders who have opted to receive refunds through the ECS facility, within 15 (fifteen) working days of the Bid /Issue Closing Date would be ensured; and

- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or Demat credits are not made to investors within the 15 (fifteen) day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility, NEFT, direct credit or RTGS. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertaking by the Company

The Company undertakes as follows:

- that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- that the certificates of the securities/refund orders/allotment advice to the Non-residents shall be dispatched within specific time;
- that where refund are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- Subject to the Pre-IPO Placement, no further issue of Equity Shares shall be made until the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue proceeds

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in the balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy, foreign equity participation up to 100% is permissible, in the healthcare delivery service.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. As of the date hereof aggregate FII holding cannot exceed 24% of the total post-Issue share capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, Indian law does not prohibit an FII or its sub-account to issue, deal or hold offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance with "Know Your Client" requirements, which stipulate fortnightly disclosures by the FII to SEBI informing them about the name, location, type of investor (hedge fund, corporate body, individual, pension fund or trust), quantity and value of investment made on behalf of the investor. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

As per the RBI regulations, OCBs cannot participate in the Issue.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Foreign Direct Investment (FDI) Policy, (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Neither, the Company, nor the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividends, liens, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalised/defined terms herein have the same meaning given to them in the Articles of Association.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Capital

3. The Authorised Share Capital of the Company is Rs. 300,00,00,000 (Rupees Three Hundred Crores) divided into 27,20,00,000 Equity Shares of Rs. 10 each, 200 Class 'A' Non-Cumulative Redeemable Preference Shares of Rs. 1 Lakh each and 2,60,00,000 Class 'B' Non-Cumulative Redeemable Preference Shares of Rs. 10 each. The Preference Shares shall be entitled for such rate of dividend and other terms as may be decided by the Directors of the Company at the time of issue of such shares and such shares shall rank in priority to the equity shares including arrears, if any, in the event of winding up of the Company, but shall not be entitled to any further participation in the profits or surplus assets of the Company.

Shares at the disposal of the Directors

4. Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such Person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any Person the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares.

Provided that option or right to call of Shares shall not be given to any Person without the sanction of the Company in the General Meeting.

Power also to Company in general meeting to issue shares.

5. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 4, the Company in general meeting may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) hi such proportion and on such terms and conditions and either at premium or at par or (subject to compliance with the provisions of section 79 of the Act) at a discount, as such general meeting shall determine and with full power to give to any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par, or (subject to compliance with the provisions of section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the company in general meeting may make any other provision, whatsoever for the issue, allotment or disposal of any shares.

Increase of Capital

6. The Company in general meeting may from time to time increase its share capital by the creation of further shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as the Board shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company.

Further issue of capital

7.(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed Capital of the Company by allotment of further Shares.

(a) Such further Shares shall be offered to the Persons who, at the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit, to the Capital Paid up on those Shares at that date;
(b) the offer aforesaid shall be made by notice specifying the number of Shares offered and limiting a time, not being less than fifteen days from the date of the offer, within which the offer if not accepted, will be deemed to have been declined:
(c) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
(d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in clause (1) of this Article, the further Shares aforesaid may be offered in any manner whatsoever and to any Person, whether or not those persons include the persons referred to in Clause (a) of sub-Clause (1) of this Article in any manner whatsoever.

(a) if such offer is authorised by a Special Resolution of the Company in General Meeting or,
(b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed

(a) to extend the time within which the offer should be accepted; or
(b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company:

(a) to convert such Debentures or loans into Shares in the Company; or
(b) to subscribe for Shares in the Company

Provided that the terms of Issue of such Debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
(b) In the case of Debentures or loans or other than Debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the Special Resolution passed by the Company in General Meeting before the issue of the loans.

Redeemable Preference shares

8. Subject to the provisions of the Act, the Company shall have power to shares, issue preference shares which are, or, at the option of the Company, are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions applicable in case of Redeemable Preference shares.

9. On the issue of redeemable preference shares under the provisions of in case of Redeemable Article 8 hereof, the following provisions shall take effect.

(a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
(b) No such shares shall be redeemed unless they are fully paid;
(c) The premium, if any, payable on the redemption shall be provided for out of the profits of the Company or out of the Company's Share Premium Account, before the shares are redeemed, and
(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares to be redeemed, and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided under Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Cumulative Convertible Preference Shares.

10. Subject to the provisions of the Act, the Company shall have the power to issue cumulative convertible preference shares to which the following provisions shall apply:
(a) The dividend payable on the said share shall be on a preferential basis and shall be at such rate as may be prescribed or permitted under the applicable rules and regulations prevailing at the relevant time.
(b) The dividend shall be cumulative and arrears shall be payable to the shareholders registered with the Company on the date fixed for determining to whom the dividend then declared is payable.
(c) All such shares shall be converted into equity shares any time between the expiry of three years and the expiry of five years from the date of allotment of the shares as may be decided by the Board subject to any applicable regulations or sanctions that may be in force at the time. Upon conversion into equity shares the right to receive

arrears of dividend if any, on the preference shares upto the date of conversion shall devolve on the holders of the equity shares registered with the Company on the date prescribed in the declaration of the said dividend.

(d) Such conversion shall be deemed to be a redemption of the preference shares out of the proceeds of a fresh issue of shares.

New capital same as original capital.

11. Except so far as otherwise provided by the condition of issue or by these Articles, any capital raised by the creation of new shares, shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payments of calls, and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

13.

(iii) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum so, however, that, in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share, from which the reduced Share is derived;

(iv) cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person and diminish the amount of its Share Capital by the amount of the Shares as cancelled, provided, however, that the cancellation of Shares in pursuance of the exercise of this power shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

SHARES AND CERTIFICATES

Register and Index of Members.

19. The Company shall cause to be kept a register and index of members in accordance with sections 150 and 151 of the Act, and the Companies (Issue of Share Certificates) Rules, 1960, and any modification thereof. Every member who changes his name or address shall give notice of the change of name or address to the Company.

Shares to be numbered progressively.

20. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided.

Directors may allot shares fully paid-up.

21. Subject to the provisions of the Act, and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid-up shares.

Application of premium.

22.(1) Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate shall be transferred to an account, to be called "Share Premium Account" and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid-up share capital of the Company.

(2) The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company:—

(a) In paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(b) in writing off the preliminary expenses of the Company;

(c) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company, or,

(d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Instalment on shares.

23. If by the terms of issue of any shares or otherwise the whole or any part of the amount or issue price thereof shall be payable by instalments at a fixed time, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time is the registered holder of the shares or by his legal representatives.

Acceptance of shares.

24. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for by or allotted to a minor, insolvent or person of unsound mind.

Deposits and calls etc. to be a debt payable immediately.

25. The money (if any), which the Board of Directors shall on the allotment of any shares being made by it, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by it, shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of members.

26. Every member, or his heirs, executors or administrators, shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts at such time or times and in such manner, as the Board of Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Limitation of time for issue of certificates.

27. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or, if the directors so approve (upon paying such fee as the Directors may determine), to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be sufficient delivery to all such holder.

Issue of new Certificate in place of one Defaced, Lost or Destroyed.

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of

such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to Debentures of the Company.

Joint allottees or holders

29. Any two or more joint allottees or holders of shares shall, for purposes of Articles 28 be treated as a single member and the certificate for any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

Renewal of share certificates.

30. A certificate of shares may be renewed or a duplicate issued in accordance with the provisions of the Act, and the Companies (Issue of Share Certificate) Rules, 1960, and any modification thereof.

The First named joint holder deemed sole holder.

31. If any share stands in the name of two or more persons, the person first named in the Register of Members, shall as regards receipt of dividends or bonus or service of notice and/or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof, but the joint holders of a share shall be, severally as well as jointly, liable for the payment of all instalments and calls due in respect of such share, and for all incidents thereof according to these articles.

Company not bound to recognize any interest in share other than that of registered holder.

32.(1) The Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these presents otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these presents in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of two or more persons or the survivors of them.

(2) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a court of competent jurisdiction or as by Law required) be bound to recognise any benami, trust or other claim or claims or right to or interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

Declaration by Person not holding beneficial interest.

33.(a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such a share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in Section 187 C of the Act.

(b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in section 187 C of the Act.

(c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company, in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act.

(d) Notwithstanding anything contained in these Articles, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file, within the time prescribed from the date of declaration, a return in the prescribed form with the Registrar with regard to such declaration.

Who may hold shares.

34. Shares may be registered in the name of an incorporated company or other body corporate but not in the name of a minor or in the name of a person of unsound mind or in the name of any firm or partnership.

UNDERWRITING AND BROKERAGE

Commission may be paid.

35. The Company may, subject to the provisions of Section 76 and other applicable provisions if any of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or in consideration of his procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any share in, or debentures of the Company. The Commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other.

Brokerage may be paid.

36. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

INTEREST OUT OF CAPITAL

Interest out of capital.

37. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions contained in Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provision of the plant.

CALLS

Directors may make calls.

38. The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time, and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by instalments.

Call on shares of same class to be made on uniform basis.

39. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up, shall not be deemed to fall under the same class.

Notice of calls.

40. Fifteen days notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment, and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

Calls to date from Resolution.

41. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at the meeting of the Board of Directors, and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

Directors may extend time.

42. The Board of Directors, may from time to time, at its discretion, extend the time for the payment of any call, and may extend such time as to all or any of the members, who for residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest after due date.

43. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

Proof on Trial in Suit for Money due on shares.

44. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any debt or any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the register of members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which debt is alleged to have become due, of the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that the notice of such call was duly given to the member or his representatives sued in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payments in advance of calls may carry interest.

45. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in

advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

FORFEITURE, SURRENIWR AND LIEN

If call or installment not paid notice may be given.

46. If any member fails to pay any call or instalment of a call in respect of any share on or before the day appointed for the payment of the same, the Board may, at any time thereafter, during such time as the call or instalment remains unpaid serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice.

47. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call instalment and such interest and expenses as aforesaid, is to be paid. The notice shall also state that in the event of nonpayment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment was payable, will be liable to be forfeited. In default of payment shares to be forfeited.

In default of payment shares to be forfeited.

48. If the requisitions of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may at any time thereafter, before the calls or instalments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

Notice after forfeiture.

49. When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

Forfeited shares to become property of the Company.

50. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

Power to annual forfeitrue.

51. The Board may, at any time before any share so forfeited shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof as a matter of grace and favour but not as of right, upon such terms and conditions, as it may think fit.

Arrears to be paid notwithstanding forfeiture.

52. Any member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with

interest thereon from the time of forfeiture until the payment, at such rate not exceeding fifteen percent per annum as the Board may determine and the Board may endorse the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

Effect of Forfeiture.

53. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as are by these Articles expressly saved.

Proceeds how to be applied.

54. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debt, liabilities or engagements and the residue (if any) paid to such number, his heirs, executors, administrators or assigns.

Certificate of forfeiture.

55. A certificate in writing signed by two Directors and countersigned by the Managing Director or the Secretary of the Company that the call in respect of a share was made and notice thereof given, and the default in payment of the call was made and that the forfeiture was made by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.

Title of purchaser and allottee.

56. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and the person to whom such share is sold, reallotted or disposed of may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchases or allotment, nor shall he be entitled (unless by express agreement to the contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, reallotment or disposal of the share.

Partial payment not to preclude forfeiture.

57. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

The provisions of these Articles as to forfeiture to apply in case of nonpayment of any sum.

58. The provisions of these Articles as to forfeiture shall apply to the case of nonpayment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Board may accept surrender of shares.

59. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

Company's lien on shares.

60. The Company shall have a first and paramount lien upon all the Shares/ Debentures (other than fully paid up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Board may at any time declare any Shares/Debentures to be wholly or in part to be exempt from the provisions of this Article.

Enforcing lien by sale.

61. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his heirs, executors, administrators or other legal representatives, as the case may be, and default shall have been made by him or them in payment, fulfilment or discharge of such debts, liabilities or engagements for seven days after the date of such notice.

Application of proceeds of sale.

62. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements, and the residue, if any shall be paid to such member, his heirs, executors, administrators or other legal representatives as the case may be.

Validity of sales in exercise of lien and after forfeiture.

63. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register of Members in respect of the shares the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Board of Directors may issue new Certificates.

64. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

Money due from the Company may be set off against money due to the Company.

65. Any money due from the Company to a member may without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due, from him to the Company for calls or otherwise.

DEMATERIALISATION OF SECURITIES

65A. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

(1) Definitions

"Beneficial Owner" shall mean a Person or Persons whose name is recorded as such with a Depository;

"Depository" shall mean a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt with in accordance with the provisions of the Depositories Act, 1996.

(2) Dematerialization of securities

The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

(3) Options to hold Securities

Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a Person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a Person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.

(4) Securities in depositories to be in fungible form

All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, l53A, 153B, 187B, l87C and 372A of the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.

(5) Right of depositories and beneficial owners

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the Beneficial Owner.

(ii) Save as required by the Applicable Law, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every Person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a Member of the Company.

(6) Service of documents
Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the Beneficiary Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(7) Transfer of securities
Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(8) Allotment Of securities dealt within a depository
Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

(9) Distinctive numbers of securities held in a depository
Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

(10) Register and Index of beneficial owners
The register of Members and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfer.

66. The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Execution of Transfer etc.

67. Subject to the provisions of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

Form of Transfer.

68. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and any statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof.

The Board may decline to register Transfer.

69.(1) The Board may, subject to the right of appeal conferred by section iii of the Act, at its own, absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of any shares in the Company to any person of whom it does not approve and in particular, may so decline in any case in which the Company has a lien upon the shares or any of them. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board from declining to register any subsequent or other shares applied for in the name of such transferee.

(2) Registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

(3) Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in, or Debentures of, the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the Person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

No transfer to a person of unsound mind.

70. No shares shall in any circumstances be allotted or transferred to any minor, insolvent or person of unsound mind.

Transfer of shares.

71.(1) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.

(2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

(4) If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which the instrument of transfer, or the intimation of transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

(5) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

Transfer to be left at office as evidence of title given.

72. Every instrument of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

When transfer to be retained.

73. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Board declines to register shall on demand be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than six years as it may determine.

Transfer Books when closed.

74. The Board may after giving not less than seven days previous notice by advertisement as required by section 154 of the Act, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time.

Death of one of more joint holders of shares.

75. In the case of death of any one or more of the persons named in the Register of Members as joint shareholders of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

Title to shares of deceased member.

76. The executors or administrators or holders of Succession Certificate or the legal representatives of a deceased member (not being one of two or more joint-holders) shall be the only persons recognized by the Company as having any title to shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession certificate or the legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion may think fit, the Board may dispense with production of probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 57 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Transmission of shares.

77. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

Board may refuse to transmit.

78. The Board shall, subject to the provisions of Article 69 hereof, have the same right to refuse to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

Board may require evidence of Transmission.

79. Every transmission of shares shall be verified in such manner as the Board may require and, if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be so verified or

requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

Transfer by legal representative.

80. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Certificate of transfer.

81. The certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

The Company not liable for disregard of a Notice prohibiting registration of a transfer.

82. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title to or interest in the same shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

JOINT HOLDERS

Board may refuse transfer to more than four names.

83. Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joint names of more than four persons.

Joint Holders.

84. Where more than one person is registered as the holder of any share the person first named in the Register of Members as one of the joint holders of a share shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in these Articles:

(a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

(b) On the death of any such joint holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the shares but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

(c) Any one of the several persons who is registered as joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

(d) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in these Article) from the Company and any document served on or sent to such person shall be deemed service on all the joint holders.

(e) Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall, for the purpose of this Article be deemed joint holders.

CONVERSION OF SHARES INTO STOCK

Shares may be converted into stock

85. The Board may, with the sanction of a general meeting, convert any paid up share into stock and when any shares shall have been converted into stock the several holders of such stock may thenceforth, transfer their respective interests therein or any part of such interest, in the same manner as and subject to the same regulations, under which fully paid up shares in the capital of the Company may be transferred or as near thereto as circumstances will admit, but the Board may from time to time, if it thinks fit, fix the minimum amount of stock transferable and direct that fractions of a rupee shall not be dealt with. With power nevertheless at their discretion to waive such rules in any particular case.

Rights of Stock-holders.

86. The stock shall confer on the holders thereof respectively the same rights, privileges and advantages as regards participation in the profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages, except participation in the profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such equivalent part of consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares. The Company may at any time reconvert any such stock into fully paid up shares of any denomination.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of Memorandum and Articles to be sent.

87. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in section 39 of the Act shall be sent by the Company to every member

at his request within seven days of the request on payment of the sum of Rupee One for each copy.

BORROWING POWERS

Power to borrow.

88. Subject to the provisions of section 292 and 293 of the Act, the Board may, from time to time at its discretion accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meetings.

Payment or repayment of moneys borrowed.

89. Subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circular resolution) including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Debentures.

90. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

Register of Mortgages etc. to be kept.

91. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act, of the mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.

Register and Index of Debenture holders.

92. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with section 152 of the Act. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture holders resident in that State or country.

SHARE WARRANTS

Power to issue share warrants.

93. The Company may issue share warrants subject to and in accordance with the provisions of sections 114 and 115, and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on an application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time

to time require as to the identity of the persons signing the application, and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

Deposit of share warrant.

94.(a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company and, so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.

(b) Not more than one person shall be recognised as depositor of the share warrant.

(c) The Company shall, on two day's written notice return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrants.

95.(a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notices from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members, as the holder of the share included in the warrant and he shall be the member of the Company.

Issue of new share warrant or coupon.

96. The Board may from time to time make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

MEETING OF MEMBERS

97.(a) Subject to section 166 of the Act, the Company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting and shall specify the meeting as such in the notice calling it, and not more than fifteen months shall lapse between the date of one annual general meeting of the Company and that of the next, subject however to the right of the Registrar under the Act to extend the time within which any annual general meeting may be held.

(b) Every annual general meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated.

Annual Return

98. The Company shall in accordance with section 159 of the Act, within sixty days from the day on which the annual general meeting is held, prepare and file with the Registrar a return in the form set out in Schedule V to the Act, or as near as thereto as the circumstances shall admit and containing the particulars specified in the said Schedule V together with three copies of the balance sheet and the profit and loss account laid before the annual general meeting in accordance with section 210 of the Act.

Distinction between Annual General Meeting and Extraordinary General Meeting.

99. The General Meeting referred to in Article 97 shall be called and styled as an annual general meeting and all meetings other than the annual general Extraordinary meeting shall be called extraordinary general meeting.

Calling of Extraordinary General Meeting.

100. The Board may, whenever it thinks fit, call an extraordinary general meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting of the Company, and in the case of such requisition the provisions of section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

Length of notice for calling meeting.

101.(1) A general meeting of the Company may be called by giving not less than twenty-one day's notice in writing.

(2) A general meeting may be called after giving shorter notice than that specified in sub-clause (1) hereof if consent is accorded thereto:

(i) In case of an annual general meeting, by all the members entitled to vote thereat and,

(ii) in case of any other meeting by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provide that where any members of the Company are entitled to vote on some resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub- clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served.

102.(1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting, and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given:

(i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of section 53 of the Act;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or, until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

(iii) to the auditor or auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member or members of the Company.

(iv) Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under subsection (3) of section 53 of the Act, the statement of material facts referred to in section 173 of the Act need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(3) The accidental omission to give notice to or non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

(4) Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.

Special Business.

103. All business to be transacted at an annual general meeting with the exception of business relating to (i) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors, (ii) the declaration of the dividend, (iii) the appointment of directors in place of those retiring and (iv) the appointment of and the fixing of the remuneration of auditors, and all business to be transacted at any other meetings of the Company shall be deemed "Special".

Explanatory statement to be annexed to notice.

104. Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extent of the interest if any, therein, of every Director and of the managing director and specifying where any item of business consists of the according of approval to any document by the meeting, the time and place, where the document can be inspected.

Provided that where any such item of special business at the meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every Director or the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 percent of the paid up share capital of that other company.

Meeting not competent to discuss or transact any business not mentioned in notice.

105. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice upon which it is convened.

Quorum.

106. Five members entitled to vote and present in person shall be a quorum for a general meeting. When more than one of the joint holders of a share is present, not more than one of them shall be counted for determining the quorum. Several executors or administrators of a deceased person in whose sole name, a share stands shall, for the purpose of this Article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is represented in accordance with section 187 A of the Act.

Presence of Quorum.

107. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

If quorum not present, meeting when to be dissolved and when to be adjourned.

108. If within half an hour from the time appointed for holding the meeting a quorum is not present the meeting if called upon the requisition of members shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday until the next succeeding day in the next week which is not a public holiday, or to such other day, time and place as the Board may determine.

109. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

Resolution passed at adjourned meeting.

110. A resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Power to adjourn General Meeting.

111.(a) The Chairman of the General Meeting may adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(b) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an Original Meeting.

(c) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

Chairman of General Meeting.

112. The Chairman of the Board, and in his absence, the Vice Chairman of the Board, shall preside as Chairman at every general meeting, annual or extraordinary. If there be no Chairman or Vice Chairman of the Board or if neither of them is present within fifteen minutes after the time appointed for holding such meeting, the Directors present may choose one of their number to be Chairman and in default of their doing so the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the chair, shall, on a show of hands, elect one of their number to be Chairman of the meeting. If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles, and the Chairman elected on a show of hands shall, for that meeting, exercise all the powers of the Chairman under the said provisions. If as a result of the poll, some other person is elected Chairman, he shall be the Chairman for the rest of the meeting.

Business confined to election of Chairman while Chair vacant.

113. No business shall be discussed at any general meeting except the election of the Chairman while the Chair is vacant.

Resolution must be proposed and seconded.

114. No resolution submitted to meeting, unless proposed by the Chairman of the meeting, shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

How question to be decided at meetings.

115. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded as provided in these Articles.

Declaration of Chairman to be conclusive.

116. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried, or has been carried unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

117.(1) Before or on the declaration of the result of the voting on any resolution on a show of hands, poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution, not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll.

118. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not exceeding 48 (forty eight) hours from the time when the demand was made, as the chairman of the meeting may direct.

Scrutineers at poll

119. Where a poll is to be taken, the chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time, before the result of the poll is declared to remove a secrutineer from office and to fill vacancies in the office of the scrutineer arising from such removal or from any other cause of the two scrutineers so to be appointed, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed.

Business may proceed notwithstanding demand for poll.

120. The demand for a poll except on the question of the election of chairman or of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Chairman's casting vote

121. In the case of equality of votes the chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

Manner of taking poll and result thereof.

122.(a) Subject to the provisions of the Act, the chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

VOTE OF MEMEERS

Members in arrears not to vote.

123. No member shall be entitled to vote either personally or by proxy at any general meeting or meetings of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right or lien.

Number of votes to which member entitled.

124. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share

of the paid-up equity share capital of the Company. Provided, how ever, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of subsection (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Casting of votes by a Member entitled to more than one vote.

125. On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be, need not, if he votes use all his votes or cast in the same way all the votes he uses.

How Members non composmentis and minors may vote.

126. Without prejudice to Article 70 a member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Vote of joint-members.

127. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint- holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

Voting in person or by proxy, deceased and insolvent member.

128. Subject to the provisions of these Articles, votes may be given either personally or by an attorney or by proxy. A body corporate being a Member may vote either by proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise it if it were an individual member.

Voting in respect of shares of deceased and insolvent member.

129. Any person entitled under these Articles to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were, the registered holder of such shares provided that, atleast forty- eight hours before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Appointment of proxy.

130. Every proxy (whether a member or not) shall be appointed in writing under the hand appointer or his attorney, or if such appointer is a corporation, under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

Proxy either for specified meeting or for a period.

131. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof, or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

Proxy to vote only on poll.

132. A member present by proxy shall be entitled to vote only on a poll.

Deposit of instrument of appointment.

133. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the Registered Office not later than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of proxy.

134. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in any of the Forms set out in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of Member.

135. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of the authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have received at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Time for objection of votes.

136. No objection shall be made to the validity of any vote except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of the meeting to be the judge of validity of any vote.

137. The Chairman of any meeting shall be the judge of the validity of every vote tendered at meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Minutes of General Meeting and inspection thereof by Members.

138.(a) The Company shall cause the minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in books kept for that purpose with their pages consecutively numbered.

(b) Every page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or, in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(c) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(d) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.

(e) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting is or could reasonably be regarded as defamatory of any person or is irrelevant or immaterial to the proceedings, or is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(f) Any such minutes shall be evidence of the proceedings recorded therein.

(g) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

DIRECTORS

Number of Directors.

139. Until otherwise determined by a general meeting of the Company and subject to the provisions of Section 252 of the Act, the number of directors shall not be less than three and more than twelve.

First Directors.

140. The following persons shall be the first Directors of the Company.
1. Dr. Parvinder Singh
2. Mr. Purnendu Kumar Sarangi
3. Mr. Vinay Kumar Kaul

Power of Directors to appoint additional Directors and to fill casual vacancies.

141. Subject to the provisions of Section 260, 263, 264, and 284 (6) of the Act and subject to these Articles the Directors shall have power at any time and from time to time to appoint any other person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed.

Nominee Directors.

142. Whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank of financial institution, or any person or persons (hereafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a results of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other directors of the Company, including payment of remuneration and travelling expenses to such Directors, as may be agreed by the Company with the appointer.

Debenture Director.

143. If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every issue of debentures, the person or

persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

Qualification of Directors.

144. A Director need not hold any qualification shares.

Remuneration of Directors.

145.(1) Subject to the provisions of the Act, a Managing Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director, may be paid remuneration:

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or;

(ii) by way commission if the Company by a special resolution authorises such payments.

(3) The fee payable to a Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee thereof shall be the maximum sitting fee as may be prescribed by the Central Government under Section 310 of the Act as applied to the Company at any given time.

(4) If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Travelling expenses incurred by a Director, not a bonafide resident or by Director going out on Company's business.

146. The Board may allow and pay to any Director who. is not a bonafide resident of the place where the meetings of the Board or Committee thereof are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with business of the Company.

Payment of Pension etc. to Director who held salaried office etc. with the company.

147. The Board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any office or place of profit, salaried or otherwise, with the Company, or to his widow or dependents and may make contributions to any fund such as a provident fund and pay premiums for the purchase or provision of any gratuity, pension or allowance.

Directors may act not withstanding vacancy.

148. The continuing Director may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company but for no other purpose.

Disclosure of Interest of Directors.

149.(1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In the case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of clause (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in the which it is given but may be renewed for a further period of one financial year at a time, by a fresh notice in the last month of the financial year in which it would otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into between two companies when any one of the Directors of the Company or two of them together holds or hold not more than two percent of the paid up share capital in the other Company.

Interested Director not to participate or vote on Board's proceedings.

150. No Director of the Company shall, as Director, take part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however, that a Director may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

Board's sanction to be required for certain contracts in which particular Director is interested.

151. A Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such firm or a private company of which the Director is a

member or Director shall not enter into a contract with the Company, except to the extent and subject to the provisions of the Act.

RETIREMENT AM) ROTATION OF DIRECTORS

Retirement of Directors by rotation.

152.(1) At every annual general meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(2) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in the office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

(3) At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless :—

(i) at the meeting, or at the previous meeting, a resolution for the reappointment of such Director has been put to vote and lost;

(ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;

(iii) he is not qualified or is disqualified for appointment;

(iv) a resolution, whether special or ordinary, is required for his appointment by virtue of any of the provisions of the Act; or,

(v) the provision to subsection (2) of Section 263 of the Act is applicable to the case.

Appointment of Directors to be voted individually.

153.(1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of its being so moved, provided that where a resolution so moved is passed, no provision for the automatic reappointment shall apply.

(3) For the purpose of this clause a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

154.(1) A person who is not a retiring Director shall, subject to the provisions of the Act be eligible for appointment to the office of Director at any general meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a director.

(2) The Company shall inform its members of the candidature of a person for the office of Director or the intention of member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices up on the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in atleast two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Hindi language.

(3) Every person proposed as a candidate for the office of Director shall sign and file with the Company his consent to act as a director if appointed and every person other than a Director re-appointed after retirement by rotation shall not act as a Director of the Company unless he has within 30 days of his appointment, signed and filed with the Registrar, his consent in writing to act as such Director.

Resignation of Directors.

155. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company, and thereupon his office shall be vacated.

Register of Directors and notification of change to Registrar.

156. The Company shall keep at its registered office a register of Directors, Managing Director, Manager and Secretary containing the particulars as required by section 303 of the Act, and shall send to the Registrar a return in the prescribed form containing the particulars specified in the said register and shall notify to the Registrar any change among its directors, Managing Directors, Manager and Secretary or any of the particulars contained in the register as required by section 303 of the Act.

REMOVAL OF DIRECTORS

Removal of Directors.

157.(1) The Company may by ordinary resolution remove a Director not being a Nominee Director appointed under Article 142 or a Debenture Director appointed under Article 143 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

(2) Special notice shall be required of any resolution to remove a director under this article or to appoint somebody instead of a director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the company(not

exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it to do so:-

(a) In any notice of the resolution given to the members of the Company, state the fact of the representations having been made, and

(b) send a copy of the representations to every member of the Company to whom the notice of the meeting is sent (whether before or after receipt of the representation by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting, provided that copies of the representations need not be sent out and the representations need not be read out at the meeting, if on the application either of the Company or of any other person who claims to be aggrieved a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may if he had been appointed by the Company in general meeting or by the Board under Article 141 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under clause (5) hereof it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable of Article 141 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be reappointed as a Director by the Board of Directors.

(7) Nothing contained in this Article shall be taken

(a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of any appointment terminating with that as Director, or

(b) as derogating from any power to remove a Director which exist apart from this Article.

MANAGING DIRECTORS

Board may appoint Managing Director.

171. Subject to the provisions of the Act, the Board of Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for a term not exceeding five years at a time for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

172. Subject to the provisions of the Act and these Articles a Managing Director or the Whole-time Director shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the Directors liable to retire, by rotation or the number of Directors to retire, but he shall, subject to the terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other directors of the Company.

Remuneration of Managing Directors.

173. The remuneration of a Managing Director shall from time to time be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in the Act.

Directors may confer power on Managing Director.

174. Subject to the provisions of the Act and to the restrictions contained in these articles the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable by the Board under these articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks expedient and it may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Compensation for loss of office.

175. Subject to the provisions contained in the Act, the Company shall make payment to a Managing Director by way of compensation for loss of office or as compensation for retirement from such office or in connection with such loss or retirement from office except in cases specified in Section 318(3) and such payment shall be subject to the limit specified in Section 318(4) of the Act.

Managing Director not to exercise certain powers.

176. The Managing Director or Managing Directors shall not exercise the powers to:

(a) make calls on shareholders in respect of money unpaid on the shares of the Company, and;

(b) issue debentures, and

(c) except as may be delegated by the Board under section 292 of the Act, invest the funds of the Company, or make loans or borrow moneys.

Certain persons not to be appointed Managing Directors.

177. The Company shall not appoint or employ or continue the employment of any person as its Managing Director or whole-time Director who

(a) is an undischarged insolvent or has at any time adjudged insolvent;
(b) suspends or has at any time suspended, payment to his creditors or makes or has at any time made composition with them; or
(c) is or has at any time been convicted by a court of an offence involving moral turpitude.

THE MANAGER

The manager.

178. When the Company has no Managing Director, and subject to the provisions of the Act, the Board of Directors may from time to time appoint a Manager within the meaning of Clause (24) of section 2 of the Act, who, subject to the superintendence, control and direction of the Board of Directors, may be entrusted with the management of the whole or substantially the whole of the affairs of the Company and whose appointment shall be subject to section 269 and 387 of the Act shall be governed by section 198, 310, 311, 317, 349, 350 and 388 and other applicable provisions, if any, of the Act.

THE SECRETARY

179. The Board may from time to time appoint and, at its discretion, remove any individual (hereinafter called “the Secretary”) to perform any function, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties which may from time to time be assigned to the Secretary by the Board. The Board may also at any time appoint some persons(who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall conform to the provisions of the Act.

THE SEAL

The Seal its custody and use.

180. The Board of Directors shall provide a Common Seal for the purpose of the company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. Every deed or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed at least by one Director and countersigned by some other person appointed by the Board for the purpose, provided nevertheless that certificates of shares or debentures may be sealed and signed in the manner and in conformity with provisions of the Companies (Issue of Share Certificates) Rules, 1960.

Foreign Seal

181. The Company may, subject to the provisions of the Act, have for use in any territory, district or place not situate in the Union of India, an official seal which shall be a facsimile of the Common Seal of the Company with the addition on its face of the name of the territory, district or place where it is to be used.

Provisions applicable to Foreign Seal.

182. The following provisions shall apply on the Company having a foreign seal under the preceding article:

(i) The Company shall, by a document under its Common Seal, authorise any person appointed for the purpose in that territory, district or place to affix the official seal to any deed or other documents to which the Company is a party in that territory, district or place.

(ii) The authority of any agent under the proceeding clause shall, as between the Company and any person dealing with the agent, continue during the period if any mentioned in the document conferring the authority, or if no period is therein mentioned, until notice of the revocation or determination of the agent’s authority has been given to the person dealing with him.

(iii) The person affixing any such official seal, shall certify, on the deed or document to which such a seal is affixed, the date on which and the place at which, such deal is affixed.

(iv) a deed or other document to which an official seal is duly affixed shall bind the Company as if it had been sealed with the common seal of the Company.

MINUTES

Minutes

183. The Company shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of its Board of Directors or of every Committee of Board to be kept in the manner required by the Act and the provisions of the Act will apply accordingly.

DIVIDENDS

Division of Profits

184. The profits of the Company which it shall from time to time determine, subject to the provisions of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid up on the equity shares.

Amount paid in advance of calls not to be treated as paid up capital.

185. No amount paid or credited as paid on the shares in advance of calls shall be treated as capital paid up on the shares.

Apportionment of Dividends.

186. All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Declaration of Dividends.

187. The Company in general meeting may subject to the provisions of the Act declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment.

Restrictions on amount of dividends.

188. No larger dividend shall be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend.

Dividend out of profits only.

189.(1) No dividend shall be payable except out of the profits of the Company arrived at as laid down in the Act.

(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends.

190. The Board of Directors may from time to time pay to the members such interim dividends as in its judgement the position of the Company justifies.

Debts may be deducted.

191. The Board may retain any dividends payable on shares on which the Company a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Dividend and call together.

192. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the member be set off against the call.

Dividend how paid.

193. Any general meeting declaring a dividend or bonus may resolve that such dividend be paid wholly or in part by the distribution of specific assets, partly or fully paid up shares, or debentures or debenture-stock of the company or in any one or more of such ways and the Board shall give effect to the same and the Board may settle any difficulty in doing so in such manner as it may deem expedient.

Effect of Transfer.

194. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Retention in certain cases.

195. The Board may retain the dividends payable upon shares in respect of which any person is under Article 77 entitled to become a member or which any person under that article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive interest or dividend whilst indebted to the Company and Company's right to reimbursement thereat.

196. No member shall be entitled to receive payment of any interest or dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums of money so due, from him to the Company.

Payment by post.

197. Any dividend payable in cash may be paid by cheque or warrant sent through the post directed to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders to the registered address of that one whose name stands first on the Register of Members in respect of the joint shareholding, or to such persons and to such address as the shareholder or the joint shareholders may in writing direct. The Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means, The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other place where the payment of dividend is to be made. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205-A of the Act in respect of all unclaimed or unpaid dividend.

Unpaid or Unclaimed Dividend.

198. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, it shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called the "Unpaid Dividend Account of Fortis Healthcare Limited".

Any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the fund known as the Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Capitalisation of Reserves.

199.(a) Any general meeting may, upon the recommendation of the Board, resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of the Profit and Loss Account or of the Reserve Fund or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:

(1) paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or

(2) paying up any amounts for the time being remaining unpaid on any shares, debentures or debenture-stock held by such members respectively; or

(3) paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be acceptable by such shareholders in full satisfaction of their interest in the said capitalised sum.

(b)(1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account, and,

(2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares;

May by resolution of the Company be applied only in paying up in full for any shares then remaining unissued to be issued to such members of the Company as the general meeting may resolve upto an amount equal to the nominal amount of the shares so issued.

(c) Any general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to the charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

(d) For the purpose of giving effect to any such resolution the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligations in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment, and sale of such shares debentures, debenture- stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.

(e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act, and these Articles and to the directions of the Company in general meeting, if any, sell the shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or by invalidity in the proceedings with reference to the sale.

(f) Where required, a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

Company may indemnify.

209. Subject to the provisions of the Act, every Director, Manager and other officer or any person (whether officer of the Company or not) employed by the Company, or as an auditor, or servant of the Company shall be indemnified by the Company and it shall be the duty of the Board to pay out of the funds of the company all costs, charges, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such director, Manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted by the Court.

Liability of officers.

210. Subject to the provisions of Section 201 of the Act no director, Manager of other officer of the Company shall be liable for the acts, receipts, neglects of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by error of judgement, omission, default or oversight, on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

WINDING UP

Distribution of assets.

211. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be so distributed, that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively. But this article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Secrecy clause.

212. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, secret of process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board it would be inexpedient in the interest of the Company to disclose.

Secrecy undertaking.

213. Every Director, Manager, Auditor, Treasurer, Trustee, Member of Committee, agent, officer, servant, accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when

required so to do by the Board or by any meeting of the shareholders if any or by a Court of Law, or by the person to whom the matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

Members knowledge implied.

214. Each member of the Company, present and future, is to be deemed to join the Company with full knowledge of all contents of these presents.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered into or will be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at Piccadily House, 275, 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, India from 10.00 am to 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated [•] for appointment of JM Morgan Stanley Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited as the BRLMs.

2. Memorandum of Understanding dated [•] among the Company and the BRLMs.

3. Memorandum of Understanding dated [•] executed by the Company with the Registrar to the Issue.

4. Escrow Agreement dated [•] among the Company, the BRLMs, Escrow Collection Banks and the Registrar to the Issue.

5. Syndicate Agreement dated [•] among the Company, the BRLMs and the Syndicate Members.

6. Underwriting Agreement dated [•] among the Company, the BRLMs and the Syndicate Members.

Material Documents

1. Memorandum and Articles of Association of the Company as amended through the date hereof.
2. Certificate of incorporation dated February 28, 1996.
3. Shareholders' resolutions dated March 8, 2006 in relation to the Issue and other related matters.
4. Resolutions of the Board dated February 10, 2006 authorizing the Issue.
5. Report of the Auditors, M/s S.R. Batliboi and Co., Chartered Accountants, prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus and letters from the auditors dated [•].
6. Copies of annual reports of the Company and its subsidiaries for the past five financial years.
7. Consents of the Auditors, M/s S.R. Batliboi and Co, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.*[Subsidaries]*
8. General Powers of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.

9. Consents of Auditors, Bankers to the Company, the BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Bankers to the Company, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Auditors, International Legal Counsel to the BRLMs, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

10. Applications dated [•] and [•] for in-principle listing approval from [•], respectively.

11. In-principle listing approval dated [•] and [•] from [•] respectively.

12. Agreement among NSDL, the Company and the Registrar to the Issue dated [•].

13. Agreement among CDSL, the Company and the Registrar to the Issue dated [•].

14. Due diligence certificate dated [•], 2006 to SEBI from JM Morgan Stanley Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited.

15. SEBI observation letter [•] dated [•] and the Company's in-seriatim reply to the same dated [•].

16. Shareholder agreement with Sunrise Medicare Private Limited and others dated January 3, 2006.

17. Share purchase agreement dated September 25, 2005 executed among Escorts Limited, AAA Portfolio Private Limited, Big Apple Clothing Private Limited, Charak Ayurvedic Institute, Escorts Employees Welfare Trust, Diamond Leasing and Finance Limited and the Company.

18. Operation and maintainence agreement dated October 29, 2003 entered into between the Company and Seth Jessa Ram and Bros Charitable Hospital Trust.

19. Operation and maintainence agreement dated January 3, 2006 entered into between the Company and Sunrise Medicare Private Limited.

20. Operation and maintainence agreement dated October 31, 2005 entered into between the Company and Jeewan Mala Hospital Private Limited.

21. Operation and maintainence agreement dated January 28, 2006 entered into between the Company and Khalil Public Welfare Trust.

22. Agreement dated May 12, 2005 between Oscar Bio-Tech Private Limited, Flt. Lt. Rajan Dhall Charitable Trust and Vaitalik.

23. Agreement dated August 29, 2002 between EHIRCL and the Government of Chhattisgarh.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by all Directors

[●]

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Mr. Harpal Singh
Chairman and Managing Director

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Mr. Shivinder Mohan Singh
Managing Director

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Mr. [•]
Chief Financial Officer

Date: [•]
Place: New Delhi