The information in this Red Herring Prospectus is not complete and may be changed. The Issue is meant only for QIBs and is not an offer to any other class of investors to purchase the Equity Shares. This Red Herring Prospectus is not soliciting an offer to subscribe to or buy Equity Shares in any jurisdiction where such offer or subscription is not permitted.

RED HERRING PROSPECTUS
Dated May 6, 2013

FORTIS HEALTHCARE LIMITED

*(Fortis Healthcare Limited was initially incorporated as Rancare Limited on February 28, 1996 in the Republic of India with limited liability under the Companies Act, 1956 (the "**Companies Act**") and was granted a certificate of incorporation by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Subsequently, the name of the Company was changed to Fortis Healthcare Limited on June 20, 1996 and then to Fortis Healthcare (India) Limited on March 7, 2011 and further changed to its present name on March 6, 2012. The corporate identity number of the Company is L85110DL1996PLC076704.)*

Issue of up to 45,023,581 equity shares of face value ₹ 10 each (the "**Equity Shares**") of Fortis Healthcare Limited (the "**Company**"), at a price determined in accordance with the SEBI Approvals (as defined hereinafter) aggregating to ₹ [●] million or up to 34,993,030 Equity Shares aggregating to ₹ [●] million, as the case may be, according to the Allotment Criteria (as defined hereinafter) (the "**Issue**"). The Issue Price (as defined hereinafter) is ₹ [●] per Equity Share. For details of the SEBI Approvals, see "***Issue Procedure – SEBI Approvals***".

THIS ISSUE AND THE DISTRIBUTION OF THIS RED HERRING PROSPECTUS (THE "RED HERRING PROSPECTUS") IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS") AND THE SEBI APPROVALS, AS APPLICABLE. THIS RED HERRING PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS ("QIBS") (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds (as defined hereinafter) and Insurance Companies (as defined hereinafter), subject to valid ASBA Applications (as defined hereinafter) being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in this Issue only through an application supported by blocked amount ("**ASBA**") providing details about the ASBA Account (as defined hereinafter) which will be blocked by the Self Certified Syndicate Bank. For details, see "***Issue Procedure***".

This Red Herring Prospectus has not been reviewed or approved by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the BSE Limited (the "**BSE**"), the National Stock Exchange of India Limited (the "**NSE**", together with the BSE, the "**Stock Exchanges**") and is intended only for use by QIBs. A copy of this Red Herring Prospectus has been delivered to the Stock Exchanges and SEBI and for registration to the Registrar of Companies, National Capital Territory of Delhi and Haryana (the "**RoC**"). Copies of the Prospectus will be filed with the Stock Exchanges, SEBI and the RoC. This Red Herring Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus.

The Equity Shares of the Company are listed and traded on the Stock Exchanges. The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform as the Equity Shares listed and traded on the Stock Exchanges. In-principle approvals under Clause 24(a) of the Equity Listing Agreement (as defined hereinafter) for listing of the Equity Shares offered in the Issue have been received from the Stock Exchanges. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through this Red Herring Prospectus. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" BEGINNING ON PAGE 40 OF THIS RED HERRING PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS RED HERRING PROSPECTUS.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to this Red Herring Prospectus together with the ASBA Applications and Confirmation of Allocation Notes. See "***Issue Procedure***" beginning on page 153. The distribution of this Red Herring Prospectus or the disclosure of its contents without the prior consent of the Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Red Herring Prospectus, agrees to observe the foregoing restrictions and make no copies of this Red Herring Prospectus or any documents referred to in this Red Herring Prospectus.

The information on the website of the Company or any website directly or indirectly linked to the website of the Company, other than this Red Herring Prospectus, does not form part of this Red Herring Prospectus and prospective investors should not rely on such information contained in, or available through, any such website.

The Board of Directors, through its resolution dated April 24, 2013, has authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, at a price determined in accordance with applicable laws and regulations. The preferential allotment will be subject to execution of necessary agreements and receipt of applicable approvals and consents, including the approval of the shareholders of the Company and completion of the Issue.

Further, pursuant to the resolution of the shareholders of the Company dated January 15, 2013, the Issue Committee of the Board of Directors through its resolution dated April 24, 2013 has approved a private placement of foreign currency convertible bonds to International Finance Corporation for an aggregate amount of USD 55 million (the "**Bonds**"). The floor price of these Bonds, determined in accordance with applicable law, is ₹ 99.09. This issuance of Bonds is subject to the execution of a subscription agreement and receipt of approvals and consents as may be required for issuances of such nature and completion of the Issue.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). For further information, see "Transfer Restrictions" and "Selling Restrictions" on pages 180 and 175, respectively.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
Standard Chartered Securities (India) Limited 1st Floor, Standard Chartered Tower , 201B/1 Western Express Highway, Goregaon (East) Mumbai 400 063 Tel: (91 22) 4205 6117 Fax: (91 22) 4205 5999 Email: fortis.ipp@sc.com Website: www.standardcharteredsecurities.co.in Contact Person: Rohan Saraf SEBI Registration No.: INM000011542	**J. P. Morgan India Private Limited** J. P. Morgan Tower, Kalina, Off C.S.T. Road Santacruz (East), Mumbai 400 098 Tel: (91 22) 6157 3000 Fax: (91 22) 6157 3911 Email: fortis_ipp@jpmorgan.com Website: www.jpmipl.com Contact Person: Mr. Rahul Bajaj SEBI Registration No.: INM000002970	**Religare Capital Markets Limited*#** 901, 9th floor, Tower- 1, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road Mumbai 400 013 Tel: (91 22) 6766 3577 Fax: (91 22) 6766 3575 E-mail: fortis.ipp@religare.com Website: www.religarecm.com Contact Person: Pranay Shetty SEBI Registration No.: INM000011062	**Link Intime India Private Limited** C 13, Pannalal Silk Mills Compound LBS Marg, Bhandup (W) Mumbai 400 078 Tel: (91 22) 2596 7878 Fax: (91 22) 2596 0329 Email: fortis.ipp@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sanjog Sud SEBI Registration No.: INR000004058

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

** Religare Capital Markets Limited is a subsidiary of Religare Enterprises Limited ("REL"). As there are common promoters between REL and the Company and common director(s) between REL, Religare Capital Markets Limited and the Company, Religare Capital Markets Limited is deemed to be an associate of the Company as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 (the "Merchant Bankers Regulations"). Religare Capital Markets Limited has signed the due diligence certificate and accordingly been disclosed as a Book Running Lead Manager. Further, in compliance with the provision to Regulation 21A(1) and explanation to Regulation 21A(1) of the Merchant Bankers Regulations, read with Regulations 5 and 110 and Schedule XX of the SEBI Regulations, Religare Capital Markets Limited would be involved only in marketing of the Issue.*

 # The SEBI registration certificate of Religare Capital Markets Limited, one of the book running lead managers to the Issue, as merchant banker, expired on December 11, 2012. As required under Regulation 8A of the Merchant Bankers Regulations, an application for permanent registration, in the prescribed manner, was made on September 7, 2012 by Religare Capital Markets Limited to SEBI, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited. No communication has been received by Religare Capital Markets Limited from SEBI rejecting the said application.

*** Details of the Issue programme shall be disclosed in the Floor Price / Price Band Announcement (as defined hereinafter) to be issued at least one day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement and the Floor Price / Price Band Announcement for further details. Investors are advised to read the above mentioned announcements together with this Red Herring Prospectus.*

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NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Red Herring Prospectus and, having made all reasonable enquiries confirms that, this Red Herring Prospectus contains all information with respect to the Company and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Red Herring Prospectus relating to the Company and the Equity Shares are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Red Herring Prospectus with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Red Herring Prospectus misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Red Herring Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or Standard Chartered Securities (India) Limited, J.P. Morgan India Private Limited and Religare Capital Markets Limited (the "**Book Running Lead Managers**"). The delivery of this Red Herring Prospectus at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the U.S. or the securities authorities of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the U.S. and may be a criminal offence in other jurisdictions. The distribution of this Red Herring Prospectus and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Red Herring Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company or the Book Running Lead Managers which would permit an offering of the Equity Shares offered in the Issue or distribution of this Red Herring Prospectus in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any Issue materials in connection with the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Red Herring Prospectus has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and the Company stating that it is in connection with the Issue and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Red Herring Prospectus as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting, investment and related matters concerning the Issue. In addition, none of the Company or the Book Running Lead Managers is making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII-A of the SEBI Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on the Company's website, except this Red Herring Prospectus, or the website of the Book Running Lead Managers does not constitute nor form part of this Red Herring Prospectus. Prospective investors should not

rely on the information contained in, or available through such websites, except this Red Herring Prospectus. This Red Herring Prospectus contains summaries of terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in reliance on Regulation S.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State (as defined below) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU. Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or the Book Running Lead Managers to produce a prospectus for such offer. Neither the Company nor the Book Running Lead Managers have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offer made by the Book Running Lead Managers which constitutes the final placement of the Equity Shares contemplated in this Red Herring Prospectus.

This Red Herring Prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

NOTICE TO INVESTORS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE

This Red Herring Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This Red Herring Prospectus is intended for distribution only to Persons of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Red Herring Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Red Herring Prospectus you should consult an authorised financial adviser.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Book Running Lead Managers, as follows:

- You are a "QIB" (hereinafter defined), having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI Regulations;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You have made the representations and warranties set forth in "***Transfer Restrictions***" and "***Selling Restrictions***" beginning on pages 180 and 175 respectively;

- You are aware that this Red Herring Prospectus has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, other than the RoC pursuant to applicable provisions of the Companies Act, and is intended only for use by QIBs;

- If you are Allotted the Equity Shares, you shall not, for a period of one year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Red Herring Prospectus), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (the "**Company Presentations**") with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to the Company and the Issue that was not made publicly available by the Company;

- Neither the Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical facts included in this Red Herring Prospectus, including those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Red Herring Prospectus;

- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation (as defined hereinafter), Allotment Criteria and the CAN (as defined hereinafter). See "***Issue Procedure***" beginning on page 153;

- You have read this Red Herring Prospectus in its entirety, including in particular, "**Risk Factors**" beginning on page 40;

- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of the Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in this Red Herring Prospectus and publicly available information about the Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares offered in the Issue, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against any of the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have no need for liquidity with respect to the investment in the Equity Shares offered in the Issue, (iv) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

- You shall apply in this Issue only through the ASBA mechanism;

- You are neither a Promoter (hereinafter defined) nor a person related to the Promoters, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoters or the Promoter Group (hereinafter defined) or persons related to the Promoters. For the purposes of this representation you will be deemed to be related to the Promoters if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters, any veto rights or any right to appoint any nominee director on the Board (as defined hereinafter), other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;

- You have no right to withdraw your ASBA Application or revise downwards the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;

- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;

- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (hereinafter defined);

- You, together with other QIBs that belong to the same group as you or are under common control as you, shall not be Allotted Equity Shares in excess of 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. For the purposes of this representation:

  i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

  For meaning of the terms 'companies under the same group' under sub-section (11) of Section 372 of the Companies Act and 'control' under Regulation 2(1)(e) of the Takeover Regulations, see "***Issue Procedure***" beginning on page 153.

  However, this is subject to change in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot Equity Shares to less than 10 investors in accordance with the SEBI Approvals. See "***Issue Procedure – Number of Allottees***" on page 155.

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant (as defined hereinafter) account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time, or at all. The Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or the Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Managers, the Company nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in this Red Herring Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Managers nor the Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- The Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by

you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its obligations or any breach of any representations and warranties by the Company, whether to you or otherwise;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Red Herring Prospectus and the Prospectus;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;

- You agree to indemnify and hold the Company, the Book Running Lead Managers and their respective shareholders, directors, officers, employees and affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Red Herring Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

- You agree to abide by the Basis of Allocation provided in this Red Herring Prospectus, and the Allocation done in accordance with Basis of Allocation as overseen by the Stock Exchanges;

- You agree to provide additional documents as may be required by the Company and the Book Running Lead Managers for finalisation of the Basis of Allocation along with the Stock Exchanges. The Company, the Book Running Lead Managers and their affiliates may rely on the accuracy of such documents provided by you; and

- The Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of the Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the "**FII Regulations**"), an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with applicable 'know your client' requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of an FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Red Herring Prospectus. This Red Herring Prospectus does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company or the Book Running Lead Managers. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company or the Book Running Lead Managers. The Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers. Affiliates of the Book Running Lead Managers that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Red Herring Prospectus has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Red Herring Prospectus;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

It should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Red Herring Prospectus, unless the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'the Company' are to Fortis Healthcare Limited, and references to 'we', 'us' or 'our' are to Fortis Healthcare Limited, its subsidiaries, associates and joint ventures on a consolidated basis, unless otherwise specified.

In this Red Herring Prospectus, all references to "Indian Rupees" "₹" or "Rs." are to Indian Rupees and all references to "U.S. dollars", "USD" or "U.S. $" are to United States dollars. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions.

In this Red Herring Prospectus, references to the words "Lakh" or "Lac" mean "100 thousand", the word "million" means "10 lakh", the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

The financial year of the Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'fiscal year', 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

The Company publishes its consolidated and unconsolidated financial statements in Indian Rupees. The Company's audited consolidated financial statements and the reviewed consolidated condensed financial statements included herein have been prepared in accordance with Indian GAAP and the Companies Act. Unless otherwise indicated, all financial data in this Red Herring Prospectus are derived from the Company's consolidated financial statements prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP and accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting policies. The Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. See "***Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition***".

In terms of the SEBI Approvals, the audited consolidated financial statements of the Company as of and for the fiscal years ended March 31, 2012, 2011 and 2010 prepared in accordance with Indian GAAP and the Companies Act, and the reviewed consolidated condensed financial statements of the Company as of December 31, 2012 and the statement of profit and loss and cash flow statement for the nine month periods ended December 31, 2012, prepared in accordance with the recognition and measurement principles of Accounting Standard 25 "Interim Financial Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006, as amended, are included in this Red Herring Prospectus and are referred to herein as the "***Financial Statements of the Company***" beginning on page 207.

Pursuant to Notification S.O. 447(E) dated February 28, 2011, the old format prescribed under Schedule VI to the Companies Act (the "**Old Schedule VI**") was replaced with the revised Schedule VI (the "**Revised Schedule VI**"), which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, the Company has modified the manner in which it presents its financial statements as of and for the Fiscal year ended March 31, 2012 so that the presentation of the Company's financial statements is consistent with the Revised Schedule VI, which became applicable to the Company in Fiscal 2012. In connection with this exercise, the Company has also modified and reclassified its financial statements, for presentation purposes, as of and for the financial year ended March 31, 2011 in order to provide comparability with its financial statements as of and for the financial year ended March 31, 2012. The Company's historical audited financial statements for Fiscal 2011 and Fiscal 2010, however, have also been presented in this Red Herring Prospectus in accordance with the Old Schedule VI. The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of the Company's financial statements. However, it does have a significant impact on the presentation of, and disclosure made in, the Company's financial statements, particularly

with respect to the presentation of the statement of assets and liabilities. For financial periods ending subsequent to March 31, 2012, the Company has been, and will be, presenting its financials statements in accordance with the Revised Schedule VI.

In this Red Herring Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of the Company contained in this Red Herring Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external industry sources and knowledge of the markets in which the Company competes. Unless stated otherwise, the statistical information included in this Red Herring Prospectus relating to the industry in which the Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Company nor the Book Running Lead Managers have independently verified this data and do not make any representation regarding the accuracy of such data. The Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates. Similarly, while the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Red Herring Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Red Herring Prospectus that are not historical facts. These forward-looking statements contained in this Red Herring Prospectus (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- Challenges faced by the healthcare industry.
- Inability to attract and retain doctors, nurses and healthcare professionals.
- Decline in inpatient treatments.
- Increase in competition from other hospitals and healthcare providers.
- Our international operations being subject to risks in multiple countries.
- Inability to obtain, renew or maintain our statutory and regulatory approvals and permits.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 40, 95, 122 and 70 respectively. The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Red Herring Prospectus or the respective dates indicated in this Red Herring Prospectus, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company incorporated with limited liability under the laws of India. Except Mr. Malvinder Mohan Singh, Dr. Brian William Tempest, Mr. Balinder Singh Dhillon, Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, all of the Company's Directors are residents of India. Except for Dr. Daphne Khoo Hsu Chin and Mr. Vishal Bali, all of the key managerial personnel named here are residents of India and a substantial part of all the assets of the Company are located in India. As a result, it may be difficult for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government of India (the "**GoI**" or the "**Government**") has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On March 31, 2013[3], the exchange rate (RBI reference rate) was ₹ 54.39 to U.S. $1.00 (Source: http://*www.rbi.org.in*).

	Period End	Average[1][2]	High[2]	Low[2]
Financial Year:	(₹ Per U.S.$1.00)			
2013	54.39 [3]	54.45	57.22	50.56
2012	51.66[4]	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
Quarter Ended:				
March 31, 2013	54.39 [3]	54.17	55.33	52.97
December 31, 2012	54.78	54.14	55.70	51.62
September 30, 2012	52.70[5]	55.24	56.38	52.70

(1) Average of the official rate for each working day of the relevant period.

(2) These rates are based on the RBI reference rate.

(3) Exchange rate as on March 28, 2013, as RBI reference rate is not available for March 31, 2012 being a Sunday.

(4) Exchange rate as on March 30, 2012, as RBI reference rate is not available for March 31, 2012 being a Saturday.

(5) Exchange rate as on September 28, 2012, as RBI reference rate is not available for September 30, 2012 being a Sunday.

(Source : *www.rbi.org.in*)

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Red Herring Prospectus shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company and Industry Related Terms

Term	Description
"Articles of Association" or "Articles"	The Articles of Association of the Company, as amended from time to time
"Board" or "Board of Directors"	The board of directors of the Company or a committee thereof
"total borrowings"	The aggregate of long-term borrowings, short-term borrowings, current maturities of long-term debts and current maturities of finance lease obligations
"we" or "us" or "our"	Fortis Healthcare Limited and its subsidiaries, associates and joint ventures on a consolidated basis.
ALOS	The average length of stay (of in-patients)
Appointed Date	April 1, 2012, which is the date from which the Scheme is proposed to take effect
ARPOB	The average revenue per occupied bed
Auditor	The statutory auditor of the Company, S.R. Batliboi & Co. LLP
Bonds	The foreign currency denominated bonds which are convertible into Equity Shares and have been issued by the Company pursuant to the resolution of the shareholders of the Company dated January 15, 2013 and the resolution of the Issue Committee of the Board of Directors dated April 24, 2013
Clinical Establishment Services	The healthcare, medical and related services, including OPD and radio-diagnostic services, that are provided by the Hospital Services Companies under the HMSAs
Company	Fortis Healthcare Limited, a public limited company incorporated under the Companies Act and having its registered office at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi 110 025
Dental Corporation	Dental Corporation Holdings Limited
Directors	Directors on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 10 each of the Company
Escorts – Delhi	The Fortis Escorts Heart Institute in New Delhi
FHHPL	Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited)
FHM North	Fortis Health Management (North) Limited
FMRI	Fortis Memorial Research Institute, Gurgaon
Fortis Healthcare International	Fortis Healthcare International Pte. Limited
Fortis Hospitals	Fortis Hospitals Limited
Fortis Operating Companies	Fortis Health Management (North) Limited, Fortis Malar Hospitals Limited and Fortis Hospitals Limited
FOS	Fortis Operating System
HMSAs	Hospital and Medical Services Agreements

Term	Description
Hospital Services Companies	The subsidiaries of RHT that have entered into HMSAs with the Fortis Operating Companies in respect of the clinical establishments held by such subsidiaries
HPCPL	Har Parshad and Company Private Limited
JCAHO	Joint Commission on Accreditation of Healthcare Organisations
JCI	Joint Commission International, U.S.A
Leased Facilities	Leased healthcare facilities are those healthcare facilities that are leased by us from third parties for an agreed lease rental payable to the lessor, and where we provide healthcare services and derive revenues therefrom directly
LHPL	Lalitha Healthcare Private Limited
Managed Facilities	Managed healthcare facilities are those healthcare facilities where we operate and manage the healthcare facility in consideration for a management fee
MOS	Medical operating system, which is a process standardisation initiative
MSCL	Medical and Surgical Centre Limited, a listed Mauritius company
NABH	National Accreditation Board for Hospitals and Healthcare Providers, India
NABL	National Accreditation Board for Testing and Calibration Laboratories, India
NCD	Non communicable diseases such as cancer, stroke, diabetes and cardiovascular diseases
NCHM	National Commission on Macroeconomics and Health
Net Sales Value	The aggregate value of tests conducted at SRL's franchisee laboratories
NJBIF	NYLIM Jacob Ballas India Fund III LLC, Mauritius
Operated Facilities	Operated healthcare facilities are those healthcare facilities where the ownership and the legal title to the land and the building are held by a third party. Under such arrangements, we operate the healthcare facilities, provide healthcare services and derive revenues therefrom directly. We pay a specified fee to the third party for the use of the healthcare facilities
Owned Facilities	Owned healthcare facilities are those healthcare facilities where the ownership and the legal title to the land and the building are held by us
Promoter Group	The promoter group of the Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations
Promoters	Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and FHHPL
PSM	The procurement supply management program of the Company
Quality Healthcare	Quality Healthcare Asia Limited
RadLink	RadLink-Asia Pte. Ltd
Registered Office	Escorts Heart Institute and Research Centre Okhla Road, New Delhi 110 025
Reverse ROFR	The reverse right of first refusal granted to the Company by the Trustee Manager under the agreement dated September 18, 2012 between the Company and the Trustee-Manager
RHCHPL	RHC Holding Private Limited
RHT	Religare Health Trust
RHT Portfolio	The 11 existing clinical establishments, four greenfield clinical establishments and two operating hospitals in India that the Company has transferred to RHT
ROFR Agreement	The right of first refusal agreement dated September 18, 2012 between the Company and the Trustee Manager
Scheme	The scheme of amalgamation filed by the Company with the High Court of Delhi in March 2013

Term	Description
Service Fee	A service fee paid by the Fortis Operating Company to the relevant Hospital Services Company in consideration for the provision of the Clinical Establishment Services
Sponsor Agreement	The sponsor agreement dated September 18, 2012 entered between the Company, RHT and certain subsidiaries of RHT
SRL	SRL Limited
TCM	Traditional Chinese Medicine
Trustee-Manager	The trustee-manager of RHT, Religare Health Trust Trustee Manager Pte. Ltd

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria
Allotment Criteria	The method as finalised by the Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method
Allotment or Allotted or Allot	Unless the context otherwise requires, the issue and allotment of the Equity Shares
Allottees	QIBs to whom the Equity Shares are Allotted
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of this Red Herring Prospectus
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application
ASBA	Application supported by blocked amount
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of this Red Herring Prospectus and which shall also be an authorisation to an SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in "***Issue Procedure***" beginning on page 153
Bidding Location	Mumbai
Book Running Lead Managers	Standard Chartered Securities (India) Limited, J.P. Morgan India Private Limited and Religare Capital Markets Limited
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the

Term	Description
	Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Date	The date on which funds blocked by the SCSB are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Prospectus is filed with the RoC
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price will be decided by the Company in consultation with the Book Running Lead Managers in accordance with the SEBI Approvals, if applicable, and shall be announced at least one day prior to the Issue Opening Date. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected
Floor Price / Price Band Announcement	The announcement of either the Floor Price or the Price Band, made by the Company at least one day prior to the Issue Opening Date
Institutional Placement Programme or IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI Regulations and in accordance with the SEBI Approvals
Issue	The offer and issuance of up to 45,023,581 Equity Shares to QIBs, pursuant to Chapter VIII-A of the SEBI Regulations and in accordance with the SEBI Approvals or up to 34,993,030 Equity Shares, pursuant to Chapter VIII-A of the SEBI Regulations, as the case may be
Issue and Placement Agreement	The issue and placement agreement dated May 6, 2013, among the Company and the Book Running Lead Managers in relation to the Issue
Issue Closing Date	The last date up to which the ASBA Applications shall be accepted, which date shall be announced along with the Floor Price / Price Band Announcement
Issue Opening Date	The date on which the Designated Branches and the members of the Syndicate will start accepting the ASBA Applications, which date shall be announced along with the Floor Price / Price Band Announcement
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the SCSBs and the members of the Syndicate (in the Bidding Location)
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be, in accordance with the SEBI Approvals, if applicable
Issue Size	The aggregate size of the Issue, comprising of up to 45,023,581 Equity Shares pursuant to Chapter VIII-A of the SEBI Regulations and in accordance with the SEBI Approvals or up to 34,993,030 Equity Shares pursuant to Chapter VIII-A of the SEBI Regulations, as the case may be, each Allotted at the Issue Price
JP Morgan	J.P. Morgan India Private Limited
Price Band	Price band, if any, announced by the Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which will be decided by the Company in consultation with the Book Running Lead Managers, in accordance with the SEBI Approvals, if applicable, and which shall be announced at least one day prior to the Issue

Term	Description
	Opening Date
Pricing Date	The date on which the Company in consultation with the Book Running Lead Managers finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with the provisions of the Companies Act, containing, *inter alia*, the Issue Size, the Issue Price and certain other information
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Public issue account agreement dated [●], 2013 among the Company, the Book Running Lead Managers, the Registrar and the Public Issue Account Bank.
Public Issue Account Bank	The bank which is clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being HDFC Bank Limited
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations
Red Herring Prospectus	This red herring prospectus issued in accordance with the provisions of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. This Red Herring Prospectus will be filed with the RoC at least three days before the Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Registrar to the Issue	Link Intime India Private Limited
Religare	Religare Capital Markets Limited
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downwards the price per Equity Share or the number of Equity Shares applied for
SEBI Approvals	The approvals of SEBI obtained pursuant to letter dated January 16, 2013 in relation to size of the Issue and disclosure of financial information and letter dated April 15, 2013 in relation to the minimum number of investors required. For details, see "***Issue Procedure – SEBI Approvals***" on page 153
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Standard Chartered	Standard Chartered Securities (India) Limited
Stock Exchanges	The BSE and the NSE
Syndicate Agreement	The agreement dated [●], 2013 among the Syndicate and the Company in relation to the Issue
Syndicate ASBA Bidding Centres	Centres in the Bidding Location where the Applicants can register their ASBA Applications with a member of the Syndicate
Syndicate or members of the Syndicate	The Book Running Lead Managers
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the ASBA Application
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the

Term	Description
	Stock Exchanges, "Working Days", shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms

Term	Description
Alternative Investment Fund/AIF	Alternative Investment Fund as defined in and registered under SEBI AIF Regulations
AUD	Australian Dollar
BSE	BSE Limited
CAGR	Compounded annual growth rate
CAP	College of American Pathologists
CBU	Central Buying Unit
CCI	Competition Commission of India
CCPS	Compulsorily Convertible Preference Shares
CDSL	Central Depository Services (India) Limited
CESC	Clinical Excellence Score Card
Civil Procedure Code	Code of Civil Procedure, 1908
Client ID	Beneficiary account identity
Companies Act	Companies Act, 1956
Competition Act	Competition Act, 2002
Consolidated FDI Policy	Circular 1 of 2013 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective from April 5, 2013
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIPP	Department of Industrial Policy and Promotion
DP ID	Depository participant identity
EIA Notification	Environmental Impact Assessment Notification S.O. 1533(E), 2006
EPS	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
Equity Listing Agreement	The equity listing agreements entered by the Company with each of the Stock Exchanges
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI

Term	Description
Financial year or fiscal year or Fiscal or FY	Period of 12 months ended March 31 of that particular year
FVCI or foreign venture capital investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GoI or Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB)
IMF	International Monetary Fund.
IND AS	Indian Accounting Standards converged with International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India
IRDA	Insurance Regulatory and Development Authority
Land Acquisition Bill	Land Acquisition, Rehabilitation and Resettlement Bill, 2011
Limited liability partnership	A limited liability partnership registered with the registrar of companies under the Limited Liability Partnership Act, 2008
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MoU	Memorandum of Understanding
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NCR	National Capital Region
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the I.T. Act
PPP	Public Private Partnerships
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC	The Registrar of Companies, National Capital Territory of Delhi and Haryana located at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019
Rs./ ₹	Indian Rupees

Term	Description
SAR	Hong Kong Special Administrative Region
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
STT	Securities Transaction Tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933
UN	United Nations
VCF(s) or Venture capital funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
WHO	World Health Organisation

SUMMARY OF OUR BUSINESS

Overview

We are an integrated healthcare delivery service provider, committed to delivering quality healthcare services to our patients in modern facilities in certain key markets in Asia. Our operations are divided across four key vertical streams in healthcare delivery, namely primary care, diagnostics, day care specialty and hospitals. We have a network of 70 healthcare facilities (including projects under development), with over 5,400 operational beds[1] as of March 31, 2013 and the potential to reach over 11,000 beds. Our inpatient healthcare facilities are situated in India, Singapore, Vietnam and Mauritius, and we had over 4,100 operational beds in India as of March 31, 2013. Our healthcare facility network is supported by over 600 primary care centres, over 190 specialty day care centres, over 240 diagnostic centres and a base of over 22,500 employees, along with approximately 2,000 people working in our network of managed healthcare facilities.

As of December 31, 2012, our integrated healthcare network spanned 12 countries across the Asia Pacific region, including India, Hong Kong, Singapore, Australia, New Zealand, Dubai, Sri Lanka, Mauritius and Vietnam. Our international portfolio comprised eight healthcare facilities, over 1,300 operational beds, over 600 primary care centres, approximately 190 specialty day care centres and 12 diagnostic and imaging centres as of December 31, 2012. In October 2012, we transferred certain clinical establishments[2], along with two operating hospitals in India, to RHT, a registered business trust in Singapore listed on the Singapore SGX-ST. Further, we have recently entered into a definitive agreement to sell our equity stake in Dental Corporation, a leading provider of dental practices and facilities in Australia, New Zealand and Canada.

We are one of the largest private healthcare chains in India where we have a network of 62 healthcare facilities, including 31 operating hospitals, four day care centres, 20 satellite and heart command centres located in public and private hospitals and 7 healthcare facility projects which are under development or are greenfield land sites and were not operational as of March 31, 2013. In addition, our Indian diagnostics business has a presence in over 450 cities and towns in India, with an established strength of over 230 laboratories as of December 31, 2012, which includes 132 self-operated laboratories[3], 28 laboratories located in our own healthcare facilities, 21 wellness centres and two international laboratories. We also have over 1,250 sample collection centres as of December 31, 2012, which includes 46 collection centres that we own and operate and 37 collection centres at locations outside India.

Our healthcare facilities use advanced technology and our doctors, nurses and other healthcare professionals follow treatment protocols that match international standards. A majority of our healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients. Some of our healthcare facilities provide super speciality quaternary healthcare to patients in key specialty areas such as cardiac care, orthopaedics, neurosciences, oncology, renal care, metabolic diseases care and mother and child care. We have developed certain healthcare facilities around some of these specialties, which we internally classify as “Centres of Excellence”.

During Fiscal 2012 and the nine month period ended December 31, 2012, respectively, we performed approximately 58,000 and 48,000 cardiac procedures, over 13,000 and 11,000 orthopaedic surgeries and 5,900 and 4,000 neuro surgeries across our network of healthcare facilities in India. As of March 31, 2013, we had over 4,100 operational beds across our healthcare facilities in India. In both Fiscal 2012 and the nine month period ended December 31, 2012 the average occupancy rate across our healthcare facility network in India was 73.0%.

On a consolidated basis, our revenue from operations and profit for the year in Fiscal 2012 were ₹ 29,840.4 million and ₹ 722.2 million, respectively, while our revenue from operations and profit for the nine month period ended December 31, 2012 were ₹ 31,411.4 million and ₹ 6,161.7 million, respectively. We are listed on the BSE and the NSE, with a market capitalisation of ₹40,419.0 million as of April 17, 2013.

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1 Includes beds at owned, operated, leased and managed facilities and 350 beds of Lanka Hospitals, an associate of the Company..

2 “Clinical establishments” are customised, centrally air-conditioned healthcare facilities fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a healthcare facility offering: (1) services for diagnosis and treatment for illness, diseases, injuries, deformities or abnormalities; (2) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and (3) beds for in-patient treatment.

3 Includes 12 wellness centres within these laboratories.

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including in "***Risk Factors***", "***Use of Proceeds***", "***Placement***" and "***Issue Procedure***" beginning on pages 40, 67, 172 and 153, respectively.

The following is a general summary of the terms of the Issue:

Issuer	Fortis Healthcare Limited
Issue Size	Up to 45,023,581 Equity Shares or up to 34,993,030 Equity Shares, as the case may be, each Allotted at the Issue Price
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to successful Applicants in terms of the SEBI Approvals, if applicable, Basis of Allocation, Allotment Criteria and the CAN. See "***Issue Procedure***" beginning on page 153
Eligible Investors	QIBs*
Class of Equity Shares	The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, see "***Description of the Equity Shares***" beginning on page 184
Equity Shares issued and outstanding immediately prior to the Issue	405,212,235 Equity Shares. For further details in relation to the stock options granted by the Company, see "***Board of Directors and Senior Management***" beginning on page 142
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares. For further details in relation to the stock options granted by the Company, see "***Board of Directors and Senior Management***" beginning on page 142
Price Band	The Price Band, if any, as decided by the Company in consultation with the Book Running Lead Managers, which shall be announced at least one day prior to the Issue Opening Date
Floor Price	The Floor Price, as decided by the Company in consultation with the Book Running Lead Managers in accordance with the SEBI Approvals, which shall be announced at least one day prior to the Issue Opening Date
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Listing	(i) Applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges vide letter dated April 25, 2013 from BSE and letter dated April 25, 2013 from NSE; and (ii) the application for the final listing and trading approval will be made after Allotment
Lock-up	The Company will not, without the prior written consent of the Book Running Lead Managers, from the date hereof and for a period of up to 90 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention

	with respect to any of the foregoing, and ; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the ESOP; or (ii) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the ESOP; or (iii) the issuance of the Issue Shares pursuant to the terms of this Agreement and the Offering Documents and (iv) (I) issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, (II) private placement of foreign currency convertible bonds to International Finance Corporation for an aggregate amount of USD 55 million, (III) restructuring/refinancing of the outstanding foreign currency convertible bonds of the Company, (IV) issue of equity or quasi equity shares and such other transaction, such that the aggregate value of (I), (II), (III), (IV) and such other transaction does not exceed USD 300 million. FHHPL, one of the Promoters, has agreed that it will not during the period commencing on the date hereof and ending 90 days after the date of Allotment of the Issue Shares pursuant to the Issue (the "Lock-up Period"), directly or indirectly: (a) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any transaction (including transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and Promoter Group, provided that the lock-up shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the ESOP; (c) pledge of any of the Equity Shares of the Company held by the Promoters; (d) (I) issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, (II) private placement of foreign currency convertible bonds to International Finance Corporation for an aggregate amount of USD 55 million, (III) restructuring/refinancing of the outstanding foreign currency convertible bonds of the Company, (IV) issue of equity or quasi equity shares and such other transaction, such that the aggregate value of (I), (II), (III) and such other transaction

	does not exceed USD 300 million.
Transferability Restrictions	The Equity Shares Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. See "***Transfer Restrictions***" beginning on page 180
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2013
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately ₹ [●] million. See "***Use of Proceeds***" on page 67
Risk Factors	See "***Risk Factors***" beginning on page 40 for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting and dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Allotment of the Equity Shares issued, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.
Security Codes for the Equity Shares	**ISIN:** INE061F01013 **BSE Code:** 532843 **NSE Code:** FORTIS

** In terms of Regulation 91H of the SEBI Regulations, the minimum number of Allottees in the Issue shall not be less than 10 investors. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details, see "**Issue Procedure – Number of Allottees**" on page 155.*

SELECTED FINANCIAL INFORMATION

*The following selected financial information is extracted from and should be read in conjunction with, our audited consolidated financial statements and notes thereto as of and for the fiscal years ended March 31, 2012, 2011 and 2010 and our reviewed consolidated condensed financial statements as of December 31, 2012 and for the nine month periods ended December 31, 2012, each included elsewhere in this Red Herring Prospectus. You should refer to the sections titled "**Management's Discussion and Analysis of Financial Condition and Results of Operation**" and "**Financial Statements of the Company**" beginning on pages 70 and 207, respectively, of this Red Herring Prospectus.*

*Pursuant to Notification S.O. 447(E) dated February 28, 2011, the old format prescribed under Schedule VI to the Companies Act (the "**Old Schedule VI**") was replaced with the revised Schedule VI (the "**Revised Schedule VI**"), which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, the Company has modified the manner in which it presents its financial statements as of and for the fiscal year ended March 31, 2012 so that the presentation of the Company's financial statements is consistent with the Revised Schedule VI, which became applicable to the Company in Fiscal 2012. In connection with this exercise, the Company has also modified and reclassified its financial statements, for presentation purposes, as of and for the financial year ended March 31, 2011 in order to provide comparability with its financial statements as of and for the financial year ended March 31, 2012. The Company's historical audited financial statements for Fiscal 2011 and Fiscal 2010, however, have been presented in this Red Herring Prospectus in accordance with the Old Schedule VI. The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of the Company's financial statements. However, it does have a significant impact on the presentation of, and disclosure made in, the Company's financial statements, particularly with respect to the presentation of the statement of assets and liabilities. For financial periods ending subsequent to March 31, 2012, the Company has been, and will be, presenting its financials statements in accordance with the Revised Schedule VI. For further details, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page 70.*

Consolidated Condensed Balance Sheet under Revised Schedule VI as at December 31, 2012

Particulars	December 31, 2012	March 31, 2012
	Rs. in lacs	Rs. in lacs
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	40,952.97	40,950.61
(b) Reserves and surplus	3,35,368.15	2,84,678.79
	3,76,321.12	**3,25,629.40**
Minority Interest	**100,861.38**	**83,083.54**
Compulsorily convertible preference shares of subsidiaries held by third parties	**67,000.00**	**-**
Non-current liabilities		
(a) Long-term borrowings	194,985.81	367,329.71
(b) Deferred tax liabilities (Net)	7,759.78	856.59
(c) Other long term liabilities	8,027.32	11,545.18
(d) Long-term provisions	7,910.35	3,221.47
	218,683.26	**382,952.95**
Current liabilities		
(a) Short-term borrowings	168,225.20	283,597.69
(b) Trade payables	77,999.27	77,303.76
(c) Other current liabilities	282,834.22	84,316.25
(d) Short-term provisions	24,608.67	5,893.44
	553,667.36	**451,111.14**

Particulars	December 31, 2012	March 31, 2012
	Rs. in lacs	Rs. in lacs
Total	**1,316,533.12**	**1,242,777.03**
Assets		
Non-current assets		
(a) Fixed assets		
(i) Tangible assets	176,033.13	254,276.63
(ii) Intangible assets	718,742.67	663,747.61
(iii) Capital work-in-progress	26,191.74	56,751.88
(iv) Intangible assets under development	500.79	106.06
	921,468.33	**974,882.18**
(b) Non-current investments	102,833.61	23,478.86
(c) Deferred tax assets (net)	5,787.21	5,020.61
(d) Long-term loans and advances	49,928.78	41,264.48
(e) Other non-current assets	4,955.36	4,769.24
	1,084,973.29	**1,049,415.37**
Current assets		
(a) Current investments	17,577.14	637.81
(b) Inventories	9,992.30	7,991.57
(c) Trade receivables	64,924.06	54,667.20
(d) Cash and bank balances	43,235.16	41,491.00
(e) Short-term loans and advances	89,232.24	78,153.10
(f) Other current assets	6,598.93	10,420.98
	231,559.83	**193,361.66**
Total	**1,316,533.12**	**1,242,777.03**

Consolidated Condensed Statement of Profit and Loss under Revised Schedule VI for the nine months period ended December 31, 2012

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
Continuing Operations		
Revenue from operations	314,114.19	170,485.93
Other income	13,041.87	7,503.77
Total revenue	**327,156.06**	**177,989.70**
Expenditure		
Purchase of medical consumables and drugs	70,412.17	45,061.96
Increase in inventories of medical consumables and drugs	(1,487.66)	(622.30)
Employee benefits expense	81,257.33	31,678.23
Other expenses	134,277.79	70,303.75
Total expenses	**284,459.63**	**146,421.64**
Profit before interest, tax, depreciation and amortization (EBITDA)	**42,696.43**	**31,568.06**
Finance costs	39,497.29	14,955.80
Profit before depreciation and amortization	**3,199.14**	**16,612.26**
Depreciation/impairment and amortization expense	23,672.99	11,543.11
Profit/(loss) before prior exceptional items and tax	**(20,473.85)**	**5,069.15**
Exceptional items	96,482.37	-
Profit before tax	**76,008.52**	**5,069.15**
Tax expense:		
Current tax	16,802.19	2,934.98
MAT credit entitlement	(6,457.38)	(20.85)
Deferred tax	7,108.48	(347.86)
Profit after tax and before minority interest and share in profits of associate companies	**58,555.23**	**2,502.88**
Profits/ (losses) attributable to Minority interest	2,970.77	(509.42)
Share in profits of associates companies	565.78	56.44
Profit for the period from continuing operations (A)	**56,150.24**	**3,068.74**
Discontinuing Operations		
Profit before tax from discontinuing operations	12,125.37	-
Tax expense of discontinuing operations	3,503.97	-
Profit after tax and before minority interest from discontinuing operations	**8,621.40**	**-**
Profits attributable to Minority interest	3,154.97	-
Profit for the period from discontinuing operations (B)	**5,466.43**	**-**
Profit for the period (A+B)	**61,616.67**	**3,068.74**
Earnings per equity share:		

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
(1) Basic and diluted on Continuing operations (excluding exceptional items) [Nominal value of shares ₹ 10/- each]	**(9.95)**	**0.76**
(2) Basic and diluted on total profit for the period (excluding exceptional items) [Nominal value of shares ₹ 10/- each]	**(8.60)**	**0.76**

Consolidated Condensed Cash Flow Statement under Revised Schedule VI for the nine months period ended December 31, 2012

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
Net cash from operating activities (A)	43,893.28	4,803.71
Net cash from/ (used in) investing activities (B)	62,449.42	(123,232.08)
Net cash from/ (used in) financing activities (C)	(105,307.60)	111,050.46
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**1,035.10**	(7,377.91)
Total cash and cash equivalents at the beginning of the period	**40,685.41**	16,362.99
Cash and cash equivalents at the end of the period	**41,720.51**	8,985.08
Components of cash and cash equivalents:		
Cash in hand	670.97	425.52
Cheques in hand	154.23	41.83
Balances with banks on current and cash credit accounts	39,081.67	4,686.21
Balances with banks on deposit accounts	1,813.64	3,831.52
Total	**41,720.51**	**8,985.08**

Consolidated Balance Sheet under Revised Schedule VI as at March 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	**40,950.61**	40,942.99
Share suspense account	**-**	306.25
Reserves and surplus	**284,437.37**	287,885.58
	325,387.98	**329,134.82**
Share application money pending allotment	**-**	9.21
Minority interest	**83,083.54**	3,035.99
Non-current liabilities		
Long-term borrowings	**367,329.71**	93,359.42
Deferred tax liabilities (net)	**856.59**	863.26
Other long term liabilities	**11,545.18**	3,645.56
Long term provisions	**3,221.48**	1,839.49
Foreign currency monetary item translation difference account	**395.20**	-
	383,348.16	**99,707.73**
Current liabilities		
Short-term borrowings	**283,597.69**	5,114.57
Trade payables	**77,303.76**	16,907.28
Other current liabilities	**84,316.25**	21,899.70
Short-term provisions	**5,893.43**	1,577.57
	451,111.13	**45,499.12**
TOTAL	**1,242,930.81**	**477,386.87**
ASSETS		
Non-current assets		
Fixed Assets		
Tangible assets	**254,276.63**	153,101.65
Intangible assets	**663,747.61**	99,273.99
Capital work in progress	**56,751.88**	25,823.19
Intangible assets under development	**106.06**	-
Non-current investments	**23,478.86**	3,578.38
Foreign currency monetary item translation difference account	**153.77**	-
Deferred tax assets (net)	**5,020.61**	1,442.50
Long term loans and advances	**29,081.56**	49,819.47
Other non-current assets	**16,952.14**	4,676.89
	1,049,569.12	**337,716.07**
Current assets		
Current investments	**637.82**	6,246.89
Inventories	**7,991.57**	2,633.43
Trade receivables	**54,667.21**	19,401.08
Cash and bank balances	**41,491.00**	16,326.56
Short term loans and advances	**78,153.10**	91,872.41
Other current assets	**10,420.99**	3,190.43

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
	193,361.69	**139,670.80**
TOTAL	**1,242,930.81**	**477,386.87**

Consolidated Statement of Profit and Loss under Revised Schedule VI for the year ended March 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
INCOME		
Revenue from operations	**298,403.72**	149,579.06
Other income	**17,731.37**	10,063.45
Exceptional items	**632.85**	34,554.29
Total revenue	**316,767.94**	**194,196.80**
EXPENDITURE		
Purchase of medical consumables and drugs	**67,696.43**	39,479.53
Increase in inventories of medical consumables and drugs	**(965.01)**	(210.44)
Employee benefits expense	**73,816.46**	27,281.38
Other expenses	**117,524.77**	77,044.02
Total expenses	**258,072.65**	**143,594.49**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**58,695.29**	**50,602.31**
Finance costs	**29,697.37**	24,999.70
Profit before tax, depreciation and amortization	**28,997.92**	**25,602.61**
Depreciation and amortization expense	**18,362.24**	10,612.30
Less: recoupment from revaluation reserve	**140.35**	163.07
Net Depreciation and amortization expense	**18,221.89**	**10,449.23**
Profit before tax	**10,776.03**	**15,153.38**
Tax expenses		
Current tax (including MAT payable)	**8,673.66**	1,665.65
Less: MAT credit entitlement	**4,336.80**	764.93
Net current tax expense	**4,336.86**	**900.72**
Deferred tax charge/ (credit)	**(252.26)**	623.15
Total tax expense	**4,084.60**	**1,523.87**
Profit after tax and before minority interest and share in profits/ (losses) of associate companies	**6,691.43**	**13,629.51**
(Profits)/ losses attributable to Minority Interest	**397.98**	(442.27)
Share in current year profits/ (losses) of Associate Companies	**132.74**	(751.00)
Profit for the year	**7,222.15**	**12,436.24**
Earnings Per Share (EPS)		
Basic and Diluted [Nominal value of shares ₹ 10/- each]	**1.78**	3.23

Consolidated Cash Flow Statement under Revised Schedule VI for the year ended March 31, 2012

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
A. Cash flow from operating activities		
Net profit/ (loss) before tax and exceptional items	**10,673.90**	(20,594.05)
Adjustments for:		
Depreciation and Amortization	**18,221.89**	10,449.23
Loss on sale of fixed assets	**382.27**	217.10
Profit on sale of investments	**(218.90)**	(1,474.84)
Provision for doubtful debts	**1,773.70**	2,021.85
Provision for doubtful advances	**112.76**	3.00
Provision for contingencies	**20.60**	48.00
Bad debts/ sundry balances written off	**563.56**	167.46
Arrangement fees written off	**72.37**	6,354.41
Foreign exchange fluctuation gain	**(2,606.09)**	(2,101.51)
Unclaimed balances and excess provisions written back	**(202.39)**	(525.65)
Wealth tax	**15.42**	19.01
Interest income	**(9,513.70)**	(8,463.44)
Interest expense	**25,708.12**	15,423.84
Profits/ (losses) transferred to Minority Interest	**(397.98)**	442.27
Share in (profits)/ losses of associate companies	**(132.74)**	751.00
Operating profit before working capital changes	**44,472.79**	**2,737.68**
Movements in working capital :		
Increase in trade receivables	**(2,522.20)**	(6,175.32)
Increase in inventories	**(968.73)**	(250.87)
(Increase)/ decrease in loans and advances	**(15,918.46)**	459.80
Increase in other assets	**(492.76)**	(512.28)
Increase in liabilities and provisions	**15,315.66**	3,052.84
Cash generated from /(used in) operations	**39,886.29**	**(688.14)**
Direct taxes paid	**(10,730.30)**	(7,493.20)
Net cash from/ (used in) operating activities (A)	**29,156.00**	**(8,181.35)**
B. Cash flows from investing activities		
Purchase of fixed assets	**(56,996.38)**	(35,360.43)
Proceeds from sale of fixed assets	**3,013.91**	140.79
Fixed deposits with banks (net)	**(541.73)**	373.61
Deposits with bodies corporate and others (net)	**69,789.04**	(124,636.43)
Purchase of investments in subsidiaries and associates	**(119,878.13)**	(1,834.56)
(Purchase)/ proceeds of investments in mutual funds	**5,827.98**	5,396.76
Proceeds from sale of investments of subsidiaries and associates	**632.85**	365,605.28
Interest received	**7,987.55**	8,076.40
Net cash from/ (used in) investing activities (B)	**(90,164.91)**	**217,761.42**
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	**47.42**	134,214.42
Proceeds from receipt of share application money (net of refunds)	**-**	9.21
Proceeds from issuance of foreign currency convertible bonds	**-**	43,364.11
Redemption of non convertible debentures including premium	**-**	(29,864.52)
Proceeds from issuance of equity shares of subsidiaries to minorities	**-**	152.05
Proceeds from long-term borrowings	**43,175.74**	13,294.38
Repayment of long-term borrowings	**(18,788.88)**	(277,752.83)

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Proceeds/ (repayments) of short-term borrowings (net)	**69,790.97**	(193,003.24)
Loan arrangement fees paid	**(4,789.53)**	-
Interest paid	**(20,312.52)**	(14,399.72)
Net cash from/ (used in) financing activities (C)	**69,123.20**	**(323,986.14)**
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**8,114.29**	(114,406.07)
Total cash and cash equivalents at the beginning of the year	**16,062.69**	**130,459.77**
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	**18,140.93**	8.99
Cash and cash equivalents at the end of the year	**42,317.91**	**16,062.69**
Components of cash and cash equivalents:		
Cash in hand	**451.73**	169.10
Cheques in hand	**195.67**	205.62
Balances with banks on current and cash credit accounts	**38,943.64**	8,405.52
Balances with banks on special disbursement account	**3.90**	3.90
Balances with banks on deposit accounts	**1,090.47**	7,278.55
Translation effect of cash and cash equivalent	**1,632.50**	-
Total	**42,317.91**	**16,062.69**

Balance Sheet under Old Schedule VI as at March 31, 2011

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	**40,942.99**	32,165.00
Share Application Money Pending Allotment	**350.71**	-
Share Suspense Account	**306.25**	-
Reserves & Surplus	**294,583.78**	174,376.69
	336,183.73	**206,541.69**
Minority Interest	**3,035.99**	3,449.19
Loan Funds		
Secured Loans	**61,703.08**	304,537.34
Unsecured Loans	**47,130.04**	242,526.85
	108,833.12	**547,064.19**
Deferred Tax Liabilities (net)	**863.26**	33.98
TOTAL	**448,916.10**	**757,089.05**
APPLICATION OF FUNDS		
Goodwill arising on Consolidation	**43,988.38**	41,637.64
Goodwill on acquisition	**44,467.07**	44,624.19
Fixed Assets		
Gross Block	**213,157.38**	164,036.43
Less : accumulated depreciation and amortisation	**49,237.20**	40,105.49
Net Block	**163,920.18**	123,930.94
Capital Work- in- progress including capital advances	**27,080.32**	42,560.62
	191,000.50	**166,491.56**
Investments	**9,015.26**	344,848.62
Deferred Tax Assets (net)	**1,442.49**	1,236.37
Current Assets, Loans & Advances		
Inventories	**2,633.43**	2,377.84
Sundry Debtors	**19,523.39**	15,667.03
Cash and Bank Balances	**16,362.98**	131,133.68
Other Current Assets	**2,839.74**	2,215.01
Loans and Advances	**145,248.48**	14,238.29
(A)	**186,608.02**	**165,631.85**
Less : Current Liabilities & Provisions		
Current Liabilities	**31,959.84**	29,214.95
Provisions	**3,541.43**	2,658.56
(B)	**35,501.27**	**31,873.51**
Net Current Assets (A-B)	**151,106.75**	**133,758.34**
Miscellaneous Expenditure	**249.72**	6,645.18
(to the extent not written off or adjusted)		
Profit and Loss Account	**7,645.93**	17,847.15
TOTAL	**448,916.10**	**757,089.05**

Profit and Loss Account under Old Schedule VI for the Year Ended March 31, 2011

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
INCOME		
Operating Income	**148,297.06**	93,806.25
Other Income	**45,875.29**	4,918.80
TOTAL	**194,172.35**	98,725.05
EXPENDITURE		
Materials Consumed	**39,298.36**	26,267.21
Personnel Expenses	**27,311.51**	19,500.08
Operating Expenses	**44,845.46**	24,130.13
Selling, General and Administrative Expenses	**32,012.01**	9,765.31
TOTAL	**143,467.34**	79,662.73
Profit before Financial Expenses, Depreciation and Amortisation	**50,705.01**	19,062.33
Financial Expenses	**24,999.18**	5,729.18
Profit before Depreciation and Amortisation	**25,705.83**	13,333.15
Depreciation and Amortisation	**10,612.30**	6,162.19
Less: Transferred from Revaluation Reserve	**163.07**	168.17
Net Depreciation and Amortisation	**10,449.23**	5,994.02
Profit before Tax and Prior Period Items	**15,256.60**	7,339.13
Current Income Tax (including MAT of ₹ 753.54 lacs (previous year ₹ 1,119.97 lacs)	**1,654.05**	1,532.58
Less : MAT Credit Entitlement	**753.34**	77.53
Net current tax expense	**900.71**	1,455.05
Deferred Tax charge/ (credit)	**623.15**	(1,119.97)
Fringe Benefit Tax (includes ₹ Nil (Previous Year ₹ 0.55 lacs) for earlier years)	**-**	0.55
Net Profit after Tax and before Prior Period Items	**13,732.74**	7,003.49
Prior Period Items	**103.13**	2.96
Net Profit before Minority Interest and Share in profits of Associate Companies	**13,629.61**	7,000.53
Profits attributable to Minority Interest	**442.27**	208.53
Share in current year (losses)/ profits of Associate Companies	**(751.00)**	156.14
Net Profit for the year	**12,436.34**	6,948.14
Balance brought forward from previous year	**(17,847.15)**	(24,795.29)
Net Profit attributable to the shareholders	**(5,410.81)**	(17,847.15)
Appropriations:		
Premium paid on redemption of Preference Share Capital	**2,235.12**	-
Loss carried over to the Balance Sheet	**(7,645.93)**	(17,847.15)
Earnings Per Share [Nominal value of shares ₹ 10 each (Previous Year ₹ 10)]		
Basic	**3.23**	2.62
Diluted	**3.23**	2.61

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
Notes to Accounts		

Consolidated Cash Flow Statement under Old Schedule VI for the Year Ended March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
A. Cash flow from operating activities		
Net profit / (loss) before tax and prior period items	**14,063.34**	7,286.74
Less: Prior period items	**(103.10)**	(2.96)
Adjustments for:		
Depreciation and Amortisation	**10,449.21**	5,994.02
Loss on sale of fixed assets	**217.29**	161.49
Profit on sale of investments	**(36,029.14)**	(1,382.37)
Provision for doubtful debts	**2,076.19**	1,184.18
Provision for contingencies	**221.73**	77.91
Bad debts / sundry balances written off	**118.40**	185.24
Arrangement fee written off	**6,357.16**	60.24
Foreign exchange fluctuation (gain)/ loss	**(2,101.51)**	(2,875.11)
Unclaimed balances and excess provisions written back	**(765.43)**	(76.55)
Wealth tax	**6.29**	5.85
Interest income	**(8,463.44)**	(1,212.95)
Interest expense	**15,423.46**	5,216.92
Profits transferred to Minority Interest	**442.27**	208.53
Share in (profits)/ losses of associate companies	**751.00**	(156.14)
Operating profit before working capital changes	**2,663.72**	14,675.04
Movements in working capital :		
Increase in sundry debtors	**(6,229.66)**	(4,723.99)
Increase in inventories	**(250.87)**	(1,051.78)
(Increase)/ decrease in loans and advances	**509.11**	(3,173.22)
Increase in other current assets	**(512.28)**	(906.40)
Increase / (decrease) in current liabilities and provisions	**3,119.11**	9,834.98
Cash generated from /(used in) operations	**(700.87)**	14,654.63
Direct taxes paid (including Fringe Benefit Tax)	**(7,480.48)**	(1,404.26)
Net cash from/ (used in) operating activities (A)	**(8,181.35)**	13,250.37
B. Cash flows from investing activities		
Purchase of fixed assets	**(35,360.43)**	(104,523.52)
Proceeds from sale of fixed assets	**140.79**	122.99
Fixed deposits with banks (net)	**(424.10)**	(606.71)
Deposits with bodies corporate and others (net)	**(124,636.43)**	2,105.01
Purchase of investments in subsidiaries and associates	**(1,834.56)**	(338,021.20)
(Purchase)/ proceeds of investments in mutual funds	**5,396.76**	(9,785.63)
Proceeds from sale of investments of subsidiaries and associates	**365,605.28**	5.03
Interest received	**8,076.40**	470.46
Net cash from / (used in) investing activities (B)	**216,963.71**	(450,233.57)
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	**134,214.42**	98,454.45
Proceeds from issuance of preference share capital including premium	**-**	26,000.00
Proceeds from receipt of share application money (net of refunds)	**9.21**	-
Redemption of non-cumulative redeemable preference shares including premium	**-**	(53,731.18)
Proceeds from issuance of foreign currency convertible bonds	**43,364.11**	-
Proceeds from issuance of non convertible debentures	**-**	26,000.00
Redemption of non convertible debentures including premium	**(29,864.52)**	-
Proceeds from issuance of equity shares of subsidiaries to minorities	**152.05**	77.45

Particulars	₹ in lacs	
	March 31, 2011	**March 31, 2010**
Proceeds from long-term borrowings	**13,294.38**	284,634.08
Repayment of long-term borrowings	**(277,752.83)**	(37,230.57)
Proceeds / (Repayments) of short-term borrowings (net)	**(193,003.24)**	226,831.02
Loan arrangement fees paid	**-**	(6,531.62)
Interest paid	**(14,399.72)**	(2,905.92)
Net cash from /(used in) financing activities (C)	**(323,986.14)**	561,597.71
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(115,203.78)**	124,614.51
Total cash and cash equivalents at the beginning of the year	**130,459.77**	5,727.72
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	**8.99**	117.54
Cash and cash equivalents at the end of the year	**15,264.98**	**130,459.77**
Components of cash and cash equivalents:		
Cash in hand	**169.10**	148.34
Cheques in hand	**205.62**	164.04
Balances with banks on current and cash credit accounts	**8,409.42**	4,502.94
Balances with banks on deposit accounts	**6,480.84**	125,644.45
Total	**15,264.98**	**130,459.77**

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with "Industry", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the other financial statements and other financial information included elsewhere in this Red Herring Prospectus.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, results of operations, cash flows and financial condition. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, the Equity Shares could decline and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of the Company and the terms of this Issue, including the merits and risks involved.

This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Red Herring Prospectus.

Risks Associated with our Business

The Auditors' reports on our financial statements are qualified and subject to limitations and may not provide a complete representation of our financial condition.

The audit reports of S.R. Batliboi & Co. LLP, Chartered Accountants, dated May 28, 2012 for Fiscal 2012 and May 27, 2011 for Fiscal 2011 in respect of our audited consolidated financial statements, as well as their review report dated April 24, 2013 in respect of our consolidated condensed financial statements as of and for the nine month period ended December 31, 2012, are qualified. The Auditors are unable to provide an opinion in these reports on the impact our outstanding litigation with the DDA relating to the land on which our Escorts Hospital - Delhi is located may have on our results of operations and cash flows. In addition, the Auditors have not expressed any opinion in these reports regarding certain tax demands raised by the income tax authorities. These tax demands aggregated to ₹ 899.0 million (net of demands raised twice in respect of certain years and after adjusting ₹ 1,398.0 million for which EHIRCL has a legal right to claim from its erstwhile promoters) as of December 31, 2012. These matters are currently pending. While the eventual outcome of these matters cannot be estimated, these cases may expose us to potentially high liability. For further details, see "Financial Statements of the Company".

The financial statements included in this Red Herring Prospectus are not comparable between the periods presented because the effects of certain strategic transactions undertaken by us have been consolidated in our financial statements only for the period in which such transactions occurred and have not been incorporated in our financial statements for earlier periods in order to make them comparable.

We recently entered into a definitive agreement to sell our equity stake in Dental Corporation. We expect this transaction to be completed in the first quarter of Fiscal 2014, subject to applicable shareholder and regulatory approvals, for a net value of AUD 270.0 million. We will not hold any interest in the business of Dental Corporation upon completion of this transaction. In the nine month period ended December 31, 2012, our revenues from operations from outside India amounted to ₹ 23,294.6 million, of which Dental Corporation contributed ₹ 13,002.0 million, while our total revenues from operations of continuing operations for this period amounted to ₹ 31,411.4 million.

Our financial statements for the nine month period ended December 31, 2012 included in this Red Herring Prospectus consolidate the results of operations of Dental Corporation for this period and present the impact of the accrual of expenses in relation to the discontinuation of Dental Corporation's operations and the impairment of ₹ 533.4 million arising as a result of the difference between the estimated sale value and the carrying value of the net assets of Dental Corporation. In addition, we intend to merge two of our subsidiaries, FHM North and Fortis Hospitals. FHM North and Fortis Hospitals currently operate and manage certain clinical establishments in the RHT

Portfolio. We have filed a scheme of amalgamation with the High Court of Delhi in March 2013 in order to effect the merger, which is intended to take effect from April 1, 2012 once it receives approval of the High Court of Delhi and other regulatory authorities and after certain filings are made with the RoC, Delhi.

This Red Herring Prospectus does not contain a pro forma balance sheet or a pro forma income statement prepared in accordance with the laws of any jurisdiction, including the U.S., which would have shown our historical results of operations assuming that the transactions mentioned above had occurred at the beginning of the relevant reporting period. Accordingly, investors should be aware of the limitations of the financial information presented in this Red Herring Prospectus.

Further, the results of operations of businesses we have acquired in recent years, including SRL, Fortis Healthcare International (which included the businesses of Quality Healthcare, Dental Corporation, Hoan My, SRL-Dubai, Fortis Hospital Singapore and Lanka Hospitals) and Radlink, have only been consolidated in our financial statements for the periods since their respective acquisitions. In addition, the impact of the transfer in October 2012 of the RHT Portfolio to RHT, a registered business trust in Singapore listed on the SGX-ST, is only reflected from the date of such transfer, and we have recognised an exceptional gain of ₹ 9,648.2 million in the nine month period ended December 31, 2012 pursuant to these transactions. See the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further details. The financial statements presented in this Red Herring Prospectus may therefore not offer meaningful period-on-period comparisons and may not provide a sufficient basis to assess the business of these entities or our overall consolidated financial condition, cash flows and results of operations.

Pursuant to Notification S.O. 447(E) dated February 28, 2011, the Old Schedule VI was replaced with the Revised Schedule VI which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies, particularly with respect to the presentation of the statement of assets and liabilities. Accordingly, we have modified the manner in which we present our financial statements as of and for Fiscal 2012 and future periods so that the presentation of our financial statements is consistent with the Revised Schedule VI, which became applicable to us during Fiscal 2012. For purposes of comparability, we have modified and reclassified the financial information, for presentation purposes, relating to Fiscal 2011 in accordance with the Revised Schedule VI in our financial statements for Fiscal 2012. However, our historical audited financial statements for Fiscal 2011 and Fiscal 2010 have been presented in accordance with the Old Schedule VI. As a result, the presentation of our historical audited financial statements for Fiscal 2010 and Fiscal 2011 differs from the presentation of our historical audited financial statements for Fiscal 2012. As a result of these differences in presentation, the financial statements included in this Red Herring Prospectus may not be comparable between periods.

If the indemnities and other undertakings provided to RHT pursuant to the sponsor agreement and other agreements are enforced, our business, financial condition, cash flows, results of operations and prospects could be adversely affected.

We have recently transferred part of our hospital business in form of the clinical establishment division to RHT which was listed on the SGX-ST on October 19, 2012. The business transferred comprises of 11 existing clinical establishments, four greenfield clinical establishments and two operating hospitals in Bengaluru. The 11 existing clinical establishments are operated by us, through certain of our subsidiaries, pursuant to the HMSAs. We have entered into a sponsor agreement dated September 18, 2012 with RHT and certain subsidiaries of RHT (the "**Sponsor Agreement**") and also certain other agreements for, amongst others, the transfer of the RHT Portfolio. We have provided certain indemnities to RHT and its subsidiaries and have undertaken certain financial obligations pursuant to these agreements.

Under the Sponsor Agreement, we have provided an indemnity to RHT and its, directors, officers, employees and agents under the Sponsor Agreement against any losses or liabilities finally determined as payable for any breach of the Consolidated FDI Policy or FEMA, to the extent that such breach has resulted from the acquisition by RHT of the clinical establishment division transferred to it. Additionally, we have undertaken to transfer or procure additional medical and healthcare services to certain subsidiaries of RHT in the event that any regulatory authority raises concerns over compliance with any applicable law. We may be required to indemnify RHT against any and all costs incurred by it in relation to any damages, claims, penalties, fines etc. imposed upon it by the concerned regulatory authorities due to a breach of applicable law, including the Consolidated FDI Policy, and any such event may have a material adverse effect on our business, financial condition, results of operations, cash flows and

prospects.

We have also provided an indemnity to certain subsidiaries of RHT and their respective directors, officers, employees and agents (the "**Investing Parties**") under the Sponsor Agreement against certain tax liabilities which these Investing Parties may incur (including interest and penalties levied in accordance with the Income Tax Act) if the interest on certain compulsorily convertible debentures and optionally convertible debentures held by the Investing Parties is held non-deductible in the computation of tax of these subsidiaries of RHT. Additionally, we have provided an undertaking under the Sponsor Agreement that we will discharge any unpaid financial obligations of our subsidiaries under the HMSAs.

Additionally, we have also entered into share purchase agreements, business transfer agreements and certain other agreements with the relevant subsidiaries of RHT in relation to the transfer of the RHT Portfolio and have indemnified these subsidiaries up to the amount of the purchase consideration under the agreements for losses arising due to *inter alia* breach of warranties relating to litigation and title.

In the event the indemnities and the financial obligations provided under the Sponsor Agreement and the other agreements are enforced against us, we may incur costs to discharge the same, either on our behalf or on behalf of our subsidiaries, and any such event may have a material adverse effect on our business, financial conditions, results of operations, cash flows and prospects.

You will not have access to the consolidated and unconsolidated audited financial results of the Company for Fiscal 2013 at the time of investing in the Equity Shares in order to enable you to assess the financial performance of the Company for the entire fiscal year in connection with your investment decision to subscribe to the Equity Shares in the Issue.

Pursuant to Clause 41 of the Equity Listing Agreements, the Company expects to publish its consolidated and unconsolidated audited financial results for Fiscal 2013 prior to May 31, 2013. The Company may also discuss these financial results with investors in customary investor presentations subsequent to the publication of these financial results. We are presenting our condensed consolidated financial statements for the nine month period ended December 31, 2012 in this Red Herring Prospectus. At the time of investing in the Equity Shares, you will not have access to such information in order to enable you to assess the financial performance of the Company for the entire fiscal year in connection with your investment decision to subscribe to the Equity Shares in the Issue.

Our international operations subject us to risks in multiple countries that could adversely affect our business.

As of December 31, 2012, we have operations in multiple countries in the Asia Pacific region, including Australia, Hong Kong, Singapore, Vietnam, Sri Lanka, Dubai and New Zealand, several of which have been recently acquired. In the nine month period ended December 31, 2012, 32.8% of our revenue from operations was from outside India. Our future revenue growth depends upon the successful operation of our healthcare facilities and the management of our marketing and support teams in these countries. These acquisitions have required, and we expect will continue to require, that we establish new offices, hire new personnel and manage businesses in disparate locations with different economies, legal systems, languages and cultures. In addition, we are affected by various factors inherent in carrying out operations on an international scale, such as:

- coordinating and managing international operations;
- political instability and related uncertainties;
- different economic and business conditions;
- difficulties in staffing and managing foreign operations, including coordinating and interacting with our local representatives and partners to fully understand local business and regulatory requirements;
- immigration and labour laws, which may prevent us from deploying or retaining an adequate number of employees in foreign countries;
- foreign currency exchange rate fluctuations;

- varying and possibly overlapping tax regimes, including the risk that the countries in which we operate may impose taxes on inter-company relationships;
- exposure to different legal standards and enforcement mechanisms, including differing creditors' rights and insolvency regimes;
- restrictions on repatriation of earnings; and
- other regulatory changes affecting our business and the healthcare industry in general.

If we are unable to efficiently manage these factors, our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

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

We are affected by the challenges currently facing the healthcare industry in providing high quality patient care in a competitive environment and managing costs. Our business, cash flows and results of operations are affected by 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 national and regional;
- demographic changes;
- changes in the distribution process or other factors that increase the cost of supplies;
- more advanced healthcare services in neighbouring countries, which may reduce the number of medical tourists in our Indian healthcare facilities and cause Indian patients to travel abroad for treatment ;
- natural calamities, man-made disasters, potential armed conflicts and terrorist activities could affect travel plans and global economic conditions, reducing the number of medical tourists in our healthcare facilities;
- changes in rules and regulations relating to the purchase of medicines and pharmaceuticals, resulting in such transactions being highly regulated in some of the countries we operate in;
- local regulatory restrictions, such as the floor space index that is permitted at our healthcare facilities, which may affect the potential bed capacity at these facilities; and
- reputational and financial risks to our healthcare service operations caused by the independent actions of doctors, who may be affiliated with us or employed by us.

In particular, the patient volumes and operating income at our healthcare facilities 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;
- recruitment, retention and attrition of doctors, nurses and other key staff; and

- festival seasons in the various countries we operate in.

In the event that we are unable to effectively manage these challenges, our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

Our diagnostics business operates in a competitive business environment, both globally and domestically. Existing and new competitors could materially and adversely affect our results of operations and cash flows.

The diagnostics services industry is highly competitive with low barriers to entry. SRL competes with hospital-based laboratories, physician-office laboratories and independent clinical laboratories such as its own. The pricing of laboratory testing services is often one of the most significant factors for customers in selecting a laboratory. Larger clinical laboratory providers are generally able to increase cost efficiencies afforded by large scale automated testing, resulting in greater price competition. In the event that SRL is unable to increase its cost efficiencies sufficiently, or at all, our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

In addition, SRL faces competition from small-scale and local laboratories that may have established a regional presence, as well as international competitors that may establish their operations in India. SRL will have to compete with any new entrants in this market as well, including healthcare providers, pathology and radiology laboratories and facilities that offer preventive care services that are located in the regions in which SRL operates or will operate in the future. In the event that SRL is unable to successfully compete with such entities in the future, its business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

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, cash flows 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 a particular specialty or in a region relevant to our growth plans. We compete for these personnel with other healthcare providers, including providers located in the United States, Europe and the Middle East.

The market for doctors is highly competitive in India and internationally. The factors that doctors consider important before deciding where they will work include the level of compensation, the reputation of the healthcare facility and its owner, the quality of the facilities, research opportunities and community relations. We may not compare favourably with other healthcare providers on these factors. Many of these healthcare professionals are well-known personalities in their fields, and it may be difficult to negotiate favourable terms and arrangements with them. 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 healthcare facilities. There is no guarantee that we will be able to attract and retain sufficient qualified nurses and other support staff. 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 healthcare facilities.

We are also highly dependent on members of our senior management team, including some who have been with the Company since its inception, to manage our current operations and meet future business challenges. In particular, the services of our senior management and our senior doctors, who typically practice at individual healthcare facilities, have been integral to our development and business. The loss of the services of our senior management or key personnel, including our senior doctors, could seriously impair our ability to continue to manage and expand our business. We do not maintain key man life insurance for the Promoters, senior members of our management team or other key personnel.

Our revenue is dependent on inpatient treatments, ancillary services and outpatient primary care, 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 healthcare facilities 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 healthcare facilities 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 centres. Similarly, outpatient revenues form a significant portion of our gross income, and our ability to increase outpatient revenues depends upon attracting more patients to our healthcare facilities, growing our brand recognition and broadening our referral base.

Our inability to increase growth in inpatient treatments or occupancy rates, as well as outpatient revenues, may adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our gross income may decrease if the HMSAs or Management Contracts are not renewed, are renewed on terms that are unfavourable to us or are terminated.

RHT, through the Hospital Services Companies, has entered into HMSAs with the Fortis Operating Companies in respect of each of the clinical establishments held by the Hospital Services Companies. Under the HMSAs, the Hospital Services Companies will provide Clinical Establishment Services to the relevant Fortis Operating Company, while the Fortis Operating Company will have the right to run and manage the operations of the respective clinical establishment and provide additional healthcare services in addition to those provided by the Hospital Services Companies, including in-patient services and emergency services at the relevant clinical establishment. Each Fortis Operating Company earns revenues pursuant to the services it provides at these clinical establishments.

The initial term of each HMSA is 15 years, which may be extended for a similar term by mutual consent between the Fortis Operating Companies and the Hospital Services Companies. There can be no assurance that, upon expiry of the initial 15-year term, the Fortis Operating Companies will be able to renew all or any of the HMSAs on commercially acceptable terms, or at all. There can also be no assurance that the HMSAs will not be terminated prematurely. In such an event, we may lose the portion of our revenues that we derive from the clinical establishments that such HMSAs relate to. The failure to renew all or some of the HMSAs, or the termination of any of them, may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

In addition, we have Management Contracts in respect of certain of our healthcare facilities, in relation to which we receive a fee for the management of these healthcare facilities. The non-payment of the fees owed to us under these contracts, the loss or termination of any of these contracts or the failure to renew any such contract on commercially acceptable terms may adversely affect our business, financial condition, results of operations, cash flows and prospects.

If we are unable to identify expansion opportunities or if we experience delays or other problems in implementing such projects, our growth, financial condition, cash flows and results of operations may be adversely affected.

Our growth depends on our ability to develop, acquire and manage additional healthcare facilities. We have certain projects under development, and are continuously evaluating other projects including acquisition opportunities, some of which we may realise in the imminent future and which may be material. We may not be able to identify suitable greenfield sites for new healthcare facilities, 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.

In addition, our plans are subject to a number of variables 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 unforeseen events or circumstances, and changes in the management's views of the desirability of current plans. Our projects may incur significant cost overruns and may not be completed on time or at all. In addition, the 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. New healthcare facility projects are characterised by long gestation periods and substantial capital

expenditures, and healthcare facilities we operate pursuant to Management 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 or operating synergies from, these projects, including as a result of our failure to successfully integrate them with our current operations or an inability to manage such enterprises. Current and potential title uncertainties regarding the lands on which our healthcare facilities and potential acquisition targets and Management Contract opportunities are or may be located, including related litigation, may also cause delays in, and may otherwise curtail, the acquisition of other healthcare facilities, the building of new healthcare facilities and other expansion opportunities.

In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our proposed project expenditures and an increase or decrease in our proposed expenditure for a particular project. Any unanticipated increase in the cost of expansion could adversely affect our estimates of the cost and our ability to implement our plans as proposed. A failure to identify suitable expansion projects, obtain adequate financing, implement these projects in an efficient manner or delays in the execution of such projects may adversely affect our business, financial condition, results of operations, cash flows and prospects.

Further, pursuant to the transfer of the RHT Portfolio to RHT, including four greenfield clinical establishments, and our proposed asset-light strategy, we are dependent to an extent upon RHT's ability to develop these greenfield clinical establishments in order to expand our business. RHT's inability to develop these greenfield clinical establishments as planned may adversely affect our financial condition, cash flows and results of operations.

We have entered into an agreement to divest our equity stake in Dental Corporation, which contains certain indemnities and a termination fee.

We have entered into a definitive agreement with Bupa Dental Corporation Ltd to sell our entire equity stake in Dental Corporation. We expect this transaction to be completed in the first quarter of Fiscal 2014 subject to the satisfaction of certain conditions, including the receipt of applicable shareholder and regulatory approvals, for a net value of AUD 270.0 million. Pursuant to the agreement, we have provided certain representations, warranties and indemnities to Bupa Dental Corporation Ltd and may be required to pay damages to the extent that any such representations, warranties or indemnities are, or become, inaccurate. We may become involved in claims, disputes or litigation concerning such representations, warranties and indemnities and may be required to make payments as a result of such claims, disputes or litigation. Further, the agreement provides that if the proposed transaction is not completed as a result of certain specified conditions, we are liable to pay Bupa Dental Corporation Ltd a reimbursement fee of AUD 3.7 million.

In the event that the shareholder or regulatory approvals are not received or the conditions precedent are not met, or in the event that the agreement is terminated for any reason in accordance with its terms, we will not receive the proceeds from this transaction, and may be required to pay the reimbursement fee or damages to Bupa Dental Corp oration Ltd. Any such event may materially and adversely affect our business, financial condition, cash flows and prospects.

Our future success depends on our ability to achieve synergies across our businesses, replicate successful models across jurisdictions and integrate and manage our operations.

In the recent past, we have acquired several international businesses, including Quality Healthcare, Dental Corporation, Radlink, SRL Dubai, Fortis Hospital Singapore and Fortis Hoan My in Vietnam. Pursuant to these acquisitions, we have sought to identify and achieve synergies and operational efficiencies across business verticals in the various jurisdictions in which we operate. In addition, we have sought to replicate successful business models from one jurisdiction in other jurisdictions across our international network.

However, there can be no assurance that we will be able to achieve the synergies that we seek and generate the expected benefits. Further, we may not be able to effectively integrate our acquired businesses into our existing operations, or we may incur higher than anticipated costs, or incur unknown liabilities that could materially and adversely affect our financial condition, cash flows and results of operations.

We may choose to acquire or divest certain businesses, which may materially affect our financial condition, cash

flows and results of operations.

We have pursued and may continue to pursue acquisitions and strategic investments in businesses and companies that operate in the healthcare industry and whose resources, capabilities and strategies are complementary to and likely to enhance our business operations. In addition, from time to time we pursue sale opportunities or receive offers from third parties to acquire all or part of certain of our businesses. We continue to evaluate such sale opportunities and, in the event that we are able to agree commercially acceptable terms, we may choose to divest certain businesses in order to realise value for such businesses as well as reduce our overall indebtedness levels, such as our proposed divestment of Dental Corporation.

It is possible that we may not be able to identify suitable investment opportunities, or if we do identify suitable opportunities, we may not be able to complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects. Further, there can be no assurance that we will be able to successfully sell any of our businesses on terms favourable to us, or at all.

As a result of the right of first refusal arrangement that we have with RHT, we may not realise the same value for our healthcare assets that we might otherwise have realised.

Pursuant to the ROFR Agreement between the Company and the Trustee Manager, the Company has granted the Trustee-Manager a right of first refusal in respect of any proposed sale, transfer or disposal of any interest in any medical and healthcare infrastructure and facilities located in Asia, Australasia and emerging markets in the rest of the world. This right of first refusal is applicable for a defined period under the ROFR Agreement and is subject to certain specified conditions. In the event that the Trustee-Manager does not exercise its right of first refusal, the Company is entitled to sell, transfer or otherwise dispose of the relevant asset to a third party on terms and conditions no more favourable to the third party than those offered to the Trustee-Manager.

Further, the Trustee-Manager has granted the Company a Reverse ROFR, whereby the Company has a right of first refusal in respect of any proposed sale, transfer or disposal of any interest in certain of RHT's assets. The Reverse ROFR is applicable for a defined period under the ROFR Agreement and is subject to certain specified conditions.

In the event that we propose to divest any of our assets located in the specified markets, we are required to first offer such assets to the Trustee Manager. As a result, there can be no assurance that we will realise the same proceeds from the divestment of such assets to RHT as we may have been able to realise from the divestment of such assets in the open market, or that, in the event RHT declines to exercise its right, that we will be able to dispose of these assets to a third party on commercially viable terms or within the timeframe that we contemplate. Any failure to divest such assets may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We may have increased risks relating to subsidiaries that are not wholly owned by us and associates that are partially owned by us.

We face increased risks relating to subsidiaries that are not wholly owned by us and associates that are partially owned by us. For example, while we own more than a majority interest in LHPL, the corporate entity that owns Fortis Hospital Seshadripuram in Bangalore, and have the right to appoint four of the six directors on the board of directors of LHPL, pursuant to a shareholders agreement among FHMSL, LHPL and the former promoters of LHPL, certain important matters require the approval of a majority of the board of LHPL which must include the affirmative vote of at least one nominee director of the former promoters for so long as they hold at least 26% of the paid-up equity share capital of LHPL. Also, since we own less than 75% interest in LHPL, the former promoters could veto any matter requiring a special resolution (i.e., the votes of 3/4th of the shareholders present and voting) of the shareholders of LHPL. In the event that there are disagreements between us and our partners regarding the business and operations of LHPL, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests. In addition, we own a 28.9% minority equity interest in an associate, MSCL, a listed Mauritius company that owns Fortis Clinique Darné hospital in Mauritius, and a 28.6% minority equity interest in Lanka Hospitals. Other shareholders in such companies may:

- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise;

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties; or
- have disputes with us.

Any of the foregoing could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations. Under the terms of the shareholders agreements, disagreements or disputes between the shareholders are required to be submitted to arbitration, which process may take time and there can be no assurance that such disagreements or disputes will be resolved in our favour. Further, certain of our shareholders agreements contain restrictive covenants which limit our operational flexibility and may require us to take decisions which may not be in our best interest. Any disagreement with other shareholders or an inability to arrive at a consensus may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We operate in a fragmented industry and face increasing competition from other hospitals and healthcare providers, which may adversely affect 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 organisations 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. Some of these competitors may be more established and have greater financial, personnel and other resources than our healthcare facilities. 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 favourable terms than private hospitals owned and managed by for profit interests, such as ourselves. In addition, even in situations where one of our healthcare facilities is the dominant or sole provider of healthcare in a city or region, patients may yet favour 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 healthcare facilities, this may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We depend on third-party manufacturers for our equipment and reagents and the discontinuation or recall of existing equipment and/or reagents could adversely affect our business, financial condition, results of operations and cash flows.

We source our equipment and the reagents that are used in our diagnostics business from third party suppliers under various arrangements. Certain of our medical equipment is procured under lease arrangements. Under some of these arrangements, the supplier generally has the discretion to terminate the arrangement with a specified period of notice, in the event of a breach of any term or condition of the arrangement, including but not limited to default in payment of the applicable fee. Any such termination and consequent removal of the installed equipment may adversely affect our operations.

In addition, manufacturers may discontinue or recall reagents, test kits, instruments or equipment used by our diagnostics business, which could adversely affect our test results and test volumes, and therefore adversely affect our business, financial condition, results of operations and cash flows.

Financial instability in certain countries, particularly emerging markets in Asia, as well as political and social developments in these markets, may adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our business is influenced by economic and market conditions in India and other countries, particularly emerging

markets in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can adversely affect the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of developed and emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, such as the recent economic slowdown, could also have a negative impact on the Indian economy. Financial disruptions may occur again and may harm our business, financial condition, results of operations, cash flows and prospects.

The markets in which we operate may also be adversely affected by various other factors, such as political and regulatory action including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The occurrence of any such event could adversely affect the ability of our patients to afford our services or may cause disruptions in the provision of services, which in turn would adversely affect our business, financial condition, results of operations, cash flows and prospects.

If we do not receive payments on a timely basis from private healthcare insurers, government sponsored insurance, corporate clients or individual patients, our business, cash flows and results of operations may be adversely affected.

The primary collection risk of our accounts receivable relates to the failure by private and government healthcare insurers, as well as corporate clients, and to a limited extent, individual patients, to pay us in a timely manner and in full for the medical services we provide. It is possible that healthcare insurers and corporate clients may change their reimbursement policies and coverage plans in the future such that the services we provide to patients are no longer covered. In addition, individual patients who do not have healthcare insurance may not be able to pay full fees for the services they receive.

If we do not receive payments on a timely basis from private healthcare insurers, government sponsored insurance, corporate clients or individual patients, our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

A portion of our revenues is derived from arrangements with insurance providers and Government schemes, and any adverse change in these relationships may adversely affect our business, results of operations, cash flows and prospects.

In certain cases, we have arrangements with insurance companies and Government and defence personnel schemes that specify the applicable rates for procedures that we offer to their customers and beneficiaries of these schemes. For example, we provide healthcare services to veterans of the armed forces under the government-run Ex-Servicemen Contributory Health Scheme (ECHS) and to employees of the Indian Central Government under the Central Government Health Scheme (CGHS). These arrangements provide an important source of patients for us, and therefore impact our occupancy rates and our revenues.

Our revenues from our major customers may vary from year to year and from quarter to quarter and any adverse development could affect our financial performance. In the event that such customers seek to negotiate reduced rates for their customers or beneficiaries, our revenues and results of operations may be adversely affected. Further, our inability to renew such arrangements, or an adverse change in the customer relationship or our ability to negotiate more such arrangements in the future on terms favourable to us may also adversely affect our business, results of operations, cash flows and prospects.

Some of our healthcare facilities are required, and other healthcare facilities may be required in the future, to provide free or subsidised medical services to patients belonging to economically disadvantaged sections of the society and certain other patients.

Under the terms of allotment of the land on which certain of our healthcare facilities are situated, we are required to provide free or subsidised medical services to patients belonging to economically weak sections of the society and certain other patients. Further, as per an order of the Indian Supreme Court passed in 2011, private hospitals in Delhi, which were allotted or leased the hospital land by the government, are required to provide free medical treatment to economically disadvantaged patients. The free treatment must be provided to an extent of 25% of OPD patients and 10% of IPD patients. In addition to Escorts-Delhi, our other healthcare facilities in Delhi, namely, Fortis

Flt. Lt. Rajan Dhall Hospital and Jessa Ram Hospital, are required pursuant to this order to provide free medical treatment to economically disadvantaged patients up to the extent specified.

In addition to our healthcare facilities in Delhi, some of our other healthcare facilities such as those located in Gurgaon, Noida and Vashi, are also required to provide free or subsidised medical treatment to economically disadvantaged patients or patients employed with the relevant government authority pursuant to the terms of allotment of the hospital land.

The obligation to provide free medical services at the aforementioned healthcare facilities ranges from 5% to 25% of the OPD services and 5% to 25% of the IPD services. Further, we may be required to provide free or subsidised medical treatment to specific sections or classes of patients with respect to any new healthcare facilities that we may operate or acquire. We may also be required to provide free or subsidised medical treatment at our existing healthcare facilities pursuant to any social welfare legislation enacted in this regard. The provision of free or subsidised medical treatment may adversely affect our revenues and our business, financial condition and results of operations. Further, any failure to provide free or subsidised medical services may be considered a breach of the relevant allotment letter or lease deed and the grantor or lessor may terminate such arrangements in the event of our failure to comply with their terms.

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

As of December 31, 2012, our total borrowings amounted to ₹ 59,632.2 million. Further, the financing 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, allow any director on the board of directors who has been identified as a wilful defaulter, materially amend or terminate any material contract or document and modify our capital structure. 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, and payment of penal interest, which could adversely affect our liquidity, restrict our expansion plans and materially and adversely affect our business, cash flows and operations.

In addition, a portion of our real property is subject to security interests pursuant to our financing arrangements, including mortgages, pledges, liens and other encumbrances. In the event that a lender seeks to invoke such security, our business, cash flows and operations may be materially and adversely affected.

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.

A significant portion of the Equity Shares has been pledged in favour of certain lenders, who may enforce their rights and transfer the Equity Shares under the respective pledge agreements pursuant to events of default.

As of March 31, 2013, FHHPL had pledged 210,533,822 Equity Shares held by them, representing approximately

52.0% of the total paid-up equity share capital of the Company. Under the pledge agreements entered into with the respective lenders, the lenders have a right to enforce the pledge and transfer the pledged shares in their name pursuant to the occurrence of certain events of default. Such events of default include a failure to repay the principal amounts under the relevant financing agreements or a failure to pledge additional shares as required under the financing agreements.

If FHHPL fails to comply with its obligations under the financing agreements, the lenders may enforce the pledge under the relevant agreements and procure the transfer of Equity Shares in their names. As of the date of this Red Herring Prospectus, FHHPL has not defaulted with respect to its obligations under the pledge agreements and the relevant financing agreements.

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

As of December 31, 2012, our total borrowings amounted to ₹ 59,632.2 million, of which almost all was subject to interest payments based on floating rates. In light of our indebtedness and the unpredictable nature of interest rate fluctuations, which are affected by a number of factors, including global economic trends and adverse events in the global financial markets, we may be subject to increased finance costs. Our failure to effectively manage our levels of indebtedness and our interest rate risk sensitivity through hedging and interest rate swap arrangements could result in increased debt service costs and adversely affect our financial condition, cash flows and results of operations.

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.

We do not own the trademarks, including the respective names and logos, of "Fortis" or "Escorts", which are important assets of our healthcare facilities 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 healthcare facilities, which could lead to decreased demand for our services.

The rights to the "Fortis" name and logo are owned by RHCHPL, a Promoter Group company. We use the name and logo under an exclusive license for the healthcare delivery business. The license fee is ₹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 six months prior to the end of the initial term. At the end of the license period, it is possible that 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 capitalise on our brand recognition. The "Fortis" name and logo have not yet been registered as trademarks by RHCHPL, which has made an application to do so, and we are currently awaiting the registration certificate. Similarly, RHCHPL has applied for registration of the "SRL Diagnostics" trademark. However, it is yet to receive an approval for this trademark.

HPCPL, a company affiliated with the Escorts Limited, the former majority owner of the Escorts hospitals, has 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 permits EHIRCL and its existing subsidiaries to use the trademark only in respect of medical and healthcare services and research related thereto. The name is also used by Escorts Limited and its affiliates, and the owner is free to license the name to other parties in respect of medical and healthcare services and research. Any restriction on our ability to use the "Escorts" trademark could adversely affect our ability to market our healthcare facilities and could adversely affect our patient volumes.

We may not have clear title to our property, or our usage of such properties may not meet legal requirements. Title uncertainties may also delay acquisitions of other healthcare facilities, the building of new healthcare facilities 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 healthcare facilities has been acquired in fragmented portions, and we may not have the same quality of title for all portions relevant to any particular healthcare facility. Further, the allotment of the land on which Escorts Hospital - Delhi, Fortis Flt. Lt. Rajan Dhall Hospital is situated and 710 square yards of the land on which Jessa Ram Hospital is situated are the subject of on-going litigation. Additionally, there are on-going title-related legal proceedings with respect to Fortis Hospital, Bannerghatta Road and Fortis Hospital, Kolkata. For further details, see the section "Legal Proceedings" on page 197. If the litigation in respect of such healthcare facilities is not decided in our favour, we may lose title to the land or have to make substantial payments to governmental agencies. In relation to the healthcare facilities which we operate through Management Contracts, we may be unable to recover any investments made in such healthcare facilities and may be unable to continue operating at these facilities.

In addition to title uncertainties, there may be other irregularities, defects or non-compliance in relation to our healthcare facility buildings or the third parties from whom we have acquired healthcare facilities may have created encumbrances over such properties. For example, the 4th and the 5th floors of Fortis Hospital Seshadripuram in Bangalore have been built without obtaining appropriate authorisation from the municipal authorities and accordingly, are irregular as on the date of this Red Herring Prospectus. Title uncertainties or other irregularities, including related litigation, may also cause delays in, and may otherwise curtail, the acquisition of other healthcare facilities, the building of new healthcare facilities and other expansion plans, which may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We are involved in certain legal proceedings, adverse developments related to which could adversely affect our business, financial condition, cash flows and results of operations.

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain medical negligence claims as well as certain disputes with respect to the land on which certain of our healthcare facilities are located. These proceedings are pending at different levels of adjudication before various courts, tribunals, estate officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Further, an adverse judgment in any of these proceedings could adversely affect our business, financial condition, cash flows and results of operations. For details of material legal proceedings, see "Legal Proceedings" on page 197.

Leases or grants for land on which our healthcare facilities are located may not be renewed, and we may lose possession of these properties and related buildings and other improvements.

Some of our current healthcare facilities and our satellite centre at Chandigarh are located on land which has been obtained on lease from the government authorities or certain private parties. Some of these leases are for fixed terms that expire between April 2013 and December 2098, or are perpetual.

Any use of the land sites granted/leased pursuant to allotment letters/lease deeds will have to be in compliance with terms and conditions contained in such allotment letters/lease deeds. The grantors/lessors under such allotments/leases may terminate the allotments/leases in the event of breach of the terms of allotment letters or the lease deeds, including delay in payment or non-payment of rent, usage of property other than for the purposes for which it has been allotted/leased or on the transfer/assignment/mortgage of the land sites or the clinical establishments situated thereon in breach of the terms of the allotment letters and/or lease deeds. Additionally, the terms of the allotment letters/lease deeds may impose certain liabilities and obligations or may be subject to fulfilment of certain conditions. If any of these grants/leases is terminated or expires and is not renewed, we may be unable to continue operations at the healthcare facility located at the relevant site, and we could lose our investments, including the healthcare facility buildings, located on such sites. We are currently involved in litigation with the DDA, owner of the land on which Escorts Hospital - Delhi is located. Further, our managed hospitals, Fortis Flt. Lt. Rajan Dhall Hospital and Jessa Ram Hospital, are also involved in litigation with the DDA and the L&DO, respectively, the owners of the land on which these healthcare facilities are located. For further details of these proceedings, see "Legal Proceedings" at page 197.

We are presently not in compliance with a financial covenant contained in one of our financing documents, and an inability to obtain a waiver of any breach in connection with such non-compliance may materially adversely affect our business and financial condition.

Pursuant to certain arrangements entered into in relation to a financing facility of our subsidiary, Fortis Asia Healthcare Pte. Ltd., for an amount of US$ 355,000,000, we were required to comply with certain financial covenants, including a requirement that our gross debt as at March 31, 2013 not exceed US$ 1,050,000,000. As at March 31, 2013, we were not in compliance with this financial covenant. We have applied for a waiver of this non-compliance from the lenders in respect of this facility. While we believe that we will obtain the waiver, there can be no assurance that we will succeed in obtaining it. In the event that we are unable to obtain an appropriate waiver, these lenders will be entitled to accelerate our repayment obligations under this facility, which may materially adversely affect our business and financial condition.

If a default by us arises in respect of this facility, it may trigger a cross-default under our other financing arrangements, or any other agreements or instruments containing cross-default provisions, including the terms and conditions of our outstanding foreign currency convertible bonds. In the event of such a default, the relevant lenders may also provide our information as a wilful defaulter to the applicable regulatory authorities.

Any default as described above or a consequence of such default under the financing arrangements referred to above may, individually or in the aggregate, materially adversely affect our business and financial condition, may negatively impact our ability to obtain financing and could adversely affect our ability to raise or borrow capital.

The Central or State Governments may exercise rights of eminent domain in respect of the land on which our clinical establishments are situated.

The Central or State Governments in India may exercise their rights of eminent domain, or compulsory acquisition in respect of our clinical establishments. The (Indian) Land Acquisition Act, 1894 allows the Central and State Governments to exercise rights of eminent domain or, compulsory acquisition. If such right is used in respect of the land on which any of our clinical establishments is located or being constructed, we could be required to relinquish the land along with the relevant clinical establishments. While we may be compensated for such acquisition in accordance with the relevant legislation, the compensation may not reflect the market value of the properties. The likelihood of such actions may increase as the Central and State governments seek to acquire or re-zone such land for the development of infrastructure projects such as roads, airports, railways and any other public purpose. Any such action in respect of one or more of the existing, or future, clinical establishments in our portfolio may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We operate in a regulated industry and our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our healthcare facilities and our operations, both in India and internationally, are subject to regulation by a number of government agencies at the national, regional and local levels under various laws and regulations. Such rules and regulations relate, among others, to the procurement of large medical equipment, the licensing and operation of medical institutions and the licensing of medical staff. Our business and growth prospects may be constrained by such rules and regulations. Further, if we fail to comply with these laws and regulations, we could be required to make significant changes to our business and operations or suffer fines or penalties, including the potential loss of our business licences, the suspension from use of our medical equipment, and the suspension or cessation of operations at our healthcare facilities. The occurrence of such events may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

In addition, we require certain approvals, licences, registrations and permissions to operate our business, including:

- environmental clearance under the Environmental Impact Assessment Notification S.O. 1533(E), 2006 (the "**EIA Notification**");

- approvals for radiological services;

- approvals, consents and authorisation under various environmental laws;
- medical related licences;
- fire, explosives and boilers related licences; and
- approvals under state regulations governing registration of healthcare facilities and shops and establishment registrations.

We may not possess certain of these approvals, licences, registrations and permissions and some of these approvals, licences, registrations and permissions relating to our facilities have expired, in relation to which we have either made, or are in the process of making an application for, obtaining the approval or renewing such licences, registrations and permissions. For instance, currently, certain clinical establishments held by RHT, namely, the Fortis Hospital, Jaipur, the Fortis Hospital, Kolkata and the Fortis Hospital, Mulund do not have environmental clearances as required under the EIA Notification. Further, the Fortis Hospital, BG Road, which currently has 239 operational beds, had obtained environmental clearance for constructing an establishment with only 175 beds. While we believe that we will be able to renew or obtain such approvals, licences, registrations and permissions as and when required, there can be no assurance that the relevant authorities will issue any of such approvals, licences, registrations and permissions in the anticipated time-frame, or at all. Additionally, failure to comply with the terms of the license may result in termination of the relevant license. For instance, our compliance with the terms of the certificate of registration of the Fortis Hospital, Vashi under the Bombay Nursing Homes Registration Act, 1949 has been challenged by the concerned authority who has directed closure of the hospital's operations. For details, see the section "Legal Proceedings" on page 197. Failure by us to obtain, renew or maintain the required approvals, licences, registrations and permissions may result in the interruption of our operations and one or more locations and may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

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 into 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, stabilisation 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 disruption to operations or penalties or costs imposed on us could adversely affect our business, financial condition, results of operations, cash flows and

prospects.

We may be subject to liabilities and negative publicity arising from the risks of providing medical services including those resulting from claims of malpractice and medical negligence.

We, as an operator of the healthcare facilities, are exposed to the risk of legal claims and regulatory actions arising out of the healthcare services provided by us. The existence of such claims may tarnish our professional standing and market reputation of and/or that of the doctors and medical professionals involved. In addition, the reputational consequences of any claims may materially and adversely affect our business and operations. Regardless of their validity, negative publicity arising from such claims may also affect the number of patients visiting our healthcare facilities and may adversely affect the revenue generated by our healthcare facilities.

Moreover, if any such claims succeed, we may become liable for the damages and other financial consequences, which may materially and adversely affect our financial condition and results of operations. While we have procured medical liability insurance, there is no certainty that such insurance or indemnity will be adequate to satisfy all the claims arising from malpractice or medical negligence. Any successful claims against us in excess of the insurance coverage or the indemnity may adversely affect our business, financial condition, results of operations, cash flows and prospects.

In the course of providing medical services, we need to keep abreast with rapid technological changes, frequent new equipment and product introductions, changes in patients' needs and evolving industry standards.

The market for the healthcare equipment and products is characterised by rapid technological changes, frequent new healthcare equipment and product introductions and technology enhancements, changes in patients' needs and evolving industry standards. New equipment and products based on new or improved technologies or new industry standards can render existing equipment and products obsolete. To effectively provide services to the hospital operators operating at our healthcare facilities, we have to continually enhance and develop our equipment and facilities on a timely basis to satisfy the increasingly sophisticated requirements of the medical professionals providing healthcare services at our healthcare facilities. Further, as industry standards evolve, we may be required to enhance and develop our internal processes and procedures, as well as equipment, in order to comply with such standards and maintain the accreditations that our healthcare facilities have received. There can be no assurance that we will have sufficient funds to continually invest in such equipment and facilities on a timely basis, or at all. In the event that we are unable to keep abreast with the current trends and needs of the healthcare industry, or that we lose any of our accreditations, our healthcare facilities may lose their competitiveness and market share, which may adversely affect the amount of the revenue received by us and adversely affect our business, financial condition, results of operations, cash flows and prospects.

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, financial records and inventory. We also rely on our information technology systems to practice telemedicine, where our doctors consult with each other and patients via video conferencing arrangements. Any technical failures associated with our information technology systems, including those caused by geographical difficulties, power failures and computer viruses and other unauthorised 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. The management of our information technology systems is generally outsourced to third party vendors, and any failure by such third party vendors to adequately secure or manage our information and systems may adversely affect our operations.

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 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 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 healthcare facilities 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 healthcare facilities and may adversely affect the level of our patient intake.

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

India has stringent labour 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. The employees at two of our operated healthcare facilities are unionised and have entered into wage agreements, and in the event that employees at our other healthcare facilities seek to unionise, it may become difficult for us to maintain flexible labour policies, and may increase our costs and adversely affect our business.

We have experienced negative cash flows in prior periods.

For Fiscal 2011, we had net cash used in operating activities of ₹ 818.1 million.

Any negative cash flows in the future could adversely affect our results of operations and financial condition. For further details, see the section "Financial Statements of the Company".

We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares.

Whether we will pay dividends in the future and the amount of any such dividends, if declared, will depend on a number of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors considered relevant by our Board of Directors and shareholders. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Our ability to pay dividends may also be restricted under certain financing arrangements that we have and may enter into. There can be no assurance that we will, or have the ability to, declare and pay any dividends on the Equity Shares at any point in the future.

The Company relies substantially on its subsidiaries to generate earnings, and any decline in the earnings of the subsidiaries or their ability to pay dividends to the Company could materially and adversely affect the Company's earnings and cash flows.

Currently, the Company conducts a significant portion of its operations through the subsidiaries. A substantial portion of the Company's assets are held by, and a substantial part of its earnings and cash flows are attributable to, the subsidiaries. If earnings from the subsidiaries were to decline, the Company's earnings and cash flow would be materially and adversely affected. We cannot assure you that the subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable the Company to meet its obligations, pay interest and expenses or declare dividends. In addition, the Company has waived its right to any distributions made by RHT in respect of distribution periods up to March 31, 2014. Therefore, though the Company retains 28.0% of the common units of RHT subsequent to its listing, we will not receive the benefits of any distributions made by RHT up to the expiry of this period.

The Promoters and the members of the Promoter Group will hold a majority of the Equity Shares after the Issue and can therefore determine the outcome of any shareholder voting.

As of March 31, 2013, 81.47% of the issued and outstanding Equity Shares are owned by the Promoters and Promoter Group, and after the completion of the Issue, the Promoters and Promoter Group will continue to hold approximately 73.3% or 75%, as the case may be, of the Equity Shares. Consequently, the Promoters and Promoter Group are likely to have the ability to exercise significant control over most matters requiring approval by shareholders, including the election and removal of directors and significant corporate transactions. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other

business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

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, cash flows 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. 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 of the healthcare facilities are generally responsible for the costs and liabilities incurred by the healthcare facility, under the Management Contract, we may not be indemnified against losses that arise from the acts or omissions of our employees at the healthcare facilities. Moreover, there is no guarantee that the healthcare facility owners will have the resources to pay any indemnity owed to us. In addition, some of our Management Contracts do not expressly require the healthcare facility 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, cash flows and results of operations may be adversely affected.

We have entered into various related party transactions.

We have various transactions with related parties, including subsidiaries, associates, key management personnel and their relatives and the Promoters. These related party transactions include operating income, grant and repayment of loans, interest income on loans advanced, interest expense on loans taken, grant and receipt of corporate guarantees, purchase of medical consumables and pharmacy items and payment of managerial remuneration. For further details of our related party transactions as per Accounting Standard 18, see the section "Financial Statements of the Company" on page 207.

We believe that all such transactions have been conducted on an arm's length basis. However, in the event that obligations owed to us arising from such transactions are not fulfilled, either individually or in aggregate, our business and financial condition and/or results of operations may be adversely affected. We will continue to enter into related party transactions in the future, in the normal course of business. Such transactions, either individually or in the aggregate, may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We cannot assure you that the preferential allotment proposed to be undertaken by us will be completed.

The Board of Directors, through its resolution dated April 24, 2013, has authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, at a price determined in accordance with applicable laws and regulations. The preferential allotment will be subject to completion of the Issue and execution of necessary agreements and receipt of applicable approvals and consents, including the approval of the shareholders of the Company. We cannot assure you that the requisite regulatory and shareholder approvals or lender or other consents will be received in a timely manner or at all, or that the preferential allotment will be completed in the manner contemplated. If the preferential allotment is not completed for these or any other reasons, our business, cash flows and financial condition may be adversely affected.

Risks Associated with India

Changing laws, rules and regulations and legal uncertainties may adversely affect our business and financial performance.

Our business and operations are governed by various laws and regulations. Our business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to our business.

There can be no assurance that the central or state government in India will not implement new regulations and policies which will require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on its operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition, cash flows and results of operations.

For example, the Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (the "**Land Acquisition Bill**") was introduced before the Indian Parliament to govern land acquisition processes in India. While the Land Acquisition Bill has not yet been enacted into law, it includes certain provisions, such as those relating to additional restrictions on land acquisition (e.g., certain types of agricultural land) and includes provisions relating to the compensation, rehabilitation and resettlement of affected persons, which if enacted could have an adverse impact on our ability to acquire further land for our resorts.

In December 2012, the Companies Bill was tabled before and passed by the lower house of the Indian Parliament. The Companies Bill provides, inter alia, for significant changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit matters and corporate social responsibility. The Companies Bill has not yet been tabled before the upper house of the Indian Parliament. The Companies Bill will require the approval of the upper house of the Indian Parliament, as well as the approval of the President of India and publication in the Official Gazette before becoming law. There is therefore no certainty that the Companies Bill will be passed in its current form, or at all. At this stage, we cannot predict with certainty the impact of the Companies Bill or the Land Acquisition Bill on our business and operations, if enacted.

Further, Government of India has announced the union budget for the fiscal year 2014 and the Finance Bill, 2013 has been tabled before the Parliament. However, the Finance Act has not yet been passed by the Parliament. As such, there is no certainty on the impacts that the Finance Bill, 2013 may have on our business and operations or on the industry that we are in.

Acts of terrorism and other similar threats to security could adversely affect our business, cash flows, results of operations and financial condition.

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our operations. These events have had and may continue to have an adverse impact on the global economy and customer confidence and spending in particular, which could in turn adversely affect our revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of the Equity Shares and may limit the capital resources available to us.

Natural disasters could have a negative impact on the Indian economy and damage our facilities.

Natural disasters such as floods, earthquakes or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, our business could be affected due to the event itself or due to our inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity and business information. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Political instability or significant changes in the economic liberalisation and deregulation policies of the Government of India or in the government of the states where we operate could disrupt our business.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

India has been following a course of economic liberalisation and our business could be significantly influenced by

economic policies followed by the central government. Further, our businesses are also impacted by regulation and conditions in the various states in India where we operate.

However, we cannot assure you that such policies will continue in the future. Indian government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the business in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realised on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax, or STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realised on the sale of the Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the Equity Shares. However, capital gains on the sale of the Equity Shares purchased in the Issue by residents of certain countries will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries. For more information see the section "Taxation".

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could adversely affect our business and future financial performance and our ability to obtain financing to fund its growth, as well as on the trading price of the Equity Shares.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our financial statements included in this Red Herring Prospectus are prepared and presented in conformity with Indian GAAP which has been consistently applied during the periods stated. No attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

There may be less information available in the Indian securities markets than in more developed securities markets in other countries.

There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in securities markets in more developed economies. SEBI is

responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed countries, which could adversely affect the market for the Equity Shares. As a result, investors may have access to less information about our business, financial condition, cash flows and results of operation, on an on-going basis, than investors in companies subject to the reporting requirements of other more developed countries.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us.

The Company is a limited liability company incorporated under the laws of India. Certain Directors of the Company and a majority of its key management personnel are residents of India. A substantial portion of the Company's assets and the assets of its Indian resident Directors and executive officers are located in India. As a result, it may be difficult for investors to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against the Company or such parties outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian practice. For further details, see "Enforcement of Civil Liabilities" on page 11.

Public companies in India, including the Company, may be required to prepare financial statements under IFRS or a variation thereof, Indian Accounting Standards ("IND AS"). The transition to IND AS in India is still unclear and it is difficult to predict any adverse impact that the transition to IND AS may have on the Company.

Public companies in India, including the Company, may be required to prepare annual and interim financial statements under IFRS or a variation thereof. The ICAI has released a near-final version of IND AS titled "First-time Adoption of Indian Accounting Standards" and the Ministry of Corporate Affairs of the Indian Government ("**MCA**"), on February 25, 2011, has notified that IND AS will be implemented in a phased manner and the date of such implementation will be notified at a later date. As of the date of this Red Herring Prospectus, the MCA has not notified the date of implementation of IND AS. There is not yet a significant body of established practice for forming judgments regarding its implementation and application. Additionally, IND AS has fundamental differences with IFRS and therefore financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. We cannot assure you that the Company's financial condition, results of operations, cash flow or changes in shareholders' equity will not appear materially different under IND AS from that under Indian GAAP or IFRS. As the Company adopts IND AS reporting, it may encounter difficulties in the on-going process of implementing and enhancing its management information systems. We cannot assure you that the Company's adoption of IND AS will not adversely affect its reported results of operations, cash flows or financial condition and any failure to successfully adopt IND AS in accordance with the prescribed timelines may materially and adversely affect the Company's reported financial position, cash flows and results of operations.

Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition, cash flows and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which, directly or indirectly determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. It is difficult to predict the impact of the Competition Act on our growth and expansion strategies. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, results of operations, financial condition, cash flows, prospects and the trading price of the Equity Shares.

Statistical and operating data in this Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Red Herring Prospectus and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate in this Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable. See "Industry Overview".

Risks Associated with the Equity Shares

The trading price of the Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading prices of publicly traded securities may be highly volatile. Factors affecting the trading price of the Equity Shares include:

- variations in our operating results;
- recruitment or departure of key personnel;
- favourable or unfavourable reports by a section of the media concerning the industry in general, or in relation to our business and operations;
- changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to research and report on the Equity Shares;
- market conditions affecting the economy as a whole; and
- adoption or modification of regulations, policies, procedures or programs applicable to our business.

In addition, if the stock markets experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition, cash flows or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in the same business even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of the Equity Shares.

Any future issuance of Equity Shares may dilute your shareholding and any future sales of the Equity Shares by the Company's major shareholders may adversely affect the trading price of the Equity Shares.

Except for the customary lock-up on the Company's ability to issue equity or equity linked securities and certain consents required from certain of its lenders, there is no restriction on the Company's ability to issue Equity Shares or the Company's principal shareholders' ability to dispose of their Equity Shares, and the Company cannot assure you that it will not issue Equity Shares or that any such shareholder will not dispose of, encumber, or pledge, its Equity Shares.

Pursuant to the resolution of the Issue Committee dated April 24, 2013, the Company may issue the Bonds to International Finance Corporation. No assurance can be provided that such an issuance will in fact happen. The issuance of the Bonds is subject to the execution of a subscription agreement and receipt of approvals and consents as may be required for issuances of such nature and completion of the Issue. The Bonds will be subject to their terms and conditions, as well as applicable provisions of law, including the Foreign Exchange Management Act, 1999, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended and the rules and regulations issued thereunder.

Any future issuances of Equity Shares, including the preferential allotment or any conversion of the Bonds, may

dilute your shareholding in the Company and may adversely affect the trading price of the Equity Shares.

There is no guarantee that the Equity Shares purchased in this Issue will be listed on the Stock Exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchanges.

In accordance with Indian law and practice, final approvals for listing and trading of the Equity Shares offered in this Issue will not be applied for or granted until after the Equity Shares have been issued and allotted. Such approvals will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on the Stock Exchanges, which could adversely affect your ability to sell the Equity Shares.

An investor will not be able to sell any of the Equity Shares purchased in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares in the Issue, investors purchasing the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The articles of association, resolutions of the board of directors and Indian law govern the corporate affairs of companies operating in India. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as the Company's shareholders than as a shareholder of a corporation in another jurisdiction.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution, or unless the Company has obtained approval from the government to issue without such special resolution, subject to votes being cast in favour of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without the Company filing an offering document or a registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless the Company makes such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in the Company would be reduced.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the underlying Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular time.

Foreign investors are subject to foreign investment restrictions under Indian law that limit the Company's ability

to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

As of the date of this Red Herring Prospectus, 405,212,235 Equity Shares have been issued and are fully paid up. The Equity Shares are listed on the BSE and the NSE. As the Equity Shares are actively traded on the BSE and the NSE, the stock market data has been given separately for each of these Stock Exchanges. Our Equity Shares have been listed since May 9, 2007 on the BSE and the NSE.

The table set forth below indicates the high and low prices of the Equity Shares and the volume of trading activity for the specified periods. The closing prices of the Equity Shares on the BSE and the NSE on May 3, 2013 were ₹ 103.25 and ₹ 103.3 per Equity Share, respectively.

The high, low and average market prices of the Equity Shares for the periods indicated are as below:

BSE									
Year ending March 31,	**Date of High**	**High (₹)[1]**	**Volume on date of High (No. of Equity Shares)[2]**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)[3]**
2011	April 1, 2010	179.90	372,994	67.61	January 31, 2011	129.65	66,856	8.67	154.25
2012	July 27, 2011	170.65	137,865	23.41	December 28, 2011	81.95	175,910	14.42	132.45
2013	December 17, 2012	116.65	783,975	91.22	August 30, 2012	91.15	96,329	8.80	102.80

(Source: www.bseindia.com)

NSE									
Year ending March 31,	**Date of High**	**High (₹)[1]**	**Volume on date of High (No. of Equity Shares)[2]**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)[3]**
2011	April 1, 2010	180.00	2,000,571	362.16	January 27, 2011	129.30	2,160,236	282.09	154.32
2012	July 27, 2011	170.80	679,775	115.44	December 28, 2011	82.00	1,218,941	100.07	132.54
2013	December 17, 2012	116.7	3,170,100	369.13	August 30, 2012	90.85	520,406	47.54	102.84

(Source: www.nseindia.com)

Notes:

(1) High, low and average prices are of the daily closing prices.

(2) In case of two days with the same closing price, the date with the higher volume has been considered.

(3) Average price represents the average of the daily closing prices of each day for each year presented.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus:

BSE									
Month	**Date**	**High (₹) [1]**	**Volume (No. of Equity Shares) [2]**	**Volume on date of High (In ₹ million)**	**Date**	**Low (₹)**	**Volume (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹) [3]**
April 2013	April 2, 2013	102.70	53,235	5.5	April 12, 2013	96.70	9,366	0.9	99.17
March 2013	March 14, 2013	101.35	62,633	6.38	March 21, 2013	95.05	38,681	3.70	98.95
February 2013	February 1, 2013	108.70	18,071	1.97	February 28, 2013	97.10	145,783	14.55	102.31
January 2013	January 8, 2013	115.00	83,355	9.65	January 24, 2013	108.40	54,545	5.94	111.63
December 2012	December 17, 2012	116.65	783,975	91.22	December 14, 2012	109.00	41,050	4.47	113.23
November 2012	November 30, 2012	112.30	677,912	76.90	November 20, 2012	99.35	28,197	2.81	102.88

(Source: www.bseindia.com)

NSE									
Month	**Date**	**High (₹) [1]**	**Volume (No. of Equity Shares) [2]**	**Volume on date of High (In ₹ million)**	**Date**	**Low (₹)**	**Volume (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹) [3]**
April 2013	April 2, 2013	103.00	367,278	37.90	April 12, 2013	96.55	52,548	5.08	99.22
March 2013	March 13, 2013	101.45	796,346	80.34	March 22, 2013	94.90	84,291	7.93	98.97
February 2013	February 1, 2013	108.55	90,151	9.85	February 28, 2013	97.05	423,434	42.15	102.44
January 2013	January 8, 2013	115.15	310,927	35.98	January 24, 2013	108.45	176,442	19.24	111.63
December 2012	December 17, 2012	116.70	3,170,100	369.13	December 13, 2012	109.1	219,222	24.21	113.25
November 2012	November 30, 2012	112.15	1,975,721	224.01	November 20, 2012	99.15	114,547	11.42	103.00
October 2012	October 11, 2012	106.35	526,376	56.07	October 30, 2012	100.7	89,649	9.10	103.99

(Source: www.nseindia.com)

Notes:

[1] High, low and average prices are of the daily closing prices.

[2] In case of two days with the same closing price, the date with the higher volume has been considered.

[3] Average Price represents the average of the daily closing prices of each day for each month presented.

Market price on November 29, 2012, the first working day following the meeting of the Board of Directors approving the Issue was:

Date	BSE				NSE			
	Open	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
November 29, 2012	101.25	113.5	101.5	108.7	101.95	113.9	101.5	108.95
Volume	534,928				1,614,647			

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
April 2013	800,235	1,975,474
March 2013	9,380,189	34,583,488
February 2013	1,627,811	6,798,195
January 2013	870,849	2,912,980
December 2012	2,945,075	10,414,599
November 2012	1,843,293	6,029,124

(Source: www.bseindia.com, www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be approximately ₹ [●] million. After deducting fees and expenses of approximately ₹ [●] million, the net proceeds of the Issue will be approximately ₹ [●] million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds of the Issue for repayment of debts, funding our capital expenditure requirements and general corporate purposes. A portion of the net proceeds of the Issue may also be used to repay a lender which is an affiliate of one of the Book Running Lead Managers.

Subject to supervision of the Audit Committee and the Board as required under the provisions of the Equity Listing Agreement, the management of the Company will have flexibility in deploying the proceeds received by the Company from the Issue. Pending utilisation of the net proceeds of the Issue as described above, the Company intends to temporarily invest the funds in interest bearing instruments including deposits with banks and investments in mutual funds.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation and total debt, on a consolidated basis, as of December 31, 2012 and as adjusted to give effect to the Issue. This table should be read in conjunction with "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and our financial information contained in "***Financial Statements of the Company***" beginning on pages 70 and 207, respectively.

(In ₹ million)

	As of December 31, 2012	As adjusted for the Issue
Shareholders' funds		
Share capital	4,095.30	[●]*
Reserves and surplus	33,536.81	[●]*
Total shareholders' funds (A)	**37,632.11**	**[●]***
Total Debt		
Long Term Borrowings	19,498.58	[●]
Short Term Borrowings	16,822.52	[●]
Current maturities of long term debt	23,311.06	**[●]**
Total borrowings (B)	**59,632.17**	**[●]**
Total (A+B)	**97,264.28**	**[●]***

** To be included in the Prospectus after determination of the Issue Price.*

Notes:

1. Since December 31, 2012, the Company has allotted 8,800 Equity Shares pursuant to the exercise of 8,800 options issued under ESOP 2007. Subsequent to these allotments, the Equity Share capital of the Company has increased to ₹ 4,052.12 million.
2. There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering this Red Herring Prospectus with the RoC until the Equity Shares offered in the Issue have been listed on the Stock Exchanges or the Application Amounts are refunded, on account of *inter alia*, refusal of the listing of such Equity Shares by the Stock Exchanges.
3. The Board of Directors, through its resolution dated April 24, 2013, has authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, at a price determined in accordance with applicable laws and regulations. The preferential allotment will be subject to completion of the Issue and execution of necessary agreements and receipt of applicable approvals and consents, including the approval of the shareholders of the Company.
4. Further, pursuant to the resolution of the shareholders of the Company dated January 15, 2013, the Issue Committee of the Board of Directors through its resolution dated April 24, 2013 has approved a private placement of the Bonds to International Finance Corporation for an aggregate amount of USD 55 million. The floor price of these Bonds, determined in accordance with applicable law, is ₹ 99.09. This issuance of Bonds is subject to completion of the Issue and execution of a subscription agreement and receipt of approvals and consents as may be required for issuances of such nature.

DIVIDENDS

The Company does not have a formal dividend policy. The Company has not paid any dividends on the Equity Shares in the past. Any dividends declared and paid in the future will be recommended by the Board of Directors and approved by the Equity Shareholders at their discretion and will depend on the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of credit facilities and other financing arrangements of the Company at the time a dividend is considered, and other relevant factors.

The Company has not paid any dividend in the last three Fiscals.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements as of and for the fiscal years ended March 31, 2010, 2011 and 2012, including the schedules and notes thereto and the reports thereon, as applicable, together with our reviewed financial statements as of December 31, 2012 and for the nine month periods ended December 31, 2012, including the schedules and notes thereto and the report thereon, which appear in the section titled "Financial Statements of the Company". The financial statements presented in this Red Herring Prospectus and discussed herein have been prepared to comply with Indian GAAP, which differs in certain significant respects from IFRS and U.S. GAAP. Unless stated otherwise, references to the financial statements as of and for the fiscal years ended March 31, 2010 and 2011 are to the financial statements for those years, prepared and presented in accordance with the format prescribed under Schedule VI to the Companies Act (the "Old Schedule VI") before it was replaced with a revised Schedule VI (the "Revised Schedule VI") pursuant to Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Similarly, references to the financial statements as of and for the fiscal year ended March 31, 2012 are to the audited financial statements for the year presented in accordance with the Revised Schedule VI.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

The forward looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors".

Overview

We are an integrated healthcare delivery service provider, committed to delivering high quality healthcare services to our patients in modern facilities in key markets in Asia. We have a network of healthcare facilities supported by primary care centres, specialty day care centres and diagnostic centres, in order to provide integrated services across the healthcare value chain. We were incorporated in New Delhi, India in February 1996 and commenced operations with our first healthcare facility in Mohali, India in June 2001. We have since expanded our operations organically and inorganically, including through the acquisitions of several healthcare facilities and equity stakes in healthcare service providers. For further details, see "Our Business" at page 122.

During the period from Fiscal 2009 to Fiscal 2012, we concentrated on acquiring and integrating businesses that we perceived as complementary to our core strength of healthcare service delivery. This included the acquisition of hospitals from Wockhardt Hospitals Limited, an equity stake in the diagnostics business of SRL and the acquisition of Fortis Healthcare International, which resulted in several international healthcare businesses becoming a part of the Group in Fiscal 2012, including in Hong Kong, Singapore, the U.A.E., Sri Lanka, Australia and Vietnam. As a result of these acquisitions, we built up a pool of integrated assets across the healthcare service value chain. However, we also required a significant level of external financing, and our overall indebtedness grew during this period.

In order to consolidate our business and concentrate on our core area of competence, the provision of healthcare services, we have in the recent past sought to move towards an "asset light" model. This strategic initiative involves divesting certain of our clinical establishments in India to third parties, reducing our capital expenditure and focusing on our core activity of providing healthcare services. Pursuant to this initiative, we have transferred the RHT Portfolio to RHT, a newly established business trust which, in October 2012, conducted an initial public offering and listing on the SGX-ST. Further, we have entered into a definitive agreement with Bupa Dental Corporation Ltd to sell our entire equity stake in Dental Corporation, which is expected to be completed in the first quarter of Fiscal 2014, subject to applicable shareholder and regulatory approvals. The purpose of these divestments is to enable us to develop our core business while reducing our levels of indebtedness. We believe that our focus on our core healthcare service delivery business and the divestment of non-core assets will enable us to achieve our targets of reducing overall indebtedness and improving the efficiency of our healthcare operations.

On a consolidated basis, our revenue from operations and profit for Fiscal 2012 were ₹ 29,840.4 million and ₹722.2 million, respectively, while our revenue from operations and profit for the nine month period ended December 31, 2012 were ₹ 31,411.4 million and ₹ 6,161.7 million, respectively.

Changes in Presentation of Financial Statements with Effect from April 1, 2011

Introduction and Impact

Pursuant to Notification S.O. 447(E) dated February 28, 2011, the Old Schedule VI was replaced with the Revised Schedule VI which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, we have modified the manner in which we present our financial statements as of and for the fiscal year ended March 31, 2012 so that the presentation of our financial statements is consistent with the Revised Schedule VI, which became applicable to us during Fiscal 2012. In connection with this exercise, we have also modified and reclassified our financial statements, for presentation purposes, as of and for the financial year ended March 31, 2011 in accordance with the New Schedule VI so as to provide comparability with our financial statements as of and for the financial year ended March 31, 2012. Our historical audited financial statements for Fiscal 2011 and Fiscal 2010 have been presented in accordance with the Old Schedule VI.

The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of our financial statements. However, it does have a significant impact on the presentation of, and disclosure made in, our financial statements, particularly with respect to the presentation of the statement of assets and liabilities. Going forward, for financial periods ending subsequent to March 31, 2012, we will be presenting our financial statements in accordance with the Revised Schedule VI.

This discussion below in this section compares our financial position, cash flows and results of operations:

a) as of and for the nine month periods ended December 31, 2011 and 2012, based on the reviewed financial statements for the nine month period ended December 31, 2012, prepared and presented in accordance with Accounting Standard 25 "Interim Financial Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006, as amended;

b) as of and for the financial years ended March 31, 2012 and 2011 based on the audited financial statements for Fiscal 2012, prepared and presented in accordance with the Revised Schedule VI; and

c) as of and for the financial years ended March 31, 2011 and 2010, based on the audited financial statements for Fiscal 2011, prepared and presented in accordance with the Old Schedule VI.

Key Changes

Some of the significant changes to the presentation of our balance sheet as of March 31, 2012 as a result of the introduction of the Revised Schedule VI are as follows:

a) Assets and liabilities are segregated into "current" and "non-current" portions.

b) Any debit balance in the statement of profit and loss is disclosed under the head "Reserves and Surplus". Previously, any debit balance in the profit and loss account carried forward after deduction from uncommitted reserves was required to be shown as the last item on the assets side of the balance sheet.

c) "Capital Advances" are specifically required to be presented separately under the head "Loans and Advances", rather than under any other head.

Some of the significant changes to the presentation of our statement of profit and loss for the financial year ended March 31, 2012 as a result of the introduction of Revised Schedule VI are as follows:

a) Revised Schedule VI sets out a format for the presentation of the statement of profit and loss. This format does not mention any appropriation item on its face. Further, the Revised Schedule VI format prescribes that such "below the line" adjustments be presented under the head "Reserves and Surplus".

b) In addition to the specific disclosures prescribed in the statement of profit and loss, any item of income or expense which exceeds 1% of the income revenue from operations or ₹ 100,000 (this was 1% of total revenue or ₹ 5,000 under the Old Schedule VI), whichever is higher, is required to be disclosed separately.

c) In respect of companies other than finance companies, revenue from operations needs to be disclosed separately as revenue from (i) sale of products; (ii) sale of services; and (iii) other operating revenues.

In addition to the above, certain additional disclosure requirements have been prescribed under the Revised Schedule VI to provide a better understanding to the user of the financial statements.

Recent Developments

The Board of Directors, through its resolution dated April 24, 2013, has authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, at a price determined in accordance with applicable laws and regulations. The preferential allotment will be subject to completion of the Issue and execution of necessary agreements and receipt of applicable approvals and consents, including the approval of the shareholders of the Company. Further, pursuant to the resolution of the shareholders of the Company dated January 15, 2013, the Issue Committee of the Board of Directors through its resolution dated April 24, 2013 has approved a private placement of the Bonds to International Finance Corporation for an aggregate amount of USD 55 million. The floor price of these Bonds, determined in accordance with applicable law, is ₹ 99.09. This issuance of the Bonds is subject to completion of the Issue and execution of a subscription agreement and receipt of approvals and consents as may be required for issuances of such nature.

The Company is also in discussions with the holders of its outstanding foreign currency convertible bonds (the "**Outstanding FCCBs**") to explore various options to refinance/restructure the Outstanding FCCBs, including making necessary regulatory applications. There is no assurance that such restructuring will occur in a timely manner or at all.

Factors affecting our financial condition and results of operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

Acquisitions, Development Projects and Future Expansion

The growth of our business depends on our ability to develop, acquire and manage additional healthcare facilities. We maintain a flexible approach to the expansion of our healthcare facility network and seek to identify suitable greenfield sites for new healthcare facilities, acquisition candidates or healthcare facility management opportunities.

Since April 1, 2009, we have engaged in the following acquisitions:

- December 2009 – acquisition of 10 hospitals from Wockhardt Hospitals Limited;
- May 2011 – acquisition of 74.6% equity stake in SRL;
- January 2012 – acquisition of Fortis Healthcare International from RHC Financial Services (Mauritius) Ltd, which resulted in, amongst others:
    - the acquisition of the primary healthcare businesses (Quality Healthcare Medical Services and Quality Healthcare Services) of Quality Healthcare, a leading provider of integrated primary healthcare services in Hong Kong;
    - the acquisition of a 65.0% equity stake on a fully diluted basis in Hoan My in Vietnam, one of Vietnam's oldest and largest private healthcare providers with five hospitals; and
    - the acquisition of an equity stake in Dental Corporation, an owner and operator of dental practices across Australia, New Zealand and Canada, in which, as of December 31, 2012, our equity stake

was 64.0%;

- the acquisition of 100.0% equity stake in Super Religare Laboratories International FZ LLC and an 82.5% equity stake in MENA Healthcare Investment Company Limited in Dubai, a CAP accredited pathology provider in the U.A.E;
- the acquisition of a 28.6% equity stake in Lanka Hospitals, a tertiary healthcare provider in Colombo, Sri Lanka; and
- the acquisition of the Fortis Colorectal Hospital in Singapore, a healthcare facility for treatment of colorectal disorders, which was under construction at the time of its acquisition and subsequently commenced commercial operations in July 2012.

- January 2012 – acquisition of an 85.0% equity stake in RadLink, a private diagnostic and imaging chain in Singapore. As of March 31, 2013, we own 100% of the equity shareholding of RadLink.

We typically enter into Management Contracts with a tenure of 10 years or more and seek the inclusion of renewal clauses. The Management Contracts may be terminated by the owners of the respective hospitals under certain circumstances, including in some cases on receipt of written notice or in the event of a material breach. Fees derived from our Management Contracts are contractually determined, and include models such as a percentage of gross revenue, the higher of the gross revenue and a fixed amount, or a percentage of gross billings or surplus generated from the operation of the healthcare facility.

Recent divestments

We have recently transferred the RHT Portfolio to RHT, which was listed on the Singapore SGX-ST on October 19, 2012. Subsequent to its listing, the Company continues to hold 28.0% of the common units of RHT in its capacity as the sponsor of RHT. For further information, see "Our Business—Religare Healthcare Trust".

We have also recently entered into a definitive agreement to sell our equity stake in Dental Corporation, a leading provider of dental practices and facilities in Australia, New Zealand and Canada. This sale of our equity stake is expected to complete in the first quarter of Fiscal 2014, subject to applicable shareholder and regulatory approvals, for a net value of AUD 270.0 million, and we will no longer hold any interest in the business of Dental Corporation upon completion.

Further, in Fiscal 2011, we had sold our equity stake in Parkway Hospitals.

Legal Proceedings

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain medical negligence claims as well as certain disputes with respect to the land on which certain of our healthcare facilities are located. These proceedings are pending at different levels of adjudication before various courts, tribunals, estate officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Further, an adverse judgment in any of these proceedings could adversely affect our business, financial condition, cash flows and results of operations. For details of material legal proceedings, see "Legal Proceedings".

International Operations

Our healthcare business operations and related services are currently located in India and throughout Southeast Asia, including Hong Kong, Vietnam, Singapore, Mauritius, Dubai and Sri Lanka, as well as in Australia and New Zealand. We acquired a significant portion of our international healthcare business operations in Hong Kong, Vietnam, Sri Lanka, Australia and New Zealand through our acquisition of Fortis Healthcare International Pte Ltd in January 2012. We have agreed to sell our Australian operations, Dental Corporation, for a net value of AUD 270.0 million, although this transaction remains subject to shareholder and regulatory approval. These operations make us particularly sensitive to the condition of the economy, foreign exchange rates, changes in the population and demographics and regulatory changes in these countries.

Patient volumes, admissions and Average Revenue per Occupied Bed

Patient volumes are driven by, among other things, the hospital image and brand reputation, the competitive cost of treatment, the type of services offered, the economic and social conditions of local communities, the degree of competition from other healthcare facilities, seasonal illness cycles, climate and weather conditions, the clinical reputation of our doctors, doctor retention and attrition, negotiations or terminations of corporate contracts/empanelment in respect of employee healthcare needs and spending ability.

Our inpatient income is highly dependent on the occupancy rates at our healthcare facilities. Our occupancy rates are critical to optimising profitability at our facilities and form an integral part of our management information system. The occupancy rate of a healthcare facility 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 seek to increase our ARPOB by optimising the length of patient stay, increasing capacity turnover, focusing on complex procedures and achieving higher operating efficiency through the adoption of advanced technology and through the provision of improved medical services.

For example, in our cardiac care facilities and departments, we 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 healthcare facilities. In addition, we monitor the number of patients diagnosed elsewhere who choose to come to our facilities for treatment. Our 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 healthcare facility allocated to cardiac care, equipment procurements, pricing of various procedures and advertising initiatives.

We believe that the important factors influencing the overall utilisation of a healthcare facility include the quality and market position of the healthcare facility and the number, quality and specialties of doctors providing patient care within the facility. Generally, we believe that the ability of a healthcare facility 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 utilisation include the growth in local population and local economic conditions. Utilisation 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 healthcare facilities in India for the years ended March 31, 2012 and for the nine months ended December 31, 2012.

	Occupancy rate* (%)		**ARPOB** (₹ million)**		**ALOS*** (days)**	
	Year ended March 31, 2012#	Nine month period ended December 31, 2012#	Year ended March 31, 2012#	Nine month period ended December 31, 2012#	Year ended March 31, 2012#	Nine month period ended December 31, 2012#
India	73.0	73.0	9.3	10.2	4.01	3.87

* 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.

** Average Revenue per Occupied Bed

*** Average Length of Stay

Excludes beds located in managed healthcare facilities.

Equipment

The complex nature of the procedures we perform at our healthcare facilities, in particular at our quaternary care "Centres of Excellence", requires us to invest in technologically sophisticated equipment, such as robots and scopes

used in minimally invasive surgeries. These equipments are generally very expensive and form a major component of our annual capital expenditure budget. In addition, because we are committed to maintaining high standards of care, we are continuously upgrading and replacing these equipments as new technologies become available. This could make our existing equipments obsolete more quickly than anticipated. Moreover, as much of these equipments are 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 healthcare facilities and we price our services at levels comparable to the prices charged by our corporate competitors. We believe we have been able to charge a premium to public healthcare providers and smaller healthcare providers in part as a result of our network of high quality facilities, the number of prominent doctors on staff at our healthcare facilities, as well as our focus on delivering high-end care with technologically advanced equipment. In addition, our prices at healthcare facilities located in major metropolitan areas, especially our "hub" healthcare facilities, tend to be higher than prices for similar procedures at our "spoke" healthcare facilities.

We believe we will generally be able to maintain charging premium prices without negatively impacting our patient volumes, although there is no assurance we will be able to do so. We believe our ability to charge premium rates increases at a healthcare facility as the healthcare facility becomes more established and our name recognition increases. However, despite our ability to charge premium prices over government and small healthcare facilities, a large proportion of patients "price shop" when choosing a healthcare facility 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 working to ensure that our healthcare facilities 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, 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 healthcare facilities 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. The parameters of the packages we offer patients and our ability to price these effectively may affect our results of operations.

Pricing for large accounts: Many of our owned healthcare facilities have entered into arrangements with insurance providers and large employers in the regions in which we operate to provide healthcare services to their employees or subscribers at pre-agreed 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 the lower price at which we provide such procedures. 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 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 labour intensive and wages and other operating expenses have shown an upward trend. Suppliers also tend to pass on the effects of higher costs through increasing their supply prices payable by us. We try to offset the effects of increasing operating costs substantially through our efforts in reducing the Average Length of Stay (ALOS) for patients there by increasing the patient turnover and by adopting measures such as increasing our own charges, expanding our range of services, rationalising 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 healthcare facilities, and we may be unsuccessful in passing along higher prices in the future to our patients without affecting patient volumes.

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 healthcare facility.

An increasing portion of our income is derived from the provision of specialty services in the cardiac sciences, neurosciences, orthopaedics, renal sciences, gastrosciences, oncology, organ transplant and maternal and child health departments, and we expect the trend to continue in the near future, as the Indian economy grows and corresponding "lifestyle" diseases become more prevalent.

Diagnostics business

We acquired SRL in May 2011. SRL has a network of reference laboratories, Centres of Excellence, network laboratories (comprising pathology and radiology laboratories), collection centres and wellness centres, and we perceived it as a complementary fit to our existing business. SRL provides a variety of services, including haematology, micro and molecular biology, clinical chemistry, histopathology and immunology, cytogenetics and high end imaging. SRL generates most of its income by testing samples at its laboratories. Over the past several years, SRL has significantly increased its testing capacity by acquiring or establishing additional laboratories, which has in turn increased its revenues. SRL's primary costs comprise reagents and consumables, personnel costs and operating expenses.

SRL offers a comprehensive range of over 3,500 diagnostic tests, and we believe that it is able to charge a premium on certain tests which are exclusive to it. We believe that the future growth of SRL's revenue will be dependent upon our ability to maximise its capacity utilisation.

Religare Healthcare Trust

We have recently transferred the RHT Portfolio to RHT, pursuant to its listing on the Singapore SGX-ST in October 2012. Following its listing, we continue to hold 28% of the common units of RHT. We have waived our right to any distributions made by RHT in respect of distribution periods up to March 31, 2014. Therefore, though we retain 28.0% of the common units of RHT subsequent to its listing, we will not receive the benefits of any distributions made by RHT up to the expiry of this period.

RHT, through the Hospital Services Companies, has entered into HMSAs with the Fortis Operating Companies in respect of each of the clinical establishments held by the Hospital Services Companies. Under the HMSAs, the Hospital Services Companies will provide Clinical Establishment Services to the relevant Fortis Operating Company, while the Fortis Operating Company will have the right to run and manage the operations of the respective clinical establishment and provide additional healthcare services (over and above those provided by the Hospital Services Companies), including without limitation, in-patient services and emergency services at the relevant clinical establishment. In consideration for the provision of the Clinical Establishment Services, the Fortis Operating Company will pay the relevant Hospital Services Company the Service Fee, technology renewal fee and a refundable commitment deposit. The Hospital Services Companies will also have other income attributable to the provision of ancillary services at the clinical establishments. The Service Fee is divided into a fixed quarterly base service fee that increases by 3.0% on an annual basis, along with a variable component of 7.5% of the operating income of the Fortis Operating Company during each quarter. All maintenance and expansion capital expenditure is to be borne by the Hospital Services Companies, along with the costs relating to the OPD and radio-diagnostic services provided by them.

In the nine month period ended December 31, 2012, RHT had received gross service fees of ₹ 753.4 million from us.

Components of income and expenditure

The following descriptions set forth information with respect to key components of our consolidated financial statements:

Income

Revenue from Operations

Our revenue from operations is mainly derived from the provision of healthcare services within India and internationally. Domestically, our revenue from operations primarily consists of hospital services, including

sophisticated inpatient surgical procedures, including within our satellite and heart command centres, laboratory and clinical services, primarily comprised of various diagnostic services, income from medical services and hospital and laboratory management fees and the operation of retail pharmacies at some of our owned healthcare facilities. Internationally, our revenue from operations is primarily derived from hospital operations, laboratory and clinical services and management fees from hospitals. In addition, through our Australian subsidiary, Dental Corporation, we also derive income from dental services, although we have recently entered into a definitive agreement to sell our equity stake in Dental Corporation. Once completed, we no longer expect to derive any significant income from dental services. Our sales of pharmaceutical products comprise retail sales at certain of our healthcare facilities.

For Fiscal 2011 on a consolidated basis, our revenue from domestic operations was ₹ 14,425.5 million, representing 74.3% of our total revenue, and revenue from international operations was ₹ 32.2 million, representing less than 1% of our total revenue. For Fiscal 2012 on a consolidated basis, our revenue from domestic operations was ₹ 22,753.8 million, representing 71.8% of our total revenue, and revenue from international operations was ₹ 6,420.3 million, representing 20.3% of our total revenue.

The components of our revenue from operations are set forth below:

Revenue from domestic operations

Inpatient revenue: Inpatient revenue represents revenue 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 revenue is recognised as and when the services are rendered.

Outpatient revenue: Outpatient revenue represents revenue generated from the provision of outpatient services at our healthcare facilities and the healthcare facilities owned by RHT within India, including fees for medical and diagnostic services. Outpatient income is recognised as and when the services are rendered.

Laboratory and clinical services revenue: Laboratory and clinical services revenue primarily represents services rendered in connection with laboratory medicine and imaging tests conducted by SRL.

Income from medical services: We operate on a "Centre of Excellence" model where each of our healthcare facilities and the healthcare facilities owned by RHT has a pool of super specialty doctors on its rolls. These doctors visit our managed facilities, associate hospitals and other hospitals in our network to provide medical services for which we generally charge a fee. The revenue generated from these services is grouped under this head.

Management fees from hospitals: Management fees from hospitals represent fees we derive from our managed healthcare facilities. Fees derived from our Management Contracts are contractually determined, and include fee structures such as a percentage of gross revenue, the higher of the gross revenue and a fixed amount, or a percentage of gross billings or surplus generated from the operation of the healthcare facility. As we add new Management Contract hospitals to our network and improve the operating efficiencies at our existing Management Contract hospitals, we expect to experience increases in hospital management fees from new and existing managed hospital partners. As a percentage of consolidated total income, management fees from hospitals could either increase or decrease depending on the rate and nature of our expansion.

Management fees from laboratory: Management fees from laboratory represents fees received from franchisees with whom we have entered into contracts in respect of laboratories and diagnostic centres.

Income from satellite centres: Income from satellite centres represent fees we derive from our satellite centres and heart command centres. We are generally compensated for a fee per procedure or, in some cases, a fee that may be tied to a percentage of the revenue generated at the centre. We are also paid a minimum guaranteed fee per annum stipulated in some contracts and in some others, we are reimbursed for the compensation and benefits paid to our doctors and personnel stationed at the satellite and heart command centres. As a percentage of consolidated total income, income from satellite centres could either increase or decrease depending on the rate and nature of our expansion.

Income from clinical research: Income from clinical research represents externally funded activities carried out pursuant to a formal, written agreement with a third-party. Clinical research is designed to provide the sponsor of the

research with clinical data relating to the results of clinical trials and investigations carried out on patients using the specific drugs or consumables. These investigations and tests are carried out with the written consent of the patients.

Discounts: Discounts represent discounts on healthcare services for individual patients.

Revenue from international operations

Hospital operations: See "Revenue from domestic operations – Inpatient revenue" and "Revenue from domestic operations – Outpatient revenue".

Dental services: Revenue from dental services primarily represents dental services income from our Australian subsidiary, Dental Corporation. We have recently entered into a definitive agreement to sell our entire equity stake in Dental Corporation and once completed, we no longer expect to derive any significant income from dental services.

Laboratory and clinical services revenue: See "Revenue from domestic operations – Laboratory and clinical services revenue".

Management fees from hospitals: See "Revenue from domestic operations – Management fees from hospitals".

Others

Pharmacy revenue: Pharmacy revenue represents income generated from retail sales at the pharmacies we operate at some of our healthcare facilities. We recognise 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 healthcare facilities.

Other operating income: Other operating income consists primarily of income from the Fortis Inn Rehabilitation Centre which we operate on-site at Fortis Hospital, Mohali, sales of scrap, sponsorship fees, sales of plasma and fees generated from rent or access charges paid to us by third-parties in respect of banks and ATMs, pharmacies, cafeterias and gift shops located at our owned healthcare facilities and equipment lease rental. Pursuant to the transfer of the RHT Portfolio to RHT, the ancillary income derived from third parties at the healthcare facilities forming part of the RHT Portfolio, such as ATMs, gift shops and cafeterias, is accrued by RHT.

Other Income

Other income primarily consists of treasury income on funds deposited with banks, financial institutions and bodies corporate, exchange fluctuation gains/losses, profits from sale of assets and other income not directly attributable to the operations of our health services business.

Exceptional Items

Exceptional items reflect income from the sale of investments, including profit arising from the sale of our equity stake in Parkway Hospitals in Fiscal 2011, the dilution of our equity stake in FESL in Fiscal 2012 and the dilution of our equity stake in RHT during the nine month period ended December 31, 2012.

Expenditure

The primary categories of our expenditures include purchases of medical consumables and drugs, change in inventories of medical consumables and drugs, employee benefits expense and other expenses.

Medical consumables and drugs: Medical consumables and drugs include consumable medical supplies, as well as drugs and consumables administered to a patient while on-site at one of our healthcare facilities 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 our consolidated total income due to the economies of scale and greater bargaining power that comes with a larger healthcare facilities network. However, as we expand our network and our existing healthcare facilities mature, materials consumed could represent an

increased or decreased percentage of our consolidated total income depending on our service mix. For example, joint replacement surgeries tend to have higher materials consumed costs than other, more routine, procedures.

Employee benefits expense: Employee benefits expense consist primarily of salaries and bonus payments, statutory gratuities, leave staff encashment, contributions to the statutory provident and other funds, staff welfare expenses and staff recruitment and training. In the future, we expect employee benefits to increase in absolute terms, as a result of both growth in our business and upward pressure on salaries for healthcare professionals, especially doctors, administrative staff and nurses. Opening a new healthcare facility 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 healthcare facilities 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 owned healthcare facility before it reaches maturity. This will decline as patient volumes and manpower utilisation rates increase at a healthcare facility. During periods of expansion in which newly acquired or opened owned healthcare facilities make up the majority of our portfolio, personnel expenses will represent a higher percentage of consolidated total income.

Other Expenses: Operating expenses consist primarily of professional charges and consultation fees to doctors at our healthcare facilities who act as independent contractors rather than as employees, other contractual manpower, power, fuel and water expenses, marketing and business promotion expenses, rental expenses for hospital buildings, offices, labs and equipment, legal and professional fees, travel and conveyance fees, repair expenses for plant and machinery and housekeeping expenses, including consumables. As we expand our business, we expect operating expenses will continue to increase correspondingly in absolute terms. Much of the infrastructure for a healthcare facility must be put in place when a healthcare facility 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 healthcare facility's total income until patient volumes reach targeted levels.

Finance Costs: Finance costs are primarily composed of interest paid on loans and also include other bank charges. Although a portion of the proceeds from the offering will help repay a portion of our existing loans and finance certain on-going projects and general corporate purposes, we may incur additional indebtedness in the future to help finance our expansion plans, which would increase our financial expenses.

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:

Tangible fixed assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during the construction period is capitalised to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

All direct capital expenditures on expansion are capitalised. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, they are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs which meet capitalisation criteria, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life.

Technical Know-how Fees: Technical know-how fees is amortised over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Software: Cost of software is amortised over the useful life of the software.

License Fee: License fee capitalised as an intangible asset is amortised over a period of 10 years, being the management estimate of the useful life of the asset.

Right of Use of Land: Right of use of land is recognised based on the fee paid by a group company to operate and manage the hospitals acquired under slump sale and is not amortised, considering the right is available to the group company on perpetual basis.

Non-Compete fee: Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalised and amortised over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

Internally generated assets costs: Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the asset.
- its ability to use or sell the asset.
- the asset will generate future economic benefits.

- the availability of adequate resources to complete the development and to use or sell the asset.

- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalised, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of profit and loss as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to statement of profit and loss on issuance of such materials for research and development activities.

These costs are amortised over a period of five years being the useful life, as estimated by the management.

Trademarks: Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in the nature of purchase is at fair value as on the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortisation and impairment losses, if any. They are amortised on the straight line basis over the estimated useful economic life.

Goodwill: Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Leases

Where a Group entity is lessee:

Finance leases, which effectively transfer to a Group entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Group entity will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where a Group entity is lessor:

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognised as expense in the statement of profit and loss.

Results of Operations

Nine month period ended December 31, 2012

The following table sets forth certain information under Revised Schedule VI with respect to our consolidated results of operations for the nine month periods ended December 31, 2011 and 2012:

(₹ million)

	Nine month period ended December 31,			
	2011		2012	
	Amount	% of total income	Amount	% of total income
CONTINUING OPERATIONS				
Revenue from operations	17,048.6	95.8	31,411.4	96.0
Other income	750.4	4.2	1,304.2	4.0
Total Revenue	**17,799.0**	**100.0**	**32,715.6**	**100.0**
EXPENDITURE				
Purchase of medical consumables and drugs……	4,506.2	25.3	7,041.2	21.5
Increase in inventories of medical consumables and drugs…….	(62.2)	(0.3)	(148.8)	(0.5)
Employee benefits expense……	3,167.8	17.8	8,125.7	24.8
Other expenses.....	7,030.4	39.5	13,427.8	41.0
Total expenses	**14,642.2**	**82.3**	**28,446.0**	**86.9**
Profit before interest, tax, depreciation and amortisation (EBITDA)…….	**3,156.8**	**17.7**	**4,269.6**	**13.1**
Finance costs.....	1,495.6	8.4	3,949.7	12.1
Profit before depreciation and amortisation……	**1,661.2**	**9.3**	**319.9**	**1.0**
Depreciation and amortisation expense	1,154.3	6.5	2,367.3	7.2
Profit/(loss) before prior exceptional items and tax……	**506.9**	**2.8**	**(2,047.4)**	**(6.3)**
Exceptional items……..	-	-	9,648.2	29.5

(₹ million)

	Nine month period ended December 31,			
	2011		2012	
	Amount	% of total income	Amount	% of total income
Profit before tax……	**506.9**	**2.8**	**7,600.9**	**23.2**
Tax expense	256.6	1.4	1,745.3	5.3
Profit after tax and before minority interest and share in profits of associate companies…….	**250.3**	**1.4**	**5,855.5**	**17.9**
Profit/(losses) attributable to minority interest……..	(50.9)	(0.3)	297.1	0.9
Share in profits of associate companies….	5.6	0.0	56.6	0.2
Profit for the period from continuing operations……..…	**306.9**	**1.7**	**5,615.0**	**17.2**
DISCONTINUING OPERATIONS				
Profit before tax from discontinuing operations……	-	-	1,212.5	3.7
Tax expense of discontinuing operations……	-	-	350.4	1.1
Profit after tax and before minority interest from discontinuing operations……	-	-	862.1	2.6
Profits attributable to minority interest……	-	-	315.5	1.0
Profit for the period from discontinuing operations……	**-**	**-**	**546.6**	**1.7**
Profit for the period……	**306.9**	**1.7**	**6,161.7**	**18.8**

Nine month period ended December 31, 2012 compared to nine month period ended December 31, 2011

Our total revenue on a consolidated basis increased by 83.8% to ₹ 32,715.6 million in the nine month period ended December 31, 2012 from ₹ 17,799.0 million in the nine month period ended December 31, 2011. The key inorganic factors underlying this increase was the consolidation of the results of operations of Fortis Healthcare International, which was acquired by us in the fourth quarter of Fiscal 2012.

Income

Revenue from operations: Our revenue from operations increased by 84.2% to ₹ 31,411.4 million in the nine month period ended December 31, 2012 from ₹ 17,048.6 million in the nine month period ended December 31, 2011, primarily due to the consolidation of the income from operations of our international operations during the nine month period ended December 31, 2012.

Revenue from outside India increased substantially to ₹ 23,294.6 million in the nine month period ended December 31, 2012 from ₹ 61.1 million in the nine month period ended December 31, 2011, comprising revenue from hospital operations, dental services, laboratory and clinical services and management fees from hospitals, primarily as a result of the acquisition of Fortis Healthcare International in January 2012. This included revenues from outside India of ₹ 13,002.0 million from Dental Corporation, which has been considered as discontinued operations for the nine month period ended December 31, 2012.

Other income: Other income increased by 73.8% to ₹ 1,304.2 million in the nine month period ended December 31, 2012 from ₹ 750.4 million in the nine month period ended December 31, 2011, primarily as a result of profit from the redemption of mutual funds, forward cover premium amortisation and foreign exchange fluctuation gains during this period.

Expenses

Our total expenses increased by 94.3% to ₹ 28,446.0 million in the nine month period ended December 31, 2012 from ₹ 14,642.2 million in the nine month period ended December 31, 2011, primarily as a result of the consolidation of the expenditure incurred by our international operations during the nine month period ended December 31, 2012 and service fees paid to RHT during the part of this period.

Medical consumables and drugs: Our cost of medical consumables and drugs increased by 55.1% to ₹ 6,892.4 million in the nine month period ended December 31, 2012 from ₹ 4,444.0 million in the nine month period ended December 31, 2011, primarily as a result of the consolidation of the expenditure incurred by our international operations during the nine month period ended December 31, 2012.

Employee benefits expense: Our employees benefit expenses increased by 156.5% to ₹ 8,125.7 million in the nine month period ended December 31, 2012 from ₹ 3,167.8 million in the nine month period ended December 31, 2011, primarily due to the consolidation of the employees benefit expenses incurred by our international operations during the nine month period ended December 31, 2012, together with associated increases in contribution to provident and other funds and staff welfare expenses.

Other Expenses: Other expenses increased by 91.0% to ₹ 13,427.8 million in the nine month period ended December 31, 2012 from ₹ 7,030.4 million in the nine month period ended December 31, 2011, primarily as a result of the consolidation of the other expenses incurred by our international operations during the nine month period ended December 31, 2012 and service fees paid to RHT during the part of this period.

Finance costs: Finance costs increased by 164.1% to ₹ 3,949.7 million in the nine month period ended December 31, 2012 from ₹ 1,495.6 million in the nine month period ended December 31, 2011 primarily as a result of an increase in our aggregate indebtedness during the nine month period ended December 31, 2012, arising from the consolidation of our international operations.

Depreciation and amortisation expenses: Our depreciation and amortisation expense increased by 105.1% to ₹ 2,367.3 million in the nine month period ended December 31, 2012 from ₹ 1,154.3 million in the nine month period ended December 31, 2011 primarily as a result of the consolidation of our international operations in our results of operations during the nine month period ended December 31, 2012 and the recognition of impairment loss in relation to Dental Corporation of ₹ 533.4 million during this period.

Exceptional gain: We recognised an exceptional gain of ₹ 9,648.2 million in the nine month period ended December 31, 2012 arising primarily from the transfer of the RHT Portfolio to RHT during this period, which was partially offset by the accrual of expenses in relation to discontinuing of operations of Dental Corporation. We did not recognise any such exceptional gain during the nine month period ended December 31, 2011.

Tax expense: Our tax expense increased by 580.2% to ₹ 1,745.3 million in the nine month period ended December 31, 2012 from ₹ 256.6 million in the nine month period ended December 31, 2011, primarily as a result of increased profitability during the nine month period ended December 31, 2012.

Minority interest in profit/(loss): We incurred a profit attributable to minority interests of ₹ 297.1 million in the nine month period ended December 31, 2012 as compared to a loss of ₹ 50.9 million in the nine month period ended December 31, 2011, primarily due to the consolidation of the subsidiaries of Fortis Healthcare International during this period.

Share in profit/(loss) of associate companies: Our share in the profit of associate companies increased to ₹ 56.6 million in the nine month period ended December 31, 2012 as compared with ₹ 5.6 million in the nine month period ended December 31, 2011, primarily due to the consolidation of the subsidiaries of Fortis Healthcare International during this period.

Profit for the period from continuing operations: As a result of the foregoing factors, our profit from continuing operations increased by 1,729.6% to ₹ 5,615.0 million in the nine month period ended December 31, 2012 from ₹ 306.9 million in the nine month period ended December 31, 2011.

Profit from discontinuing operations: Profit from discontinuing operations of ₹ 546.6 million in the nine month period ended December 31, 2012 relates to profit earned by Dental Corporation, which is being treated as discontinuing operations. We did not have any such profit from discontinuing operations in the nine month period ended December 31, 2011.

Profit for the period: As a result of the foregoing, our profit for the period increased by 1,907.7% to ₹ 6,161.7 million in the nine month period ended December 31, 2012 from ₹ 306.9 million in the nine month period ended December 31, 2011.

Fiscal years ended March 31, 2011 and 2012

The following table sets forth certain information under Revised Schedule VI with respect to our consolidated results of operations for Fiscal 2011 and 2012 as derived from our consolidated financial statements:

	Year ended March 31,			
	2011*		**2012**	
	Amount (*in ₹ million*)	**% of total income**	**Amount (*in ₹ million*)**	**% of total income**
INCOME				
Revenue from operations	14,957.9	77.0	29,840.4	94.2
Other income	1,006.3	5.2	1,773.1	5.6
Exceptional items	3,455.4	17.8	63.3	0.2
Total revenue	**19,419.7**	**100.0**	**31,676.8**	**100.0**
EXPENDITURE				
Purchase of medical consumables and drugs	3,948.0	20.3	6,769.6	21.4
Increase in inventories of medical consumables and drugs	(21.0).	(0.1)	(96.5)	(0.3)
Employee benefits expense	2,728.1	14.0	7,381.6	23.3
Other expenses	7,704.4	39.7	11,752.5	37.1
Total expenses	**14,359.4**	**73.9**	**25,807.3**	**81.5**
Finance costs	2,500.0	12.9	2,969.7	9.4
Profit before tax, depreciation and amortisation	**2,560.3**	**13.2**	**2,899.8**	**9.2**
Depreciation and amortisation expense	1,061.2	5.5	1,836.2	5.8
Less: recoupment from revaluation reserve	16.3	0.1	14.0	0.0
Net Depreciation and amortisation expense	**1,044.9**	**5.4**	**1,822.2**	**5.8**
Profit before tax	**1,515.3**	**7.8**	**1,077.6**	**3.4**
Tax expenses				
Current tax (including MAT payable)	166.6	0.9	867.4	2.7
Less: MAT credit entitlement	76.5	0.4	433.7	1.4
Net current tax expense	**90.1**	**0.5**	433.7	1.4
Deferred tax charge/(credit)	62.3	0.3	(25.2)	(0.1)
Total tax expense	**152.4**	**0.8**	**408.5**	**1.3**
Profit after tax and before minority interest and share in profits / (losses) of associate companies	**1,363.0**	**7.0**	**669.1**	**2.1**
(Profits) / losses attributable to Minority Interest	(44.2)	(0.2)	39.8	0.1
Share in current year profits/ (losses) of Associate Companies	(75.1)	(0.4)	13.3	0.0
Profit for the year	**1,243.6**	**6.4**	**722.2**	**2.3**

** References to financial information relating to Fiscal 2011 are references to financial information presented in the financial statements as of and for the fiscal year ended March 31, 2012, wherein financial information relating to Fiscal 2011 has been reclassified in order to provide comparability with our financial statements as of and for the financial year ended March 31, 2012.*

Fiscal 2012 Compared to Fiscal 2011

Our total revenue on a consolidated basis increased by 63.1% to ₹ 31,676.8 million in Fiscal 2012 from ₹ 19,419.7 million in Fiscal 2011. Key inorganic factors underlying this increase were the acquisition of SRL in India, which resulted in the consolidation of SRL's laboratory and clinical revenue, and the acquisition of Fortis Healthcare International, which led to the consolidation of revenues from Quality Healthcare, Fortis Hoan My and Dental Corporation.

Income

Operating Income: Our revenues from operations increased by 99.5% from ₹ 14,957.9 million in Fiscal 2011 to ₹ 29,840.3 million in Fiscal 2012 due to increased revenues from domestic operations and from international operations. Revenues from domestic operations increased by 57.7% from ₹ 14,425.5 million in Fiscal 2011 to ₹ 22,753.8 million in Fiscal 2012 principally due to increased inpatient and outpatient revenue, increased revenue from laboratory and clinical services and increases in other fees in Fiscal 2012, partially offset by decreased income from satellite Centres and clinical research. Our inpatient revenue increased by 27.5% from ₹ 12,581.0 million in Fiscal 2011 to ₹ 16,045.3 million in Fiscal 2012 primarily as a result of additional patients arising from capacity expansion at our existing facilities and the addition of new facilities during this period. Outpatient revenue increased by 25.1% from ₹ 1,823.6 million in Fiscal 2011 to ₹ 2,280.9 million in Fiscal 2012 primarily as a result of additional patients arising from capacity expansion at our existing facilities and the addition of new facilities during this period. Revenue from laboratory and clinical services was ₹ 4,306.0 million in Fiscal 2012, primarily relating to the operations of SRL, which was acquired during this period. We had no revenue from laboratory and clinical services in Fiscal 2011. Our management fees from hospitals from domestic operations increased by 414.4% to ₹ 160.1 million in Fiscal 2012 from ₹ 31.1 million in Fiscal 2011 primarily as a result of a change in the Management Contract in relation to our Vasant Kunj healthcare facility from a fixed fee basis in Fiscal 2011 to a percentage of profits in Fiscal 2012.

Revenue from international operations increased substantially from ₹ 32.2 million in Fiscal 2011 to ₹ 6,420.3 million in Fiscal 2012, comprising revenue from hospital operations, dental services, laboratory and clinical services and management fees from hospitals, primarily as a result of the acquisition of Fortis Healthcare International in January 2012. Revenue from hospital operations was ₹ 2,325.1 million in Fiscal 2012, primarily relating to revenues from our Hong Kong and Vietnam healthcare facilities. Revenue from dental services was ₹ 3,684.6 million in Fiscal 2012, primarily relating to dental services income from our Australian subsidiary, Dental Corporation. We have recently entered into a definitive agreement to sell our entire equity stake in Dental Corporation and once completed, we no longer expect to derive any significant income from dental services. Revenue from laboratory and clinical services was ₹ 353.3 million in Fiscal 2012, primarily relating to the diagnostic business of Radlink in Singapore. We had no revenue from international hospital operations, dental services or laboratory and clinical services in Fiscal 2011.

Revenue from sales of goods increased by 16.9% from ₹ 218.8 million in Fiscal 2011 to ₹ 255.8 million in Fiscal 2012, primarily as a result of as a result of ordinary course increases in business volumes.

Other operating income increased by 45.8% from ₹ 281.4 million in Fiscal 2011 to ₹ 410.4 million in Fiscal 2012, primarily as a result of increased income from rent, export benefits and equipment lease rental in Fiscal 2012, partially offset by decreases in income from our rehabilitation centre and unclaimed balances and excess provisions written back in Fiscal 2012.

Other income: Our other income increased by 76.2% from ₹ 1,006.3 million in Fiscal 2011 to ₹ 1,773.1 million in Fiscal 2012, primarily due to an increase in interest on others to ₹ 912.2 million in Fiscal 2012 from ₹ 446.7 million in Fiscal 2011 and a foreign exchange fluctuation gain (net) of ₹ 687.6 million arising from the restatement of foreign currency loans, partially offset by a decrease on profit on redemption of mutual funds and interest on bank deposits.

Exceptional items: Profit from exceptional items decreased significantly from ₹ 3,455.4 million in Fiscal 2011 to ₹ 63.3 million in Fiscal 2012. In Fiscal 2011, revenue from exceptional items reflected profit from the sale of investments relating to Parkway Hospitals. In Fiscal 2012, revenue from exceptional items reflected profit from the sale of investments relating to FESL.

Expenditure

Our total expenses increased by 79.7% from ₹ 14,359.4 million in Fiscal 2011 to ₹ 25,807.3 million in Fiscal 2012, primarily as a result of increased purchases of medical consumables and drugs, employee benefits expense and other expenses, partially offset by an increase in inventories of medical consumables and drugs.

Purchase of medical consumables and drugs: Our purchases of medical consumables and drugs increased by 71.5% from ₹ 3,948.0 million in Fiscal 2011 to ₹ 6,769.6 million in Fiscal 2012, primarily as a result of the significant expansion of our operations, including the acquisition of SRL and Fortis Healthcare International during Fiscal 2012.

Employee Benefits Expense: Our employee benefits expense increased by 170.6% from ₹ 2,728.1 million in Fiscal 2011 to ₹ 7,381.6 million in Fiscal 2012, primarily due to an increase in salaries, wages and bonus payments relating to the significant expansion of our operations, including the acquisition of SRL and Fortis Healthcare International during Fiscal 2012, together with associated increases in contribution to provident and other funds and staff welfare expenses.

Other Expenses: Other expenses increased by 52.5% from ₹ 7,704.4 million in Fiscal 2011 to ₹ 11,752.5 million in Fiscal 2012, primarily as a result of increases in professional charges and consultation fees to doctors at our healthcare facilities who act as independent contractors rather than as employees and marketing and business promotion expenses, power, fuel and water expenses, rental expenses for hospital buildings, offices, labs and equipment, travel and conveyance fees, repair expenses for plant and machinery and housekeeping expenses, including consumables, relating to the significant expansion of our operations, including the acquisition of SRL and Fortis Healthcare International during Fiscal 2012. In addition, our expenses increased as a result of increases in other contractual manpower relating to our acquisition of Fortis Healthcare International. The increase in other expenses was partially offset by decreases in legal and professional fees primarily incurred in relation to our acquisition and subsequent sale of an equity stake in Parkway Hospitals during Fiscal 2011.

Finance costs: Finance costs increased by 18.8% from ₹ 2,500.0 million in Fiscal 2011 to ₹ 2,969.7 million in Fiscal 2012 primarily as a result of an increase in outstanding term loans relating to the acquisition of Fortis Healthcare International.

Net Depreciation and amortisation expense: Our net depreciation and amortisation expense increased by 74.4% from ₹ 1,044.9 million in Fiscal 2011 to ₹ 1,822.2 million in Fiscal 2012 primarily as a result of the acquisition of SRL and Fortis Healthcare International during Fiscal 2012.

Profit before tax: As a result of the foregoing factors, our profit before tax decreased by 28.9% from ₹ 1,515.3 million in Fiscal 2011 to ₹ 1,077.6 million in Fiscal 2012. The difference is partially attributable to the gains accrued from the sale of our equity stake in Parkway Hospitals during Fiscal 2011, which did not recur during Fiscal 2012, as well as the consolidation of SRL, which incurred a loss during Fiscal 2012, in our results of operations for Fiscal 2012.

Tax expense: Our income tax expense increased by 168.0% from ₹ 152.4 million in Fiscal 2011 to ₹ 408.5 million in Fiscal 2012, primarily as a result of higher carry forward losses in Fiscal 2011 as compared to Fiscal 2012.

Profits/losses attributable to minority interests: Losses attributable to minority interests were ₹ 39.8 million in Fiscal 2012 as compared to a profit of ₹ 44.2 million in Fiscal 2011, primarily due to the consolidation of SRL in our results of operations in Fiscal 2012 and acquisition of balance 10% stake in EHIRCL during the start of Fiscal 2012.

Share in current year profits/losses of Associate Companies: Our share in the current year profits of Associate Companies amounted to ₹ 13.3 million in Fiscal 2012 as compared with a loss of ₹ 75.1 million in Fiscal 2011.

Profit for the year: As a result of the foregoing factors, our profit for the year decreased by 41.9% from ₹ 1,243.6 million in Fiscal 2011 to ₹ 722.2 million in Fiscal 2012.

Fiscal years ended March 31, 2010 and 2011

The following table sets forth certain information under Old Schedule VI with respect to our consolidated results of operations for Fiscal 2010 and 2011 as derived from our consolidated financial statements for the fiscal year ended March 31, 2011, which have not been reclassified and are not necessarily comparable with our financial statements as of and for the financial year ended March 31, 2012:

	For the year ended March 31			
	2011*		**2010***	
	Amount (*in ₹ million*)	**% of total income**	**Amount (*in ₹ million*)**	**% of total income**
INCOME				
Operating Income	14,829.7	76.4	9,380.6	95.0
Other Income	4,587.5	23.6	491.9	5.0
TOTAL	*19,417.2*	100	*9,872.5*	*100.0*
EXPENDITURE				
Materials Consumed	3,929.8	20.2	2,626.7	26.6
Personnel Expenses	2,731.2	14.1	1,950.0	19.8
Operating Expenses	4,484.5	23.1	2,413.0	24.4
Selling, General and Administrative Expenses	3,201.2	16.5	976.5	9.9
TOTAL	***14,346.7***	**73.9**	***7,966.3***	**80.7**
Profit before financial expenses, depreciation and amortisation	**5,070.5**	**26.1**	**1,906.2**	**19.3**
Financial Expenses	2,499.9	12.9	572.9	5.8
Profit before Depreciation and Amortisation	**2,570.6**	**13.2**	**1,333.3**	**13.5**
Net Depreciation and Amortisation	1,044.9	5.4	599.4	6.1
Profit before Tax and Prior Period Items	**1,525.7**	**7.9**	**733.9**	**7.4**
Current Income Tax	165.4	0.9	153.3	1.6
Less: MAT Credit Entitlement	75.3	0.4	7.8	0.1
Net current tax expense	90.1	0.5	145.5	1.5
Deferred Tax charge/ (credit)	62.3	0.3	(112.0)	(1.1)
Net Profit after Tax and before Prior Period Items	**1,373.3**	**7.1**	**700.3**	**7.1**
Prior Period Items	10.3	0.1	0.3	0.0
Net Profit before Minority Interest and Share in profits of Associate Companies	**1,363.0**	**7.0**	**700.1**	**7.1**
Profits attributable to Minority Interest	44.2	0.2	20.9	0.2
Share in current year (losses) / profits of Associate Companies	(75.1)	-0.4	15.6	0.2
Net Profit for the year	**1,243.6**	**6.4**	**694.8**	**7.0**

** References to financial information relating to Fiscal 2010 and references to financial information relating to Fiscal 2011 in the context of comparisons to financial information relating to Fiscal 2010 are to financial information presented in the financial statements for that year prepared in accordance with the Old Schedule VI.*

Fiscal 2011 Compared to Fiscal 2010

Our total income on a consolidated basis increased by 96.7% from ₹ 9,872.5 million in Fiscal 2010 to ₹ 19,417.2 million in Fiscal 2011. Key inorganic factors underlying this increase were the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited, an equity stake in Fortis Malar Hospitals Limited and profit on sale of investment relating to Parkway.

Operating Income: Our operating income increased by 58.1% from ₹ 9,380.6 million in Fiscal 2010 to ₹ 14,829.7 million in Fiscal 2011 primarily due to increased inpatient and outpatient income and increased pharmaceutical income. Inpatient income increased by 57.8% from ₹ 7,975.2 million in Fiscal 2010 to ₹ 12,587.1 million in Fiscal 2011 primarily as a result of the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals

Limited and an equity stake in Fortis Malar Hospitals Limited. Outpatient income increased by 68.5% from ₹ 1,096.8 million in Fiscal 2010 to ₹ 1,847.6 million in Fiscal 2011 primarily as a result of these acquisitions. Pharmaceutical income also increased by 148.8% from ₹ 93.2 million in Fiscal 2010 to ₹ 231.9 million in Fiscal 2011 primarily as a result of these acquisitions.

Other Income: Other income increased from ₹ 491.9 million in Fiscal 2010 to ₹ 4,587.5 million in Fiscal 2011 primarily as a result of a profit of ₹ 3,454.0 million from the sale of investment relating to Parkway Hospitals, combined with increased interest income primarily arising out of funds available from the conversion of warrants that were placed in bank deposits and others. The increase in other income was partially offset by gain on foreign exchange fluctuation (net) in Fiscal 2010 of ₹ 191.9 million.

Expenditure

Our total expenses increased by 80.1% from ₹ 7,966.3 million in Fiscal 2010 to ₹ 14,346.7 million in Fiscal 2011, primarily as a result of expenses in respect of materials consumed, personnel expenses, operating expenses and selling, general and administrative expenses.

Materials Consumed: Materials consumed increased by 49.6% from ₹ 2,626.7 million in Fiscal 2010 to ₹ 3,929.8 million in Fiscal 2011 primarily as a result of the expansion of our operations arising from the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited and an equity stake in Fortis Malar Hospitals Limited.

Personnel Expenses: Personnel expenses increased by 40.1% from ₹ 1,950.0 million in Fiscal 2010 to ₹ 2,731.2 million in Fiscal 2011 primarily due to increased salaries, wages and bonus payments, as well as increases in contributions to provident and other funds, statutory gratuities, leave encashment, staff welfare and expenses and recruitment and training expenses. These increases were primarily related to the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited and an equity stake in Fortis Malar Hospitals Limited.

Operating Expenses: Operating expenses increased by 85.8% from ₹ 2,413.0 million in Fiscal 2010 to ₹ 4,484.5 million in Fiscal 2011. This increase was primarily due to increased professional charges and consultation fees to doctors, contracted manpower costs, power and fuel expenses, increased rental costs, including in respect of our hospital buildings, pathology laboratory expenses and housekeeping expenses, including consumables. These increases were primarily related to the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited and an equity stake in Fortis Malar Hospitals Limited.

Selling, General and Administration Expenses: Selling, general and administration expenses increased by 227.8% from ₹ 976.5 million in Fiscal 2010 to ₹ 3,201.2 million in Fiscal 2011. This increase was primarily due to increased legal and professional fees largely relating to acquisition, and the subsequent divestment of, our equity stake in Parkway Hospitals and the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited and an equity stake in Fortis Malar Hospitals Limited.

Financial Expenses: Financial expenses increased by 336.4% from ₹ 572.9 million in Fiscal 2010 to ₹ 2,499.9 million in Fiscal 2011, primarily due to increased interest expense on term loans and other financings, finance charges and arrangement fees written off. The increase in interest expense relating to term loans and arrangement fees was primarily as a result of term loans taken in relation to the acquisition of our equity stake in Parkway Hospitals.

Depreciation and amortisation: Depreciation and amortisation increased by 74.3% from ₹ 599.4 million in Fiscal 2010 to ₹ 1,044.9 million in Fiscal 2011. This increase was primarily a result of the full year impact of the acquisition of 10 hospitals from Wockhardt Hospitals Limited and an equity stake in Fortis Malar Hospitals Limited.

Profit before tax and prior period items: As a result of the foregoing factors, our profit before tax and prior period items increased by 107.9% from ₹ 733.9 million in Fiscal 2010 to ₹ 1,525.7 million in Fiscal 2011.

Tax expense: Our income tax expense decreased by 38.1% from ₹ 145.5 million in Fiscal 2010 to ₹ 90.1 million in Fiscal 2011.

Deferred tax charge: We had a deferred tax charge of ₹ 62.3 million in Fiscal 2011 as compared to a deferred tax

gain of ₹ 112.0 million in Fiscal 2010.

Profits attributable to minority interests: Profits attributable to minority interests increased 111.5% from ₹ 20.9 million in Fiscal 2010 to ₹ 44.2 million in Fiscal 2011 arising from our minority interests in EHIRCL and Fortis Malar Hospitals Limited.

Share of losses/profits of associate companies: Losses attributable to minority interests in associate companies were ₹ 75.1 million in Fiscal 2011 as compared to profits of ₹ 15.6 million in Fiscal 2010, primarily due to losses incurred in Fortis Medicare International Limited.

Profit for the year: As a result of the foregoing factors, our profit for the year increased by 79.0% from ₹ 694.8 million in Fiscal 2010 to ₹ 1,243.6 million in Fiscal 2011.

Liquidity and Capital Resources

Working capital

Our principal liquidity requirements are for capital expenditure, such as for our greenfield and brownfield projects under development, specifically towards completion of our Gurgaon, Ludhiana and Chennai greenfield projects, acquisitions, technical upgrades of our medical equipment and other technological systems, and working capital. We fund these capital requirements through a variety of sources, including cash from operations, issue of debentures and bonds (including FCCBs) and short-term and long-term loans from banks and financial institutions. Our ability to rely on these sources of funding could be affected by our results of operations and financial position, conditions in the local and global financial markets, changes in policies of the RBI or the Government of India, or an inability to obtain funds from external sources on acceptable terms or in a timely manner.

Cash Flows

The table below summarises our cash flows for Fiscals 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012.

Particulars	Fiscal			Nine month period ended December 31	
	2010#	2011*	2012	2011	2012
					₹in million
Net cash from / (used in) operating activities	1,325.0	(818.1)	2,915.6	480.4	4,389.3
Net cash from / (used in) investing activities	(45,023.3)	21,776.1	(9,016.5)	(12,323.2)	6,244.9
Net cash from / (used in) financing activities	56,159.8	(32,398.6)	6,912.3	11,105.0	(10,530.8)
Net increase / (decrease) in cash and cash equivalents	12,461.5	(11,440.6)	811.4	(737.8)	103.5

** References to financial information relating to Fiscal 2011 are references to financial information presented in the financial statements as of and for the fiscal year ended March 31, 2012, wherein financial information relating to Fiscal 2011 has been reclassified in order to provide comparability with our financial statements as of and for the financial year ended March 31, 2012.*

 # References to financial information relating to Fiscal 2010 are to financial information presented in the financial statements for that year prepared in accordance with the Old Schedule VI.

Operating Activities

Our net cash from operating activities amounted to ₹ 4,389.3 million in the nine month period ended December 31, 2012.

Our operations resulted in net cash from operating activities of ₹ 2,915.6 million during Fiscal 2012. We recognised operating profit before working capital changes of ₹ 4,447.3 million. The net cash inflows from our operations were

negatively impacted by an increase in loans and advances of ₹ 1,591.8 million primarily relating to our acquisition of Fortis Healthcare International , an increase in trade receivables of ₹ 252.2 million, an increase in inventories of ₹ 96.9 million, an increase in other assets of ₹ 49.3 million and direct taxes paid of ₹ 1,073.0 million, which were partially offset by an increase in liabilities and provisions of ₹ 1,531.6 million primarily relating to our acquisition of Fortis Healthcare International .

Our operations resulted in net cash used in operating activities of ₹ 818.1 million during Fiscal 2011. We recognised operating profit before working capital changes of ₹ 273.8 million. The net cash inflows from our operations were negatively impacted by an increase in trade receivables of ₹ 617.5 million largely relating to payments due from customers, including insurance companies and corporate customers, an increase in other assets of ₹ 51.2 million, an increase in inventories of ₹ 25.1 million, and direct taxes paid of ₹ 749.3 million, which were partially offset by an increase in liabilities and provisions of ₹ 305.3 million and a decrease in loans and advances of ₹ 46.0 million.

Our operations resulted in net cash from operating activities of ₹ 1,325.0 million during Fiscal 2010. We recognised operating profit before working capital changes of ₹ 1,467.5 million. The net cash inflows from our operations were negatively impacted by an increase in sundry debtors of ₹ 472.4 million largely relating to payments due from customers, including insurance companies and corporate customers, an increase in loans and advances of ₹ 317.3 million primarily relating to our acquisition of 10 hospitals from Wockhardt Hospitals Limited during this period, an increase in inventories of ₹ 105.2 million, an increase in other assets of ₹ 90.6 million and direct taxes paid of ₹ 140.4 million, which were partially offset by an increase in current liabilities and provisions of ₹ 983.5 million primarily relating to our acquisition of 10 hospitals from Wockhardt Hospitals Limited during this period.

Investing Activities

Net cash generated in investing activities was ₹ 6,244.9 million in the nine month period ended December 31, 2012.

Net cash used in investing activities was ₹ 9,016.5 million in Fiscal 2012, which primarily reflected the purchase of investments in subsidiaries and associates of ₹ 11,987.8 million relating to the acquisitions of SRL, HHPL and EHIRCL during this period and the purchase of fixed assets of ₹ 5,699.6 million, including purchase of land, buildings and medical equipment. These amounts were partially offset by the receipt of ₹ 6,978.9 million in relation to deposits with bodies corporate and others, interest received of ₹ 798.8 million on inter-corporate deposits, proceeds of ₹ 582.8 million from investments in mutual funds and proceeds of ₹ 301.4 million from the sale of fixed assets.

Net cash from investing activities was ₹ 21,776.1 million in Fiscal 2011, which primarily reflected proceeds of ₹ 36,560.5 million from the sale of investments in subsidiaries and associates relating to the divestment of our equity stake in Parkway Hospitals, interest received of ₹ 807.6 million from loans and advances to related parties and proceeds of ₹ 539.7 million from investments in mutual funds. These amounts were partially offset by receipts of ₹ 12,463.6 million from deposits with bodies corporate and others relating to proceeds from the sale of our equity stake in Parkway Hospitals and the issuance of equity shares by the Company, and the purchase of fixed assets of ₹ 3,536.0 million relating to capital expenditure incurred in the Shalimar Bagh and Fortis Anandpur healthcare facilities and the purchase of an office building in Singapore.

Net cash used in investing activities was ₹ 45,023.4 million in Fiscal 2010, which primarily reflected the purchase of investments in subsidiaries and associates of ₹ 33,802.1 million relating to the purchase of our equity stake in Parkway Hospitals, the purchase of fixed assets of ₹ 10,452.4 million relating to the acquisition of hospitals from Wockhardt Hospitals Limited and purchase of investments in mutual funds of ₹ 978.6 million. These amounts were partially offset by deposits with bodies corporate and others of ₹ 210.5 million.

Financing Activities

Net cash used in financing activities was ₹ 10,530.8 million in the nine month period ended December 31, 2012.

Net cash from financing activities was ₹ 6,912.3 million in Fiscal 2012, which primarily consisted of proceeds of ₹ 6,979.1 million from short-term borrowings (net) and proceeds of ₹ 4,317.6 million from long-term borrowings relating to our acquisition of Fortis Healthcare International Limited, partially offset by interest paid amounting to ₹

2,031.3 million, repayment of long-term borrowings of ₹ 1,878.9 million and loan arrangement fees paid of ₹ 479.0 million.

Net cash used in financing activities was ₹ 32,398.6 million in Fiscal 2011, which primarily consisted of the repayment of long-term borrowings of ₹ 27,775.3 million largely relating to loans taken for the acquisition of an equity stake in Parkway Hospitals, the repayment of short-term borrowings of ₹ 19,300.3 million largely relating to loans taken for the acquisition of an equity stake in Parkway Hospitals, the redemption of non-convertible debentures including premium of ₹ 2,986.5 million and interest paid of ₹ 1,440.0 million. These amounts were partially offset by proceeds of ₹ 13,421.4 million from the issuance of equity share capital including premium (net of issue expenses) by the Company, proceeds of ₹ 4,336.4 million from the issuance of foreign currency convertible bonds and proceeds of ₹ 1,329.4 million from the long-term borrowings.

Net cash from financing activities was ₹ 56,159.8 million in Fiscal 2010, which primarily consisted of proceeds of ₹ 28,463.4 million from long term borrowings, proceeds of ₹ 22,683.1 million from short-term borrowings relating to the acquisition of our equity stake in Parkway Hospitals, proceeds of ₹ 9,845.4 million from the issuance of equity share capital including premium of the Company pursuant to a rights issue, proceeds of ₹ 2,600.0 million from the issuance of preference share capital including premium and proceeds of ₹ 2,600.0 million from the issuance of non-convertible debentures. These amounts were partially offset by the redemption of non-cumulative redeemable preference shares including premium of ₹ 5,373.1 million, the repayment of long-term borrowings of ₹ 3,723.1 million and interest paid of ₹ 290.6 million.

Working Capital, Cash and Indebtedness

We fund our short-term working capital requirements through cash flow from operations, working capital facilities and short-term borrowings. As of March 31, 2011 and 2012 we had cash and bank balances of ₹ 1,632.7 million and ₹ 4,149.1 million, respectively. There was an increase in cash and cash equivalents of ₹ 2,516.4 million as of March 31, 2012 compared to March 31, 2011, primarily due to the acquisition of SRL and Fortis Healthcare International during Fiscal 2012. As of December 31, 2012, we had cash and bank balances of ₹ 4,323.5 million.

We believe that our existing credit lines under our short-term loans and commercial paper facilities, together with cash generated from our operations and the proceeds of this Issue will be sufficient to finance our working capital needs for the next twelve months.

As of March 31, 2012, our total borrowings amounted to ₹ 68,630.5 million, consisting of long-term borrowings amounting to ₹ 36,733.0 million and short-term borrowings of ₹ 28,359.8 million, while the current maturities of long term debts and current maturities of finance lease obligations amounted to ₹ 3,537.7 million as of this date. As of December 31, 2012, our total borrowings had decreased to ₹ 59,632.2 million, including the current maturities of long term debts and current maturities of finance lease obligations. This was largely due to the repayment of certain of our outstanding borrowings, using funds received from RHT for the transfer of the RHT Portfolio. Further, pursuant to the investment of ₹ 3,700.0 million in SRL by NJBIF and IFC in June 2012, SRL has reduced its indebtedness.

The following table sets forth a summary of the maturity profile for our outstanding long term borrowing obligations as of March 31, 2013.

Payments Due by Period	**(in ₹ million)**
Repayment after one and up to two years	24,585.0
Repayment after two and up to five years	23,256.0
Repayment after five years	1,507.0

Our ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for our securities and those of other Indian entities, the liquidity of Indian capital markets and our financial condition and results of operations. We intend to

continue to utilise long-term debt.

As of December 31, 2012, our tangible assets, intangible assets, capital work-in-progress and intangible assets under development aggregated to ₹ 92,146.8 million pursuant to the transfer of the RHT Portfolio to RHT, while our current and non-current investments aggregated to ₹ 12,041.1 million, taking into account the 28.0% of RHT's common units that are held by the Company.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Commitments and Capital Expenditures

In addition to the payment obligations under our borrowings set forth above, we also have continuing obligations to make payments pursuant to certain contractual obligations. These contractual commitments consist of the estimated amount (net of advances) of contracts remaining to be executed on capital accounts and estimated amount of contracts remaining to be executed on revenue account.

We have made, and expect to continue to make, substantial capital expenditures in connection with our expansion activities.

Our capital expenditure plans are subject to risks, including, among other things, unforeseen engineering problems, delays in obtaining property rights and government approvals, force majeure events, unanticipated cost increases and contractor performance shortfalls, any of which could give rise to delays, cost overruns or the termination of the expansion plans. The failure to complete development as planned, or in accordance with agreed specifications, could result in higher costs, lower returns on capital or reduced future earnings. We could also be required to draw funds from external sources. In addition, if we are unable to complete our capital expenditure plans, we may not be able to recover our investments on these projects.

We have in the past relied principally on equity funding, borrowings from banks and cash flow from operations as our main sources of funds. We expect that, going forward, we will finance our capital expenditure through internal accruals and borrowings if required.

Assets taken on operating lease

For details regarding assets taken on operating lease in accordance with Accounting Standard 19 as at December 31, 2012, refer to Note 7 to our consolidated financial statements for Fiscal 2012 in "Financial Statements of the Company" at page 207.

Contingent Liabilities

For details regarding our contingent liabilities as per Accounting Standard 29 as at December 31, 2012, refer to Note 13 to our consolidated condensed financial statements for the nine month period ended December 31, 2012 in "Financial Statements of the Company" at page 207.

Qualitative and Quantitative Disclosures About Risks

We are exposed to certain financial risks that arise in our normal course of business, such as credit risk, liquidity risk and market risk. We have implemented risk management policies and guidelines that set out our tolerance for risk and our general risk management philosophy. Accordingly, we have established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner. We do not enter into derivative financial instruments for speculative purposes.

Credit risk

Credit risk is the risk of a financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises principally from our receivables from customers. Our management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit

evaluations are performed on major customers requiring credit over a certain amount. For our hospital operations, we do not grant credit to non-corporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. An additional deposit is requested from the customer when the hospital charges exceed a certain level.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our exposure to liquidity risk arises principally from our various payables, loans and borrowings. We maintain a level of cash and cash equivalents and bank facilities deemed adequate by our management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they fall due.

Foreign exchange risk

We are primarily exposed to foreign exchange risk in relation to our foreign currency borrowings and loans given to Group companies. In respect of exposure that is certain, we will partially hedge these risks in order to keep them at an acceptable level.

Interest rate risk

Interest rate risk relates to changes in interest rates which affect mainly our fixed deposits and our debt obligations with banks and financial institutions. Our fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value due to changes in interest rates while our variable-rate financial assets and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Our policy is to manage our interest cost using a mix of fixed and variable rate debts as well as by rolling over our fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, we may enter into interest rate derivatives to manage our exposure to adverse movements in interest rates.

INDUSTRY OVERVIEW

Unless otherwise stated, the information in this section has been extracted from Frost & Sullivan Indian Private Limited's Independent Report on the Healthcare Industry in the Asia Pacific Region, dated September 17, 2012. Frost & Sullivan India Private Limited has taken due care and caution in preparing this report. Information has been obtained by Frost & Sullivan India Private Limited from sources which it considers reliable. However Frost & Sullivan India Private Limited does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/ reproduced in any form without Frost & Sullivan India Private Limited's prior written approval. Frost & Sullivan India Private Limited is not liable for any investment decisions which may be based on the views expressed in this report.

Other information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the RBI, and has not been prepared or independently verified by us or any of the Book Running Lead Managers. Neither we, nor the Book Running Lead Managers, makes any representation as to the accuracy of this information. Industry sources and publications referred to by us state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and accordingly, investment decisions should not be based on such information. Statements in this section that are not statements of historical fact constitute "forward looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially.

Overview of the Indian Economy

India's population is approximately 1.2 billion, second only to China. India had an estimated gross domestic product ("**GDP**") of approximately U.S.$4.4 trillion in 2011 (based on purchasing power parity), which made it the fourth largest national economy in the world after the United States, China and Japan (excluding the European Union). The Indian economy has averaged a growth rate of over 8.0% during the five year period between Fiscal 2007 and Fiscal 2011. In 2010, the Indian economy rebounded robustly from the global financial crisis – in large part because of strong domestic demand – and growth exceeded 8.0% year-on-year in real terms *(Source: The World Factbook 2012. Washington D.C.: Central Intelligence Agency 2012, available at https://www.cia.gov/library/publications/the-world-factbook/, as of 14 February 2013.).*

However, the Indian economy has been adversely affected by some spill-over effects of the global economic slowdown coupled with domestic pressures. In Fiscal 2012, the Indian economy registered a growth rate of 6.5% (GDP at factor cost), down from 8.4% in Fiscal 2011. The loss of growth momentum that started in Fiscal 2012 has extended into Fiscal 2013, though the pace of deceleration slowed in the first quarter. After decelerating over four successive quarters, and from 9.2% in the fourth quarter of Fiscal 2011 to 5.3% in the fourth quarter of Fiscal 2012, GDP growth was marginally higher at 5.5% in the first quarter of Fiscal 2013, which was mainly driven by the growth in construction, and was supported by better than expected growth in agriculture. During the period between April and August 2012, the growth of eight core infrastructure industries decelerated to 2.8% compared to 5.5% during the corresponding period previous year. According to the RBI, the expected GDP growth rate for Fiscal 2013 is approximately 5.8% Investment remained subdued in the first quarter of Fiscal 2013 and was caused primarily due to non-monetary factors, though interest rates also had a material effect. Moderation in the cost of projects sanctioned by major banks and financial institutions for new corporate investment persisted during this period. Industry-wise analysis of investment intentions revealed that the share of the power sector in the total planned investment was the highest *(Source: RBI, Macroeconomic and Monetary Developments: Second Quarter Review 2012-13, available at http://rbidocs.rbi.org.in/rdocs/notification/PDFs/PSQ1030121694377F08.pdf as of 14 February 2013 (the "**RBI Q2 2013 Macroeconomic and Monetary Review**").).*

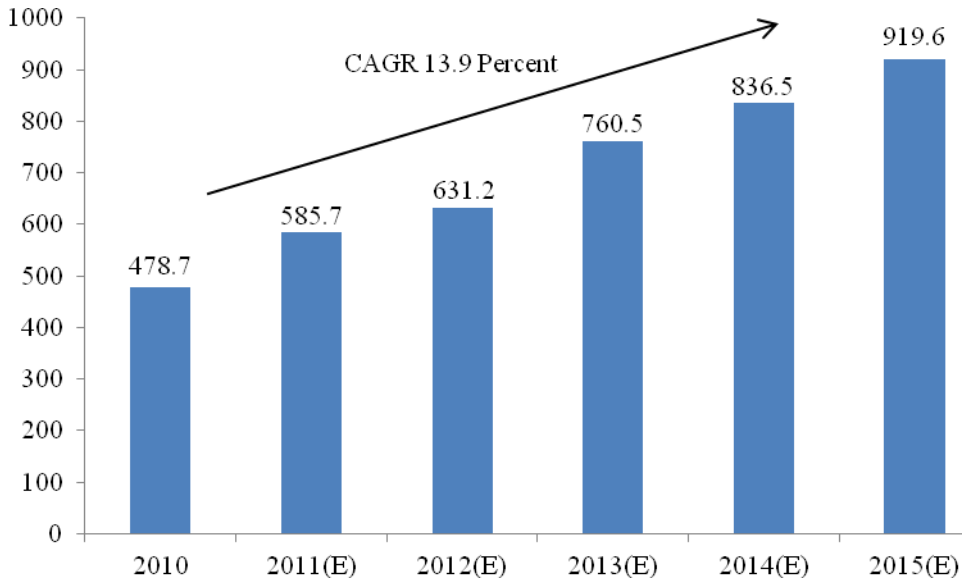
The RBI expects that the reform measures announced since mid-September 2012 will help to improve growth and the drag of stalled infrastructure investment on growth will decline as the policy environment, pace of clearances for projects and input supplies improve. The RBI therefore considers it necessary to remove certain policy constraints in the Indian infrastructure sector, particularly in the power, coal and road sectors, at the earliest (*Source: The RBI Q2 2013 Macroeconomic and Monetary Review*.)

Overview of the Asia Pacific Region Healthcare Sector

According to the International Monetary Fund ("**IMF**"), the Asia Pacific region has seen a GDP growth rate of nearly 7.0% in 2010 over 2009 as compared to global growth rate of nearly 4.5 %. The Asia Pacific (selected 11 countries)[4] region healthcare sector has expanded in tandem with the rapid economic growth of the region. In 2010, healthcare expenditure in the Asia Pacific (selected 11 countries) was estimated at U.S.$478.7 billion and is expected to increase to U.S.$919.6 billion in 2015 at a compound annual growth rate ("**CAGR**") of 13.9%

The Asia Pacific region accounts for more than 60.0% of the world's population and around 36.0 % of the world's GDP in 2011. The Asia Pacific region is witnessing unprecedented population growth, an ageing population, increasing purchasing power and affluence. These factors will continue to drive greater investment in healthcare infrastructure in the Asia Pacific region in the future. The private healthcare segment will continue to grow in importance as more clinical research and manufacturing activity is shifting away from the United States and Europe into the Asia Pacific region.

Total Healthcare Expenditure in the Asia Pacific Region (selected 11 countries) in U.S.$ Billion



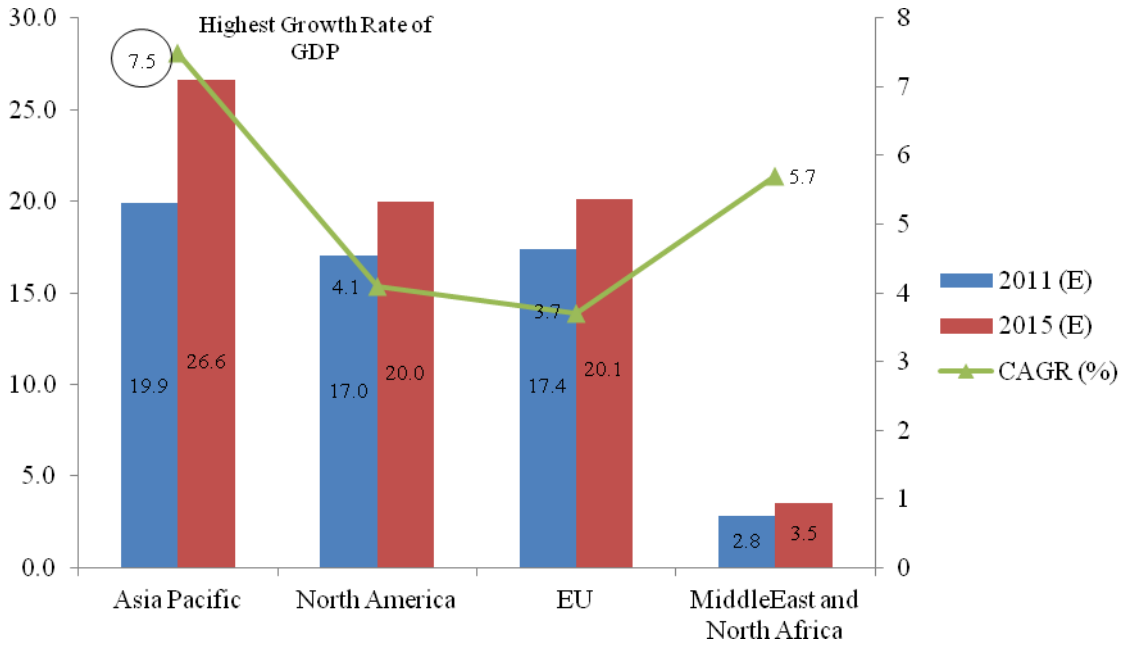
(*Source: Economist Intelligence Unit.)*

[4] This section focuses on 11 selected Asian Pacific countries, namely, China, Hong Kong, India, Indonesia, Malaysia, The Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.
The Asia Pacific region comprises Australia, India, China, Japan, Hong Kong, Indonesia, Singapore, South Korea, Taiwan, Thailand, The Philippines, Vietnam, Sri Lanka, Malaysia, Bangladesh and other developing Asian countries. E – Estimated

Key Growth Drivers

Increasing Wealth in the Asia Pacific Region

Comparison of Key Global Regions' GDP (U.S.$ Trillion), 2011(E) and 2015 (E)



(*Source: IMF.)*

The Asia Pacific region has the fastest growing GDP and GDP per capita in terms of percentage. The total GDP of the Asia Pacific region is estimated to grow from U.S.$19.9 trillion in 2011 to U.S.$26.6 trillion in 2015 at a CAGR of 7.5% due to the strong economic growth in developing countries such as China and India.

The economies in the region will need to meet the challenge of providing access to good healthcare facilities to their citizens in a cost-effective manner. The other key challenges relate to the ability of these countries to cope with the rising demand for healthcare products and services within these countries and also prepare for significant changes in the healthcare delivery system with an emphasis towards private sector led or a Public Private Partnerships ("**PPP**") based model.

The average per capita healthcare expenditure in the selected Asia Pacific Region (selected 11 countries) was nearly U.S.$599.5 in 2010 as compared to the per capita healthcare expenditure in the USA and UK of nearly U.S.$6,719.0 and U.S.$2,815.0 respectively. However, the per capita healthcare spends in the Asia Pacific region (selected 11 countries) is expected to grow at the rate of 15.0-20.0% annually for the next three years from 2011.

Increase in Chronic Diseases in the Asia Pacific Region

Non Communicable Diseases ("**NCD**") has become a leading cause of death, morbidity and disability in the region. Some of the key factors contributing to the increase in these chronic diseases include changing demographics, unhealthy diet, physical inactivity and increasing intake of tobacco and alcohol. Cardiovascular diseases, cancer, chronic lung diseases and associated disorders have emerged as major health problems.

According to the World Health Organization ("**WHO**"), in developing countries like India, the number of deaths from chronic diseases accounts for nearly 50.0 % of annual deaths. Also, 60.0 % of deaths in Indonesia and 70.0 % of deaths in China are attributed to chronic diseases. This has led to increasing demand for healthcare set-ups providing super speciality and tertiary care of treatment for such chronic diseases in the region.

According to The Lancet (UK Medical Journal), chronic diseases are expected to kill up to 4.2 million people annually in Southeast Asia by the year 2030, as compared to the 2.5 million annual deaths from chronic diseases in 2005.

Growing Population and Changing Demographics*:*

Population of the World's Major Regions in Millions (2000 – 2015E)

Year	World	Asia	Africa	Europe	Latin America	Northern America	Oceania
2000	6,115.0	3,698.0	819.0	727.0	521.0	319.0	31.0
2005	6,512.0	3,937.0	921.0	729.0	557.0	335.0	34.0
2010	6,909.0	4,167.0	1,033.0	733.0	589.0	352.0	36.0
2015 (E)	7,302.0	4,391.0	1,153.0	734.0	618.0	368.0	38.0

(Source: United Nations.)

The United Nations ("**UN**") estimates that the global population will rise from approximately 6.5 billion in 2005 to 7.3 billion in 2015. The large population base in the Asia Pacific region provides a huge market for healthcare infrastructure. Population growth rate has been driven by maintenance in birth rates and declining death rates. The segment of the population aged 60 years[5] and above is set to increase at a rapid pace in the Asia Pacific region from 425 million in 2005 to an estimated 500 million by 2015. This segment has relatively more medical requirements, which requires more spending on medical and healthcare services.

Medical Tourism

Medical tourism is a rapidly growing industry and has become a common phenomenon in the Asia Pacific region. Some of the major medical hubs in the Asia Pacific region for medical tourism include India, Singapore, Malaysia and Thailand. Overall, the number of medical tourists visiting the Asia Pacific region is expected to grow by 15.0-20.0% annually until 2015 from 2010. In the Asia Pacific region, overall economic growth has contributed to major technology advancement in communications, providing better access to information related to healthcare. The factors driving medical tourism in the Asia Pacific region are the increasing adoption of sophisticated medical technology, rising affluence of the middle income class seeking quality medical care, availability of skilled doctors and para medical staff, willingness of patients to travel to access specialised treatment not available in their own country. Further, there is an average waiting time of more than two to three months in western countries for elective surgeries like bypass surgeries and knee replacement, whereas the average waiting for similar surgeries in South Asian countries like India, Malaysia and Thailand is only two to three weeks.

Cost-effective treatment is a significant driver for medical tourists coming to Asia Pacific countries to seek healthcare treatment. This cost differential, coupled with affordable travel and accommodation, provides the backbone for the growth of medical tourism in the Asia Pacific region.

Price of Selected Commonly Done Surgeries in USA and Key Asia Pacific Medical Hubs (2010)

(All Charges are in U.S.$'000)	USA	India	Thailand	Malaysia	Singapore
Heart Bypass Surgery	80.0-120.0	6.7-9.3	10.0-12.0	9.0-10.0	16.5-18.5
Angioplasty	55.0-60.0	7.0-8.2	10.0-11.0	10.0-11.0	11.0-12.5
Hip Replacement	42.0-45.0	5.2-6.5	9.0-10.5	10.0-11.0	12.1-15.0
Hysterectomy	18.0-20.0	2.5-5.0	4.0-5.0	3.0-4.0	5.0-6.0
Knee Replacement	40.0-45.0	5.0-6.5	9.0-10.0	8.0-9.0	12.0-15.0

(Source: Frost & Sullivan Analysis)

[5] Figures taken from Population Division of Department of Economics and Social Affairs of United Nations Secretariat (2007)

Private Player Investments in Healthcare

With rapid development and growth in the Asia Pacific region, various companies and private equity ("**PE**") firms have started investing in the market. India and China saw the largest portion of investments among the Asia Pacific markets. However, PE deal activity still remained well below what it reached during the boom years of 2007 and 2008. Further, the investment opportunities in the Asia Pacific region look attractive both in the short-term and the long-term. Consumer spending continues to rise in the region on the back of rising disposable household incomes. The governments remain committed to their goal to close infrastructure gap and pursue growth and reform agendas in key sectors. The healthcare industry has contributed approximately 9.0-12.0% of the total investments in these years. Increased investment in healthcare industry allows setting-up of new healthcare facilities, improvements to medical infrastructure and recruitment of qualified medical manpower.

Major Private Hospital Operators in the Asia Pacific Region

The role of private hospitals has significantly increased over the last decade in delivering quality healthcare in the Asia Pacific region, largely driven by the increased wealth of people and willingness to pay for quality treatment and care provided by the private healthcare sector. Another key factor is the flourishing medical tourism market, which is providing quality healthcare at a fraction of the cost that consumers would pay for equivalent treatment in western countries and the growing number of private health insurance or employer paid hospital bills. There are a large number of hospital groups in India, Singapore, Malaysia, and Thailand. The table below shows performance indicators of leading private hospitals in the Asia Pacific region:

Leading Private Hospital Groups in the Asia Pacific region

Group Name	Country of Origin	No. of Hospitals	Total No. of Beds	Revenue (U.S.$ Million)
Apollo Hospitals	India	54	8,700	607.4
Fortis Hospitals	India	73	Total 12,000 (5,000 operational)	575.5
Manipal Hospitals	India	15	4,900	120.1
KPJ Healthcare	Malaysia	22	2,600	622.0
Pantai Group of Hospitals	Malaysia	11	1,968	NA
Columbia Asia Hospitals	Malaysia	22	1,570+	NA
Bangkok Dusit Medical Services Public Company Limited	Thailand	28	4,987+	1,146.0
Bumrungrad Hospitals	Thailand	1	538	358.3
Parkway Holding Limited	Singapore	24	3,516	876.5
Raffles Medical Group	Singapore	1 Hospital+ 74 Clinics	380	217.3

(Source: Hospital Annual Reports, Websites, Primary interviews by Frost & Sullivan.)

Financial year for India is an annual accounting period from April 1, 2011 to March 31, 2012

Financial year for Singapore, Thailand and Malaysia is an annual accounting period from January 1, 2011 to December 31, 2011

No. of beds retrieved as on August 1, 2012

Average conversion rate used ₹ 1 = U.S.$..0216, Average conversion rate used SGD 1 = U.S.$0.79, Average conversion rate used THB 1 = U.S.$0.03, Average conversion rate used MYR 1 = U.S.$0.32

Notes:

NA denotes data is not available; Latest available numbers are presented in the table

Revenues shown for the following: Apollo Hospitals Enterprise Limited, Apollo Health and Lifestyle Limited, Apollo Munich Health Insurance Company Limited, Apollo Pharmacies and Apollo Health Street Limited,

Revenues shown for the business of consolidated global hospitals and diagnostics.

Parkway Holding Limited figures are for 2010

Key Healthcare Indicators for the Asia Pacific Region (2011)

Key Healthcare Indicators of Selected Asia Pacific Countries

Demographic Indicators (2011)	India	Hong Kong	China	Indonesia	Malaysia
Birth Rate (Per 1,000 Population)	22.1	7.4	12.3	18.1	21.0
Mortality Rate (Per 1,000 Population)	7.2	7.0	7.1	6.2	4.9
Average Life Expectancy – Female (Years)	NA	84.9	76.0	74.0	76.7
Average Life Expectancy – Male (Years)	NA	79.3	72.0	69.0	71.0
Total Healthcare Expenditure (U.S.$ Billion)	66.0	13.2	298.0	23.4	14.2
Total Healthcare Expenditure (as % of GDP)	4.2	6.3	5.1	2.8	5.1
Per Capita Healthcare Expenditure (U.S.$)	44.0	2,008.0	221.0	68.0	337.0
Number of Hospital Beds (Per 1,000 Population)	0.9	4.4	4.2	0.6	1.8
Number of Doctors (Per 1,000 Population)	0.6	0.2	1.4	0.3	0.9

(Source: *CIA Factbook, WHO 2012 Report, EIU)*

Notes:

figures for 2010 (*Source: SRS data, Census India 2011.)*

figures are for 2010 (*Source*: *WHO 2012 report.)*

figures are for 2009 (*Source: WHO 2012 report.)*

figures are for 2010 *(Source: WHO health data repository 2012.)*

figures are for period 2005-2011 *(Source: WHO 2012 report.)*

figures are for period 2005-2010 *(Source: WHO 2012 report.)*

Key Healthcare Indicators of Selected Asia Pacific Countries (Contd.)

Demographic Indicators (2011)	Philippines	Singapore	South Korea	Taiwan	Thailand	Vietnam
Birth Rate (Per 1,000 Population)	25.3	8.7	8.5	8.9	12.9	17.1
Mortality Rate (Per 1,000 Population	5.0	4.9	6.2	7.0	7.2	5.9
Average Life Expectancy – Female (Years)	74.5	84.9	82.4	81.4	76.1	75.1
Average Life Expectancy – Male (Years)	68.5	79.5	75.8	75.5	71.2	69.3
Total Healthcare Expenditure (U.S.$ Billion)	6.5	12.9	59.1	28.5	9.6	NA
Total Healthcare Expenditure (as % of GDP)	4.1	3.9	6.3	6.8	4.0	NA
Per Capita Healthcare Expenditure (U.S.$)	68.0	1,714.0	1,191.0	1,243.0	142.0	45.0
Number of Hospital Beds (Per 1,000 Population)	0.5	3.1	NA	NA	2.1	3.1
Number of Doctors (Per 1,000 Population)	NA	1.8	NA	NA	NA	1.2

(Source: CIA Factbook, WHO 2012 Report, EIU)

Note:

NA denotes data is not available. Latest available numbers are presented in the table

The Asia Pacific region is a highly diverse region with significant differences in geography, politics, cultures, religions, demographics and social development. A general trend across all countries is that the governments of

these Asia Pacific countries are focusing their efforts on improving healthcare infrastructure and services in their respective countries.

Hong Kong has the highest per capita healthcare expenditure amongst the selected Asia Pacific countries, atU.S.$2,008.0 as compared to Indian per capita healthcare expenditure of U.S.$44.0. The total healthcare expenditure in China was U.S.$298.0 billion as compared to Indian healthcare spend of U.S.$66.0 billion, in 2011.

Human capital development is crucial for the delivery of healthcare services. The density of healthcare workers in South and Southeast Asia is 4.3 per 1,000 population as compared to 18.9 in Europe and 24.8 per 1,000 population in the US in 2010. The underlying reasons for this gap in the density of the healthcare workers are the misallocation of human resources, ineffective training policies, weak institutions and lack of incentives and motivation for health professionals. Many governments, such as Malaysia and India, have started to open up the healthcare sector to private investment. Such an initiative provides room for strengthening public and private health institutions as well as increasing the overall efficiency in healthcare service delivery.

Overview of the Healthcare Industry - India

Key Indicators in India

Demographic Indicators	2006	2007	2008	2009	2010	2011
Population (Million)	1,095.3	1,129.9	1,147.9	1,166.0	1,173.1	1,210.2
Annual Population Growth Rate (%)	1.4	3.1	1.6	1.6	0.6	3.2
Birth Rate (Per 1,000 Population)	22.0	22.6	22.	21.7	21.3	22.1
Mortality Rate (Per 1,000 Population)	8.1	6.5	6.4	7.3	7.5	7.
Average Life Expectancy – Female (Years)	70.4	71.2	71.9	72.6	73.3	NA
Average Life Expectancy – Male (Years)	65.7	66.3	66.9	67.5	68.0	NA

(Source: CIA World Factbook, EIU, WHO 2012 Report.)

Note:

Latest available numbers are presented in the table

Estimated Indian GDP Forecast (Current Prices)

Economic Indicators	2011	2012 (E)	2013 (E)	2014 (E)	2015 (E)
GDP (U.S.$ Billion)	1,676.1	1,779.3	1,961.7	2,163.5	2,384.5
GDP Per Capita (U.S.$).....	1,388.8	1,454.7	1,582.9	1,723.2	1,874.5
GDP Growth Rate (in %).....	4.8	6.1	10.2	10.3	10.2

(Source: IMF World Economic Outlook Database April 2012, Frost & Sullivan Analysis.)

Population of India by Age group (Million)

Year	Under Age 15 years	Age 15-64 years	Age 65+ years	Total
2000	361.0 (35.7 %)	604.0 (59.8 %)	45.0 (4.5 %)	1,010.0
2005	364.0 (33.7 %)	665.0 (61.5 %)	51.0 (4.8 %)	1,080.0
2010	369.0 (31.4 %)	746.0 (63.6 %)	58.1 (5.0 %)	1,173.1
2015 (E)	372.0 (29.6 %)	819.0 (65.2 %)	65.0 (5.2 %)	1,256.0

(Source: Frost & Sullivan Analysis)

India has the second-largest population in the world (with nearly 17.3 % of world population in 2011), after China and this figure is increasing at a rate of 1.0-1.5 % annually. By 2030, India is expected to surpass China to become the world's biggest population. In 2010, nearly 63.6 % of the population was in the age group of 15-64 years. Moreover, there has been a gradual increase in life expectancy over the last decade to an estimated 70.6 years in 2010 68.0 years for males and 73.3 years for females), up from 57.0 years in 1990.

The population above 65.0 years age constituted 5.0 % in 2010 and is expected to reach 5.2 % in 2015. Health problems are expected to be the major concern for old age population as older people are more prone to suffer from

ill health than younger age population.

Top Diseases – % of Hospitalisation Cases Contributed by Speciality Diseases in India

% of Hospitalisation Cases Contributed by Speciality Diseases

Sr. No.	Disease	2001 (%)	2012E (%)
	Acute Diseases		
1.	Acute Infections	54.7	42.0
2.	Orthopaedics and Rheumatology	9.0	13.0
3.	Ear Nose Throat (ENT), Eye and Skin	5.0	7.8
	Lifestyle Diseases		
4.	Asthma	5.1	7.4
5.	Other Circulatory	4.0	6.0
6.	Heart Diseases	3.9	5.0
7.	Central Nervous System (CNS) Disorders	2.8	1.7
8.	Diabetes	2.0	2.2
9.	Cancer	0.7	1.7
10.	Accidents & Emergency	3.0	2.0
11.	Others	9.8	11.2
12.	**Total**	**100.0**	**100.0**

(Source: National Commission on Macroeconomics and Health, Frost & Sullivan Analysis)

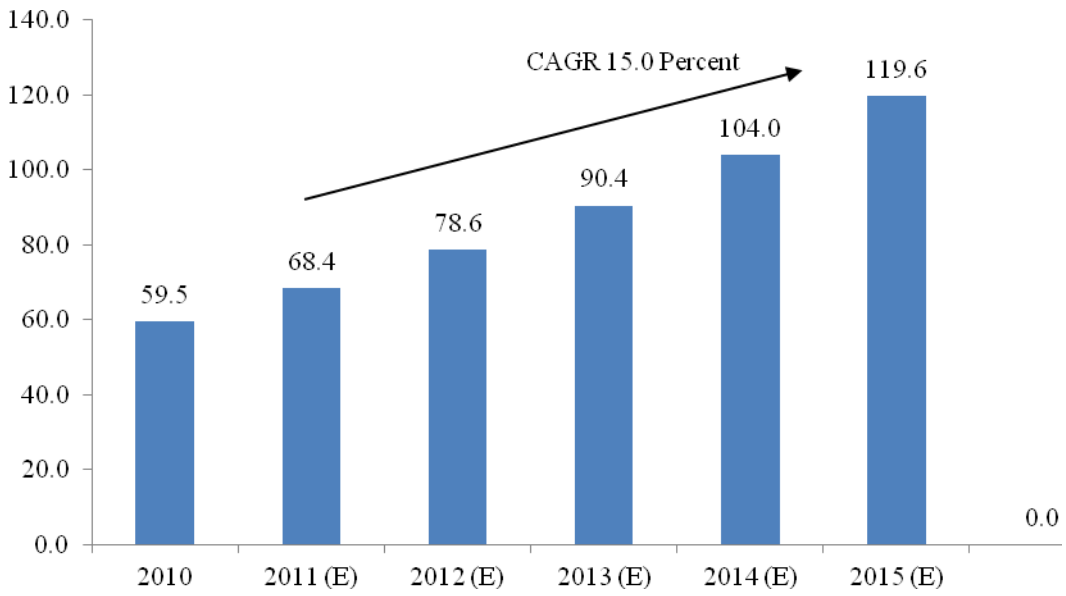
With growing importance of healthcare and various initiatives by the Government of India ("**GoI**") and the private healthcare sector, the occurrence of communicable diseases is likely to decrease. However, non-communicable diseases ("**NCD**") like cancer, stroke, diabetes and cardiovascular diseases which requires hospitalisation are rising at a fast pace.

According to the National Commission on Macroeconomics and Health ("**NCHM**"), coronary heart diseases, cancer, diabetes are expected to affect 62.0 million people (4.9 % of population), 2.5 million people (0.2 % of population), 46.0 million people (3.7 % of population) respectively in 2015 as compared to 36 million people (3.3 % of population), 2.0 million people (0.18 % of population), 31.0 million people (2.8 % of population) in 2005 respectively. These diseases share five common risk factors: usage of tobacco, physical inactivity, excessive intake of alcohol, poor diet and also low preventive healthcare in the past.

Patient volumes and spends are expected to grow rapidly, with the larger contribution coming from in-patients (patients who are admitted to a hospital or clinic for treatment that require at least one overnight stay). In-patient revenue will contribute an estimated 63.7 % of healthcare delivery market size in 2015 as compared to 55.4 % in 2010.

Indian Healthcare Industry

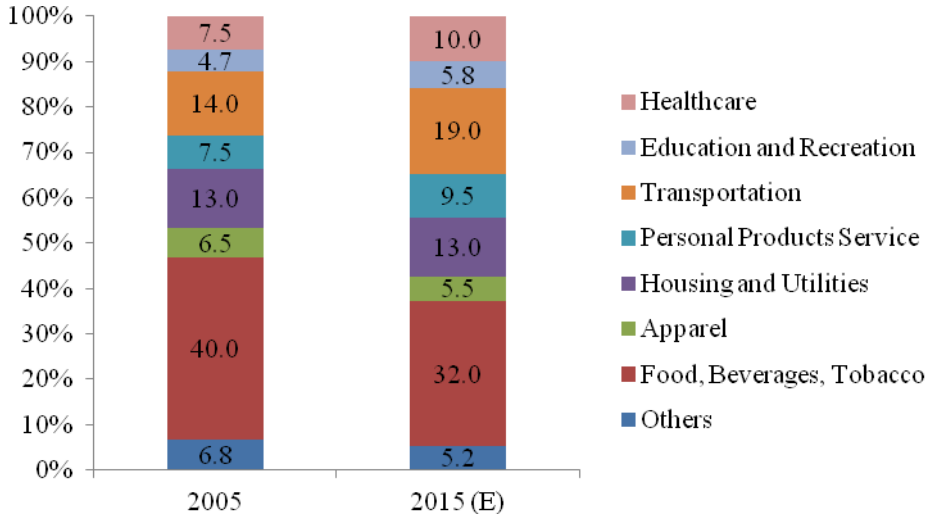
Indian Healthcare Industry Market Size (U.S.$ Billion)



(Source: Frost & Sullivan Analysis.)

The Indian healthcare market size was estimated at U.S.$59.5 billion in the year 2010, and is expected to reach U.S.$119.6 billion by 2015, reflecting a CAGR of 15.0% over this period. Out of the total Indian healthcare market in 2010, 70.0-72.0% comprises healthcare delivery services, 20.0-22.0% comprises the pharmaceutical market and the remaining 8.0-10.0% comprises medical technologies and other components.

Indian Household Expenditure Overview 2005-2015E

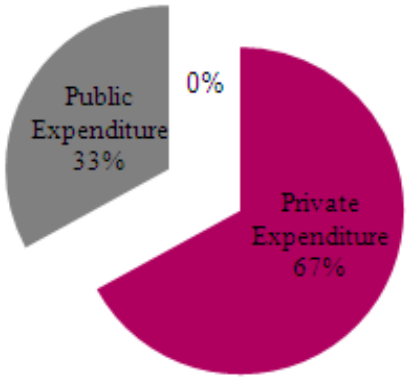


(Source: Frost & Sullivan Analysis.)

The changing demographics and increasingly sedentary lifestyle of the population is set to increase the healthcare spend in India. The household expenses towards healthcare are expected to rise from 7.5% in 2005 to 10.0% by

2015. Currently, nearly 70.0-80.0% of healthcare spending including spending on pharmaceuticals is an out-of-pocket expense as only 15.0-20.0% of the population have health insurance.

Public vs. Private Healthcare in India (2010)



(Source: WHO NHA.)

The Indian healthcare delivery system is divided into two major segments; public and private. Government of India hospitals provide treatment at the taxpayers' expense. Most essential drugs are offered free of charge in these hospitals. In 2009-10, there were approximately 31,565 Government hospitals excluding Primary Health Centers ("**PHC**s") and 17,300 private hospitals in India. Nearly 95.0% of private hospital facilities are standalone hospitals and the remainder are corporate hospitals (chain of hospitals run by professional healthcare groups like Apollo, Fortis, Manipal, Max and Narayana Hrudayalaya.

However, the existing investments in India's public healthcare are inadequate to meet the healthcare needs of the country. According to WHO, the global share of Government healthcare expenditure was nearly 61.0% of the total healthcare expenditure in 2010. This proportion is extremely high as compared to Government expenditure of 33.3% in 2010.

The Government has started a large number of PHCs focused on providing immunisation, malnutrition, pregnancy and childbirth care and treatment of common illnesses, to cater to the rural populace. The secondary and tertiary care is mostly provided by private healthcare organisations with a major concentration in tier 1 cities. Further, most of the tertiary care institutions run by the public sector have been facing various resource difficulties and are unable to meet the growing needs for complex diagnostic and therapeutic modalities in India.

Nearly 66.0% of the total healthcare expenditure was catered by private hospitals in 2010. Out of this, nearly 10.0% of private healthcare was catered by corporate hospitals. The remaining private healthcare is provided by the unorganised sector i.e. trust-owned or owned and run by individual doctors or group of a few doctors.

Private healthcare providers have huge expansion plans with large capital inflows from FDI and PE. Foreign companies such as GIC Special Investments, New Enterprise Associates, GTI, Carlyle Growth Fund, Sequoia Capital and Matrix Partners have invested in various healthcare groups in India. Further, foreign hospital chains such as Columbia Asia have set up eight hospitals and plan to set up 10 more hospitals across the country. Many state governments are also collaborating with the private sector through PPP models to improve the efficiency and decrease the inequity in the healthcare system. Partnership initiatives range from super-specialty care hospitals (Apollo hospital, Raichur and SMS hospital, Jaipur) to primary care (Karuna Trust in Karnataka) and slum communities (Arpana Swasthya Kendra, Delhi and urban slum care in the district town of Adilabad, Andhra Pradesh) and health insurance like Yeshaswini Insurance Scheme (which was launched in 2002 in Karnataka by a PPP to provide healthcare coverage for major surgical operations to Indian farmers).

Positioning/Comparative Analysis of India against Key Asian Markets (2011)

Demographic Indicators	India	Hong Kong	China	Indonesia	Malaysia	Philippines	Singapore
Population (Million)	1,210.2	7.1	1,348.9	246.0	28.7	101.8	5.2
Annual Population Growth Rate (%)	3.2	0.4	0.6	1.1	1.6	1.9	2.1
Birth Rate (Per 1,000 Population)	22.1	7.4	12.3	18.1	21.0	25.3	8.7
Mortality Rate (Per 1,000 Population)	7.2	7.0	7.1	6.2	4.9	5.0	4.9
Average Life Expectancy – Female (Years)	66.0	84.9	76.0	74.0	76.7	74.5	84.9
Average Life Expectancy – Male (Years)	63.0	79.3	72.0	69.0	71.0	68.5	79.5
Total Healthcare Expenditure (U.S.$ Billion)	66.0	13.2	298.0	23.4	14.2	6.5	12.9
Total Healthcare Expenditure (as % of GDP)	4.2	6.3	5.1	2.8	5.1	4.1	3.9
Per Capita Healthcare Expenditure (U.S.$)	44.0	2,008.0	221.0	68.0	337.0	68.0	1,714.0
Number of Hospital Beds (Per 1,000 Population)	0.9	4.4	4.2	0.6	1.8	0.5	3.1
Number of Doctors (Per 1,000 Population)	0.6	0.2	1.4	0.3	0.9	NA	1.8
Number of Nurses (Per 1,000 Population)	1.0	NA	1.4	2.0	2.7	NA	5.9

(Source: CIA Factbook,WHO2012 Report, EIU)

Notes:

figures for 2010 (*Source: SRS data, Census India 2011.)*

figures are for 2010 *(Source: WHO 2012 report.)*

figures are for 2009 *(Source: WHO 2012 report.)*

figures are for 2010 *(Source: WHO health data repository 2012.)*

figures are for period 2005- 2011 *(Source: WHO 2012 report.)*

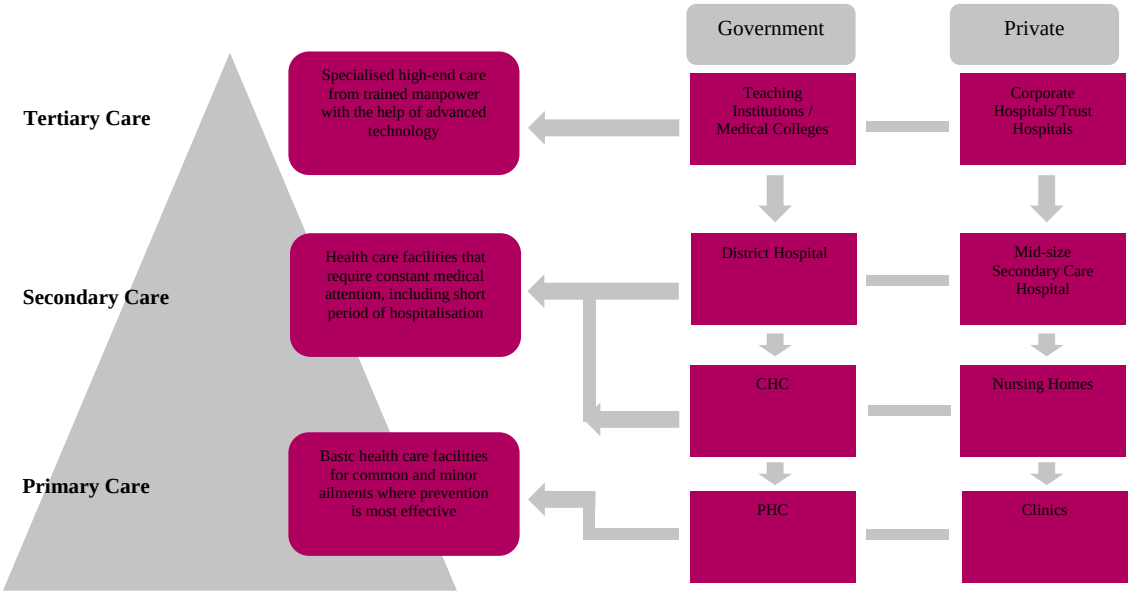
figures are for period 2005-2010 *(Source: WHO 2012 report.)*

India has a ratio of 0.9 beds per 1,000 people as compared to China, Malaysia and Singapore with ratios of 4.2, 1.8 and 3.1 beds per 1,000 people, respectively. Despite the shortfall in healthcare infrastructure in India, the expenditure on healthcare as a percentage of GDP has increased from 4.0% in 2007 to 4.2% in 2011.

India has the highest mortality rate amongst the 11 selected countries in the Asia Pacific region. There is a noticeable difference in the urban and rural mortality rate due to lack of medical facilities in rural India.

Healthcare Delivery System and Infrastructure

Healthcare Delivery Pattern



Tertiary Care Hospitals	Secondary Care Hospitals	Govt. CHC/Pvt Nursing Homes
• Super Speciality and Multi Organ Transplant Services	• General Hospitals	• Primary role to treat ailments that do not require surgical intervention or advance care
• Referral Hospital	• Absence of super specialty service offerings	• Services vary across cities
• Mostly in Tier 1 cities	• Present in Metros, Tier 1 and 2 cities	• May have ICU and minor OT
• 15.0% of total tertiary hospitals have more than 300 beds	• Patients shift to Tier 1 cities for advance treatment	• Up to 30-40 beds
• 80.0% of total tertiary hospitals have between 200 and 300 beds	• OT & ICU are usually present	• Located in smaller towns
• 5.0% of total tertiary hospitals have less than 200 beds	• Such hospitals have bed capacity between 25 and 100; in some cases up to 100 – 200 beds.	• Are also located in Metros, Tier 1 and 2 cities
• Mix of colleges, single and multi-specialty facilities		

(Source: Frost & Sullivan Analysis)

Key Healthcare Infrastructure Statistics

Healthcare infrastructure in India can be classified into two categories; educational infrastructure and service infrastructure.

Educational infrastructure consists of medical and dental colleges, providing postgraduate degrees/diplomas in medical and dental science, nursing and para-medical courses and Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (**AYUSH**) institutes. Service infrastructure consists of hospitals providing care

services through Allopathy, Ayurveda, Homeopathy and sub centres, PHC, CHC and blood banks, amongst others.

Education infrastructure has grown at a rapid pace over the last two decades. According to the Central Bureau of Health Intelligence (**CBHI**), the country has over 300 medical colleges, 290 colleges for Bachelor of Dental Surgery (**BDS**) courses and 140 colleges conducting Master of Dental Surgery (**MDS**) courses. The total admission numbers for these three colleges were 34,595, 23,520 and 2,644, respectively, for the period of 2009-10.

Healthcare Service Public Infrastructure (2011)

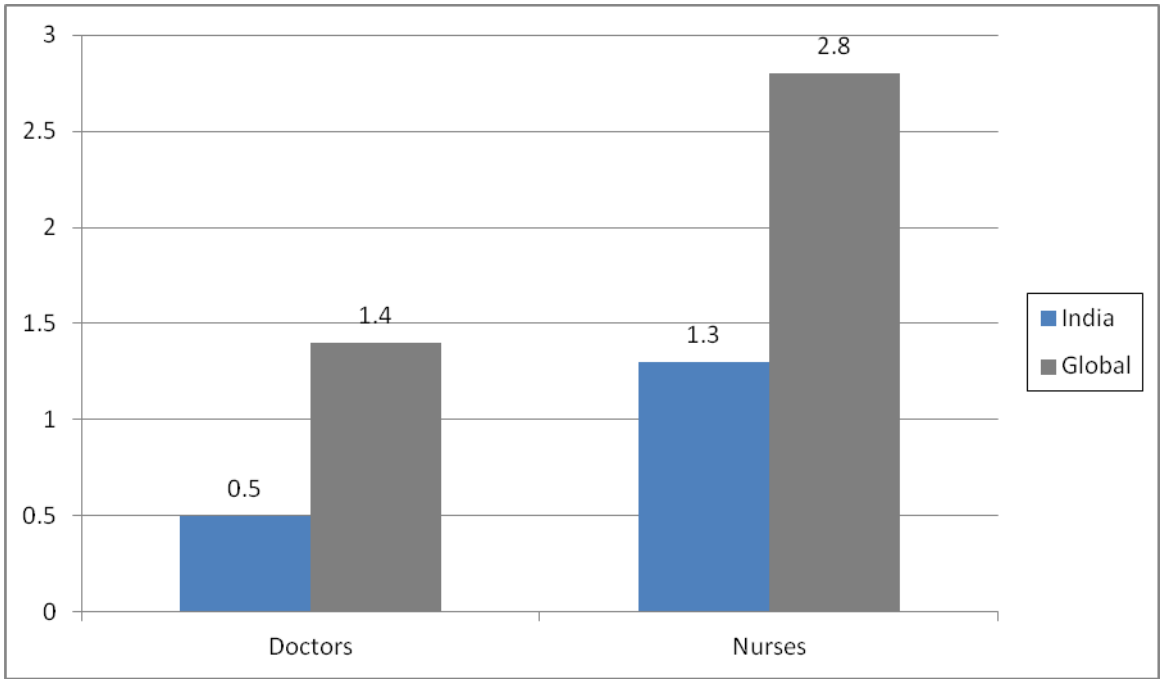
Indian Healthcare Service Public Infrastructure	
Beds	784,940
Sub Centers	148,124
Primary Health Centers	23,887
Community Health Centers	4,809
Total No of Licensed Blood Bank	2517
No. of Eye Banks	666

(Source: Central Bureau of Health Intelligence, India, 2011.)

Manpower in Healthcare Sector

Availability of qualified manpower in the healthcare sector has been a major challenge in India. The chart below denotes the density of trained manpower in the country:

Density of Manpower in India vs. the Global Average per 1,000 Population



(Source: Frost & Sullivan Analysis.)

- India has a ratio of 0.5 doctors and 1.3 nurses per 1,000 people as compared to the global average of 1.4 doctors and approximately 2.8 nurses per 1,000 people in 2010. Against the global average, this translates into a gap of nearly 1.0 million doctors and 1.8 million nurses as of 2010.

- In 2011, India had a ratio of 0.9 hospital beds to every 1,000 people, as against the WHO recommendation of 4.0 beds per 1,000 people. This translates to a gap of nearly 3.7 million beds as of 2011. In order to

bridge this gap an investment of nearly U.S.$187.5 billion[6] is required.

- 80.0% of all qualified doctors work in the private sector

Key Drivers and Trends for Healthcare Industry in India

Key Drivers

- ***Growing Population***: According to the Indian census, the population of the country was estimated at 1.2 billion in 2011 and is expected to reach 1.3 billion by 2015. This rising population will cause an increase in healthcare requirements at hospitals, in particular in relation to preventive healthcare, treatment of lifestyle diseases, super speciality care and diagnostic services.

- ***Increasing Literacy Rate***: According to the Indian census the literacy level has increased by 9.2 % in the past decade reaching 74.0% in 2011. With an increasing national literacy rate and the availability of information on the internet, journals, various interactive forums and regional magazines, there is a rapid increase in awareness about healthcare services across all age groups. Such increase in awareness related to healthcare issues and diagnosis, coupled with higher incomes, is expected to increase patient volumes from primary to secondary or tertiary healthcare services. This, in turn, is likely to favour market participants in the private healthcare delivery segment.

- ***Increasing Upper Middle Class Segment***: The economy is driving urbanisation and expanding the middle class population, with more disposable income to spend on healthcare. Nearly 60.0% of the Indian population was earning between U.S.$2,500.0 to U.S.$13,000.0 per annum in 2011 as compared to 50.0% in 2007. With higher disposable incomes and increasing awareness of health related issues, patients are likely to increase their discretionary spend on healthcare in the future, especially on preventive healthcare. Such a trend is likely to favour private healthcare delivery practitioners, which are well positioned in secondary and tertiary care services.

- ***Increasing Demand from Corporate Employers:*** There is an increasing demand for healthcare management plans (comprising preventive health check-up packages and treatment for employees). This demand is largely being catered to by private healthcare sector players such as Apollo Hospitals, Fortis Healthcare, Max Healthcare and Manipal Hospitals. Moreover, there is an influx of wellness players such as Manipal Cure and Care, Apollo Wellness Life and Religare Wellness, expanding the wellness and beauty industry, which was estimated at U.S.$3.9 billion in 2010, estimated to grow at a CAGR of 31.9% to reach U.S.$11.8 billion by 2014. With such health plans and preventive wellness initiatives offered as benefits to employees by an increasing number of employers, this segment is expected to grow and provide a strong impetus to private sector players in healthcare delivery.

- ***Rising Lifestyle Diseases***: According to WHO and the World Economic Forum, the income loss to India because of lifestyle diseases such as heart disease, stroke, cancer, diabetes and respiratory infections was U.S.$8.7 billion in 2005, and is projected to reach U.S.$54.0 billion by 2015. This will result in an increase in average revenue per treatment at hospitals as treatment of lifestyle diseases such heart diseases and cancer provide higher revenues to hospitals and will likely result in hospitals assuming a greater share of the healthcare market.

Key Facts about Lifestyle Diseases in India

- The NCHM predicts that India will need to develop facilities for the diagnosis and treatment of more than 2.5 million cancer patients by 2015.

- Cardiovascular disease and diabetic cases are expected to increase at the rate of 8.0% to 11.0% per annum by 2015, leading to a rising cardiac and diabetic population in the country.

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[6] *(Source: Frost & Sullivan Analysis)*: assumption (cost of putting 1 hospital bed in India = USD 50,000.0)

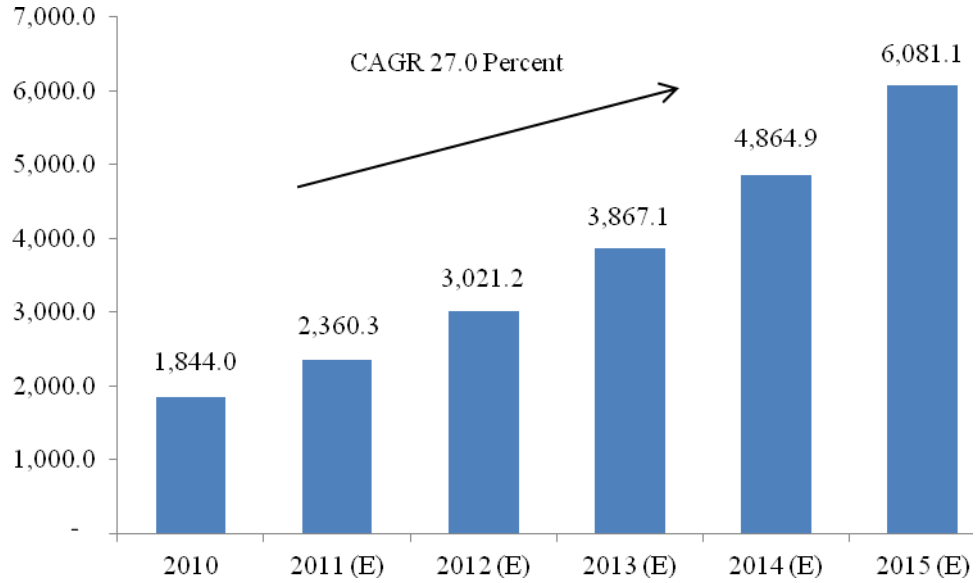
- The WHO estimates 79.4 million people in India will be affected by diabetes by 2030;the largest number in the world relative to other countries, corresponding to 7.8% of the adult population in 2030.

- Due to an increase in the working class population (age group 30 to 59 years), with more sedentary jobs and heavy usage of computers, the incidence of eye dryness, back pains and other work related injuries/ health problems is expected to increase.

- According to Indian Express, an estimated 10.0% to 15.0% of Indian couples in reproductive the age group were affected by infertility in 2010. There are only few private IVF chains providing complete infertility care services, which marks a large gap in infertility care service delivery in India.

Health Insurance

Indian Health Insurance Market Size (Total Insurance Premium) U.S.$ Million



*(Source: Insurance Regulatory and Development Authority ("**IRDA**").)*

The health insurance market is the fastest growing segment in the general insurance industry in India. Health insurance is making healthcare more affordable to a larger segment of the population and is also boosting healthcare expenditures per household. In 2010, there were more than 300 products from over 30 insurers available in the market. The health insurance market is expected to continue expanding with an increase in insurance coverage. Total insurance premiums are expected to reach U.S.$6.1 billion by 2015 from U.S.$1.8 billion in 2010, at a CAGR of 27.0%, which will result in higher insurance coverage in the future. In 2010, insurance and other forms of health protection reached nearly 240-250 million people in India. The health insurance market was nearly 3.0% of the total Indian healthcare market size 2010.

In 2011, insurance paid nearly 10.0% of all hospitalisation expenditures in the country. The increasing penetration of health insurance is boosting revenues at private hospitals. Currently, health insurance accounts for 25.0-30.0% of total revenue for corporate hospitals in tier 1 cities. The increasing awareness of insurance, with extended coverage to areas such as dental care, outpatient surgery and Laser- Assisted In Situ Keratomileusis (**LASIK**), will result in insurance accounting for approximately 40.0% of corporate hospital revenue by 2015.

The Government of India has taken numerous steps to promote health insurance in the country:

- Establishment of the IRDA under the Parliamentary Act. Health insurance occupies prominent attention in the IRDA's developmental agenda.

- The National Health Policy 2002 focuses on the need for enhanced funding and organisational restructuring of national public health initiatives, to facilitate fairer access to healthcare facilities. The policy further focuses on the main diseases that contribute to the disease burden in India; tuberculosis, malaria, blindness and HIV/AIDS.

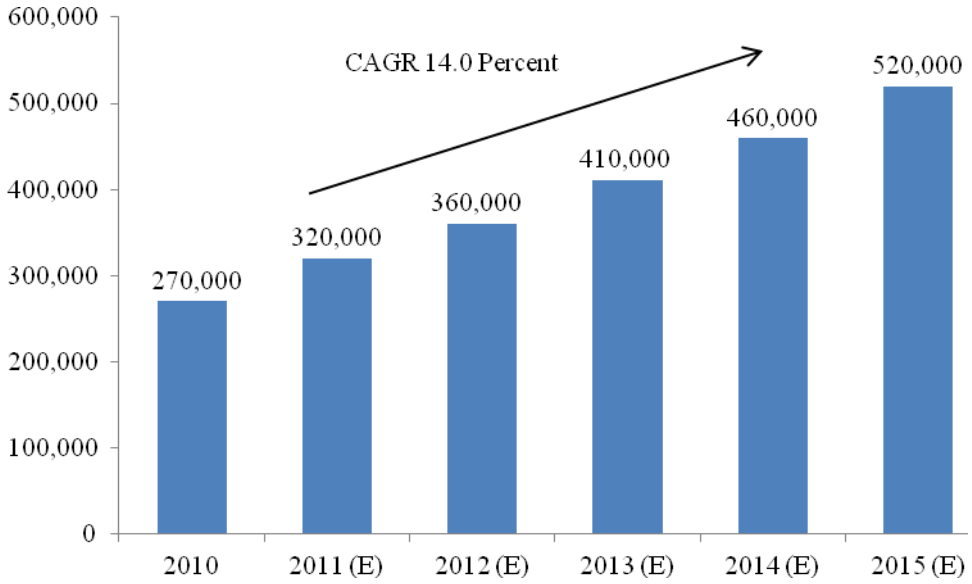
- Tax concessions on premiums paid under the Income Tax Act (an indirect subsidy).

- Government run schemes such as Rashtriya Swasthya Bima Yojna (**RSBY**) and Aarogyasree, which has contributed in terms of premiums and number of lives covered by insurance.

- More state governments (for example, Karnataka and Andhra Pradesh) have introduced their own health insurance schemes.

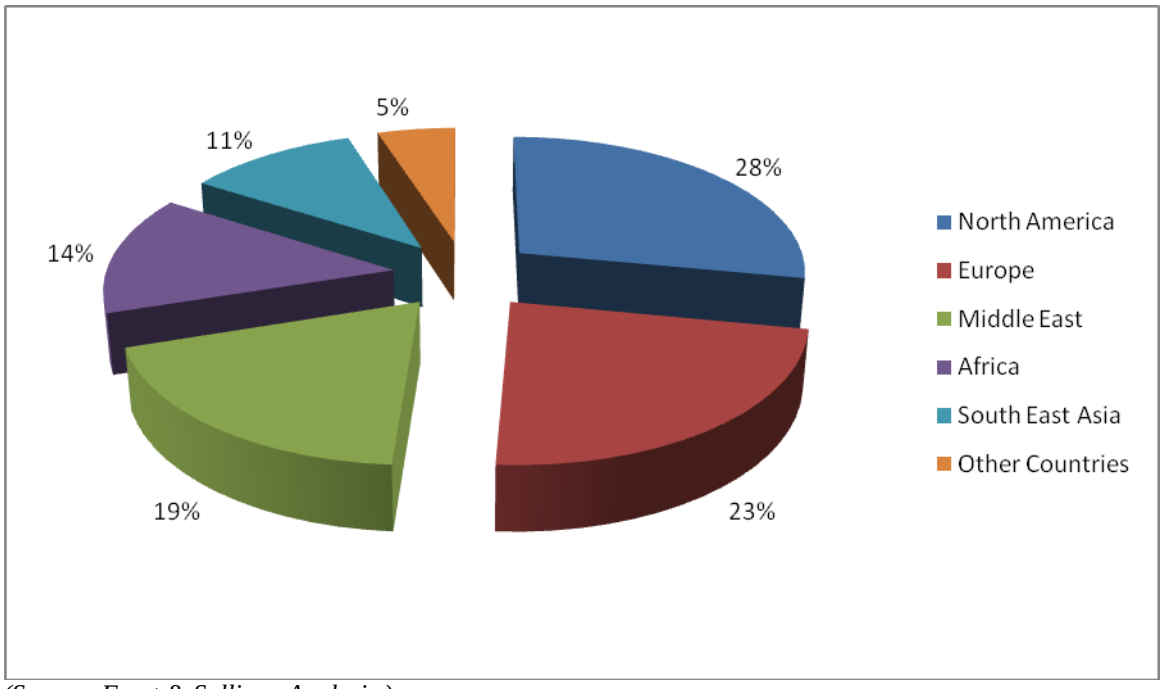
Growing Medical Tourism

Number of Medical Tourists in India



(Source: Frost & Sullivan Analysis.)

Inflow of International Patients in India (2010)



(Source: Frost & Sullivan Analysis.)

The Associated Chambers of Commerce and Industry of India (**ASSOCHAM**) estimates that India's medical tourism market will grow at an annual rate of more than 30.0% in next three years to become a U.S.$2.1 billion industry by 2015. In 2010, the size of the industry was estimated to be U.S.$433.3 million with nearly 270,000 patients receiving treatment for cardiovascular diseases, joint replacements, laparoscopic surgeries and cancer treatment in India. The majority of these patients come from North America, Europe and the Middle East. Further, the Government of India has been encouraging medical tourism in the country by offering tax breaks and export incentives to participating hospitals along with expedited clearance of medical visas. The growing medical tourism market is likely to benefit private healthcare organisations (in comparison to the public sector) due to a greater demand by such medical tourists for advanced medical treatments and high customer satisfaction, which private healthcare companies are well positioned to provide.

Trends in Healthcare Industry in India

- ***Rising Demand in Tier 2 and 3 Cities***: With increasing purchasing power, there is a rising demand for high-quality and speciality healthcare services in tier 2 and 3 cities. The significant reasons to set-up hospitals in these cities are low operational costs as compared to tier 1 cities and high patient turnover. As a result, key healthcare players such as Fortis, Apollo, Manipal, Vasan and Wockhardt have opened up hospitals in tier 2 and 3 cities such as Jaipur, Nagpur, Rajkot, Alwar, Goa and Coimbatore. Focusing on tier 2 and 3 cities for building up new healthcare facilities is beneficial in the long term.

- ***Government Incentives:*** The Government of India is encouraging corporate hospitals to utilise their capabilities in managing a quality setup. Private sector intervention has become imperative to enhance the efficiency of systems by providing core competencies in operations, technology, funding and technical expertise. This provides an additional revenue stream to private players.

- ***FDI in Indian Healthcare***: FDI in the Indian healthcare sector is increasing. The Department of Industrial Policy and Promotion (**DIPP**) revealed that hospitals and diagnostic centres, medical and surgical appliances and the drugs and pharmaceuticals sector attracted FDI worth U.S.$1.1 billion, U.S.$383.1 million and U.S.$4.9 billion between April 2000 and July 2011, respectively. Most private healthcare groups, such Fortis Healthcare, Manipal Health Systems and Vasan Eye Care have huge

expansion plans throughout the country.

- ***Increasing Corporate Hospital Set-Ups***: Since 1990, a number of Indian private sector companies have set up hospital facilities and clinics across the country. Prominent hospital groups include Fortis, Max, Apollo, Global, Manipal, Care, Columbia Asia, Narayana Hrudayalaya and others. The majority of these healthcare groups have expansion plans for the next three to five years.

- ***Quality Consciousness***: Private healthcare providers are striving for quality accreditations such as the National Accreditation Board for Hospitals and Healthcare Providers (**NABH**) and Joint Commission International (**JCI**) to ensure better risk management and high quality care. Hospitals such as Manipal, Apollo, Fortis and many others have set up quality departments to continuously upgrade their clinical and non-clinical outcomes, along with streamlining operations to achieve better sustainability. This also gives Indian hospitals a competitive edge to attract local and international patients as well as doctors and medical staff.

- ***Changing Business Models***: Traditionally, hospitals have been considered to be capital-intensive businesses with long gestation or break-even periods. The private sector market players are exploring different business models such as management contracts, setting up day care centres, working in a PPP model jointly with public sector entities and setting up single speciality hospitals, amongst others, which have comparatively lower capital requirements and therefore shorter break-even periods.

- ***Outsourcing of Support Departments****:* Many private sector hospitals are outsourcing the non-core operational departments such as laundry, canteens, housekeeping and security in order to focus on their core strengths. Further support service departments such as radiology, laboratory and pharmacy are also being outsourced, largely on a revenue-sharing basis. This is on account of challenges faced by healthcare providers in terms of high capital investments in equipment and availability of qualified manpower, among others. A recent example is the complete outsourcing of the pharmacy and laboratory services by Nova Medical Center, the Indian day care surgical chain, to Guardian pharmacy and OncQuest diagnostics, on a revenue-sharing basis across all their centres in India in 2010. This trend is expected to rise in the next three to five years.

- ***Horizontal Integration***: An increasing trend of horizontal integration has been noticed in the healthcare delivery segment, wherein players are expanding via acquisition of a competitor or by adding hospitals to their chain. A recent example is the acquisition of Wockhardt Hospitals by Fortis Healthcare.

- ***Trust Run Healthcare***: The Indian healthcare delivery sector is witnessing the setting up of trust based hospitals that typically have good infrastructure and provide treatments to patients at a significantly subsidised price or for free. For example, the Prince Aly Khan Hospital, Mumbai, Sri Sathya Sai Trust Hospital in Prasanthigram and Bangalore.

Regulatory Environment and Government Initiatives for the Indian Healthcare Sector

PE Inflow in India

PE investments in India have witnessed significant growth in recent years. In year 2011, the total PE and venture capital investment in Indian healthcare was nearly U.S.$1,010.0 million as compared to nearly U.S.$600.0 million in 2010.

There are a total of 180 registered venture capital funds with the Security Exchange Board of India, such as HDFC, Catarman, Reliance Venture Asset Management, Blue Cross Blue Shield Venture Partners, Aquarius India Fund, Aureos Capital India, Elevar Equity, Sequoia Capital, Avigo PE Investments Ltd, Sabre Partners, Intel Capital, General Atlantic Partners (**GAP**), Jardine Rothschild Asia Capital, IDFC, Mount Kellett Capital Management, TVS Capital, Ajay Piramal healthcare fund, Milestone Religare, Spring Healthcare, Religare Capital India Funds and others.

Selected Investments by PE companies in Indian Healthcare Industry (2007-2012)

Company Invested in	Investor	Estimated Deal Size (U.S.$ Million)	Year
Max India Ltd	GS Capital Partners LP	115.0	June 2011
Max Healthcare	Life Healthcare	108.0	October 2011
Apollo Hospital	Apax Partners	104.0	January 2007
Star Health and Allied Insurance Company	ICICI Venture, Carlyle Growth Fund, Sequoia Capital		
100.0	March 2010		
DM Healthcare Pvt. Ltd.	Olympus Capital	100.0	January 2012
Metropolis Healthcare	Warburg Pincus	85.0	June 2010
Fortis Healthcare	GIC Special Investments	83.5	May 2010
Nova Medical Centers Private Limited	Goldman Sachs Capital Partners	54.0	August 2012
Narayana Hrudayalaya	J P Morgan	45.4	2008
Vikram Hospital Private Limited	Multiples Private Equity Fund	39.9 (announced)	August 2012
Manipal Hospital	Kotak PE	33.5	May 2010
Super Religare Laboratories Ltd.	Avigo PE Investments Ltd., Mauritius	23.0	April 2011
Diwanchand Medical Services	Asian Healthcare Fund	20.0	March 2010
Vasan Eye Care	Sequoia Capital	30.0	October 2010
Sudhir Srivastava Robotic Surgery Centre	Intel Capital	18.0	May 2011
Nova Medical Center	New Enterprise Associates & GTI	16.0	May 2010
Center for Sight	Matrix Partners	11.3	October 2010
Vaatsalya Healthcare	Aquarius India Fund and Seed fund	10.0	June 2011
HealthCare Global	Milestone Religare Investment Advisors	8.0	February 2010
Wellspring Healthcare	Catamaran, Reliance Venture Asset Management, Blue Cross Blue Shield Venture Partners	5.0	June 2011

(Source: Company Websites, Annual Reports.)

Foreign Direct Investment Regulations for Investing in Indian Healthcare

Since 2000, the RBI has permitted FDI of up to 100.0% of Indian hospitals under the automatic route . FDI capital mobilisation (up to 49.0%), through American Depository Receipts (**ADR**) and Global Depository Receipts (**GDR**) are also permitted in the Indian healthcare industry.

FDI proposals for the manufacturing of licensable drugs, pharmaceuticals and bulk drugs produced by recombinant DNA technology, and specific cell/tissue targeted formulations require prior Government of India approval.

Licences and Statutory Obligations

There are various licences and statutory obligations to be fulfilled by a hospital to begin operations in India. These include the national building permit, no objection certificate from fire officer, pollution certificate, radiation protection certificate for x-ray and CT scanner, radiology and pharmacy licences, permits to operate escalators, certificates for sales tax, wireless operation certificate, building permits and others. However, every state has its own

set of requirement for licences and its own statutory obligations.

Government Initiatives to Promote Private Healthcare

The Government of India has taken numerous steps to promote private healthcare sector in India by providing various subsidies and incentives to motivate private players to invest in the healthcare market:

- Tax benefits are extended to financial institutions for providing long-term capital required to set up hospitals with a capacity of more than 100 beds. In addition, a tax holiday for five years has been extended to new hospitals situated in non-metro areas. These tax benefits have resulted in the setting-up of several private hospitals in tier 2 cities since 2009.

- Reduction in import tariffs for life-saving and medical equipment, which has enabled significant capital cost savings for both hospitals and diagnostic centres.

- The depreciation rate for essential equipment and consumables has been increased from 25.0 per cent to 40.0%

- The Government of India has relaxed procedures for Non Resident Indian (**NRI**) doctors (largely from the USA and UK) to return to India and set up/work in hospitals.

- Subsidies worth U.S.$13.5 billion have been provided from 1983 to 2000 to promote private investments, including subsidised land and exemptions in customs duty for the import of equipment.

- PPP initiatives have been introduced, which range from super-specialty care hospitals to community health insurance schemes.

Key Private Healthcare Groups: Indian Healthcare Delivery Sector

Key Private Healthcare Delivery Players in India

Group Name	No. of Hospitals	No. of Beds	Major Geographical Presence in India	Revenue (U.S.$ Million)
Apollo Hospitals	54	8,700	Chennai, Madurai, Hyderabad, Mysore, Visakhapatnam, Bengaluru, Delhi, Noida, Kolkata, Ahmedabad	428.8
Fortis Hospitals	73	12,000	Mumbai, Bengaluru, Kolkata, Mohali, Noida, Delhi, Amritsar, Raipur, Jaipur, Chennai, Kota	425.1
Narayana Hrudayalaya	13	5,180	Bengaluru, Hyderabad, Kolkata, Ahmedabad, Jaipur, Jamshedpur, Shimoga	134.2
Manipal Hospitals	15	4,900	Udupi, Bengaluru, Manipal, Mangalore, Goa, Tumkur, Vijayawada, Kasargod, Visakhapatnam, Salem	120.0
Global Hospitals	9	2,173	Hyderabad, Chennai, Bangalore, Mumbai	66.6
Care Hospitals	11	1,760	Hyderabad, Nagpur, Delhi, Raipur, Surat, Bhubaneswar, Pune	NA
Columbia Asia	19	1570	Delhi NCR, Bengaluru, Kolkata, Mysore, Patiala	NA
Healthcare Global	25	1,250	Bengaluru, Ahmedabad, Chennai, Nasik, Delhi, Ranchi, Hubli, Vijayawada	NA
Max Healthcare	10	1,973	Delhi and NCR	170.9

(Source: Annual Reports, Company Websites.)

Notes:

The revenues shown are for the hospital business of the groups. Beds shown are for the entire group including international operations. FY – Financial year is an annual accounting period from April 1, 2011 to March 31, 2012. No. of Beds figure retrieved as on August 1st, 2012.

Average conversion rate used ₹1 = U.S.$.0207

Hospital groups such as Manipal and Apollo have been present in the market for more than 20 years whereas Fortis Healthcare and Narayana Hrudayalaya commenced their operations in 2001. These players have occupied a large share in the corporate healthcare market. However, groups such as Max Healthcare, Healthcare Global and Columbia Asia are growing at a rapid pace and are aggressively looking at a Pan-Indian presence.

An influx of new private players is expected in the next three to five years. Private players such as Anil Ambani's Reliance Health, the Hindujas, Sahara Group and Artemis Health Sciences, a healthcare venture of the Apollo Tyres Group, Emami and the Panacea Group, have plans to increase their footprint in the country.

Further, an increasing trend of horizontal integration is expected wherein existing players will expand by either acquiring competitors or adding more hospital beds, resulting in rapid growth (nearly 15.0% per annum) in the Indian healthcare industry over the next five to ten years. Therefore, focusing on building up new private healthcare facilities at strategic locations in India is beneficial in the long-term.

Key Operational Indicators of Major Private Hospitals in India – 2011

Average revenue per occupied bed (**"ARPOB**") is one of the key performance indicators used by private healthcare groups to measure their performance over a year. The private hospitals have been focusing on different management techniques to decrease their average length of stay (**ALOS**) and increase bed occupancy along with ARPOB, in order to achieve better operational and financial outcomes. Set out below are details of bed occupancy and ARPOB in selected cities in India:

- ***Delhi NCR***: Average bed occupancy in the major private hospitals of Delhi NCR region (including hospitals such as Artemis, Indraprastha Apollo, Paras, Fortis Escorts Heart Institute and Medanta Medicity) ranges from 70.0% to 95.0% These private hospitals have an annual ARPOB ranging from U.S.$126,184.0 to U.S.$242,290.0 per annum.

- ***Bangalore***: Average bed occupancy in the major private hospitals of the Bangalore region (including hospitals such as Apollo hospital, Banerghatta road, Sagar hospital, Banerghatta road, Manipal hospital, HAL airport road, Yashomati hospital, Marathahalli and Fortis hospital, Banerghatta road) ranges from 60.0% to 90.0% These hospitals in the city have an annual ARPOB ranging from U.S.$118,942.0 to U.S.$191,631.0 per annum.

- ***Mumbai***: Average bed occupancy in the major private hospitals of the Mumbai region (including hospitals such as Hiranandani, Hinduja, Lilavati, Jupiter, Jaslok, Breach Candy and Bombay hospital) ranges from 75.0% to 95.0% These hospitals have an annual ARPOB ranging from U.S.$114,537.0 to U.S.$209,251.0 per annum.

Note: Annual ARPOB calculation methodology = revenue of hospital/ number of occupied operational beds.

Future Outlook and Acquisition Opportunities:

Currently, India accounts for nearly 6.0% of the world's hospital beds and shares 20.0% of the world's disease burden (India's burden/total World's burden).

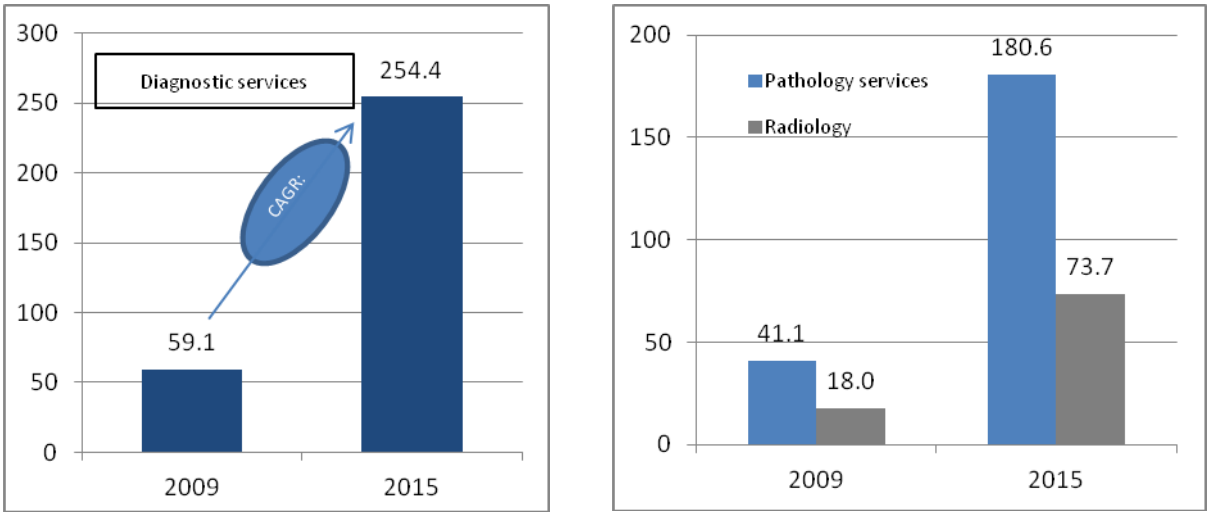
The healthcare industry in India is undergoing a transformation with an increasing demand for healthcare delivery procedures and service quality as a result of a growing population with a higher disposable income, long waiting times for surgeries in developed countries and further supported by increased insurance coverage. Due to the growing demand of healthcare delivery services, there is currently a short supply of doctors and nurses. However, the pipeline of healthcare workers is strong due to the substantial enrolment of healthcare students in medical colleges.

Moreover, there is a rising demand for super specialty or tertiary care hospitals which focuses on lifestyle diseases and speciality treatment such as neurology, cardiology, orthopaedics and oncology. Hence, there has been an immense growth in the number of corporate hospital groups with high FDI and private equity inflow. Based on demand and supply in India and rising purchasing power, there is a large market gap and opportunities for private healthcare delivery players in tier 2 cities where the demand and supply gap is most significant. By 2013 – 2015, even tier 3 cities will be the target geographical location for private healthcare delivery players to expand their businesses. Private sector hospitals are likely to upgrade their services, with state of the art medical treatment and diagnostics, to provide one-stop healthcare services to attract domestic and international patients. Standalone small or medium sized hospitals and nursing homes typically do not perform to full their potential, presenting tremendous opportunities for acquisition.

The Indian Diagnostics Industry

The diagnostic services sector in India is expected to grow to approximately ₹ 254.4 billion by 2015 at a CAGR of 28.0%. The sector's pathology and imaging and radiology segments are expected to grow to approximately ₹ 180.0 billion at a CAGR of 28.0% and ₹ 74.0 billion at a CAGR of 27.0%, respectively. The industry constituted approximately 3.6% of the overall healthcare market in India in 2009 and is largely an unregulated industry. It is estimated that diagnostic test results impact between 60.0% - 70.0% of medical treatment decisions and hence form an essential element in the delivery of effective healthcare services. Diagnostic services primarily cover clinical pathology and imaging and radiology. Approximately 90.0% of the diagnostics market in the country is serviced by unorganised players with the balance comprising a limited number of corporate diagnostic chains. The corporate diagnostic chains usually operate under a "hub-and-spoke" model, with reference laboratories in one or more key cities, a defined catchment area of surrounding towns and localities and collection centres or pick up points from healthcare centres such as hospitals or nursing homes. Under this model, franchisees also supplement underserviced or highly profitable but localised areas. This model allows a corporate chain to leverage its brand recognition across larger areas, covering major cities and towns *(Source: ICRA Management Consulting Services Limited, Indian Diagnostic Services Market Report, January 2011.).*

Projected Growth in Diagnostic Services: Pathology and Radiology Markets (₹ Billion)



(Source: ICRA Management Consulting Services Limited Analysis, Indian Diagnostic Services Market Report, January 2011.)

While the growth projections in the diagnostic services sector take into account growth in derived demand from the expanding insurance market in the hospital care segment, the actual growth could jump up significantly if, in the future, insurance cover directly includes diagnostics services referred by physicians *(Source: ICRA Management Consulting Services Limited, Indian Diagnostic Services Market Report, January 2011.).*

Although the corporate presence in this segment is marginal at present, examples from more developed countries indicate that the natural path for progression from the unorganised to the organised sector is related to the following

factors:

- Income growth, ageing population and migration from rural to urban areas.
- Demand for greater standardisation and accuracy of results.
- Emphasis on accreditations.
- Growth of institutional healthcare (hospital establishments).
- Competition and consolidation.
- Increasing reach of health insurance.
- General demand growth for better quality of diagnosis and healthcare services.

Evidence from more developed diagnostics markets also indicates that even though an increase in corporate diagnostic chains may be a natural progression, factors such as ease of access, integrated services (visiting practitioners, pathology, radiology, pharmacy, etc.), referrals from private practitioners or hospitals and economies of scale play an important role in revenue generation and profitability. The Indian diagnostic services market is gradually evolving from a highly fragmented market with small and localised players to more corporate service providers with national and international accreditations for standards of delivery and processes *(Source: ICRA Management Consulting Services Limited, Indian Diagnostic Services Market Report, January 2011.)*.

Overview of the Healthcare Industry – Hong Kong Special Administrative Region ("SAR")

Hong Kong – Healthcare and Demographic Indicators (2009 to 2011)

Demographic Indicators	**2009**	**2010**	**2011**
Population (million).....	7.1	7.1	7.12
Annual Population Growth Rate (%).....	0.5	0.5	0.4
Birth Rate (Per 1,000 Population)	7.4	7.4	7.4
Mortality Rate (Per 1,000 Population).....	6.7	6.9	7.0
Average Life Expectancy – Female (Years).....	84.8	84.9	84.9
Average Life Expectancy – Male (Years)	79.2	79.2	79.3
Total Healthcare Expenditure (U.S.$ billion).....	13.2	13.6	13.2
Total Healthcare Expenditure (as % of GDP).....	6.2	6.3	6.3
Per Capita Healthcare Expenditure (U.S.$).....	1,872.0	1,931.0	2,008.0
Number of Medical Practitioners.....	12,424	12,783	N/A
Number of Nurses.....	38,641	40,011	N/A

(Source: CIA Factbook, Hong Kong's Domestic Health Accounts, IMF, EIU, Frost & Sullivan Analysis.)

Note:

All figures are estimated; the base year is 2008.

Overview of the Healthcare System

The population of Hong Kong is served by a comprehensive range of health services provided by the public and private sectors. The Department of Health is the Government's health advisor and regulatory authority for the management of public health. It safeguards community health through different promotional, preventive, curative and rehabilitative services.

The Hospital Authority is an independent body, which is responsible for management of all public hospitals and clinics. The healthcare delivery service in Hong Kong is dominated by public hospitals, which mainly provide secondary and tertiary healthcare services. Outpatient primary care is mainly provided by private General Practitioners (**GPs**).

Although western medicine accepted by people in Hong Kong, many people still consult Traditional Chinese Medicine ("**TCM**") practitioners. In December 2009, there were 6,048 registered TCM practitioners (who had passed the licensing examination, by the Chinese Medicine Practitioners Board), and 2,786 listed TCM practitioners.

Hospitals in Hong Kong (2011)

Registered Private Hospitals	Public Hospitals	Total
12	38	50

(Source: Hospital Authority, Hong Kong.)

In December 2009, there were nearly 30,000 hospital beds, comprising 26,872 beds in 38 public hospitals under the Hospital Authority, 3,573 beds in 37 nursing homes and 799 beds in correctional institutes. The bed to population and doctor to population ratio was nearly 4.4 beds and 1.5 doctors per 1,000 people respectively, in 2010-11. The Public healthcare sector provides highly subsidised services to patients. In 2011, there were 12 registered private hospitals providing a range of healthcare services. Private healthcare expenses were either paid out-of-pocket or via private insurance.

Key Growth Drivers and Trends

- Hong Kong is one-of-the fastest growing cities in the world with a GDP growth rate of nearly 5.7% in 2010. A large number of multinational corporations have established their Asian headquarters in Hong Kong. As the city continues its development, more individuals are opting to either visit or permanently relocate to the city. This has resulted in an increase in the number of foreign nationals and expatriates utilising the city's healthcare service.

- Hong Kong has a high incidence of chronic diseases such as cancers, heart disease, pneumonia, cerebrovascular diseases and their associated disabilities.

- Another factor driving the development of the private healthcare delivery system is the increase in inpatient population in hospitals. Inpatients numbers increased from 1.4 million in 2006 to 1.6 million in 2009, while they are projected to increase to 2.4 million by 2015, at a CAGR of 6.7% Such an increase is due to an ageing population, where the proportion of the population aged 55 years and above was 26.0% in 2008 and is projected to increase to 30.0% by 2015. Such rapid increase in aging population, coupled with the incidence of age-related health ailments, is likely to result in greater importance being placed on geriatric care in hospitals.

- According to the Hong Kong Federation of Insurers, the memberships of group health insurance plans rose from 1.1 million in 2004 to 1.5 million in 2009, covering 26.9% of the population. Individual private health insurance plans also went up from approximately 1.3 million to 2.0 million during the same period, covering 28.3% of the population.

- The increasing disposable income of the Hong Kong population has resulted in more people opting for private healthcare services. Disposable income is projected to increase from U.S.$157.4 billion in 2010 to U.S.$180.4 billion by 2015. Private healthcare companies are striving to ensure they provide greater value for money.

Overview of the Healthcare Industry - Singapore

Healthcare and Demographic Indicators (2009 to 2011)

Demographic Indicators	2009	2010	2011
Population (million).....	4.9	5.1	5.2
Annual Population Growth Rate (%).....	3.1	4.0	2.1
Birth Rate (Per 1,000 Population)	8.8	9.3	8.7
Mortality Rate (Per 1,000 Population).....	4.6	4.4	4.9
Average Life Expectancy – Female (Years).....	83.7	84.1	84.9
Average Life Expectancy – Male (Years)	79	79.3	79.5

Demographic Indicators	2009	2010	2011
Total Healthcare Expenditure (U.S.$ billion).....	11.02	12.02	12.92
Total Healthcare Expenditure (as % of GDP).....	4.1	4.0	3.9
Per Capita Healthcare Expenditure (U.S.$).....	1,414	1,563	1,714
Number of Doctors.....	8,323	9,030	NA
Number of Registered Nurses.....	26,792	29,340	NA

(Source: CIA Factbook, WHO, singstat.gov, EIU, Yearbook of Statistics 2011, United Nations World Urbanisation Prospects Report, MOH Singapore; Frost & Sullivan Analysis.)

Notes:

All figures are estimated; the base year is 2008.

NA denotes data is not available.

Overview of the Healthcare System

Singapore is one of the wealthiest countries with per capita GDP amongst the highest in the Asia Pacific region. Singapore has state-of-the-art medical standards, run by the Singapore Government's Ministry of Health.

The Singapore Government ensures affordability, largely through compulsory savings, subsidies, price controls and runs various disease prevention programmes. The Government has established the "3M" framework of Medisave, Medishield and Medifund, which encourages individual responsibility and is overlaid with Government funding, to help individuals in meeting their personal medical expenses.

Singapore's total health expenditure amounts to approximately 4.0% of its GDP, which is lower than most developed countries. However, life expectancy in Singapore is as high as in western nations, Japan and South Korea.

Hospitals in Singapore (2010)

Private Hospitals	Public Hospitals	Total
7	14	21

(Source: Department of Statistics, Singapore.)

In 2011, there were seven private hospitals in Singapore. Parkway Pantai Limited is the only private hospital group with a network of three hospitals, while the other private hospitals are all single entity hospitals. Private health care service providers may be categorised as for-profit or not-for-profit. The for-profit private health care service category comprises one hospital group and three single entity hospitals that hold licences for the majority of the hospital beds in Singapore. Mount Alvernia Hospital is the only not-for-profit private hospital.

The well-established healthcare system is comprised of seven private hospitals, 14 government hospitals and a number of specialist clinics, catering to various healthcare needs of different patients at varying costs.

Key Growth Drivers and Trends

The private sector share of healthcare spending has seen a significant rise in recent years. This is driven by the following factors:

- ***Changing Demographics, Ageing Population***: The proportion of the population aged over 60 years is expected to increase from 8.5% in 2010, to more than 18.9% by 2030. With changing demographics and lifestyle, there will be a significant need for long-term healthcare resources.

- ***Rising Affluence and Awareness***: Rising income and education levels have raised the standard of health awareness among the resident population. This is boosting demand for both standard and advanced healthcare services.

- ***Medical Tourism***: An estimated 850,000 of foreign patients annually were estimated to bring in approximate revenue of U.S.$3.5 billion by 2012 in Singapore. Foreign patients have grown at a CAGR of

15.0% over the last three years. This increase has been driven primarily by inexpensive travel, expensive and long waiting periods for domestic treatment in western countries and information being readily available on the internet.

Overview of the Healthcare Industry - Vietnam

Vietnam – Healthcare and Demographic Indicators (2009 to 2011)

Demographic Indicators	2009	2010	2011
Population (million)	86.9	87.8	90.5
Annual Population Growth Rate (%)	0.9	1.0	1.1
Birth Rate (Per 1,000 Population)	16.3	17.2	17.1
Mortality Rate (Per 1,000 Population)	6.1	6.0	5.9
Average Life Expectancy – Female (Years)	74.6	74.7	75.1
Average Life Expectancy – Male (Years)	68.8	69.4	69.3
Total Healthcare Expenditure (U.S.$ billion)	6.7	7.2	N/A
Total Healthcare Expenditure (as % of GDP)	3.7	3.8	N/A
Per Capita Healthcare Expenditure (U.S.$)	39.0	41.0	45.0
Number of Doctors[(1)]			55,000 – 60,000
Number of Registered Nurses			N/A

(Source: CIA Factbook, Economist Intelligence Unit, WHO, Frost & Sullivan Analysis)

Notes:

Estimated range provided.

All figures are estimated; the base year is 2008.

Overview of the Healthcare System

Healthcare services in Vietnam are dominated by the public sector, and as of 2009, approximately 93.0% of hospitals were public. Public health is delivered through four tiers, namely Commune, District, Provincial, and Central. The Ministry of Health, which is part of the Central Tier, handles health policies and administration.

Although healthcare services are mostly run by the Government, 67.0% of healthcare expenditure in Vietnam was private in 2009, of which approximately 75.0% was out-of-pocket expenditure. In addition, only 44.0% of Vietnamese people were covered by the health insurance system.

However, in 2009, the New National Healthcare Law came into effect and one of its main aims was to provide compulsory healthcare insurance for the population by 2014. Under this new system, the population will have to pay 6.0% of their monthly wages towards their health insurance coverage, with the Government completely subsidising fees for the poor, and policies will differ depending on income levels. The goal of this widespread insurance coverage is to reduce the proportion of out-of-pocket expenditures and therefore reduce the burden of healthcare expenses on patients.

Hospitals in Vietnam (2010)

Private Hospitals	Public Hospitals	Total
121	1,002	1,123

(Source: General Statistics Office of Vietnam.)

In 2010, there were a total of 1,123 hospitals in Vietnam, with 1,002 public hospitals and 121 private hospitals. However, this number is insufficient to accommodate the population, which reached 89.5 million in 2010. Moreover, many of the healthcare facilities are old, with outdated equipment, and are in need of more medical personnel.

The Government's healthcare development plan 2020 aims to increase the ratio of doctors to 0.8 doctors per 1,000 people, the ratio of pharmacists to 0.2 per 1,000 people and the ratio of hospital beds to 2.5 beds per 1,000 people. As of 2009, 70.0% of private sector doctors were also employed by public hospitals, as the healthcare delivery landscape is dominated by the public sector due to past government policies, and as a result, Doctors tend to be overworked.

Key Growth Drivers and Trends

- As of 2010, a total of 39 foreign investment projects were in progress, amounting to approximately U.S.$1.0 billion in pledged capital. The Vietnamese Government is opening up its healthcare delivery sector to invite private investments and partnerships. Due to outdated medical equipment and facilities, along with an increasing demand for quality medical care, the Vietnamese Department of Planning and Finance estimates that Vietnamese patients spend close to U.S.$1.0 billion every year on overseas medical treatment.

- According to the Association of Vietnamese Insurers, the private healthcare insurance market has increased from U.S.$63.0 million in 2007 to U.S.$100.0 million in 2009, which is an increase of 58.7% over the two years. This has been mainly driven by the increasing income of the urban population who are dissatisfied with Government health insurance and prefer to take out private insurance so that they can go to better quality, private hospitals for their medical needs.

  A bigger source of potential growth in the health insurance market was from corporate customers, who purchase insurance packages for their employees. For example, Techcombank signed an agreement with Aon, an international health insurance broker, to purchase an insurance package for its workforce. However, the domestic Bao Viet continues to dominate the market and experienced 40.0% growth in 2009 in its medical insurance business.

- Consumer out-of-pocket health expenditure within the country totalled an estimated U.S.$3.9 billion in 2010 and is expected to reach U.S.$7.2 billion by 2014. This represents a CAGR of 16.6% over this period and consumer out-of-pocket health expenditure represents almost 60.0% of total healthcare expenditure in the country.

OUR BUSINESS

Overview

We are an integrated healthcare delivery service provider, committed to delivering quality healthcare services to our patients in modern facilities in certain key markets in Asia. Our operations are divided across four key vertical streams in healthcare delivery, namely primary care, diagnostics, day care specialty and hospitals. We have a network of 70 healthcare facilities (including projects under development), with over 5,400 operational beds[7] as of March 31, 2013 and the potential to reach over 11,000 beds. Our inpatient healthcare facilities are situated in India, Singapore, Vietnam and Mauritius, and we had over 4,100 operational beds in India as of March 31, 2013. Our healthcare facility network is supported by over 600 primary care centres, over 190 specialty day care centres, over 240 diagnostic centres and a base of over 22,500 employees, along with approximately 2,000 people working in our network of managed healthcare facilities.

As of December 31, 2012, our integrated healthcare network spanned 12 countries across the Asia Pacific region, including India, Hong Kong, Singapore, Australia, New Zealand, Dubai, Sri Lanka, Mauritius and Vietnam. Our international portfolio comprised eight healthcare facilities, over 1,300 operational beds, over 600 primary care centres, approximately 190 specialty day care centres and 12 diagnostic and imaging centres as of December 31, 2012. In October 2012, we transferred certain clinical establishments[8], along with two operating hospitals in India, to RHT, a registered business trust in Singapore listed on the Singapore SGX-ST. Further, we have recently entered into a definitive agreement to sell our equity stake in Dental Corporation, a leading provider of dental practices and facilities in Australia, New Zealand and Canada.

We are one of the largest private healthcare chains in India where we have a network of 62 healthcare facilities, including 31 operating hospitals, four day care centres, 20 satellite and heart command centres located in public and private hospitals and 7 healthcare facility projects which are under development or are greenfield land sites and were not operational as of March 31, 2013. In addition, our Indian diagnostics business has a presence in over 450 cities and towns in India, with an established strength of over 230 laboratories as of December 31, 2012, which includes 132 self-operated laboratories[9], 28 laboratories located in our own healthcare facilities, 21 wellness centres and two international laboratories. We also have over 1,250 sample collection centres as of December 31, 2012, which includes 46 collection centres that we own and operate and 37 collection centres at locations outside India.

Our healthcare facilities use advanced technology and our doctors, nurses and other healthcare professionals follow treatment protocols that match international standards. A majority of our healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients. Some of our healthcare facilities provide super speciality quaternary healthcare to patients in key specialty areas such as cardiac care, orthopaedics, neurosciences, oncology, renal care, metabolic diseases care and mother and child care. We have developed certain healthcare facilities around some of these specialties, which we internally classify as "Centres of Excellence".

During Fiscal 2012 and the nine month period ended December 31, 2012, respectively, we performed approximately 58,000 and 48,000 cardiac procedures, over 13,000 and 11,000 orthopaedic surgeries and 5,900 and 4,000 neuro surgeries across our network of healthcare facilities in India. As of March 31, 2013, we had over 4,100 operational beds across our healthcare facilities in India. In both Fiscal 2012 and the nine month period ended December 31, 2012 the average occupancy rate across our healthcare facility network in India was 73.0%.

On a consolidated basis, our revenue from operations and profit for the year in Fiscal 2012 were ₹ 29,840.4 million and ₹ 722.2 million, respectively, while our revenue from operations and profit for the nine month period ended December 31, 2012 were ₹ 31,411.4 million and ₹ 6,161.7 million, respectively. We are listed on the BSE and the NSE, with a market capitalisation of ₹40,419.0 million as of April 17, 2013.

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7 Includes beds at owned, operated, leased and managed facilities and 350 beds of Lanka Hospitals, an associate of the Company..

8 "Clinical establishments" are customised, centrally air-conditioned healthcare facilities fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a healthcare facility offering: (1) services for diagnosis and treatment for illness, diseases, injuries, deformities or abnormalities; (2) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and (3) beds for in-patient treatment.

9 Includes 12 wellness centres within these laboratories.

History and Organisational Structure

We were incorporated in New Delhi, India in February 1996 as Rancare Limited. We commenced operations with our first healthcare facility in Mohali, India in June 2001 and expanded our operations by opening multi-specialty hospitals, single specialty hospitals, boutique hospitals and various satellite and heart command centres. In September 2005, we acquired 90.0% of the equity share capital of Escorts Heart Institute and Research Centre Limited resulting in the acquisition of five operational and greenfield hospitals at Amritsar, Faridabad, Jaipur, Delhi and Raipur, and 10 satellite and heart command centres.

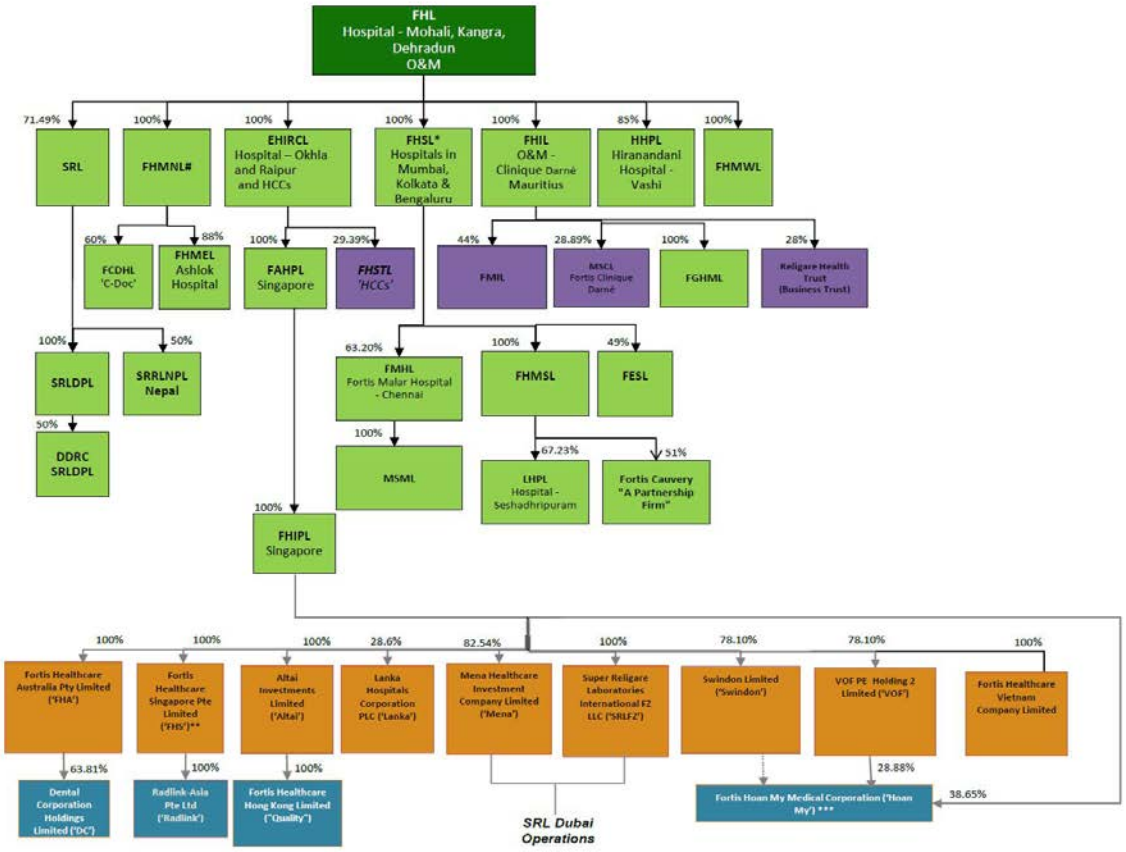
Subsequent to our listing on the NSE and BSE in 2007, we have completed the following significant acquisitions:

- September 2007 – acquisition of a 28.0% equity stake in Malar Hospitals Limited, which increased to 63.2% as of December 31, 2012;
- January 2009 – acquisition of a controlling equity stake in Fortis Clinique Darné, which is the largest private hospital in Mauritius, through a joint venture with Novelife Limited, a part of the CIEL Group;
- December 2009 – acquisition of 10 hospitals from Wockhardt Hospitals Limited;
- May 2011 – acquisition of a 74.6% equity stake in SRL;
- January 2012 – acquisition of Fortis Healthcare International Limited from RHC Financial Services (Mauritius) Ltd, which resulted in, amongst others:
    - the acquisition of the primary healthcare businesses (Quality Healthcare Medical Services and Quality Healthcare Services) of Quality Healthcare, a leading provider of integrated primary healthcare services in Hong Kong;
    - the acquisition of a 65.0% equity stake on a fully diluted basis in Hoan My in Vietnam, one of Vietnam's oldest and largest private healthcare providers with five hospitals;
    - the acquisition of an equity stake in Dental Corporation, an owner and operator of dental practices across Australia, New Zealand and Canada in which, as of December 31, 2012, our equity stake was 64.0%;
    - the acquisition of 100.0% equity stake in Super Religare Laboratories International FZ LLC and an 82.5% equity stake in MENA Healthcare Investment Company Limited in Dubai, a CAP accredited pathology provider in the UAE;
    - the acquisition of a 28.6% equity stake in Lanka Hospitals, a tertiary healthcare provider in Colombo, Sri Lanka; and
    - the acquisition of the Fortis Colorectal Hospital in Singapore, a healthcare facility for treatment of colorectal disorders, which was under construction at the time of its acquisition and subsequently commenced commercial operations in July 2012.
- January 2012 – acquisition of an 85.0% equity stake in RadLink, a private diagnostic and imaging chain in Singapore. As of March 31, 2013, we own 100% of the equity shareholding of RadLink.

We have recently transferred 11 existing clinical establishments, four greenfield clinical establishments and two operating hospitals in India (the "**RHT Portfolio**") to RHT, which was listed on the Singapore SGX-ST on October 19, 2012. Subsequent to its listing, the Company continues to hold indirectly through a subsidiary, approximately 28.0% of the common units of RHT. Further, we have recently entered into a definitive agreement with Bupa Dental Corporation Ltd to sell our entire equity stake in Dental Corporation. This sale of our equity stake in Dental Corporation is expected to be completed in the first quarter of Fiscal 2014, subject to applicable shareholder and regulatory approvals, for a net value of AUD 270.0 million.

In addition, we intend to merge two of our subsidiaries, FHM North and Fortis Hospitals. FHM North and Fortis Hospitals currently operate and manage certain clinical establishments in the RHT Portfolio, in addition to operating certain other hospitals, which we believe will help us in integrating the expertise, technology and facilities of these two companies, as well as in optimising the utilisation of resources and infrastructure resulting in a reduction of costs and expenses. We have filed a scheme of amalgamation (the "**Scheme**") with the High Court of Delhi in March 2013 in order to effect the merger. The Scheme, which is proposed to take effect from April 1, 2012 (the "**Appointed Date**"), will become effective once it receives approval of the High Court of Delhi and other regulatory authorities and after certain filings are made with the RoC, Delhi. Upon the Scheme becoming effective, the entire business undertakings of FHM North will be transferred as a going concern to Fortis Hospitals, which will issue an additional 50,000 equity shares to the Company.

Set out below is a chart outlining our corporate structure and our hospital ownership interests as of March 31, 2013.



Notes:
#FHMNL operates various hospitals/businesses viz. Noida, Amritsar, Faridabad, Jaipur, Shalimar Bagh, Agra, Moradabad, Renkare, La Femme and Gurgaon Hospita.
*FHSL has hospitals in Mumbai (Kalyan and Mulund), Kolkata (Anandpur, , FHKI, FMC) & Bengaluru (BG Road, CH Road)
**FHS also holds Fortis Colorectal Hospital, Singapore
***FHIPL holds an effective stake of 61.21% in Fortis Hoan My and Swindon holds VED 180 billion convertible bonds in Hoan My. Post conversion of the bonds, effective stake would be 65%.

Our Competitive Strengths

We believe that we are one of the first healthcare delivery organisations in India with an international presence in certain select healthcare verticals. We believe that the following competitive strengths distinguish us from our peers and provide us with opportunities to grow our business:

Modern, patient-centric facilities with adherence to international protocol standards.

We adhere to high standards of clinical protocol in patient handling, operating theatres, intensive care unit management and emergency care set by accreditation bodies. Several of our healthcare facilities have received accreditation from the NABH, the NABL and from the JCI. In addition, several of our healthcare facilities have received ISO 9001:2000 certifications for their quality management systems and ISO 14001:2004 certifications for their environment management systems. For further details, see "Our Business" on page 122.

Clinical governance is one of our major focus areas. We have defined processes and created protocols, and established mechanisms to review our processes and protocols through audits. We have a defined "Clinical Excellence Score Card", which captures key clinical outcomes and patient safety indicators.

Our healthcare facilities are fitted with modern medical technology and equipment, including new generation surgical devices to conduct minimally invasive surgeries, and we focus on obtaining the latest advanced technologies for providing healthcare services. Our healthcare facilities have been designed to ensure that we are able to offer high quality care to our patients, minimising inpatient movement and with outpatient facilities located near diagnostic facilities within the facilities. Our staff is continually trained to care for patients with techniques utilised 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 undertake pre-emptive and high quality maintenance of our facilities. Several of our Indian and international healthcare facilities have received awards for operational excellence, energy conservation, patient safety and patient care. For further details, see "Our Business" on page 122.

In addition, we believe that we are one of the first healthcare networks in Asia to start an "E- ICU". We have connected 81 ICU beds across four Tier-II cities with our critical care unit at Escorts Delhi. Through this initiative, we have facilitated the provision of quality critical care treatment in semi-urban and certain relatively remote areas.

Skilled healthcare personnel dedicated to high quality patient care.

As of December 31, 2012, we had a team of over 14,000 medical professionals, including doctors, nurses and paramedical personnel. We believe that our reputation for clinical excellence, specialised healthcare facilities and advanced medical technology, together with the opportunities for research and development that we offer, enables us to attract high quality doctors and medical support staff. We believe that the abilities of our doctors enable us to offer our patients a full suite of complex procedures and surgeries. We have adopted a staff model at our healthcare facilities wherein we employ a majority of the doctors that practice in our core specialty areas, rather than these doctors providing services on a retainership or consultancy basis. We believe that this employment model results in these doctors having a greater commitment to our business, as well as ensuring better accessibility and patient care.

We believe that our doctors are amongst the best in their fields and are recognised by their peers in the industry. They have been trained in some of the best medical institutions across the world and have received numerous accolades and awards, including national honours such as the *Padma Shri*.

Our doctors are dedicated to clinical research and have published numerous studies on topics such as cardiology, cardiac surgery, diabetes, infectious diseases, oncology, nephrology and neuro surgery. Some of our doctors have a history of pioneering innovative techniques for patient treatment, such as minimally invasive cardiac and orthopaedic surgeries in India and, in some cases, on a global basis. We believe that the quality of our healthcare personnel is a key factor in ensuring the high standard of services and patient care that we provide at our facilities.

Among the leading players in the Asian growth markets for medical and diagnostic services.

We focus on what we believe are the high-growth markets in India and Southeast Asia. We believe that the markets in which we operate benefit from several factors, including:

- large and growing populations with changing demographics and greater urbanisation;
- growing economies;
- an increase in lifestyle related diseases such as heart disease, cancer and diabetes; and

- a growth in medical tourism with the number of medical tourists visiting the Asia Pacific region expected to increase by approximately 15.0% to 20.0% annually up to 2015.

(Source: Frost & Sullivan Report.)

Further, we believe that our diversified portfolio of healthcare facilities provides us an opportunity to explore and execute new healthcare delivery models and practices and gain from our experience in other developed markets.

Specific to India, we believe that the healthcare market is under-served, with a shortfall of healthcare infrastructure to meet the demand. India accounts for 6.0% of the world's hospital beds, but shares 20.0% of the world's disease burden. *(Source: Frost & Sullivan Report.)* Existing investments in India's public health infrastructure are inadequate to meet the country's needs, and the Government of India has been encouraging the participation of private players in the healthcare sector to provide high quality healthcare through public-private partnerships, tax incentives and subsidies, among other schemes. *(Source: Frost & Sullivan Report.)* The Government of India is also actively promoting the health insurance market in India to make private healthcare more affordable to the public. *(Source: Frost & Sullivan Report.)*

We are currently one of the largest private healthcare providers in India and expect that, in light of the factors set out above, the demand for our services in India and the Southeast Asia region will continue to grow in the near future. We believe that our network of healthcare facilities and diagnostic centres in these regions places us in a position to benefit from the growth of the healthcare services industry in these regions.

Focus on tertiary and quaternary healthcare services across various specialties.

We are increasing our focus on tertiary and quaternary medical care across specialties and over a wide spectrum of procedures and disease management. Examples of the diverse range of specialties that we provide include complex cardiac surgeries, angioplasties, multi-organ transplants, total hip replacement, ventricular assisted devices such as *Heartmate*, rare disorders such as pectus excavatum, pulmonary alveolar proteinosis and congenital bone defects. We believe that our ability to provide the expertise required for these complex procedures is a competitive advantage. As the demand for these services increases in our key markets, we believe that we are well positioned to cater to the increasing demand for such services.

Integrated services and synergies across the healthcare value chain.

We offer the full spectrum of services across the healthcare value chain, from primary healthcare facilities to secondary, tertiary and quaternary care facilities as well as post-operative rehabilitation centres. We believe that our Indian healthcare facilities business and diagnostics services business complement each other and provide an effective value proposition to our target patient market in India. Along with our India business, we believe that our primary care business in Hong Kong, the hospitals business in Vietnam, Mauritius and Singapore and the diagnostic and imaging business in Singapore, Hong Kong and the Middle East allow us to capitalise on certain technologies and knowhow that may not be available in certain other regions.

We have sought to achieve synergies across our international businesses and put into practice the experiences and know-how from our established practices in certain jurisdictions into our developing operations in other jurisdictions. For example, we have utilised the expertise acquired through our network of hospitals in India to optimise the expansion and capacity utilisation of our hospitals in Vietnam. We have utilised our experiences in primary care in Hong Kong in relation to our operations in the U.A.E., and we believe that these may be useful in India as well. In addition, we believe that our diagnostics capabilities across different geographies provide us opportunities to achieve operational efficiencies.

Recognised brand name and reputation for high quality services.

We believe the "Fortis" and "Escorts" healthcare brands are widely recognised in India by both healthcare professionals and patients in specialty areas such as cardiac care, orthopaedics, neuro-sciences, oncology, renal care, metabolic diseases and mother and child-care. We further believe that the "SRL Diagnostics" brand is recognised widely in India for quality diagnostic services. In addition, "Quality Healthcare" and "RadLink" are well recognised brands in their respective markets and have a reputation for providing quality services. We believe our reputation

helps us attract not only patients, but also well-known doctors and other healthcare professionals to our facilities.

Experienced and professional management team.

Our senior management team is composed of experienced managers from the healthcare, manufacturing and other service sectors, as well as doctors with both clinical and administrative experience. We believe that the experience of our senior management in sectors other than healthcare, as well as our combination of a professionally managed administration committed to patient care, enables us to operate our facilities more efficiently and facilitates innovation across our businesses.

We have experience of over 10 years in operating healthcare facilities in India. Since 2001, we have grown from one hospital, Fortis Hospital - Mohali, to a network of 62 healthcare facilities across India as of March 31, 2013. We believe this has enabled our management to develop significant experience in commencing and rolling out operations efficiently in greenfield healthcare facility projects. In general, we believe that our management team has been able to consummate acquisitions in an effective manner and integrate the business within the existing portfolio successfully. We believe the experience we have gained from building, integrating and operating healthcare facilities has enabled us to build and operationalise new healthcare facilities efficiently and at a relatively faster pace.

Our Strategy

We continuously strive to improve the quality of healthcare services provided by our healthcare facilities, while at the same time focusing on our financial performance. Set out below are the key strategies we are employing to achieve these goals.

Move to an asset-light model

We believe that our core competence lies in providing quality healthcare services ranging from primary care to quaternary care. The healthcare sector is capital intensive and requires a constant source of funds for operations and expansion. We are moving towards an “asset light” model for the delivery of healthcare services, which we believe will enable us to focus on our core healthcare operations and our key medical competencies. In order to supplement our asset-light strategy, we have recently transferred the RHT Portfolio to RHT. We may continue to transfer additional healthcare facilities to RHT, or any other buyer, in the future as well. Pursuant to this strategy, we will also seek to identify opportunities to expand our network through leasing arrangements and Management Contracts with third parties. We believe that this asset-light model will enable us to pursue attractive opportunities in the healthcare sector, while reducing our capital expenditure commitments to a significant extent.

Focus on high-growth segments of the healthcare market.

Economic growth in our key Asian markets, including India, together with an increase in purchasing power, an increase in awareness about health and healthcare, growing medical tourism and an increase in lifestyle-related diseases such as heart disease, has created an increase in the demand for medical services in these markets. Patients in India and other Asian economies are increasingly demanding higher levels of quality medical services, particularly tertiary and quaternary healthcare services, including cardiac care, orthopaedics, neurosciences, oncology, renal care, metabolic diseases and mother and child-care. Due to their complex nature, these procedures command relatively high prices and these specialties are amongst the more profitable services for a healthcare facility. Through our super-specialty “Centres of Excellence” with well-known doctors in their fields and our particular focus on high-growth areas such as cardiac care and orthopaedics, we believe that we are well positioned to service this increasing demand for sophisticated medical procedures. In addition, we are striving to establish ourselves as a leading healthcare services provider in the Southeast Asia region by leveraging on our existing market presence in key Asian markets and our brand and management teams to increase our footprint in these regional markets.

We further see considerable potential for growth in the demand for quality healthcare services in under-served markets such as Tier-II and Tier-III cities in India. We are in the process of expanding our geographical reach in these markets through the provision of secondary and tertiary care medical services, with adherence to our quality standards and internal protocols. We propose to provide medical services such as obstetrics and gynaecology,

general surgery, internal medicine and gastroenterology, which we believe have not been given sufficient importance in the hierarchy of medical needs by the healthcare industry in India. We believe that these services are required on a larger scale by the general population, and are seeking to bridge the current gap that we perceive in the availability of medical services while maintaining the quality of medical care and addressing the appropriate medical needs of the patient. We propose to focus on cost effective technology, standardised medical treatments and fixed lengths of stay in a hospital. We believe that this emphasis on providing appropriate levels of medical care across a wider geographical area will enable us to broaden our customer base and the scope of our healthcare services.

Maximise efficiencies across our healthcare facilities through greater integration and better supply chain management.

We strive to maximise efficiencies through the greater integration of our healthcare facilities. Programs and systems developed for this purpose include the Fortis Operating System, or "**FOS**", a patient management system that seeks to enhance patient care services through the establishment of standardised non-clinical processes and the implementation of performance management methodology. We also follow a global purchase-supply management programme, which seeks to improve the procurement methodology and minimise costs associated with the supply chain by implementing standardisation of consumables and other items across certain of our facilities, equalising prices across these facilities, consolidating suppliers and improving internal process efficiencies. These potential synergies are further aided by the knowhow generated from our Indian and international businesses, and we will continue to seek to enhance these synergies and implement streamlined systems and processes across our network.

Attract and retain prominent, skilled doctors.

We believe that hiring surgeons and other physicians who have established a reputation for clinical excellence in their respective field is crucial for the successful implementation of our strategy to acquire, develop and operate healthcare facilities. We seek to attract and retain prominent, skilled doctors through the quality and comprehensive capabilities of our healthcare facilities, the reputation of other doctors at these healthcare facilities, our extensive continuing education program, our community outreach initiatives and the research opportunities available at our healthcare facilities.

In addition, we employ a staff model at our healthcare facilities under which a majority of the doctors practicing within core specialty areas are employed on a full-time basis and are compensated on a salary plus incentives basis, and practice exclusively at healthcare facilities within our network. For adjunct, non-core specialties we follow a visiting consultant model. Internationally, we follow a similar staff model in Vietnam; however, in Singapore, due to the specific nature of the market, a majority of our doctors are employed through management contracts. These contractual obligations are intended to ensure that a doctor's primary engagement continues to be with our hospital in Singapore. In Hong Kong, doctors are exclusively associated with us for the provision of outpatient services at the primary care centres that we own. Irrespective of geography, our continued emphasis is on retaining doctors on an extended and exclusive basis, especially in our core specialty areas. We believe that this, along with our strong brand proposition, quality working conditions and the potential opportunities for career growth, will allow us to attract and successfully retain medical talent at our healthcare facilities.

Optimal utilisation of our healthcare assets.

We seek to improve occupancy rates by expanding our market presence and visibility, broadening the referral network for our healthcare facilities and increasing community outreach programs to gain market share in the regions in which we operate. We also seek to increase our ARPOB by focusing on high-end healthcare services, reducing the ALOS of our in-patients and improving utilisation rates.

In relation to our diagnostics business, we believe that SRL has significant capability to increase the volume of diagnostic tests that it performs. Towards achieving this, we propose to seek to increase referrals from hospitals where we do not have in-house facilities by marketing our ability to perform advanced tests that such hospitals have not historically undertaken. Our ability to increase the referrals we receive from such hospitals depends on our ability to achieve operational efficiency between such hospitals and our diagnostics business and to offer high-quality services that are more cost-effective than if the hospitals had provided these services themselves. We will also continue to explore and evaluate alliances and opportunities that will enable us to widen our referral network.

Equip administrators with leadership skills and best practices.

Training our administrators in best practices is critical to achieving efficiencies, particularly in a growing company such as ours. We have initiated a leadership development initiative, which seeks to attract and build a sustainable pipeline of management talent to support business growth and develop and train employees appropriately for each level of the management hierarchy. In addition, our continuing education programs enable our doctors and other healthcare personnel to improve themselves by providing focused learning opportunities in the context of the healthcare sector. We further conduct internal training programs and workshops in relation to our protocols and quality standards that are aimed at ensuring that all of our staff is aware of internal protocols and best practices. We also encourage knowledge sharing across our facilities, in India and internationally, in order to develop and expand our internal systems and practices.

Our Indian Healthcare Facilities Business

Overview

We are one of the largest private healthcare chains in India based on the network of healthcare facilities and number of beds under management. We have a network of 62 healthcare facilities in India, including 31 operating hospitals, four day care centres and 20 satellite and heart command centres located in public and private hospitals, with over 4,100 operational beds as of March 31, 2013 and the potential to reach approximately 10,000 beds in India. As of March 31, 2013, we had seven healthcare facility projects that were either under development or were greenfield land sites and were not operational.

A majority of our healthcare facilities are multi-specialty hospitals, which provide secondary, tertiary and quaternary healthcare to patients. Certain of our multi-specialty hospitals also include super-specialty "Centres of Excellence" which provide quaternary healthcare to patients in key specialty areas such as cardiac care, orthopaedics, neurosciences, oncology, renal care and metabolic diseases care. Escorts – Delhi, with its focus primarily on cardiac patients serves as a super-specialty Centre of Excellence for cardiac care. We also operate Fortis La Femme at New Delhi, a "boutique" hospital that focuses on women's health and maternity care. In addition, Fortis Hospital, Kolkata, is a Centre of Excellence in urology.

Our Indian healthcare facilities business can be broadly classified under four categories: (a) owned healthcare facilities; (b) operated healthcare facilities; (c) leased healthcare facilities; and (d) managed healthcare facilities.

Out of our 55 operating healthcare facilities in India, four facilities are owned by us, 11 are under lease arrangements wherein we pay a lease rental to a third party, 14 healthcare facilities are operated by us in respect of which we receive revenues directly, and 26 managed healthcare facilities including facilities under management contracts ("**Management Contracts**") and our satellite and heart command centres.

Management Contracts

We believe that a Management Contract arrangement enables us to expand our network in terms of our asset-light strategy. Typical circumstances where we enter into Management Contracts include where the owner wishes to retain control, where the healthcare facility may be incorporated as a non-profit institution, or in new areas where we are less familiar with the region or type of healthcare facility and are seeking to make an initial low-risk entry into the market and widen the geographic scope of our operations.

We typically enter into Management Contracts with a tenure of 10 years or more and seek the inclusion of renewal clauses. The Management Contracts may be terminated by the owners of the respective hospitals under certain circumstances, including in some cases on receipt of written notice or in the event of a material breach.

Fees derived from our Management Contracts are contractually determined, and include fee structures such as a percentage of gross revenue, the higher of the gross revenue and a fixed amount, or a percentage of gross billings or surplus generated from the operation of the healthcare facility.

Satellite and Heart Command Centres

Complementing our healthcare facilities are 20 satellite and heart command centres in hospitals across India. Our

satellite and heart command centres generally range from 10 to 30 bed comprehensive surgical facilities with operating theatres and catheterisation laboratories providing consultation on prevention and rehabilitation, as well as diagnostic services such as angiographies for 8 to 10 bed non-invasive centres providing preventive and rehabilitative services.

While certain satellite and heart command centres are operated by us, we only provide limited management support at certain other centres. Our services range from providing the services of our doctors and other personnel, overseeing the clinical management of the centre, to providing management, advice and technical know-how. The owners of hospitals where our satellite and heart command centres are located are generally responsible for the expenses at these centres. We receive fees either on the basis of procedures performed by us, or on the basis of the revenue generated at a centre. Patients at the satellite and heart command centres requiring advanced cardiac treatment are generally referred to our "Centres of Excellence".

Procedures

Our healthcare facilities offer a range of specialty medical services, such as cardiac care, orthopaedics, neuro-sciences, metabolic diseases, renal care, oncology, mother and child care, as well as certain other services such as cosmetic surgery, ophthalmology, pulmonology and ENT care and dermatology. Each multi-speciality hospital has one or more "Centres of Excellence" in various advanced specialties such as cardiac care, orthopaedics and neuro-sciences, along with multi-specialty healthcare facilities. In addition, our satellite and heart command centres concentrate on various levels of cardiac care. At our multi-specialty hospitals, we offer comprehensive medical services to our patients, which we complement with sophisticated, advanced super-specialty procedures.

Under our cardiac care specialty, we perform advanced medical procedures such as open heart surgery, Coronary Artery Bypass Grafting (CABG), Percutaneous Transluminal Coronary Angioplasty (PTCA), heart transplants and paediatric cardiac surgeries. Our orthopaedics specialty encompasses healthcare areas such as arthroscopy, trauma, stem cell therapy, spine surgeries and complex joint replacements. Under our neurosciences specialty, we perform major procedures including excision of spinal and brain tumours, decompression and reconstructive brain surgeries and other minimally invasive brain and spinal cord surgeries.

Under our urology specialty, we provide a suite of treatments from dialysis, lithotripsy and laser treatment to kidney transplants. Our mother and child care specialty offers a number of advanced medical procedures related to obstetrics, gynaecology and neonatology.

In addition, our healthcare facilities are equipped to offer a range of elective procedures such as cosmetic surgeries, in vitro fertilisation (IVF), endoscopies and chemotherapy.

Our Indian Diagnostics Business

Overview

We acquired SRL in May 2011. SRL has a network of reference laboratories, Centres of Excellence, collection centres and wellness centres across India, and we perceive it as a complementary fit to our hospital business.

SRL had a presence in over 450 cities and towns in India, with over 230 laboratories as of December 31, 2012, which included 132 self-operated laboratories[10], 31 franchisee laboratories, 28 laboratories located in our own healthcare facilities, 34 laboratories located in other third-party hospitals, 21 wellness centres and two international laboratories. SRL also had over 1,250 sample collection centres as of December 31, 2012, which included 46 collection centres that it owns and operates, 1,185 collection centres that are owned and operated by third parties and 37 collection centres at international locations. SRL offers a comprehensive range of over 3,500 diagnostic tests. It provides diagnostic testing services (routine, specialised and esoteric tests), preventive care testing services and clinical research trial testing services at its laboratories. Certain of the key services offered by our diagnostics business include:

- Hematology;

[10] Includes 12 wellness centres withing these laboratories.

- Micro and molecular biology;
- Clinical chemistry;
- Histopathology and immunology;
- Cytogenetics; and
- High end imaging.

The reports generated from these testing services are used for detection, diagnosis, evaluation, monitoring and treatment of diseases and other medical conditions, as well as to monitor and evaluate responses to medication.

SRL also offers a range of pathology services and radiology modalities including computed tomography (CT), diagnostic radiology (X-ray), MRI, ultrasound and positron emission tomography (PET). Its collection centres collect specimens within an area or region for shipment to a pre-designated laboratory for testing, and its wellness centres offer, among others, preventive care through various health screening packages.

In June 2012, SRL signed definitive agreements with, NYLIM Jacob Ballas India Fund III LLC, Mauritius ("**NJBIF**") and International Finance Corporation ("**IFC**") for an equity investment in the Company. NJBIF and IFC invested ₹ 2,500.0 million and ₹ 1,200.0 million respectively in the form of Compulsorily Convertible Preference Shares ("**CCPS**"). Upon conversion of these CCPS, the Company's equity stake in SRL will be reduced to approximately 54.0%.

Facilities

A description of the facilities at which SRL offers diagnostic testing services is set out below.

Centres of Excellence

SRL had four Centres of Excellence as of December 31, 2012, which focused primarily on histopathology, hematology, molecular biology and cytogenetics. These centres are equipped with high quality equipment and manned by experienced and skilled physicians and medical technologists, including histopathologists, clinical pathologists and radiologists.

Reference laboratories

Each of SRL's reference laboratories is a multi-disciplined facility, where routine as well as specialised and esoteric tests can be performed, providing customers with a wide range of laboratory investigations for various types of diseases. As of December 31, 2012, SRL had 12 reference laboratories, of which 10 were based in India while one was based in Kathmandu, Nepal. SRL has also entered into a service agreement with a reference laboratory in Dubai Healthcare City.

Network laboratories

SRL's network laboratories are equipped to perform routine tests and a select number of specialised tests, and have the ability to perform such tests quickly and report results to customers. These network laboratories have varying degrees of sophistication depending on location. As of December 31, 2012, SRL had 224 network laboratories (not including the Company's 12 reference laboratories).

Collection centres

A collection centre is a central facility that collects specimens within an area or a region for shipment to a pre-designated laboratory for testing. As of December 31, 2012, SRL had 1,231 collection centres in over 450 cities and towns in India and an international network of 37 collection centres located outside India in Nepal, Sri Lanka, Republic of Maldives, United Arab Emirates, Kuwait, Kingdom of Bahrain, Oman, Qatar, Tanzania, Zambia, Ghana, Kenya, Malaysia, Kingdom of Saudi Arabia and Sudan.

E-pathology

SRL offers e-pathology services, where customers based in India can order and pay for tests online, arrange for specimens to be collected from a designated location and the test is performed at one of SRL's laboratories.

Other facilities

SRL offers preventive care through various health screening packages at its wellness centres. These health screening packages include pre-employment and post-employment screening packages, dental service packages and annual health screening packages. As of December 31, 2012, SRL had 21 wellness centres, 12 of which were located within its laboratories and nine of which were standalone wellness centres.

Franchise laboratories

In addition to the network of facilities described above, SRL also has a network of franchise laboratories. Pursuant to the franchise agreements, a franchisee is required to set up a network laboratory in the name and style of SRL and in accordance with certain other specifications, including requirements in relation to size of the laboratory, equipment used, infrastructure used and personnel staffed in the laboratory. The franchisee is required to run the laboratory in accordance with SRL's standard operating procedures, including those relating to logistics and specimen tracking, test procedure and test reporting. SRL provides technical and marketing support to the franchisee in respect of setting up and running the laboratory and is responsible for procuring equipment, instruments and laboratory supplies and other consumables. It is also responsible for installing and licensing laboratory management software, recruiting medical and other personnel and providing know-how and training to the franchisee and its employees, as necessary. SRL currently implements two revenue models with its franchisees:

- Revenue-sharing model – the franchisee issues an invoice to SRL setting out the value of the tests conducted at the laboratory with reference to a price list issued from time to time ("**Net Sales Value**"). SRL pays the franchisee a pre-agreed percentage of the Net Sales Value and retains the balance. The franchisee bears all direct and indirect costs of operating the laboratory, other than the personnel cost. The majority of SRL's franchisees operate under the revenue-sharing model.

- Management fee model – the franchisee is entitled to all profits and losses of the franchise, and pays an agreed management fee to SRL. The franchisee bears all direct and indirect costs of operating the laboratory, including personnel cost.

As of December 31, 2012, SRL had 31 franchise laboratories.

Renkare

Renkare is a chain of dialysis centres providing services such as haemodialysis, consultation, diagnostics and pharmacy services. The Renkare centres are operated by renal specialists, with a focus on educational programs to help patients live a healthy and productive life while on haemodialysis. Renkare centres follow standardised international protocols, including the Water Testing Protocol. As of December 31, 2012, Renkare centres were operational in seven locations in North India.

Our International Business

Details relating to certain of our key businesses outside India are set out below.

Quality Healthcare, Hong Kong

Quality Healthcare is a leading provider of integrated primary healthcare services in Hong Kong. In addition to primary healthcare services, Quality Healthcare also provides a comprehensive range of health and wellness services such as lifestyle enhancement and health screening to patients, third party plan administration and nursing care services.

Quality Healthcare provides primary healthcare services to corporate and individual clients through a primary healthcare network consisting, as of December 31, 2012, of over 100 multi-specialty healthcare centres owned by it

and approximately 530 affiliated centres which are run by affiliated private practitioners. These primary healthcare services are provided by over 650 doctors across the network of primary healthcare service centres, which deliver a comprehensive range of outpatient and wellness services.

In addition to its primary healthcare network, Quality Healthcare also operates facilities aimed at the provision of specialty medical services including LASIK, ophthalmic, psychology, dental and physiotherapy centres. Recently, Quality Healthcare has added neurology, dermatology, orthopaedics and endocrinology to its existing portfolio, and has expanded its presence in the radiology diagnostics market in Hong Kong.

Quality Healthcare's third party administration business provides health insurance administration services to medical insurance companies and self-insured companies. It provides a range of administrative services relating to health insurance claims, as an intermediary between claimants, hospitals and other healthcare providers and insurance companies and self-insured companies.

RadLink, Singapore and Fortis Colorectal Hospital, Singapore

We entered the diagnostics and imaging business in Singapore with the acquisition of an equity stake of 85.0% in RadLink in January 2012. As of December 31, 2012, RadLink's business includes five diagnostic imaging centres, one nuclear medicine centre and one centre for the production of radiopharmaceuticals and a chain of three general practice clinics.

Established in 2000 as a general and high field imaging centre, RadLink is a large provider of outpatient diagnostic imaging, nuclear medicine and leading radiopharmaceuticals in Singapore. RadLink's flagship diagnostic imaging centre is located at Paragon Medical at Orchard Road, Singapore, and offers a range of imaging services to specialists and patients such as MRI, CT, X-ray, ultrasound, mammography, fluoroscopy and bone mineral densitometry scans. RadLink also has an integrated radiology information and picture archival system which allows centralised reporting of its branch centres through broadband teleradiology. We believe that the integration of medical imaging services with our other medical offerings in Singapore give doctors the tools and information they need to improve patient care.

RadLink's nuclear medicine centre is an advanced PET centre, with strong radiopharmaceutical capabilities, supported by its own cyclotron and radiopharmaceutical facility. This facility is equipped for the production of PET radiopharmaceuticals used in the PET imaging of cancer, heart, brain diseases and biomedical and pharmaceutical research.

We have recently opened the Fortis Colorectal Hospital, the first specialty hospital dedicated to colorectal diseases in Singapore, in July 2012. Focusing only on colorectal conditions, the hospital combines state of the art technology and medical expertise with dedicated and personalised care, to offer patients an optimal experience and superior surgical outcomes. Many of the procedures offered are minimally invasive, enabling faster recovery times and requiring short lengths of stay at the hospital. Fortis Colorectal Hospital has a dedicated robotic surgery program for colorectal disorders. Fortis Colorectal Hospital has also entered into a partnership with the Institute of Bioengineering and Nanotechnology to jointly conduct research in colorectal cancer genetics. It has also signed a Memorandum of Understanding with Medtronic, a leading American medical devices company, to establish a Centre of Excellence in pelvic floor disorders.

Fortis Colorectal Hospital aspires to be a leading centre in Southeast Asia for colorectal diseases, offering comprehensive and integrated colorectal care, including robotic surgery, stapled haemorrhoidectomy, genetic testing for colon cancer, the treatment of pelvic floor disorders and video assisted and fistula treatment.

Fortis Hoan My, Vietnam

We have a 65.0% equity stake on a fully diluted basis in Hoan My in Vietnam. Pursuant to our acquisition of the equity stake, Hoan My was renamed Fortis Hoan My. Fortis Hoan My is one of Vietnam's oldest and largest private healthcare providers with four clinics and five hospitals and a capacity of approximately 850 beds as of December 31, 2012. These facilities are based in the cities of Ho Chi Minh, Da Nang, Can Tho, Minh Hai and Da Lat. Fortis Hoan My recently launched its flagship hospital, Saigon Premiers, a 228 bed hospital in Ho Chi Minh City, and has a strong team of professionals across its facilities with more than 300 physicians. The Fortis Hoan My hospitals

offer a range of specialty hospital services, such as cardiac care, orthopaedics, neuro-sciences, obstetrics and gynaecology and internal medicine.

Fortis Hoan My's facilities have received several awards and certificates, including "Excellent Results in Implementing the Medical Mission Plan" from the Ministry of Health Services and "Excellent Completed Mission" from the Ho Chi Minh City People's Committee. In addition, it possesses an ISO 9001:2000 quality management certificate, an ISO 14001:2004 environment management certificate and the Gold Cup of Viet Brand for Healthcare from the Vietnam Intellectual Owners Association.

Fortis Clinique Darné, Mauritius

Fortis Clinique Darné in Mauritius is a 110 bed premier hospital in Mauritius specialising in cardiac sciences, renal sciences, orthopaedics, minimal access surgery, obstetrics and gynaecology. The Company, through a joint venture with Novelife Limited, a part of the CIEL Group, acquired a controlling equity stake in Clinique Darné in January 2009.

Lanka Hospitals, Sri Lanka

In January 2012, through the acquisition of FHIPL, we acquired a 28.6% equity stake in Lanka Hospitals, which is a renowned tertiary healthcare delivery provider in Sri Lanka. The 350-bed hospital is one of the biggest hospitals in Sri Lanka and is majority owned by the Sri Lanka Insurance Corporation Ltd., a Government of Sri Lanka company. The hospital specialises in cardiology and cardiac surgery, eye, IVF and complex urology and nephrology procedures. It has an ISO certified laboratory, a nuclear medicine unit and a cardiac care centre that performs the entire range of complicated heart surgeries. It also has a reputed kidney care centre that performs a large number of renal transplants.

SRL Diagnostics, Dubai and Majid al Futtaim, Dubai

Through the acquisition of FHIPL in January 2012, we acquired a 100% equity stake in Super Religare Laboratories International FZ LLC and an 82.5% of equity stake in MENA Healthcare Investment Company Limited, which presently constitute SRL Dubai. Located in Dubai's premier Healthcare City, SRL Dubai has received accreditation from the CAP and offers around 1,500 individual tests across all sub-specialties such as molecular diagnostics, cytogenetics, histopathology, cytopathology, immunohistochemistry, autoimmune disorders, immunoassays, microbiology (routine and specialised), protein chemistry, clinical chemistry, haematology, coagulation and infectious disease testing. It primarily serves the outsourcing market in the UAE and the Gulf Cooperation Council ("**GCC**") countries through a reference lab in the UAE and seven collection agents in the GCC.

In December 2012, we entered into a strategic arrangement with Majid al Futtaim Healthcare in Dubai, pursuant to which we will operate and manage their clinics in the Gulf region. The focus of these clinics is on preventive and curative care.

Dental Corporation, Australia, New Zealand and Canada

We held a 64.0% equity stake in Dental Corporation as of December 31, 2012. Dental Corporation is a leading dental practice across Australia and New Zealand with over 180 practice locations in this region, and 39 practice locations in Canada as of December 31, 2012.

We recently announced the sale of our equity stake in Dental Corporation to Bupa Dental Corporation Ltd, for a net value of AUD 270.0 million. This sale is expected to be completed in the first quarter of Fiscal 2014, subject to shareholders and regulatory approvals. Our management has taken the strategic decision to divest this business primarily due to Dental Corporation's business model being confined to its existing geographies and finding limited acceptance in other geographies where Fortis intended to operate. This divestment is consistent with our overall strategy of focusing on our core competencies and providing healthcare services in Asia, including India.

Religare Health Trust

Consistent with our asset light strategy, we recently transferred the RHT Portfolio to RHT, which was listed on the Main Board of the SGX-ST on October 19, 2012. Subsequent to the listing, the Company, in its capacity as the

sponsor of RHT, continues to hold 28.0% of the common units of RHT through a wholly owned subsidiary, Fortis Healthcare Infrastructure Limited. RHT raised gross issue proceeds of SGD 511.0 million pursuant to its initial public offering. For further details, please see Note 4 to our consolidated condensed financial statements as of and for the nine month period ended December 31, 2012.

RHT's investment mandate is principally to invest in medical and healthcare assets and services in Asia, Australasia and emerging markets in the rest of the world, and also to develop medical and healthcare assets. It is expected that the medical services will be provided directly by RHT in collaboration with third parties.

The clinical establishments in the RHT Portfolio provide secondary, tertiary and quaternary healthcare services to patients in various specialised fields, including cardiac sciences, neuro sciences, orthopaedics, renal sciences, gastroenterology and oncology. Trial runs have commenced at the clinical establishment in Gurgaon, India. The RHT Portfolio also comprises four greenfield clinical establishments located in Chennai, Ludhiana, Hyderabad and Greater Noida in India and two operating hospitals are located in Bengaluru, which are managed and operated by RHT through certain of its subsidiaries.

The strategic rationale for the transfer of the RHT Portfolio by us to RHT includes the following:

- It allows us to focus on our core activities of providing medical healthcare services;
- It enables us to move towards an asset light model;
- It provides us with an additional source of long term capital;
- Proceeds from the transfer of assets have been utilised to reduce our overall indebtedness, and we expect an improvement in our net debt to equity ratio pursuant to this; and
- It creates a liquid instrument as shareholding in a listed entity.

RHT, through the Hospital Services Companies, has entered into HMSAs with the Fortis Operating Companies in respect of each of the clinical establishments held by the Hospital Services Companies. Under the HMSAs, the Hospital Services Companies will provide Clinical Establishment Services to the relevant Fortis Operating Company, while the Fortis Operating Company will have the right to run and manage the operations of the respective clinical establishment and provide additional healthcare services (over and above those provided by the Hospital Services Companies), including without limitation, in-patient services and emergency services at the relevant clinical establishment. In consideration for the provision of the Clinical Establishment Services, the Fortis Operating Company will pay the relevant Hospital Services Company the Service Fee, technology renewal fee and a refundable commitment deposit. The Hospital Services Companies will also have other income attributable to the provision of ancillary services at the clinical establishments. The Service Fee is divided into a fixed quarterly base service fee that increases by 3.0% at the beginning of each financial year, along with a variable component of 7.5% of the operating income of the Fortis Operating Company during each quarter. All maintenance and expansion capital expenditure is to be borne by the Hospital Services Companies, along with the costs related to the OPD and radio-diagnostic services provided by them. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 70.

Pursuant to a right of first refusal agreement dated September 18, 2012 (the "**ROFR Agreement**") between the Company and the Trustee-Manager, the Company has granted the Trustee-Manager a right of first refusal in respect of any proposed sale, transfer or disposal of any interest in any medical and healthcare infrastructure and facilities located in Asia, Australasia and emerging markets in the rest of the world. This right of first refusal is applicable for a defined period under the ROFR Agreement and is subject to certain specified conditions. In the event that the Trustee-Manager does not exercise its right of first refusal, the Company or its subsidiary, as the case may be, is entitled to sell, transfer or otherwise dispose of the relevant asset to a third party on terms and conditions no more favourable to the third party than those offered to the Trustee-Manager.

Further, the Trustee-Manager has granted the Company a reverse right of first refusal (the "**Reverse ROFR**"), whereby the Company has a right of first refusal in respect of any proposed sale, transfer or disposal of any interest in certain of RHT's assets in the Asia-Pacific region and other emerging markets. The Reverse ROFR is applicable

for a defined period under the ROFR Agreement and is subject to certain specified conditions.

Key Operating Metrics

Certain details and operating metrics in relation to our healthcare facilities in India are set out below. Reference to beds is to the actual number of operating beds present in the healthcare facilities.

Occupancy rate* (%)		ARPOB** (₹ million)		ALOS*** (days)	
Year ended March 31, 2012#	Nine month period ended December 31, 2012#	Year ended March 31, 2012#	Nine month period ended December 31, 2012#	Year ended March 31, 2012#	Nine month period ended December 31, 2012#
73.0	73.0	9.3	10.2	4.01	3.87

_____

** 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.*

*** Average Revenue per Occupied Bed*

**** Average Length of Stay*

 # Excludes beds located in managed healthcare facilities.

Sources of Revenue

Payment for services consists primarily of payment for inpatient and outpatient services. In India, we provide healthcare services to direct walk in patients or patients that are referred to our facilities. In addition, we cater to patients that have third party insurance via individual or group private insurance or those that have been referred to us under Government and defence personnel health schemes. We also derive a portion of our revenues from international patients, as part of the growing medical tourism industry.

We derive contractually determined fees from our Management Contracts, including fee structures such as a percentage of gross revenue, the higher of the gross revenue and a fixed amount, or a percentage of gross billings or surplus generated from the operation of the healthcare facility. In addition, we receive income from rent or access fees paid by third-party vendors that are on-site at our healthcare facilities, as well as pharmacy revenue from retail sales at the pharmacies we operate at some of our healthcare facilities. We also receive income from the Fortis Inn Rehabilitation Centre which we operate on-site at Fortis Hospital, Mohali, sales of scrap, sponsorship fees, sales of plasma and fees generated from rent or access charges paid to us by third-parties in respect of banks and ATMs, pharmacies, cafeterias and gift shops located at our owned healthcare facilities, and equipment lease rental. Pursuant to the transfer of the RHT Portfolio to RHT, the ancillary income derived from third-parties at the healthcare facilities forming part of the RHT Portfolio, such as ATMs, gift shops and cafeterias, is accrued to RHT.

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 through a Central Buying Unit, or "**CBU**". We also insist that our third-party providers of services such as diagnostic laboratory services and imaging services adhere to recognised international protocols. In addition, we have also initiated the procurement supply management ("**PSM**") program, which seeks to improve our procurement methodology and minimise costs associated with our supply chain by implementing standardisation of consumables and other items across units, equalising prices across facilities, consolidating suppliers and improving internal process efficiencies. As a result of centralised procurement through the CBU for medical consumables and other items for many of our facilities, we believe we are able to negotiate favourable terms with suppliers and third-party service providers.

Internal Processes

We commenced the FOS initiative in 2007, which initially focused on streamlining non-clinical processes. The objective of the FOS methodology is to standardise the non-clinical processes in all patient-facing areas and to

enable a consistently high level of patient care, and this methodology is being implemented across our healthcare facilities. To ensure that processes are standardised, replicable, reliable and scalable, we track more than 170 parameters where our customers come in contact with our healthcare facilities, including OPD consultation waiting time and the time taken for the completion of health check-ups. Based on these parameters, we seek to achieve certain high standards in patient care. The FOS is also applied to third party vendors providing radiology and laboratory services so that our patients receive the same level of service across all our healthcare facilities.

We have also commenced a process standardisation initiative called the Medical Operating System, or "**MOS**", across all our healthcare facilities. MOS focuses on process standardisation to ensure better clinical outcomes and increased patient safety based on 13 internally-selected parameters which are known contributors to increased patient morbidity, increased ALOS and certain undesired clinical outcomes. While MOS focuses on process compliance to prevent these undesired outcomes, the Clinical Excellence Score Card, or "**CESC**" tracks the actual outcomes. We believe that MOS and CESC complement each other to provide better clinical outcomes and increased patient safety.

Accreditation and Certification

Several of our healthcare facilities have received accreditation from NABH, which is an autonomous body established in 2005 under the Quality Council of India for setting benchmarks in the Indian healthcare industry, and from the JCI, an affiliate of JCAHO. In addition, several of our healthcare facilities have received ISO 9001:2000 certifications for their quality management systems and ISO 14001:2004 certifications for their environment management systems.

Certain of our blood banks are also accredited by NABH. As of December 31, 2012, 29 of SRL's laboratories have been accredited by NABL. Further, four of SRL's laboratories have been accredited by the CAP and one of its laboratories has received the National Gylco-haemoglobin Standardization Programme Level 1 Laboratory Certification.

Even without formal accreditation, we seek to follow international protocols in all key functions, patient care, and nursing activities at all our hospitals.

Projects at Advanced Stages of Development

Set forth below are certain details relating to our greenfield projects which are currently at advanced stages of development:

FMRI, Gurgaon

FMRI is the flagship healthcare facility of the Company. It is a multi-super specialty, quaternary care healthcare facility with a comprehensive team of clinicians and patient care programs, supported by advanced technology and medical research solutions.

FMRI, which is proposed to be developed in phases, is located in Gurgaon with an installed bed capacity of 450 beds and a potential bed capacity of 1,000 beds. Some of the technologies available at FMRI include the first pilot project for precision radio-surgery in the world, integrated operating and procedure rooms, digitised critical care cubicles, advanced cath-labs, transplant rooms, endoscopy suites, private birthing centres, a state of the art radiation wing and a stem cell laboratory. FMRI was formally inaugurated on May 1, 2013.

Fortis Hospital Arcot Road, Chennai

This is a 200 bed tertiary care healthcare facility that is expected to commence operations in Fiscal 2014. It will be our second healthcare facility in Chennai.

Fortis Hospital, Ludhiana

This is a 200 bed tertiary care healthcare facility that is expected to commence operations in Fiscal 2014. This will be our first healthcare facility in Ludhiana.

Competition

Although the Southeast Asian market, and India in particular, 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.

Our main competitors in India are Apollo Hospitals, Max Healthcare and Manipal Hospitals. Quality Healthcare's main competitors in Hong Kong are UMP Healthcare Group, Dr Vio, Human Health and Town Health, while Fortis Hoan My's major competitors in Vietnam are Trieu An Hospital, Hanh Phuc Hospital, Tam Duc Hospital and Phuong Chau Hospital and Radlink's major competitors in Singapore are Asiamedic and Parkway Hospitals. SRL's main competitors in the diagnostics business in India are Dr. Lal Pathlabs, Metropolis, Thyrocare, Medinova and Quest Diagnostics.

Medical tourism is a rapidly growing industry and has become a common phenomenon in the Asia Pacific region. In addition to India, some of the major medical hubs in the Asia Pacific region for medical tourism include Singapore, Malaysia and Thailand. We compete with Columbia Asia Hospitals, Bangkok Dusit Medical Services Public Company Limited, Bumrungrad Hospitals, KPJ Healthcare, Raffles Medical Group and Integrated Healthcare Holdings Limited in Singapore, Malaysia and Thailand.

For further details, see "Industry Overview".

Intellectual Property and Technology

Intellectual Property

Our intellectual property consists mainly of our rights to use the "Fortis" name and logo, the "SRL Diagnostics", the "Quality Healthcare" name and logo, the "RadLink" name and logo and the "Escorts" trademark.

Our affiliate, RHC Holding Private Limited, owns the rights to the "Fortis" name and logo and has applied in March 2005 for registration of the "Fortis" name and logo, including in Class 42 in respect of health and hospital services. RHC Holding Private Limited has provided the Company with an exclusive license to use the name and logo in connection with the Company's healthcare delivery business until April 21, 2015 (the "**Initial Term**"), after which period the license is automatically renewable for a subsequent 10-year period on the same terms and conditions, unless terminated with the consent of both parties six months prior to the end of the Initial Term. The Company has the right to sub-license the "Fortis" name and logo to its affiliates, subsidiaries, group companies, partners or other entities with which it has an management agreement or a similar arrangement for its healthcare delivery business. The license fee is ₹ 100,000 per year.

HPCPL, a company affiliated with Escorts Limited, the former majority owner of the Escorts hospitals, has 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. The license permits EHIRCL and its existing subsidiaries to use the trademark only in respect of medical and healthcare services and research related thereto.

RHC Holding Private Limited has applied for registration of the "SRL Diagnostics" trademark. However, it is yet to receive an approval for this trademark. SRL has entered into a license user agreement in September 2010 with RHC Holding Private Limited for use of the trademark. The agreement is valid till August 30, 2015, automatically renewable for a subsequent period of five years on the same terms and conditions.

Information Technology

Our IT infrastructure system allows us to maintain electronic patient records and imaging that can be transmitted throughout a hospital, to hospitals within our network and to offsite locations for 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.

Technology and innovation

We have invested in technology to support our healthcare staff in delivering high quality clinical outcomes. Some of our technologies include a project for precision radio-surgery, bringing together the expertise of two medical technology companies – Elekta and Brain Lab – at our flagship hospital, FMRI.

In addition, the technology that we have adopted in our network includes:

- 3 T Digital MRI with ambient lighting;
- Advanced Brain Suite;
- Biplane Cath Lab;
- Time of Flight PET CT;
- Digital Mammography;
- Fibroscan;
- Voice modulated integrated operation theatre;
- Brain Lab neuronavigation technology; and
- Cardiac MRI.

We have established a centre for cellular medicine at FMRI. We also partner with leading industry participants for various training needs and patient centric projects. Under one such initiative, we collaborated with MSD Pharmaceuticals to develop an Antimicrobial Stewardship Program to standardise and track the use of antibiotics across our network with an aim to curb irrational usage of medicines. We are able to provide advanced treatment procedures and perform complex surgeries such as functional neurosurgery with the help of sophisticated medical equipment. We track technological innovations and medical developments across the world and seek to equip ourselves with the latest technology available in the industry.

Initiatives

Research

Our doctors across various departments are engaged in a broad spectrum of research, including therapeutic trials, new innovative technologies, such as advanced stent technologies and implantable cardioverter defibrillator (ICD) devices, investigation of disease pathogenesis and discovery-oriented basic science. We conduct research on a number of topics, including preventive cardiology, interventional cardiology, cardiac surgery, diabetes, infectious diseases, oncology, nephrology and neuro-surgery, and our doctors regularly publish papers in scholarly journals.

Community Outreach

We are involved in a number of social initiatives to support the community and bring about a positive change in preventive healthcare, through education and awareness building activities. These programs are delivered through the Fortis Foundation, which is committed to providing health services and subsidised medical care to the socially and economically marginalised sections of society. Community outreach initiatives include programs such as "Nanhi Chhan", "Sahayak", "Saarthak" and "Chiranjeevi", while we also undertake HIV/AIDS awareness and Mother and Child Health awareness sessions in rural areas.

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. We believe that 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, we believe that they also provide an important opportunity for us to showcase our facilities and for our doctors to grow their referral networks.

We also publish a print journal named "The Fortis Medical Journal".

Ethics and Compliance Programs

The operational and procedural protocols implemented at each of our hospitals were designed taking into account international and national standards and the particular needs of the relevant community. The department heads at each of our hospitals are responsible for ensuring compliance with the standard operating procedures in defined clinical and non-clinical areas across their departments. Each department maintains its identified quality protocols as per accreditation standards and provides timely reports to the institutional quality team for record, audit and inspection. Clinical audits are undertaken and reported on a monthly basis from certain hospitals to generate a Clinical Excellence Score Card. A company-wide, monthly compliance report is filed and monitored regularly. We adhere strictly to the guidelines relating to research activity through central and hospital ethics committees. We have also implemented a Code of Conduct and undertake rigorous training programs for all new employees and existing employees who are assigned to new jobs, regardless of their prior experience. Emphasis is also laid on continuous education and training of employees at all levels.

Insurance

We maintain policies covering risks related to fire and special perils, burglary and housebreaking, business interruption, public liability, money and 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 dependants of our employees. Each of these insurance policies is renewable annually. In addition, we maintain policies with respect to professional indemnity for our doctors and separate liability policies for the Directors and officers of the Company. The cost and availability of insurance coverage has varied in recent years and may continue to vary in the future.

Legal Proceedings

We and our hospitals are subject to significant claims and legal proceedings. The results of these claims and legal proceedings cannot be predicted and 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, cash flows or results of operations.

For further details of our material litigation, see "Legal Proceedings" beginning on page 197.

Properties

Our registered office is located at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi 110 025. The land on which our registered office premises are located has been allotted to and leased in favour of one of our subsidiaries, EHIRCL, on a perpetual basis by the Delhi Development Authority through certain allotment letters and lease deeds.

Our owned healthcare facilities comprise of land and buildings which are owned by us. Our leased healthcare facilities comprise of land and buildings which are owned by third parties. The leasing arrangements that we have entered into for our leased healthcare facilities are for periods that range from three years to 99 years.

In addition, a portion of our real property is subject to security interests pursuant to our financing arrangements, including mortgages, pledges, liens and other encumbrances.

Awards and Recognition

Details of the awards and recognitions that we have received recently are set forth below:

- Fortis Hospitals Mulund, Mumbai was awarded the "National Energy Conservation Award" and the "FICCI Healthcare award for Operational Excellence, Private Sector" in the >100 beds category in 2012;
- Fortis Escorts Hospital, Jaipur won the "FICCI Healthcare award for Operational Excellence, Private Sector" in the >100 beds category in 2012;
- Fortis Hoan My received the first prize for most improved local hospital at the Asian Hospital Management Awards 2012;
- Fortis Hospital, Noida and the Rajan Dhall Hospital won the "FICCI Healthcare award for Operational Excellence, Private Sector" ;
- Escorts–Delhi won the prestigious "Asian Hospital Management Excellence Award, 2011" in the patient safety category for reducing surgical site infections;
- Fortis Healthcare Limited was recognised as the "Best Healthcare Service Provider Company" at the Frost & Sullivan 2010 India Excellence Awards;
- The Rajan Dhall Hospital won the "FICCI Healthcare Excellence Award, 2009" for excellence in patient care; and
- Fortis Mohali won the "FICCI Healthcare Excellence Award, 2009" for excellence in healthcare delivery.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Company's Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be 12. As of the date of this Red Herring Prospectus, the Company has 11 Directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its shareholders, subject to approval of the Government, if the increase is beyond the maximum permissible limits under its Articles of Association as first registered.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At each of the Company's annual general meetings, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring director is eligible for re-election. The Managing Director and the Executive Directors of the Company are not liable to retire by rotation. The Company's Articles of Association permit, subject to the approval of the Board of Directors, government entities, local authorities, banks, financial institutions or other persons (as a result of entering into agreements or contracts for borrowing money, providing guarantee or security, or for underwriting shares, debenture or other securities of the Company) to appoint Directors to the Board. The quorum for meetings of the Board of Directors is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

The Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about the Company's current Directors as of the date of this Red Herring Prospectus:

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
1.	**Mr. Malvinder Mohan Singh** **DIN**: 00042981 **Term**: January 11, 2012 to January 10, 2017 **Nationality**: Indian	40	Executive Chairman
2.	**Mr. Shivinder Mohan Singh** **DIN**: 00042910 **Term**: November 13, 2012 to November 12, 2015 **Nationality**: Indian	37	Executive Vice-Chairman
3.	**Dr. Brian William Tempest** **DIN**: 00101235 **Term**: Liable to retire by rotation **Nationality**: British	65	Independent Director
4.	**Mr. Sunil Naraindas Godhwani** **DIN**: 00174831 **Term**: Liable to retire by rotation **Nationality**: Indian	52	Non-Executive Director

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
5.	**Mr. Balinder Singh Dhillon** **DIN**: 02500621 **Term**: January 11, 2012 to January 10, 2017 **Nationality**: Canadian	46	Executive Director
6.	**Mr. Harpal Singh** **DIN**: 00078224 **Term**: Liable to retire by rotation **Nationality**: Indian	63	Non-Executive Director
7.	**Ms. Joji Sekhon Gill** **DIN**: 05310881 **Term**: Liable to retire by rotation **Nationality**: American	47	Independent Director
8.	**Mr. Gurcharan Das** **DIN**: 00032103 **Term**: Liable to retire by rotation **Nationality**: Indian	69	Independent Director
9.	**Dr. Preetinder Singh Joshi** **DIN**: 00109974 **Term**: Liable to retire by rotation **Nationality**: Indian	65	Independent Director
10.	**Lt. Gen. Tejinder Singh Shergill** **DIN**: 00940392 **Term**: Liable to retire by rotation **Nationality**: Indian	69	Independent Director
11.	**Mr. Pradeep Ratilal Raniga** **DIN**: 03291083 **Term**: Liable to retire by rotation **Nationality**: Australian	55	Independent Director

Brief Profile of the Directors

Mr. Malvinder Mohan Singh, one of the Promoters, has been a Director since August 12, 1999 and is the Executive Chairman of the Company. He is a director on the board of several other listed companies in India such as Oscar Investments Limited and Dion Global Solutions Limited. Previously, he was the Chairman and Managing Director of Ranbaxy Laboratories Limited. Mr. Malvinder Mohan Singh holds a Bachelor's degree in Economics from St. Stephens College, University of Delhi and a Master's degree in Business Administration from Fuqua School of Business, Duke University, USA. He has been a member of the Young Global Leaders initiative of the World Economic Forum and is a member of the Board of the Indian Council for Research on International Economic Relations.

Mr. Shivinder Mohan Singh, one of the Promoters, has been a Director since June 29, 2000 and is the Executive Vice-Chairman of the Company. He is also the Chairman of SRL and is also a director on the boards of several other listed companies in India such as Religare Enterprises Limited and Oscar Investments Limited. Previously, he was a director on the board of Ranbaxy Laboratories Limited. Mr. Shivinder Mohan Singh holds a Bachelor's degree in Mathematics from St. Stephens College, University of Delhi and a Master's degree in business administration from Fuqua School of Business, Duke University, USA. He is the chairman of the Membership Committee of Federation of Indian Chambers of Commerce and Industry.

Dr. Brian William Tempest has been a director since August 2, 2011 and is an Independent Director of the Company. He is also the independent chairman of Religare Capital Markets Limited and a director on the board of Glenmark Pharmaceuticals Limited and SRL. Previously, he was a director on the board of Ranbaxy Laboratories Limited. Dr. Brian William Tempest holds a doctorate in chemistry from Lancaster University. He is a fellow of the Royal Society of Chemistry and the Royal Society of Medicine.

Mr. Sunil Naraindas Godhwani has been a director since February 26, 2009 and is a Non-Executive Director of the Company. He is also the chairman and managing director of Religare Enterprises Limited and is a director on the boards of Religare Technologies Limited, Religare Commodities Limited, SRL Limited and Religare Capital Markets Limited. Previously, he was a director on the board of Ranbaxy Laboratories Limited and Dion Global Solutions Limited. Mr. Godhwani holds a Bachelor's degree in chemical engineering and a Master's degree in industrial engineering and finance from Polytechnic Institute of New York. He was designated as "India Business Leader of the Year" in 2010 at the Global Indian Business Meeting hosted in Madrid.

Mr. Balinder Singh Dhillon has been a director since February 26, 2009 and is an Executive Director of the Company. Previously, he was a director on the boards of Ranbaxy Laboratories Limited and Parkway Holdings Ltd. Mr. Dhillon holds a Bachelor's degree in Commerce and Law from Punjab University and a Master's degree in law from McGill University, Canada. He is a member of the Institute of Company Secretaries of India and the Bar Council of India.

Mr. Harpal Singh has been a director since August 12, 1999 and is a Non-Executive Director of the Company. He is also a director on the boards of other listed companies such as Religare Technologies Limited, Religare Enterprises Limited and SRL. Previously, he was the non-executive chairman of Ranbaxy Laboratories Limited. Mr. Singh holds a Bachelor's degree in economics from St. Stephens College, University of Delhi and a Master's degree in Public Affairs from California State University. He is a member of the UK-India Round Table and the Public Health Foundation of India.

Ms. Joji Sekhon Gill has been a director since May 28, 2012 and is an Independent Director of the Company. She is also the Strategic Human Resources Director – South Asia, DuPont. Previously, she was an independent director on the board of Fortis Healthcare International Pte Limited. Ms. Gill holds a Bachelor's degree in Economics and a Master's degree in Personnel Management and Industrial Relations from Punjab University.

Mr. Gurcharan Das has been a director since June 29, 2000 and is an Independent Director of the Company. He is also a director on the boards of Gillette India Limited, Berger Paints India Limited, Birla Sun Life Insurance Company Limited and Shakti Bhog Foods Limited. He is also on the global advisory board of Wal-Mart and Mars Inc. Previously, he was the managing director of Procter & Gamble Worldwide and a director on the board of Ranbaxy Laboratories Limited. Mr. Gurcharan Das holds a Bachelor of Arts (Honors) degree cum laude in Philosophy & Government and MBA from Harvard University, USA.

Dr. Preetinder Singh Joshi has been a director since July 28, 1998 and is an Independent Director of the Company. He is also a director on the boards of Religare Technologies Limited, Oscar Investments Limited, Dion Global Solutions Limited and SRL. Previously, he was a director on the board of Ranbaxy Laboratories Limited and Fortis Malar Hospitals Limited. Dr. Joshi holds a Bachelor's degree in Medicine from Medical College, Amritsar and a Master's degree in Cardiology and General Medicine from University of Delhi. He is a member of Royal College of Physicians and American College of Cardiology.

Lt. Gen. Tejinder Singh Shergill has been a director since April 21, 2005 and is an Independent Director of the Company. Previously, he was the chairman of the Punjab Public Service Commission. Lt. Gen. Shergill holds a Master's degree in Science from University of Madras and a Master's degree in Military Science from United States

Command and General Staff College. He is a member of the advisory council of GroupTminus and a director of the University of Petroleum and Energy Studies.

Mr. Pradeep Ratilal Raniga has been a director since May 28, 2012 and is an Independent Director of the Company. He is also a director on the board of Dion Global Solutions Limited. Previously, he was a partner of Farrar Jeena & Company and HLB Mann Judd. Mr. Raniga holds a Bachelor's degree in commerce from University of Durban Westville, South Africa and a Post-Graduate Diploma in Accounting from University of Natal, South Africa. He is a member of the Australian Institute of Chartered Accountants.

Borrowing Powers of the Board

In terms of the Articles of Association, the Board may, from time to time, at its discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders of the Company have, by way of a resolution passed through postal ballot, the result whereof was announced on July 19, 2010, resolved that pursuant to provisions of Section 293(1)(d) of the Companies Act, the Board is authorised to borrow amounts up to an aggregate amount of ₹ 60,000 million (apart from temporary loans obtained or to be obtained in the ordinary course of the Company's business).

Shareholding of Directors

The following table sets forth the number of Equity Shares held by and the stock options granted to the Directors as of March 31, 2013:

Name	Number of Equity Shares	Percentage (%)	Number of employee stock options granted under ESOP 2011
Mr. Malvinder Mohan Singh	11,508	Negligible	Nil
Mr. Shivinder Mohan Singh	11,508	Negligible	Nil
Dr. Brian William Tempest	Nil	-	Nil
Mr. Sunil Naraindas Godhwani	38,500	Negligible	Nil
Mr. Balinder Singh Dhillon	22,000	Negligible	400,000
Mr. Harpal Singh	58,003	Negligible	Nil
Ms. Joji Sekhon Gill	Nil	-	Nil
Mr. Gurcharan Das	10,000	Negligible	Nil
Dr. Preetinder Singh Joshi	33,000	Negligible	Nil
Lt. Gen. Tejinder Singh Shergill	16,000	Negligible	Nil
Mr. Pradeep Ratilal Raniga	Nil	-	Nil

Compensation of the Directors

Executive Directors

The following tables set forth the compensation paid by the Company to its Executive Directors for the Financial Year 2013:

Name of Director	Designation	Salary (In ₹)	Sitting Fees (In ₹)	Perquisites and Allowances (In ₹)	Provident Fund (In ₹)	Total (In ₹)
Mr.	Executive	Nil	Nil	Nil	Nil	Nil

Name of Director	Designation	Salary (In ₹)	Sitting Fees (In ₹)	Perquisites and Allowances (In ₹)	Provident Fund (In ₹)	Total (In ₹)
Malvinder Mohan Singh	Chairman					
Mr. Shivinder Mohan Singh	Executive Vice-Chairman	52,200,000	Nil	Nil	1,728,000	53,928,000
Mr. Balinder Singh Dhillon	Executive Director	Nil	Nil	Nil	Nil	Nil

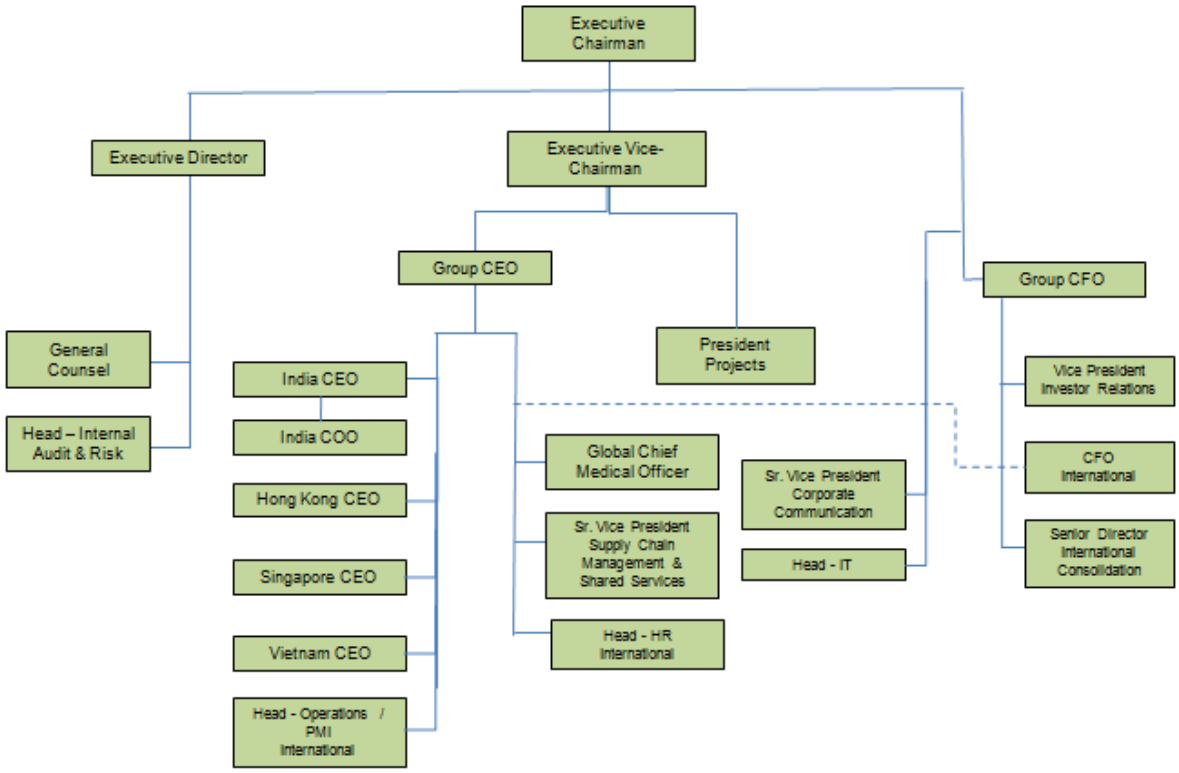
No amount or benefit has been paid to the non-executive Directors for the financial year 2012-13, other than the following:

A. Sitting fees which of ₹0.02 million for attending each meeting of the Board and/ or any committee of the Board;
B. Honorarium payable for an amount of ₹0.75 million per annum for a period of five years commencing from April 1, 2011 and additional honorarium of ₹0.25 million to be paid to the Chairman of any committee of Board for a period of five years commencing from April 1, 2011, subject to conditions as imposed/ may be imposed by the Central Government while according its approval;
C. Entitlement of ESOPs under ESOP schemes of the Company, subject to necessary approval of Human Resources and Remuneration Committee of the Board; and
D. *Re-imbursement of expenses and other benefits to all directors, as per policies of the Company from time to time.*

Prohibition by SEBI or Other Governmental Authorities

None of the Directors or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Organisation Structure



Key Managerial Personnel

The key managerial personnel of the Company, other than the Executive Directors, are as follows:

Mr. Vishal Bali is the Group Chief Executive Officer of the Company. He holds a Bachelor's degree in science and a Master's degree in Business Administration from the University of Mumbai and has completed an advance program in Hospital Management from Boston. He is an invited member of the Strategic Initiatives Group of Joint Commission International, US and is on the Global Agenda Healthcare Council of the World Economic Forum.

Dr. Daphne Khoo Hsu Chin is the Group Chief Medical Officer of the Company. She completed her medical training at the National University of Singapore and was previously the head of Endocrinology at the Singapore General Hospital. Dr. Khoo was an adjunct Associate Professor with the Duke-National University of Singapore Medical School.

Mr. Aditya Vij is the Chief Executive Officer of the Company. He is a qualified Chartered Accountant and holds a Master's degree in Business Administration from International Institute for Management Development (IMD), Lausanne, Switzerland. He has around 30 years of experience in the corporate sector and was previously employed with Punj Llyod.

Mr. Sandeep Puri is the Group Chief Financial Officer of the Company. He is a member of the Institute of Chartered Accountants of India. He has more than 21 years of experience in finance and was previously employed with Ranbaxy Laboratories Limited.

Mr. Ashish Bhatia is the Chief Operating Officer of the Company. He is an alumnus of the Lawrence School, Sanawar and handles the overall operations of the Company's hospitals in India. He has been associated with the Company since its inception and has held many key positions with the Company and its subsidiaries during the past ten years.

Each of the aforesaid key managerial personnel is a permanent employee of the Company.

Corporate Governance

The Company complies with the applicable corporate governance requirements, including the requirements such as constitution of the Board and committees thereof under the Equity Listing Agreement.

Currently, the Board consists of 11 Directors out of which six are independent Directors. As the Chairman of the Company is an Executive Director, at least half of the Board is required to consist of independent directors, as required under the corporate governance norms provided in Clause 49 of the Equity Listing Agreement. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Red Herring Prospectus, there are three Board level committees in the Company, which have been constituted and which function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) the Audit, Risk & Controls Committee; (ii) the Shareholders'/ Investors' Grievance Committee; and (iii) the Human Resources and Remuneration Committee.

The members of the aforesaid committees as of the date of this Red Herring Prospectus are:

Committee	Members
Audit, Risk & Controls Committee	Dr. Brian William Tempest (Chairman), Mr. Harpal Singh, Mr. Pradeep Ratilal Raniga, Dr. Preetinder Singh Joshi and Lt. Gen. Tejinder Singh Shergill
Shareholders'/ Investors' Grievance Committee	Dr. Preetinder Singh Joshi (Chairman), Mr. Shivinder Mohan Singh and Mr. Harpal Singh
Human Resources and Remuneration Committee	Ms. Joji Sekhon Gill (Chairperson), Dr. Preetinder Singh Joshi, Mr. Malvinder Mohan Singh, Mr. Gurcharan Das and Lt. Gen. Tejinder Singh Shergill

The Company has also constituted other Board level committees including: (i) Issue Committee (*inter alia* empowered to take all actions and decide all matters in relation to proposed issuances of securities approved by the Board); and (ii) the BT Issue Committee (*inter alia* empowered to give effect to the Board resolution dated May 28, 2012 for transfer of the Company's balance shareholding in KHL and FHML, directly and indirectly, to RHT).

Interest of Directors and Key Managerial Personnel

Except as stated in "***Financial Statements of the Company – Related Party Transactions***" beginning on pages 276 and 375, and to the extent of shareholding and stock options held in the Company and remuneration and benefits to which they are entitled as per their terms of appointment, the Directors do not have any other interest in the Company or its business. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. 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 and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. The Non-Executive Directors of the Company may also be deemed to be interested to the extent of sitting fees and other fees payable to them for attending meetings of the Board or a committee.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares and stock options held by them or their dependants in the Company, if any. The Company has a 'Performance Linked Variable Remuneration' Scheme for payment of performance bonus to the employees.

Employee Stock Option Plans

*Employee Stock Option Plan 2007 ("**ESOP 2007**")*

In Fiscal 2008, the Company instituted ESOP 2007 which provides for the allotment of 2,266,665 options that are convertible into 2,266,665 equity shares of ₹ 10 each to permanent employees and directors of the Company and its subsidiaries (excluding employees who are Promoters or part of the Promoter Group or a Director holding 10% or more of the Company's outstanding equity share capital). Under ESOP 2007, the grant of options to eligible employees shall not exceed 1% of the Company's issued and subscribed equity share capital at the time of grant of the options.

The options granted under ESOP 2007 shall vest in the ratio of 20% at the end of the first, second, third, fourth and fifth years from the date of grant, provided the employee continues to be in employment. The options are exercisable within 10 years after vesting.

Details regarding ESOP 2007 as at March 31, 2013 are provided in the following table:

Sr. No.	Description	No. of Equity Shares*
1.	Total number of options under ESOP 2007	2,266,665
2.	Options granted	2,757,950
3.	Options vested	1,038,920
4.	Options exercised	181,880
5.	Options lapsed or forfeited	1,040,740
6.	Total number of options outstanding	1,535,330*

** Since March 31, 2013, the Company has issued 4,900 Equity Shares pursuant to the exercise of 4,900 options issued under ESOP 2007.*

*Employee Stock Option Plan 2011 ("**ESOP 2011**")*

In Fiscal 2012, the Company instituted ESOP 2011 which provides for the allotment of 12,154,825 options that are convertible into one equity share of ₹ 10 each to permanent employees and directors of the Company and its subsidiaries and holding companies (excluding employees who are Promoters or part of the Promoter Group or a Director holding, either directly or indirectly through his relatives or any body corporate, 10% or more of the Company's outstanding equity share capital). The total number of options granted under ESOP 2011 cannot exceed 3% of the Company's paid-up equity share capital as of August 12, 2011, i.e., 12,154,825 options. Further, the maximum number of options granted to each employee cannot exceed 1% of the Company's issued equity share capital (excluding outstanding warrants and conversion) at the time of grant of the options.

The options granted under ESOP 2011 shall vest at the end of three years from the date of grant of option, provided the employee continues to be in employment. The options are exercisable within four years after vesting.

Details regarding ESOP 2011 as at March 31, 2013 are provided in the following table:

Sr. No.	Description	No. of Equity Shares
1.	Total number of options under ESOP 2011	12,154,825
2.	Options granted	4,050,000
3.	Options vested	Nil
4.	Options exercised	Nil
5.	Options lapsed or forfeited	1,050,000
6.	Total number of options outstanding	3,000,000

PRINCIPAL SHAREHOLDERS

The Promoters of the Company are Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and FHHPL.

The shareholding pattern of the Company as of April 26, 2013 is as indicated in the table below:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals / Hindu Undivided Family	5	91,911	91,911	0.02	0.02	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	3	330,050,530	330,050,530	81.45	81.45	210,533,800	63.79
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub Total (A)(1)	**8**	**330,142,441**	**330,142,441**	81.47	81.47	**210,533,800**	**63.77**
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	1	11,508	11,508	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**1**	**11,508**	**11,508**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**9**	**330,153,949**	**330,153,949**	**81.48**	**81.48**	**210,533,800**	**63.77**
(B)	**Public Shareholding**							
(1)	**Institutions**							

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(a)	Mutual Funds / UTI	1	1,887	1,887	-	-	-	-
(b)	Financial Institutions / Banks	9	3,460,589	3,460,589	0.85	0.85	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	67	20,304,690	20,304,690	5.01	5.01	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investors	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub Total (B)(1)	**77**	**23,767,166**	**23,767,166**	**5.87**	**5.87**	**-**	**-**
(2)	**Non-Institutions**							
(a)	Bodies Corporate	1,419	14,198,284	14,198,284	3.50	3.50	-	-
(b)	Individuals – i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	116,865	23,127,027	23,021,829	5.71	5.71	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114	9,074,960	9,006,858	2.24	2.24	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Other (Specify)							
	Trusts	13	27,850	27,850	0.01	0.01	n/a	n/a
	Directors and their relatives	5	119,500	119,500	0.03	0.03	n/a	n/a
	Foreign nationals	3	58,000	8,000	0.01	0.01	n/a	n/a
	Office bearers	17	171,375	134,375	0.04	0.04	n/a	n/a
	Overseas Corporate Bodies	2	674,394	4,200	0.17	0.17	n/a	n/a

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
	Clearing Members	106	97,358	97,358	0.02	0.02	n/a	n/a
	Hindu Undivided Families	2,954	1,930,429	1,930,429	0.48	0.48	n/a	n/a
	Non-Resident Indians	1,529	1,811,943	1,804,443	0.45	0.45	n/a	n/a
	Sub-Total (B)(2)	**123,027**	**51,291,120**	**50,353,126**	**12.66**	**12.66**	-	-
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**123,104**	**75,058,286**	**74,120,292**	**18.52**	**18.52**	-	-
	Total (A) + (B)	**123,113**	**405,212,235**	**404,274,241**	**100.00**	**100.00**	**210,533,800**	**51.96**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
	Grant Total (A)+(B)+(C)	**123,113**	**405,212,235**	**404,274,241**	**100.00**	**100.00**	**210,533,800**	**51.96**

Shareholding of persons belonging to the category "Promoter and Promoter Group" as of April 26, 2013 is detailed in the table below:

Name of the Shareholder	Details of Equity Shares held	
	No. of Equity Shares	As a % of total
FHHPL	329,591,530	81.34
Malav Holdings Private Limited	240,750	0.06
RHCHPL	218,250	0.05
Mr. Harpal Singh	58,003	0.01
Ms. Arundhati Khanna	12,100	negligible
Mr. Malvinder Mohan Singh	11,508	negligible
Mr. Shivinder Mohan Singh	11,508	negligible
Mr. Abhishek Singh*	10,300	negligible
Total	**330,153,949**	**81.48**

** Mr. Abhishek Singh holds Equity Shares under two separate folios.*

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. The Company and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Selling Restrictions" and "Transfer Restrictions" beginning on pages 175 and 180 respectively. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a circular resolution dated November 27, 2012, by the shareholders of the Company through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013 and a resolution of the Board of Directors passed through a circular resolution dated April 24, 2013.

The Company has applied for and received in-principle approval from the BSE on April 25, 2013 and the NSE on April 25, 2013 under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue on the Stock Exchanges. The Company has also filed a copy of this Red Herring Prospectus with the RoC, SEBI and the Stock Exchanges.

Prohibition by SEBI or Other Governmental Authorities

The Company, its subsidiaries, the Promoters, the members of the Promoter Group, the Directors and the persons in control of the Company have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of the Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Restrictions on Issue Size

Under Regulation 91-I of the SEBI Regulations, the aggregate of all tranches of the IPP undertaken by the Company cannot result in an increase in the public shareholding in the Company by more than 10% or such lesser percentage as may be required for the Company to achieve the required minimum public shareholding. However, in terms of the SEBI Approvals, the Company is permitted to issue Equity Shares up to 10% of the post-Issue capital of the Company even if this exceeds the percentage required by the Company to achieve the required minimum public shareholding. Based on the Issue Size of upto 45,023,581 Equity Shares, the increase in the public shareholding of the Company shall be 8.1% and based on the Issue Size of up to 34,993,030 Equity Shares, the increase in public shareholding of the Company shall be 6.5%.

SEBI Approvals

SEBI pursuant to its letters dated January 16, 2013 and April 15, 2013 (the "**SEBI Approvals**") has permitted the Company to avail of the following exemptions in relation to the proposed Issue:

a. To issue upto 45,023,581 Equity Shares equal to 10% of the post-issue capital of the Company to QIBs;

b. To incorporate limited reviewed financial statements for the stub period in this Red Herring Prospectus and the Prospectus. The stub period for this Issue will comprise of the reviewed consolidated condensed balance sheet of the Company as of December 31, 2012 and the statement of profit and loss and cash flow statement for the nine month periods ended December 31, 2012; and

c. To allot Equity Shares in the Issue to less than 10 investors, subject to the minimum number of Allottees in

a qualified institutions placement ("**QIP**"). In terms of Regulation 87(1) of the SEBI Regulations, the minimum number of allottees as applicable to a QIP shall not be less than: (i) two, where the issue size is less than or equal to two hundred and fifty crore rupees and (ii) five, where the issue size is greater than two hundred and fifty crore.

In terms of the SEBI Approvals, the Company is required to ensure that the Issue Price is in compliance with pricing regulations applicable for a QIP, as provided in Chapter VIII of the SEBI Regulations, subject to a discount of not more than 5%.

A clarification has been received from SEBI that the provisions on pricing under Chapter VIII of the SEBI Regulations ("**QIP Pricing**") would not be applicable even though the exemption to use limited reviewed financial statements for the stub period is availed as long as:

a. The Company issues only upto 34,993,030 Equity Shares, which is the number of Equity Shares required to be issued by the Company to comply with the prescribed minimum public shareholding; and

b. Allotment is made to not less than 10 investors.

In light of the above, the Company will not be required to follow QIP Pricing if the Company Allots (i) upto 34,993,030 Equity Shares (ii) to not less than 10 investors under Chapter VIII A of the SEBI Regulations.

The Company, pursuant to its letter dated May 3, 2013, has also applied to SEBI to avail additional exemptions in relation to the proposed Issue. In the event an approval is received from SEBI, this Red Herring Prospectus shall be amended and updated prior to the Issue Opening Date through an addendum.

Who can Apply

This Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and foreign venture capital investors registered with SEBI;
- foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- multilateral and bilateral financial institutions;
- provident funds with minimum corpus of ₹ 250 million;
- pension funds with minimum corpus of ₹ 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of the Company's total issued capital. **The aggregate FII holding**

in the Company cannot exceed 24% of the total issued capital of the Company.

Note: Each eligible sub-account of an FII, other than a sub-account which is a foreign corporate or foreign individual, will need to submit a separate ASBA Application. FIIs, or sub-accounts of FIIs, are required to indicate the SEBI FII/sub-account registration number in the ASBA Application.

No Allotment shall be made, either directly or indirectly, to any QIB being a promoter or any person related to the promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to promoter(s):

a) rights under a shareholders' agreement or voting agreement entered into with a promoter or persons related to the promoters;

b) veto rights; or

c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the promoters.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications 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 Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, see "*Issue Procedure - Basis of Allocation*" on page 163.

Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

The Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees, subject to what is stated below.

As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the issue size in terms of Regulation 91H of the SEBI Regulations, subject to what is stated below.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act:

   Section 372(11) of the Companies Act - "*For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-*

   (a) if the body corporate is the managing agent of the investing company; or

   (b) *if the body corporate and the investing company should, in virtue of subsection (1B) of section*

370, be deemed to be under the same management."

Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

(a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;

(b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;

(c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;

(d) The holding company of one body corporate is under the same management as the other body corporate within the meaning of (a), (b) or (c) above; and

(e) One or more directors of one body corporate (while holding, either by themselves or together with their relatives, the majority of shares in that body corporate) also hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.

ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

Regulation 2(1)(e) of the Takeover Regulations – *"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position."

In case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals and in terms of Regulation 87(1) of the SEBI Regulations, the minimum number of Allottees in the Issue shall not be less than:

(a) two, where the Issue Size is less than or equal to two hundred and fifty crore rupees; and

(b) five, where the Issue Size is greater than two hundred and fifty crore rupees.

Provided, however, that no single Allottee shall be Allotted more than 50% of the aggregate Issue Size.

Provided further that QIBs belonging to the same group or who are under same control shall be deemed to be a single Allottee. For this purpose, the expression "QIBs belonging to the same group" shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act, 1956.

Minimum Application Size

Each ASBA Application is required to be for such number of Equity Shares and at such price per Equity Share that the minimum Application Amount exceeds ₹ 200,000.

Information for the Applicants

(a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.

(b) The Company, in consultation with the Book Running Lead Managers, will decide the Floor Price or the Price Band for the Issue and the same shall be announced at least one day prior to the Issue Opening Date.

(c) The Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/ Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.

(d) The Company has filed this Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.

(e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.

(f) The Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.

(g) Upon the receipt of the ASBA Applications, the Company, after the closure of the Issue, shall determine the Issue Price for the Equity Shares offered in the Issue and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Managers and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation, the Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Issue Price.

(h) The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

(i) The Company or the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or the Company.

(j) The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper and a Hindi newspaper, each with wide circulation.

(k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single 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 share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details, see "***Issue Procedure – Number of Allottees***" on page 155.

(l) SCSBs making ASBA Applications on their own account using the ASBA facility are required to have a separate account in their own name with any other SEBI registered SCSB. Such account should be used solely for the purpose of making applications in public issues and clear demarcated funds should be available in such account for ASBA Applications.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper and a Hindi newspaper, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 2, 175 and 180, respectively.

SCSBs would be entitled to a processing fee of ₹ 25 per valid ASBA Application collected by the members of the Syndicate in the Bidding Location and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

(a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Bidding Location) and at the Registered Office of the Company. Electronic ASBA Applications will be available on the website of the Stock Exchanges and the Designated Branches of the SCSBs.

(b) Any eligible Applicant may obtain a copy of this Red Herring Prospectus and the ASBA Applications from the Registered Office of the Company.

(c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only in the Bidding Location) to submit their ASBA Applications.

(d) Applicants may submit their ASBA Applications, and / or the Revision Forms, during the Issue Period to (i) the members of the Syndicate in the Bidding Location; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate in the Bidding Location should bear the stamp of the member of the Syndicate. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate in the Bidding Location.

(f) For ASBA Applications submitted to the members of the Syndicate in the Bidding Location, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of the Stock Exchanges and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, named by such SCSB to accept such ASBA Applications from the members of the Syndicate in the Bidding Location (A list of such branches is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/B55898148848.html. The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account.

(g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.

(h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Syndicate/ SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

(i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band or at or above the Floor Price, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.

(j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSBs or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in this Issue. However, the Applicant can revise upwards the price per Equity Share or the number of Equity Shares applied for through the Revision Form, the procedure for which is detailed under the paragraph titled "- ***Revision of ASBA Applications***".

(k) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(n) The Application Amount shall remain blocked in the aforesaid ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.

(o) In case the Company withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. The Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

(a) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the Stock Exchanges. The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.

(b) Each ASBA Application will give the Applicant the choice to apply for up to three optional prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.

(c) With respect to details under the ASBA Applications submitted to the members of Syndicate at the Bidding Location, the members of Syndicate shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number (not compulsory);
- Category of the Applicant;
- Numbers of Equity Shares applied for;
- Price per Equity Share;
- Bank code for the SCSB where the ASBA Account is maintained; and
- Name of the Bidding Location.

(d) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number;
- Category of the Applicant;
- Numbers of Equity Shares applied for; and

- Price per Equity Share.

(e) TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or the Company.

(f) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges.

(g) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.

(h) Neither the Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.

(i) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and that clear demarcated funds are available in the blocked ASBA Account and can be transferred to the Public Issue Account on the Designated Date.

(j) The permission given by the Stock Exchanges to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the members of the Syndicate or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.

(k) The aggregate demand in relation to ASBA Applications registered shall be displayed by Stock Exchanges without disclosing the price.

(l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the Stock Exchanges during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.

(m) The details of the ASBA Applications uploaded on the electronic bidding system of the Stock Exchanges shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

(a) During the Issue Period, any Applicant who has submitted an ASBA Application subscribing to a specific number of Equity Shares at a particular price level may revise upwards the number of Equity Shares

applied for and/or the price per Equity Shares within the Price Band or at or above the Floor Price, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards**.

(b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form.

(c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same member of the Syndicate or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

(d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in its ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

(f) When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

(a) Allocation to FIIs and FVCIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs.

(c) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details, see "***Issue Procedure – Number of Allottees***" on page 155.

Price Discovery

(a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, the Company, in consultation with the Book Running Lead Managers, shall finalise the Issue Price.

(b) The Issue Price shall be the price at or above the Floor Price, or within the Price Band, as the case may be. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price. For further details, see "***Issue Procedure – SEBI Approvals***".

RoC Filing

The Company will update and deliver a copy of the updated Red Herring Prospectus for registration to the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue and will be complete in all material respects. The Company will register a copy of the Prospectus with the RoC in terms of relevant provisions of the Companies Act.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. Allotment against each ASBA Application for Equity Shares shall be restricted to 25% of the offer size in terms of Regulation 91H of the SEBI Regulations, by the Company, in consultation with the Book Running Lead Managers and the Stock Exchanges. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details see "***Issue Procedure – Number of Allottees***" on page 155. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by the Company, in consultation with the Book Running Lead Managers.

- The Allocation shall be undertaken in the following manner:

  (a) In the first instance, Allocation to Mutual Funds and Insurance Companies for 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be determined as follows:

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price as per the Allocation criteria mentioned below for 25% of the aggregate number of Equity Shares to be Allotted in the Issue.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the portion to be Allocated to other QIBs.

    - In the event subscription from Mutual Funds and Insurance Companies is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, the Equity Shares offered in the Issue that remain unsubscribed shall be available for Allocation to other QIBs as set out in (b) below.

  (b) In the second instance, Allocation to all Applicants shall be determined as follows:

    - All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance

Companies are exhausted.

- Mutual Funds and Insurance Companies, who have received Allocation as per (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis as per the Allocation criteria mentioned below along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.

- In the event subscription from Mutual Funds and Insurance Companies pursuant to (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

(a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.

(b) Number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant multiplied by the inverse of the over-subscription ratio, (subject to the maximum limit of 25% of the offer size in terms of Regulation 91H of the SEBI Regulations) where oversubscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details, see "***Issue Procedure – Number of Allottees***" on page 155.

(c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable 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. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF THE COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

(a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Managers a list of the Applicants who would be Allotted Equity Shares in the Issue.

(b) The Company will then issue a CAN to the Applicants who have been Allocated Equity Shares in the Issue.

(c) The dispatch of the CAN shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.

(d) On the basis of the approved Basis of Allocation, the Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

Advertisement under Regulation 66 of the SEBI Regulations

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper and a Hindi newspaper, each with wide circulation. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

(a) The Company will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depositary account will be completed within 12 Working Days of the Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.

(d) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to Allot to less than 10 investors in accordance with the SEBI Approvals. For further details, see "***Issue Procedure – Number of Allottees***" on page 155.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

(a) Check if you are eligible to apply;

(b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price or within the Price Band, as the case may be;

(c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;

(d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;

(e) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only in the Bidding Location) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;

(f) If you are an SCSB and are applying for Allotment of the Equity Shares, ensure that you use an ASBA Account for your ASBA Application which is maintained in your own name with a different SEBI-registered SCSB, which ASBA Account is used solely for the purpose of subscribing in public issues, having clear, demarcated funds.

(g) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(h) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;

(i) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA Application;

(j) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the member of the Syndicate in the Bidding Location;

(k) Submit revised ASBA Applications to the same member of the Syndicate/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;

(l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(m) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;

(n) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;

(o) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the member of the Syndicate (except in case of electronic forms);

(p) Applicants bidding through the Syndicate should ensure that the ASBA Application is submitted to a member of the Syndicate only in the Bidding Location and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Bidding Location for the members of the Syndicate to deposit the ASBA Applications;

(q) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;

(r) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;

(s) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;

(t) ASBA Applications made on a repatriation basis shall be in the name of FIIs or FVCIs;

(u) Do not fill up the ASBA Application such that the number of Equity Shares applied 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; and

(v) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Managers, the Registrar to the Issue, the SCSBs or the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant 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.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of the Company, Book Running Lead Managers or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by FIIs, Mutual Funds, VCFs, FVCIs, AIFs, Insurance Companies and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, 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 of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to ASBA Applications by FIIs, Mutual Funds, VCFs, FVCI's and AIFs a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.

(b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.

(c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 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 ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or member of the Syndicate. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and is liable to be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "***Revision of ASBA Applications***" above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

The Company, in consultation with the Book Running Lead Managers, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.

2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

The Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

(a) ASBA Applications other than by QIBs.

(b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;

(c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;

(d) PAN not mentioned in the ASBA Application;

(e) ASBA Applications not having details of the Applicant's Depository account;

(f) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;

(g) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(h) Multiple ASBA Applications as explained in this Red Herring Prospectus. See "- ***Other Instructions – Multiple ASBA Applications***";

(i) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price / Price Band Announcement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the ASBA Applications;

(j) In case of SCSBs applying for Allotment of Equity Shares, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;

(k) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;

(l) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;

(m) ASBA Application submitted by Applicants to a member of the Syndicate at locations other than the Bidding Location;

(n) ASBA Applications by persons in the United States;

(o) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges; and

(p) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

(a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.

(b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.

(c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.

(d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.

(e) The trading of the Equity Shares issued pursuant to the Issue of the Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.

(f) Non transferable CAN will be directly sent to the Applicants.

The Company or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

(a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within 12 Working Days of the Issue Closing Date;

(b) Instructions for unblocking of the Applicant's ASBA Account shall be made within 12 Working Days from the Issue Closing Date; and

(c) The Company shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the 12 Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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."

Issue Programme

ISSUE OPENS ON	[●], 2013

ISSUE CLOSES ON	[●], 2013

Details of the Issue programme shall be disclosed in the Floor Price/ Price Band Announcement. Investors should refer to the pre-issue advertisement and the Floor Price / Price Band Announcement for further details.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, "**IST**") and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centres and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

The Company reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. The Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Managers has entered into the Issue and Placement Agreement with the Company, pursuant to which the Book Running Lead Managers has agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI Regulations and subject to the SEBI Approvals, as applicable.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

The Company has received in-principle approvals from the Stock Exchanges under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Managers (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" beginning on page 7.

From time to time, the Book Running Lead Managers and certain of its affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or lead manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

The Company will not, without the prior written consent of the Book Running Lead Managers, from the date hereof and for a period of up to 90 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing, and ; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the ESOP; or (ii) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the ESOP; or (iii) the issuance of the Issue Shares pursuant to the terms of this Agreement and the Offering Documents and (iv) (I) issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, (II) private placement of foreign currency convertible bonds to International Finance Corporation for an aggregate amount of USD 55 million, (III) restructuring/refinancing of the outstanding foreign currency convertible bonds of the Company, (IV) issue of equity or quasi equity shares and such other transaction, such that the aggregate value of (I), (II), (III), (IV) and such other transaction does not exceed USD 300 million.

FHHPL, one of the Promoters, has agreed that it will not during the period commencing on the date hereof and ending 90 days after the date of Allotment of the Issue Shares pursuant to the Issue (the "Lock-up Period"), directly or indirectly: (a) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any transaction (including transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise.

The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and Promoter Group, provided that the lock-up shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the ESOP; (c) pledge of any of the Equity Shares of the Company held by the Promoters; (d) (I) issuance of up to 28,610,355 Equity Shares to International Finance Corporation, for an aggregate consideration of up to US$ 45 million, on a preferential basis, (II) private placement of foreign currency convertible bonds to International Finance Corporation for an aggregate amount of USD 55 million, (III) restructuring/refinancing of the outstanding foreign currency convertible bonds of the Company, (IV) issue of equity or quasi equity shares and such other transaction, such that the aggregate value of (I), (II), (III) and such other transaction does not exceed USD 300 million.

Inter-se Allocation of Responsibilities of the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Book Running Lead Managers for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities	Book Running Lead Managers	Standard Chartered
2.	Due diligence of the Company including its operations, management, business plans, legal etc. Drafting and design of offer documents and other issue related material such as application forms etc. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of offer documents and the RoC filing.	Book Running Lead Managers	Standard Chartered
3.	Drafting and approval of all statutory advertisements	Book Running Lead Managers	Standard Chartered
4.	Review of other publicity material such as corporate advertisements, press releases, etc.	Book Running Lead Managers	JP Morgan
5.	Appointment of intermediaries, including the Public Issue Account Bank, the Registrar to the Issue, the printers, the advertising agency.	Book Running Lead Managers	Standard Chartered
6.	International institutional marketing strategy, which will cover, *inter alia:* • Finalising the Investor Master-list and division of investors for one to one meetings • Finalising the international road show schedule • Managing logistics for international road shows	Book Running Lead Managers	Standard Chartered

Sr. No.	Activities	Responsibility	Co-ordinator
	• Preparing road show presentation and frequently asked questions		
7.	Domestic institutional marketing strategy, which will cover, *inter alia*: • Finalising the domestic road show schedule • Managing logistics for domestic road shows	Book Running Lead Managers	Religare
8.	Pricing, managing the book and allocation	Book Running Lead Managers	JP Morgan
9.	Co-ordination with the Stock Exchanges for book building software and bidding terminals. Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for allocation, demat delivery of Equity Shares, intimation of Allocation and dispatch of the CANs to Applicants etc. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company. The post Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of listing and trading of Equity Shares.	Book Running Lead Managers	JP Morgan

SELLING RESTRICTIONS

*The distribution of this Red Herring Prospectus or any material related to the Issue and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Red Herring Prospectus or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Red Herring Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Red Herring Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "**Notice to Investors**", "**Representations by Investors**" and "**Transfer Restrictions**" on pages 1, 2 and 180, respectively.*

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("**ASIC**"), in relation to the Issue. This Red Herring Prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (the "**Corporations Act**"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Equity Shares may only be made to persons (the "Exempt Investors"), who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Equity Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Equity Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under this Issue, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Equity Shares must observe such Australian on-sale restrictions.

This Red Herring Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Red Herring Prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Dubai International Financial Centre

This Red Herring Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This Red Herring Prospectus is intended for distribution only to Persons of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which This Red Herring Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Red Herring Prospectus, you should consult an authorised financial adviser.

The Book Running Lead Managers have represented and agreed that they have not offered and will not offer the Equity Shares to any person in the Dubai International Financial Centre unless such offer is:

1. an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"); and

2. made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") an offer to the public of any Equity Shares may not be made in that Relevant Member State, except that the Equity Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a "qualified investor" as defined under the Prospectus Directive;

- by the Book Running Lead Managers to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Book Running Lead Managers and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Equity Shares to the public**" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Issue and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

In the case of any Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the Book Running Lead Managers will use its reasonable endeavors, by the inclusion of appropriate language in relevant offer documents, to procure that such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

The Company, the Book Running Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement.

This Red Herring Prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

Hong Kong

The Book Running Lead Managers have represented, warranted and agreed that:

1. they have not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Equity Share other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

2. they have not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Underwriter has represented, warranted and agreed that the Equity Shares which it subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, it will not, directly or indirectly, offer or sell any Equity Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Kuwait

The Equity Shares have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant government agency in Kuwait. The offering of the Equity Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Ministerial Order No. 113 of 1992, as amended. No private or public offering of the Equity Shares is being made in Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in Kuwait.

State of Qatar

The Equity Shares have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Red Herring Prospectus has not been reviewed or approved by or registered with the Qatar Central Bank or the Qatar Financial Markets Authority. This Red Herring Prospectus is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

Singapore

This Red Herring Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Red Herring Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares may not be circulated or distributed, nor may any Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275,

of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Red Herring Prospectus is strictly private and confidential and is being distributed to a limited number of investors. This Red Herring Prospectus must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

By receiving this Red Herring Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Equity Shares or the Red Herring Prospectus have been approved by the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning, the Securities and Commodities Authority ("**SCA**") or any other authorities in the United Arab Emirates, nor has the placement agent, if any, received authorisation or licensing from the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning, the SCA or any other authorities in the United Arab Emirates to market or sell the Equity Shares within the United Arab Emirates. No marketing of the Equity Shares has been or will be made from within the United Arab Emirates and no subscription to the Equity Shares may or will be consummated within the United Arab Emirates. It should not be assumed that the placement agent, if any, is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that it advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

Nothing contained in this Red Herring Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Red Herring Prospectus is for your information only and nothing in this Red Herring Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

United Kingdom

The Book Running Lead Managers represent, warrant and undertake to the Company that:

1. they have complied and will comply with all applicable provisions of the Financial Services and Market Act 2000 (the "FSMA") with respect to anything done by them in relation to the Equity Shares in, from or otherwise involving the United Kingdom; and

2. they have only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by them in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act and subject to certain exceptions, may not be offered or sold within the United States. The Equity Shares are being offered and sold outside of the United States in reliance on Regulation S to persons who are able to make the representations and undertakings summarised under "Transfer Restrictions". Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the first date upon which the Equity Shares were bona fide offered to the public, an offer of the Equity Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

Each purchaser of the Equity Shares will be deemed to have made the acknowledgements, representations and agreements described in "Transfer Restrictions" on page 180 of this Red Herring Prospectus.

TRANSFER RESTRICTIONS

The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.

Due to the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

General

Each purchaser of the Equity Shares, by accepting delivery of this Red Herring Prospectus will be deemed to have represented, agreed and acknowledged that:

(i) It is purchasing the Equity Shares outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(ii) It is relying on this document and not on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this Red Herring Prospectus or any part of it nor the Book Running Lead Manager will have any liability for any such other information or representation.

(iii) The Company, the Book Running Lead Managers and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company, the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Further, various rules, bye-laws and regulations of Indian stock exchanges also regulate the recognition of the stock exchanges and provide for the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**Delisting Regulations**") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and circulars dated February 1, 2012 and August 29, 2012, SEBI has introduced new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange; (iii) Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement; and (iv) Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of March 31, 2013, the BSE had 1,385 members, comprising 208 individual members, 1,147 Indian companies and 30 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of March 31, 2013 there were 5,211 listed companies trading on the BSE (excluding permitted companies). The estimated market capitalisation of stocks trading on the BSE was ₹ 65,322.51 billion as on March 31, 2013. In March 2013, the average daily equity turnover on the BSE was ₹ 20.92 billion. As of March 31, 2013, the BSE had 15,716 trader work stations spread over 229 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

The average daily turnover for March 2013 was ₹ 111.89 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. As of March 31, 2013 the NSE had 1,666 companies listed and market capitalisation of approximately ₹ 62,390.35 billion. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called 'National Exchange for Automated Trading' (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since the Company is an Indian listed company, the provisions of the Takeover Regulations apply to the Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the Company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information of the Company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, the Company's Memorandum and Articles of Association, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read the Company's Memorandum and Articles of Association carefully, and consult with their advisers, as to the Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of the Company is ₹ 6,780 million divided into 600 million Equity Shares of ₹ 10 each, 200 Class A Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each, 11,498,846 Class B Non-Cumulative Redeemable Preference Shares of ₹. 10 each and 64,501,154 Class C Cumulative Redeemable Preference Shares of ₹ 10 each.

Articles of Association

The Company is governed by its Articles of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of the Company may depend on a number of factors, including but not limited to, the Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of the Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of the Company such interim dividends as in their judgment the position of the Company justifies.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by the Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of the Company in all respects including entitlements to any dividends that may be declared by the Company.

Capitalisation of Profits and Issue of Bonus Shares

The Company may capitalise any amounts standing to the credit of the Company's reserve funds or capital redemption reserve account 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 securities premium account) and distribute among shareholders in paying up in full either at par or at premium any unissued shares of the Company or in payment of uncalled liability on the issued shares. However, the securities premium account or the capital redemption reserve account of the Company can only be applied towards payment for unissued Equity Shares to be issued to members of the Company as fully paid bonus shares. Any issue of bonus shares by a listed company will be subject to the applicable SEBI regulations.

Alteration of Share Capital

The Company's issued share capital may be increased by, *inter alia*, creation of new shares.

Subject to provisions of the Companies Act, the Company may also from time to time by special resolution reduce its capital redemption reserve account or securities premium account. Further, the Company may convert all or any of its fully paid-up Equity Shares into stock and re-convert that stock into paid-up equity shares of any denomination and cancel the Equity Shares which have not been taken or agreed to be taken by any person.

The Articles further provide that the Company may in a general meeting, from time to time consolidate or sub-divide its share capital or any of them subject as aforesaid and the Company in a general meeting may also cancel shares which 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 so cancelled. The Company may also buyback its shares or any other securities issued by it.

Pre-emptive Rights

When it is proposed to increase the subscribed capital of the Company by the issue of new Equity Shares, whether out of unissued share capital or out of increased share capital, such Equity Shares shall be offered first to the existing shareholders in proportion to the to the capital paid up on those shares at that date.

Further, new Equity Shares may be offered to any person whether or not those persons include existing shareholders, either if a special resolution to that effect is passed by the shareholders of the Company in a general meeting, or where a simple majority of shareholders present and voting have passed the resolution and the permission of the Government has been obtained.

Preference Shares

The Company may issue preference shares which are liable to be redeemed subject to provisions of the Companies Act.

General Meetings of Shareholders

The Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of the Company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, and from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. Further, the shareholders of a company can participate in the general meeting through video conference facility, in the event such facility is provided by the company and subject to conditions specified by the Ministry of Corporate Affairs. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hands and on 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.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the meeting. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

Pursuant to SEBI Circular dated July 13 2012, the Company (being one of the top 500 companies listed on the Stock Exchanges based on market capitalization as on the date of the circular) is required to provide e-voting facility to its shareholders for the businesses which are transacted through postal ballot and for which the notices are issued on or after October 1, 2012.

Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event the Company does not effect transfer of Equity Shares within one month or where the Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of the Company are freely transferable. Further, in terms of the Articles, any person, entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, or money as provided in the Articles, be entitled to receive, and may give a discharge for any dividends or other money payable in respect of the share.

Liquidation Rights

Under the Articles of the Company, in any winding-up, the assets available for distribution among the members of the Company shall be subject to the rights of the holders of shares issued upon special terms and conditions.

STATEMENT OF TAX BENEFITS

Auditor's Report

The Board of Directors
Fortis Healthcare Limited
C/o Escorts Heart Institute and Research Centre
Okhla Road, New Delhi - 25
India

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 management of the Company which are based on their understanding of the business activities and operations of the Company and our interpretation of the current tax laws in force in India.

For S.R. Batliboi & Co. LLP
Chartered Accountants

Per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: April 23, 2013

The tax benefits listed below are the possible benefits available under the current tax laws[11] 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. Special Tax Benefits

1.1.1 Under section 80-IB (11C) of the Act (effective from Assessment Year 2009-2010), profits of an undertakings deriving profits from the business of operating and maintaining a newly constructed hospital (constructed & has started functioning within the period 01 April 2008 to 31 March 2013) located anywhere in India (other than the specified excluded area), is eligible for 100% deduction for initial five consecutive assessment years subject to conditions specified in that section. However, section 80AC of the Act provides that no deduction under section 80-IB of the Act shall be allowed if the return is not filed on or before the due date specified under section 139(1) of the Act.

1.1.2 Under section 80-IE of the Act (effective from AY 2008-2009), profits of an undertakings deriving profits from the eligible business specified in sub-section (7) of section 80-IE of the Act which includes providing medical and health services in the nature of nursing home with a minimum capacity of 25 beds, is eligible for 100% deduction for initial ten consecutive assessment years subject to conditions specified in that section. This benefit is available where the specified business is started during the period 01 April 2007 to 31 March 2017 and is set up specifically in North Eastern states. However, as per section 80AC of the Act, no deduction under section 80-IE of the Act shall be allowed if the return is not filed on or before the due date specified under section 139(1) of the Act.

1.2. General Tax Benefits

1.2.1 For financial year 2012-13, the corporate tax rate is 30% plus surcharge and education cess thereon. Minimum Alternate Tax ('MAT') needs to be paid in a case, when income-tax payable on the total income as computed under this Act is less than 18.5% of its book profit. MAT rate is further enhanced by surcharge and education cess. In the case of a domestic company, surcharge @ 5% is applicable only where the taxable income of the company exceeds INR 10 million. Further, cess is levied @ 3% on the total amount of tax and surcharge.

1.2.2 Under section 10(34) of the Act, Company will be eligible for exemption of income by way of dividend (interim or final) (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any other domestic company referred to in section 115-O of the Act.

1.2.3 Under section 10(35) of the Act, the following income will be exempt from tax in the hands of the Company

- ► Income received in respect of the units of a Mutual Fund specified under section 10(23D) of the Act; or
- ► Income received in respect of units from the specified company as defined in Explanation to section 10(35) of the Act.

1.2.4 Under Section 10(38) of the Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in the company or a unit of an equity oriented fund (i.e. capital asset held for the period of more than 12 months) entered into in a recognized stock exchange in India and

[11] Income Tax Act, 1961as amended by Finance Act 2012. Please note that recently Finance Bill 2013 has been introduced. We have not considered the proposals mentioned in such bill, as the same has not been enacted as on date.

being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, in case of the Company, from Assessment Year ('AY') 2007-2008 onwards, such long term capital gains shall be taken into account in computing the book profits and the Minimum Alternate Tax payable thereon under section 115JB of the Act, if applicable.

1.2.5 Subject to compliance of certain conditions laid down in Section 32 of the Act, the Company will be entitled to a deduction for depreciation: -

- ► In respect of tangible assets;
- ► In respect of intangible assets being in the nature of knowhow, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired after 31st day of March, 1998 at the rates prescribed under Income Tax Rules, 1962.

1.2.6 Under section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under section 32(1) of the Act in any previous year, owing to there being no profits or gains chargeable for that previous year, or owing to the profits or gains chargeable being less than depreciation allowance, then, subject to the provisions of section 72(2), depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following previous year and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that previous year, and so on for the succeeding previous years.

1.2.7 Under section 72(1) of the Act, where for any assessment year, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the company, not being loss sustained in a speculation business, and such loss cannot be and is not wholly set off against income from any other head of income for the same year, the same shall be eligible to be carried forward; and such loss carried forward shall be available for set off against income from business under head "Profits & Gains of Business or Profession" only for subsequent years. As per section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 assessment years immediately succeeding the assessment year for which the loss was first computed.

However, as per section 80 of the Act, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3) of the Act, shall be carried forward and set off under section 72(1) of the Act. In other words, return of year in which loss was incurred must be filed within the due date, as per the provisions of the Act.

1.2.8 Under the provisions of section 35(1)(i) of the Act read with clause (iv) of this subsection, the Company shall be eligible for deduction of any expenditure (except capital expenditure for acquisition of land) laid out or expended on scientific research related to the business of the company.

1.2.9 Under the provisions of section 35(1)(ii) of the Act, the Company shall be eligible for a weighted deduction of 175% of any sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research, subject to fulfillment of the prescribed conditions.

1.2.10 Under the provisions of section 35(1)(iia) of the Act, the Company shall be eligible for a weighted deduction of 125% of any sum paid to a company to be used by it for scientific purpose, subject to fulfillment of the prescribed conditions.

1.2.11 Under the provisions of section 35(1)(iii) of the Act, the Company shall be eligible for a weighted deduction of 125% of any sum paid to a research association or university, college or other institution to be used by it for research in social science or statistical research, subject to fulfillment of the prescribed conditions.

1.2.12 Under the provisions of section 35(2AA) of the Act, the Company shall be eligible for a weighted deduction of 200% of any sum paid to a National Laboratory, University, Indian Institute of Technology or a specified person with a specific direction that the said sum shall be used for scientific research undertaken under a programme approved in this behalf by the prescribed authority, subject to fulfillment of the prescribed conditions.

1.2.13 Under the provisions of section 35(2AB)(1) of the Act, the Company shall be eligible for a weighted deduction of 200% of the expenditure (not being expenditure in the nature of cost of any land or building) incurred by the Company on in-house scientific research and development facility approved by the prescribed authority, subject to fulfillment of prescribed conditions.

1.2.14 Under Section 35D of the Act, the Company is eligible for deduction in respect of specified preliminary expenditure (such as expenses in connection with public issue of shares or debentures like underwriting commission, brokerage etc) incurred by the Company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses over 5 successive Assessment Years, subject to the conditions and limits specified in the section.

1.2.15 As per section 48 of the Act, income chargeable under the head capital gains shall be computed by deducting from the full value of consideration, the expenses incurred in connection with the transfer of the capital asset along with the cost of acquisition and cost of improvement of the capital asset.

1.2.16 MAT is a minimum tax which a company needs to pay when income-tax payable on the total income as computed under this Act is less than 18.5% of its book profit. Credit is allowable for the difference between MAT paid and the tax computed as per the normal provisions of the Act. MAT credit can be utilized to the extent of difference between any tax payable under the normal provisions and MAT payable for the relevant year.

MAT credit in respect of MAT paid shall be available for set-off upto 10 years succeeding the year in which the MAT credit initially arose.

1.2.17 In accordance with Section 115 O of the Act, any amount declared, distributed or paid by the company by way of dividends (whether interim or otherwise) on or after 1 April 2003, whether out of current or accumulated profits shall be charged to income tax at the rate of 15% (plus applicable surcharge and education cess), in addition to the income tax chargeable in respect of the total income of a domestic company for any assessment year.

Further, section 115-O of the Act provides that, in order to compute the Dividend Distribution Tax (DDT) payable by a domestic holding company, the amount of dividend paid by it would be reduced by the amount of dividend received by it from a domestic company, if:

- ► Such dividend is received from its subsidiary company and:
- ► The subsidiary company has paid DDT on such dividend.

For this purpose, a company would be considered as a subsidiary if any company holds more than half of its nominal equity capital.

2. To the Members of the Company – Under the Income Tax Act, 1961

2.1 General Tax Benefits

2.1.1 Resident Members

a) Under sec 10(34) of the Act, income earned by way of dividend (whether interim or final) from domestic company referred to in Section 115-O of the Act, is exempt from income-tax in the hands of 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 12 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, in case of a shareholder being a company, long term capital gains shall be taken into account in computing the book profit and the Minimum Alternate Tax payable thereon under section 115JB of the Act.

c) Computation of Capital Gains - Capital assets may be categorized into Short Term Capital Assets and Long Term Capital Assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a company or any other listed securities, or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

d) Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains (if shares are held for a period exceeding 12 months) from transfer of shares or debentures of an Indian Company, it permits substitution of cost of acquisition/ improvement with the indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

e) Under the provisions of section 54EC of the Act and subject to the conditions and to be extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of long term capital assets by the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds (redeemable after 3 years) issued by-

- National Highways Authority of India 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

- 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. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three year from the date of their acquisition.

However as per First Proviso to section 54EC(1), the investments made in the Long Term Specified Asset on or after April 1, 2007 by any assesses during the financial year should not exceed 50 Lacs rupees.

f) Under Section 54F of the Act, where in the case of an individual or Hindu Undivided Family ('HUF') capital gain arise from transfer of long term assets [other than a residential house and those exempt under section 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 a 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 a 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 or unit of an equity oriented fund, entered into on a recognized stock exchange

in India, which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus surcharge and education cess on income-tax).

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 shall be taxed at a rate of 20% (plus surcharge and education cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus surcharge and education cess on income-tax) without indexation, incase of listed securities or unit or zero coupon bonds, at the option of the Shareholders.

i) Short-terms capital loss on sale of shares can be set off against any capital gain income, long term or short term, in the same assessment year. However, long term capital loss can be set off only against long term capital gain arising to the company. Further, it should be noted that capital loss can be set off only against capital gain income and not against any other head of income. Balance short-term capital loss/ long term capital loss, if any, can be carried forward up to eight assessments years. In the subsequent year also, short term capital loss can be set off against any capital gain, however, the long term capital loss can be set off only against long term capital gain.

j) 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 allowed as deduction in computing the profits & gains from business or profession under the provisions of section 36(1)(xv) of the Act, if income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business and Profession"

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

a) Under sec 10(34) of the Act, income earned by way of dividend (whether interim or final) from domestic company referred to in Section 115-O of the Act (i.e. dividend income from a domestic company), 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.

c) 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 Indian 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 to non-residents.

However, Finance Act 2012 provided that in case of long-term capital gains arising from the transfer of a capital asset, being unlisted securities, capital gains shall be calculated at the rate of 10%. In such case, benefit of indexation and foreign exchange fluctuations shall not be available.

d) Under the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of long term capital assets by the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds (redeemable after 3 years) issued by-

- ► National Highways Authority of India 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

- ► 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. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three year from the date of their acquisition.

However as per First Proviso to section 54EC(1), the investments made in the Long Term Specified Asset on or after April 1, 2007 by any assessee during the financial year should not exceed 50 Lacs rupees.

e) Under Section 54F of the Act, where in the case of an individual or Hindu Undivided Family ('HUF') capital gain arise from transfer of long term assets [other than a residential house and those exempt under section 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 a 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 a 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.

f) 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 @ 15% (plus surcharge and education cess on income-tax).

g) 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 shall be taxed at a rate of 20% (plus surcharge and education cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus surcharge and education cess on income-tax) without indexation, incase of listed securities or unit or zero coupon bonds, at the option of the Shareholders.

Finance Act 2012 amended the provisions of the section to provide that in case of a non-resident shareholder, long-term capital gains arising from the transfer of a capital asset, being unlisted securities, shall be calculated at the rate of 10% on without giving effect to indexation and foreign exchange fluctuations.

h) As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of Double Taxation Avoidance Agreement ("DTAA") between India and the country in which the shareholder has fiscal domicile to the extent they are more beneficial to the non-resident.

i) Taxation of Income from investment and Long Term capital Gains

(i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin who is not a "resident", 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 into money within three years from the date of their acquisition.

(iv) Under provisions of Section 115G 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 and tax deductible at source has been deducted there from.

(v) Under the provisions of section 115H of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of India Origin) has an option to be governed by the provision of Chapter XII A of the Act viz. "Special Provisions Relating to certain Income of Non-Resident", even after the assessee becomes a resident, if he furnishes to the Assessing Officer a declaration alongwith the return of income under section 139 of the Act.

(vi) 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.

2.1.3 Foreign Institutional Investors ('FIIs')

a) Under sec 10(34) of the Act, income earned by way of dividend (whether interim or final) from domestic company referred to in Section 115-O of the Act, is completely exempt from income-tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the institutional investor 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, in case of a shareholder being a company, long term capital gains shall be taken into account in computing the book profit and the Minimum Alternate Tax payable thereon under section 115JB of the Act.

c) Under the first proviso to section 48 of the Act, in case of a non resident institutional investor, in computing the capital gains arising from transfer of shares of the Indian 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 this case.

d) Under the provisions of section 54EC of the Act and subject to the conditions and to be extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of long term capital assets by the Foreign Institutional Investors will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds (redeemable after 3 years) issued by-

- National Highways Authority of India 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

- 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. The amount

so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three year from the date of their acquisition.

However as per 1st proviso to section 54EC(1), the investments made in the Long Term Specified Asset on or after April 1, 2007 by any assesses during the financial year should not exceed 50 Lacs rupees.

e) 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 allowed as deduction in computing the profits & gains from business or profession under the provisions of section 36(1)(xv) of the Act , if income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business and Profession".

f) 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 15% (plus applicable surcharge, if any and education cess).

g) Under Section 115AD of the Act, income (other than income by way of dividend referred to in section 115O), received in respect of securities (other than units referred in section 115AB), will be taxable under the Act @ 20%.

Section 115AB includes income received in respect of units purchased in foreign currency.

h) Under Section 115AD of the Act, capital gain arising on transfer of short term capital assets, being an equity share in a company which is not subject to Securities Transaction Tax will be taxable under the Act at the rate of 30% (plus applicable surcharge, if any and education cess).

i) Further, as per Section 115AD of the Act, capital gain arising on transfer of long term capital assets, being shares in a company [other than those exempt under section 10(38)], are taxed at the rate of 10% (plus applicable surcharge, if any 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.

j) As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of DTAA between India and the country in which the non-resident has fiscal domicile to the extent they are more beneficial to the non-resident.

3. Wealth Tax Act, 1957 ('WT Act')

Wealth Tax is applicable if the net wealth (as defined) of a company or an individual or HUF exceeds INR 30 Lacs as on the valuation date (i.e. March 31 of the relevant financial year). Wealth Tax shall be charged in respect of the net wealth of every company or an individual or HUF at the rate of 1% of the amount by which net wealth exceeds INR 30 Lacs.

Notes

a) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

b) 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.

c) 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.

LEGAL PROCEEDINGS

We are involved in various legal proceedings including, among others, disputes relating to title to land, medical negligence cases and income tax cases. Except as described below, we believe that we are not involved in any material legal proceedings, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Red Herring Prospectus, a material adverse effect on our business, financial position, profitability, cash flows or results of operations.

The summaries of litigation and disputes described below involve a potential financial liability of ₹ 50 million or more and certain other litigation which we consider material.

Litigation involving the Escorts Hospital, Delhi

Escorts Heart Institute and Research Centre Limited ("**EHIRCL**") initiated certain legal proceedings against the Delhi Development Authority (the "**DDA**") and the Estate Officer, DDA, New Delhi (the "**Estate Officer**") seeking relief against eviction proceedings initiated by the DDA and the Estate Officer in respect of the land on which the Escorts Hospital, Delhi is located (the "**Hospital Land**"). The Hospital Land, comprising of multiple plots of land, was allotted to Escorts Heart Institute and Research Centre, Delhi, a registered society (the "**EHIRC, Delhi**"), by the DDA through various allotment letters between April, 1982 and June, 1996. Further, certain allotment letters were subsequently converted to lease deeds. EHIRC, Delhi subsequently merged with another society, Escorts Heart Institute and Research Centre, Chandigarh (the "**EHIRC, Chandigarh**") and the merged entity was incorporated as EHIRCL under the Companies Act on May 30, 2000. Through an order dated October 6, 2005, the DDA cancelled the allotment letters and lease deeds in respect of the Hospital Land (the "**DDA Order**"). Specifically, the DDA has alleged: (i) that EHIRCL failed to reserve 25% beds for free treatment and services for weaker and indigent sections of society which is a mandatory requirement under the terms of allotment and lease, and (ii) that the initial merger of EHIRC, Delhi with EHIRC, Chandigarh and subsequent conversion to a company, was in violation of the terms of allotment and lease and the provisions of the Delhi Development Authority (Disposal of Developed Nazul Land) Rules, 1981. EHIRCL filed a civil suit (C.S. (O.S.) no. 1440/2005) before the High Court of Delhi seeking declaration of the DDA Order as illegal and a permanent injunction to restrain the DDA from dispossessing EHIRCL from the Hospital Land. The High Court of Delhi through order dated October 20, 2005 granted an interim injunction restraining the DDA from recovering possession of the Hospital Land.

Subsequently, on November 9, 2005, the Estate Officer issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 ("**Public Premises Act**") asking EHIRCL to show cause as to why eviction proceeding should not be initiated in respect of the Hospital Land. The proceedings initiated by the Estate Officer were on the same grounds as the DDA Order. EHIRCL unsuccessfully challenged these proceedings before the High Court of Delhi and subsequently filed a special leave petition (Special Leave to Appeal (Civil) no. 20190/2007, now converted to Civil Appeal no. 427/2011) before the Supreme Court of India against the DDA and the Estate Officer seeking an order restraining the Estate Officer from proceeding under the Public Premises Act as per the notice dated November 9, 2005 issued by the Estate Officer. The Supreme Court of India through an order dated October 29, 2007 held that the proceedings before the Estate Officer may continue but no final orders may be passed therein till further orders from the Supreme Court of India.

Both the above matters are currently pending.

Litigation involving the Fortis Hospital, Vashi

Hiranandani Healthcare Private Limited ("**HHPL**") and another have filed a writ petition (Writ Petition no. 5781 of 2012) before the High Court of Bombay against the State of Maharashtra, the Navi Mumbai Municipal Corporation ("**NMMC**") and the Local Authorised Inspecting Officer, Health Department, NMMC (the "**Inspecting Officer**") (State of Maharashtra, NMMC and the Inspecting Officer collectively referred to as the "**Respondents**") seeking relief against an order dated June 26, 2012 issued by the Inspecting Officer which *inter alia* cancelled the registration of the Fortis Hospital, Vashi under the Bombay Nursing Homes Registration Act, 1949 (the "**Act**") and directed closure of the hospital's operations (the "**Order**"). The NMMC had earlier issued a show cause notice dated February 13, 2012 to HHPL alleging that the number of beds being operated at the Fortis Hospital, Vashi were in excess of the limit sanctioned in the certificate of registration under the Act. HHPL has contended *inter alia* that the Order is *ultra vires* the provisions of the Act, is unconstitutional and contrary to the principles of natural justice. The

High Court of Bombay, through an order dated June 29, 2012, has stayed the operation and implementation of the Order till final disposal of the writ petition and restrained the Respondents from interfering with the normal functioning of the Fortis Hospital, Vashi. The matter is currently pending.

Litigation involving the Fortis Rajan Dhall Hospital

There are certain outstanding legal proceedings in relation to the Fortis Rajan Dhall Hospital. The Flt. Lt. Rajan Dhall Charitable Trust, a registered society (the "**Rajan Dhall Society**") was allotted two plots of land in the year 1983 at Aruna Asaf Ali Road, Vasant Kunj, New Delhi (the "**Hospital Land**") by the President of India and subsequently entered into a lease deed for the Hospital Land with the Delhi Development Authority (the "**DDA**") in the year 1987. The DDA, through an order dated November 30, 2005, cancelled the lease of the Hospital Land on the grounds that *inter alia* the Rajan Dhall Society had failed to construct a building on the Hospital Land within the stipulated period of two years and that the Hospital Land has been transferred without the consent of the DDA thereby violating the terms of the allotment and lease deed (the "**Cancellation Order**"). The Rajan Dhall Society filed a civil suit before the High Court of Delhi against the DDA seeking declaration against the Cancellation Order and a permanent injunction against the DDA from interfering with the possession of the Hospital Land. The High Court of Delhi, through orders dated December 19, 2005 and February 22, 2006, directed both parties to maintain the status quo in relation to possession of the Hospital Land and that no third party interest be created in the Hospital Land by the Rajan Dhall Society. Thereafter, the DDA filed certain interim applications before the High Court of Delhi alleging that the Rajan Dhall Society has violated the status quo by entering into an operation and management agreement dated May 12, 2005 with Fortis Hospotel Limited. Subsequent to the Cancellation Order, the Estate Officer (SWZ), DDA, New Delhi (the "**Estate Officer**") passed an order dated April 1, 2008 directing eviction proceedings against the Rajan Dhall Society under the Public Premises Act.

Additionally, Dr. Sudesh Bahl Dhall and another (the "**Plaintiffs**") have filed a suit (Suit no. 96 of 2006) before the court of Sh. Lal Singh, Additional District Judge, Delhi ("**ADJ**") against the Company alleging that the Hospital Land can only be used by the Rajan Dhall Society and that the Company is unlawfully representing itself as the owner of the Hospital Land. The Plaintiffs have *inter alia* sought an injunction against the Company from dealing with the Hospital Land.

The matters before the High Court of Delhi, the Estate Officer and the ADJ are currently pending.

Litigation involving the Fortis Jessa Ram Hospital

R. B. Seth Jessa Ram and Bros. (*"***Jessa Ram**") has filed a civil suit before the High Court of Delhi against the Union of India, Ministry of Urban Development, Land and Development Office (the "**LDO**"). In the suit, Jessa Ram has *inter alia* challenged an order dated August 17, 2006 passed by the LDO which cancelled the allotment and lease of a portion of land on which the Fortis Jessa Ram Hospital is situated (the "**Land**") and has sought a permanent injunction restraining the LDO from dispossessing Jessa Ram from the Land. The LDO, through previous letters and show cause notices, alleged that the Land was lying vacant and was not being utilised for the purpose stated in the terms of the allotment. Further, the LDO also alleged that Jessa Ram had violated the terms of the lease by entering into an operation and management agreement with the Company. The High Court of Delhi, through an order dated August 22, 2006, granted an interim injunction in favour of Jessa Ram restraining LDO from dispossessing Jessa Ram from the Land or otherwise interfering with the possession and activities of Jessa Ram on the Land. The matter is currently pending.

Litigation involving the Fortis Hospital, Kolkata

Nanda Roy and six others ("**Plaintiffs**") have filed various writ petitions before the High Court of Calcutta and a civil suit before the 1st Civil Judge, Alipore, Kolkata against the Kolkata Metropolitan Development Authority ("**KMDA**"), the State of West Bengal, Wockhardt Hospital and Kidney Institute ("**Wockhardt**") and certain other parties (the "**Respondents**") claiming *inter alia* title to the land on a portion of which the Fortis Hospital, Kolkata is situated, a temporary injunction restraining the Respondents from interfering with the Plaintiffs' possession of the said land and further seeking to restrain the Respondents from making any construction on the said land. The Respondents have contended that *inter alia* the land was acquired by the State of West Bengal in terms of a notification issued under the West Bengal Land Development and Planning Act, 1948 (the "**Act**") and given to KMDA for development and allotment to third parties. The Plaintiffs allege that *inter alia* the land was not acquired

by the State of West Bengal under the Act and consequently could not have been leased in favour of the KMDA. Furthermore, as the land does not vest with the KMDA, the same could not have been allotted to third parties, including Wockhardt. These matters are currently pending. Additionally, there is also a title-related matter initiated by Purna Chandra Mondal against Wockhardt in relation to the said land which is pending before the 1st Civil Judge (Junior Division), Alipore.

Litigation involving the Fortis Hospital, BG Road

M/s. Emaculate Conception Church ("**Plaintiff**") has filed a civil suit (O.S. no. 5290/2006) before the Court of City Civil Judge, Bangalore ("**Civil Judge**") against Kanishka Housing Development Company Private Limited ("**KHL**") challenging KHL's title to the land on which the Fortis Hospital, BG Road is situated (the "**Hospital Land**"). The Plaintiff has alleged that *inter alia* it is the original owner of the Hospital Land having acquired the same in the year 1878. On April 18, 2007, the Civil Judge permitted the Plaintiff to amend its plaint for the suit to include the reliefs of declaration of title and possession but rejected granting mandatory injunction against KHL for removal of existing structures on the Hospital Land and declaratory relief in relation to certain old title documents (the "**Order**"). KHL and the Plaintiff both filed separate writ petitions before the High Court of Karnataka challenging the Order. The High Court, through an order dated July 15, 2011, disposed of the writ petitions and disallowed the relief of mandatory injunction. The High Court, however, allowed the addition of the relief of declaration of title and possession to the original suit. The matter is currently pending with the Civil Judge.

Legal proceedings involving Fortis Emergency Services Limited

Fortis Emergency Services Limited ("**FESL**") had filed an arbitration petition (ARB.P. no. 305/2011) before the High Court of Delhi against Government of National Capital Territory of Delhi ("**Respondent**") and Fortis Healthcare (India) Limited seeking to appoint an arbitrator for adjudicating the dispute between FESL and the Respondent. FESL and the Respondent had entered into an agreement dated July 13, 2009 for procurement of ambulances in relation to an ambulance project of the Respondent. FESL contended that it had procured ambulances which were not accepted by the Respondent on the alleged ground that they did not fulfil certain requirements. The High Court of Delhi, through an order dated September 3, 2012, disposed off the arbitration petition and appointed Mr. O.P. Dwivedi, a former judge of the same court, as the sole arbitrator for adjudicating the dispute between FESL and the Respondent. The matter is currently pending.

Medical Negligence Cases

1. Manjeet Chawla and two others ("**Complainants**") have filed a complaint (Consumer case no. 228 of 2001) before the National Consumer Disputes Redressal Commission, New Delhi against Escorts –Delhi seeking compensation of ₹ 96 million for *inter alia* financial loss, mental agony and loss of support caused by the death of her husband. The Complainants have alleged negligence on part of the doctors and nurses at the hospital in treating the deceased. The matter is currently pending.

2. K. Karthiga and two others ("**Complainants**") have filed a complaint (Consumer case no. 279 of 2011) before the National Consumer Disputes Redressal Commission, New Delhi against Helios Hospital, Chennai, Dr. Krishna Kumar, FMHL and Dr. Nandakumar Sundram ("**Respondents**") seeking *inter alia* compensation of ₹ 55.1 million, together with interest, for the death of the husband of K. Karthiga and that the Respondents be held negligent in giving treatment and deficient in rendering services to the deceased. The matter is currently pending.

Tax Proceedings

1. EHIRCL has filed an appeal before the Commissioner of Income Tax (Appeals), New Delhi challenging the assessment order dated March 28, 2006 passed by the Deputy Commissioner of Income Tax, Central Circle – 3, New Delhi (the "**Assessment Order**"). The Assessment Order was issued against EHIRC, Delhi *inter alia* in relation to alleged illegality in merger of EHIRC, Delhi with EHIRC, Chandigarh, incorrect determination of income in relation to assessment year 2001-2002 and violation of various provisions of the Income Tax Act, 1961. EHIRCL has challenged the Assessment Order contending *inter alia* that EHIRC, Delhi had earlier merged with EHIRC, Chandigarh and had no existence in the relevant year. The amount involved in the matter is ₹ 1,243.7 million together with any penalty that may be imposed. The matter is

currently pending.

2. EHIRCL has filed an appeal before the Commissioner of Income Tax (Appeals) II, Delhi challenging the assessment order dated March 31, 2010 passed by the Assistant Commissioner of Income Tax, Central Circle – 3, New Delhi (the "**Assessment Order**"). The Assessment Order was issued against EHIRC, Chandigarh (now EHIRCL) *inter alia* in relation to addition of capital gain to the determination of income in relation to assessment year 2001-2002. EHIRCL has challenged the Assessment Order contending *inter alia* that the addition of capital gain to its income is not correct as no capital gain had arisen pursuant to conversion of EHIRC, Chandigarh, a society, to a company. The amount involved in the matter is ₹ 1,053.2 million together with any penalty that may be imposed. The matter is currently pending.

3. EHIRCL has filed an appeal before the Customs Excise and Service Tax Appellate Tribunal, New Delhi challenging the order dated June 8, 2007 passed by the Commissioner of Customs (Import and General), New Delhi (the "**Order**"). The Order was issued against EHIRCL alleging *inter alia* mis-declaration of certain imported machinery under the Customs Act, 1944. The amount involved in the matter is ₹ 77 million. The matter is currently pending.

SRL Limited

Arbitration Proceedings

M/s. Bliss Health Care, a partnership, ("**Claimant**") and SRL Limited ("**SRL**") are involved in an arbitration proceeding before an arbitral tribunal. The Claimant has alleged *inter alia* that it incurred heavy losses from the operation of a pathological laboratory in Srinagar, set up in collaboration with SRL pursuant to a franchise agreement dated April 22, 2008, due to false representations made by SRL. The Claimant has requested the tribunal to award an amount of ₹ 27.53 million, together with interest, for operational losses incurred by the Claimant and an aggregate amount of ₹ 101 million towards stress, trauma and mental agony caused to the Claimant's partners and the costs of arbitration. SRL in its counter-claim has contended *inter alia* that the Claimant never cleared SRL's invoices as required by the franchise agreement and did not operate the pathological laboratory as per the business plan. SRL has requested for an award of ₹ 103.10, together with interest, for losses incurred by it and ₹ 3 million towards the cost of arbitration and of other legal proceedings. The matter is currently pending.

Tax proceedings

1. SRL has filed an appeal before the Commissioner of Income Tax (Appeals), New Delhi (the "**CIT**") challenging the assessment order dated December 10, 2010 passed by the Additional Commissioner of Income Tax, Range-9, New Delhi (the "**Assessment Order**"). The Assessment Order was issued against SRL in relation to *inter alia* alleged non-deduction of tax at source on the discounts paid by SRL to various collection centres in relation to assessment year 2007-2008. In the Assessment Order, the discounts paid by SRL to its collection centres were treated as commission and, accordingly, it was held that SRL was liable to have deducted tax at source. The CIT, through order dated February 11, 2013 has partly allowed the appeal filed by SRL. The amount involved in the matter is ₹ 125.6 million together with any penalty that may be imposed. The matter is currently pending.

2. The Deputy Commissioner of Income Tax, New Delhi (the "**Commissioner**") has filed an appeal before the Income Tax Appellate Tribunal, Delhi challenging the order dated March 20, 2012 passed by the Commissioner of Income Tax (Appeals)-XII, New Delhi (the "**CIT Order**"). The CIT Order had allowed the appeal filed by SRL against an assessment order dated December 20, 2010 passed by the Deputy Commissioner of Income Tax, Circle 9(1), New Delhi (the "**Assessment Order**") in relation to *inter alia* alleged non-deduction of tax at source on the discounts paid by SRL to various collection centres in relation to assessment year 2008-2009. In the Assessment Order, the discounts paid by SRL to its collection centres were treated as commission and, accordingly, it was held that SRL was liable to have deducted tax at source. The amount involved in the matter is ₹ 81.5 million together with any penalty that may be imposed. The matter is currently pending.

3. SRL has filed an appeal before the Commissioner of Income Tax (Appeals), New Delhi challenging the assessment order dated December 29, 2011 passed by the Joint Commissioner of Income Tax (OSD),

Circle 9(1), New Delhi (the "**Assessment Order**"). The Assessment Order was issued against SRL in relation to *inter alia* alleged non-deduction of tax at source on the discounts paid by SRL to various collection centres in relation to assessment year 2009-2010. In the Assessment Order, the discounts paid by SRL to its collection centres were treated as commission and, accordingly, it was held that SRL was liable to have deducted tax at source. The CIT, through order dated March 4, 2013 has partly allowed the appeal filed by SRL. The amount involved in the matter is ₹ 131.9 million together with any penalty that may be imposed. The matter is currently pending.

4. SRL has filed appeals before the Commissioner of Income Tax (Appeals)-14, Mumbai challenging the orders dated March 11, 2011 passed by the Income Tax Officer (TDS), Ward-3(3), Mumbai (the "**Order**"). The Order was issued against SRL in relation to *inter alia* alleged non-deduction of tax at source on the discounts paid by SRL to various collection centres in relation to assessment years 2008-2009 and 2009-2010. In the Order, the discounts paid by SRL to its collection centres were treated as commission and, accordingly, it was held that SRL was liable to have deducted tax at source. The aggregate amount involved in both matters is ₹ 98.9 million together with any penalty that may be imposed. The matter is currently pending.

5. The Deputy Commissioner of Income Tax, Circle 9(1), New Delhi has issued an assessment order dated January 31, 2013 against SRL in relation to improper determination of income in relation to assessment year 2008-2009. The amount involved in the matter is ₹ 61.4 million together with any penalty that may be imposed. The matter is currently pending.

6. The Deputy Commissioner of Income Tax, Circle 9(1), New Delhi has issued an assessment order dated March 21, 2013 (the "**Assessment Order**") against SRL in relation to *inter alia* alleged non-deduction of tax at source on the discounts paid by SRL to various collection centres in relation to assessment year 2010-2011. In the Assessment Order, the discounts paid by SRL to its collection centres were treated as commission and, accordingly, it was held that SRL was liable to have deducted tax at source. The amount involved in the matter is ₹ 74.8 million together with any penalty that may be imposed. The matter is currently pending.

Miscellaneous

SEBI has issued a show cause notice against Religare Securities Limited ("**RSL**") under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 in relation to trading undertaken by Ms. Pooja Menghani. The proceedings in relation to this show cause notice are currently pending. One of the Directors, Mr. Sunil Godhwani, is the Managing Director of RSL. Further, SEBI has also issued warnings to RSL in relation to certain irregularities in trades undertaken by it.

Mr. Malvinder Mohan Singh, a Director of the Company, has received a summons dated May 28, 2010 from the Directorate of Enforcement, Ministry of Finance ("**DoE**") requiring him to appear for investigations under the provisions of the Foreign Exchange Management Act, 1999 initiated against the Company. No further communication has been received from the DoE in this regard. Further, there are certain legal proceedings initiated against Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and certain of the Directors, including *inter alia*, criminal proceedings, labour law related proceedings and consumer disputes.

INDEPENDENT AUDITORS

S.R. Batliboi & Co. LLP, Chartered Accountants, the statutory auditor of the Company, have audited our consolidated financial statements as of and for each of the years ended March 31, 2012, 2011 and 2010 and have undertaken a limited review of our consolidated condensed financial statements for the nine months ended December 31, 2012, included in this Red Herring Prospectus in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the ICAI.

S.R. Batliboi & Co. LLP, Chartered Accountants are independent auditors with respect to the Company pursuant to the Chartered Accountants Act, 1949 or any rules or regulations issued thereunder and the code if ethics issued by the ICAI.

GENERAL INFORMATION

1. The Company was incorporated in Delhi on February 28, 1996 as Rancare Limited, under the Companies Act. On June 20, 1996, the name of the Company was changed to Fortis Healthcare Limited, which was later changed to Fortis Healthcare (India) Limited on March 7, 2011 and further changed to its present name on March 6, 2012. The registered office of the Company is situated at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi 110 025.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI Regulations.

3. The Issue has been authorised and approved by the Board of Directors through circular resolutions dated November 27, 2012 and April 24, 2013, respectively, and by the Company's shareholders through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013.

4. SEBI has pursuant to its letter dated January 16, 2013 permitted the Company: (i) to issue Equity Shares upto 10% of the post-issue capital of the Company to qualified institutional buyers; and (ii) use limited reviewed financial statements for the stub period. Further, SEBI has pursuant to letter dated April 15, 2013 permitted the Company to allot Equity Shares in the Issue to less than 10 investors, subject to the minimum number of Allottees in a QIP. For further details, see "***Issue Procedure – SEBI Approvals***".

5. The Company has received in-principle approvals under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the BSE and the NSE on April 25, 2013 and April 25, 2013, respectively.

6. The Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

7. Except as disclosed in this Red Herring Prospectus, there has been no material change in the Company's financial condition since December 31, 2012, the date of its latest reviewed consolidated condensed financial statements, prepared in accordance with Indian GAAP, included herein.

8. Except as disclosed in this Red Herring Prospectus, there are no legal or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

9. The Company's statutory auditor, S.R. Batliboi & Co. LLP, Chartered Accountants has audited our consolidated financial statements as of and for each of the years ended March 31, 2012, 2011 and 2010 and has undertaken a limited review of the Company's consolidated condensed financial statements for the nine months ended December 31, 2012, and have consented to the inclusion of their audit report for each of the fiscal years ended March 31, 2012 and 2011 and their limited review report in relation thereto in this Red Herring Prospectus.

   S.R. Batliboi & Co. LLP was formerly constituted as a partnership in the name of S.R. Batliboi & Co. With effect from April 1, 2013, S.R. Batliboi & Co. has been converted into a limited liability partnership in the name of S.R. Batliboi & Co. LLP under the Limited Liability Partnership Act, 2008.

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

11. **Consents**

    Consents in writing of: (a) the Directors and the legal advisors; the Book Running Lead Managers, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

    In accordance with the Companies Act and the SEBI Regulations, S.R. Batliboi & Co. LLP, Chartered

Accountants, the Company's statutory auditors, have given their written consent to the inclusion of audit reports dated May 28, 2012 and May 27, 2011, review report dated April 24, 2013 and statement of the tax benefits dated April 23, 2013 in this Red Herring Prospectus.

12. **Experts**

The Company has received consent from the Auditor namely, S.R. Batliboi & Co. LLP, Chartered Accountants to include their name as an expert under Section 58 of the Companies Act in this Red Herring Prospectus in relation to the audit reports dated May 28, 2012 and May 27, 2011, review report dated April 24, 2013 and statement of the tax benefits dated April 23, 2013 included in this Red Herring Prospectus and such consent has not been withdrawn as of the date of this Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert"" as defined under the United States Securities Act of 1933.

13. **Company Secretary and Compliance Officer**

The Company Secretary and Compliance Officer of the Company is Mr. Rahul Ranjan. His contact details are as follows:

Mr. Rahul Ranjan
Fortis Healthcare Limited
5th Floor, Tower A, Unitech Business Park
Block F, South City 1, Sector 41
Gurgaon, Haryana 122 001

Tel: (91 124) 4921 075

Fax: (91 124) 4921 041

Email: secretarial@fortishealthcare.com

Website: www.fortishealthcare.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

14. **Price Information of Past Issues handled by Book Running Lead Managers**

The price information of past issues handled by the Book Running Lead Managers is as follows:

(a) Price information of past issues handled by the Book Running Lead Managers:

I. Standard Chartered

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index[(1)] on listing date (Closing)	Closing price as on 10th calendar day from listing day[(b)(c)]	Benchmark index as on 10th calendar day from listing day (Closing)[(b)(c)]	Closing price as on 20th calendar day from listing day[(b)(d)]	Benchmark index as on 20th calendar day from listing day (Closing)[(b)(d)]	Closing price as on 30th calendar day from listing day[(b)(e)]	Benchmark index as on 30th calendar day from listing day (Closing)[(b)(e)]
1.	Bharti Infratel Limited	41,727.6	220[(1)]	December 28,2012	200	191.65	(12.89%)	5,908.35[(b)]	207.40	5,988.40	204.95	6,001.85	210.30	6,074.80

Source: www.nseindia.com

1. *Issue price for non- institutional investors, QIB category: ₹220.0 per equity share; issue price for retail individual investors: ₹210.0; issue price for anchor investors: ₹230.0.*

Notes: *a. Benchmark index is CNX Nifty.*
b. In case 10th day, 20th day or 30th day is not a trading day, closing price on NSE of next trading day is considered.

c. 10th listing day has been taken as listing date plus 9 calendar days.
d. 20th listing day has been taken as listing date plus 19 calendar days.
e. 30th listing day has been taken as listing date plus 29 calendar days.

II. JP Morgan

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index[1] on listing date (Closing)	Closing price as on 10th calendar day from listing day[(b)(c)]	Benchmark index as on 10th calendar day from listing day (Closing)[(b)(c)]	Closing price as on 20th calendar day from listing day[(b)(d)]	Benchmark index as on 20th calendar day from listing day (Closing)[(b)(d)]	Closing price as on 30th calendar day from listing day[(b)(e)]	Benchmark index as on 30th calendar day from listing day (Closing)[(b)(e)]
1.	Bharti Infratel Limited	41,727.6	220[1]	December 28,2012	200	191.65	(12.89%)	5,908.35[(b)]	207.40	5,988.40	204.95	6,001.85	210.30	6,074.80

Source: www.nseindia.com

1. *Issue price for non- institutional investors, QIB category: ₹220.0 per equity share; issue price for retail individual investors: ₹210.0; issue price for anchor investors: ₹230.0.*

Notes: *a. Benchmark index is CNX Nifty.*
b. In case 10th day, 20th day or 30th day is not a trading day, closing price on NSE of next trading day is considered.
c. 10th listing day has been taken as listing date plus 9 calendar days.
d. 20th listing day has been taken as listing date plus 19 calendar days.
e. 30th listing day has been taken as listing date plus 29 calendar days.

III. Religare

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day*	Benchmark index as on 10th calendar day from listing day (Closing)*	Closing price as on 20th calendar day from listing day*	Benchmark index as on 20th calendar day from listing day (Closing)*	Closing price as on 30th calendar day from listing day*	Benchmark index as on 30th calendar day from listing day (Closing)*
1.	Mahindra Holidays & Resorts India Limited[(a)]	1,056.0	255	April 17, 2013	259.00[(b)]	256.85[(b)]	101%	5,688.70[(c)]	255.55[(b)]	5,904.10[(c)]	NA[(d)]	NA[(d)]	NA[(d)]	NA[(d)]

Source: www.nseindia.com

** Wherever the 10th, 20th or 30th calendar day from the listing day is a holiday, the closing data of the next trading date/ day has been considered.*

Notes: *a. Public issue of shares pursuant to Institutional Placement Programme under Chapter VIIIA of the SEBI Regulations.*
b. Price as quoted on NSE.
c. Benchmark index is CNX Nifty.
d. Pricing data not disclosed as reporting for the relevant days has not been completed.

(b) Summary statement of price information of past issues handled by the Book Running Lead Managers to the Issue:

I. Standard Chartered

Fiscal year	Total No. of IPOs	Total funds raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	1	4,172.76	-	-	1	-	-	-	-	-	1	-	-	-

Source: www.nseindia.com

II. JP Morgan

Fiscal year	Total No. of IPOs	Total funds raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2011-2012	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	1	4,172.76	-	-	1	-	-	-	-	-	1	-	-	-
2013-2014	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

III. Religare

Religare has not handled any initial public offer of equity shares in the last three years.

15. **Track record of past issues handled by Book Running Lead Managers**

For details regarding the track record of the Book Running Lead Managers to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the website of the Book Running Lead Managers as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1.	Standard Chartered	http://standardcharteredsecurities.co.in/OfferDocuments/tabid/87/Default.aspx
2.	JP Morgan	http://www.jpmipl.com/indiaipo/dtr.html
3.	Religare	http://www.religarecm.com/article-public-issue-of-equity-Id-27.aspx

FINANCIAL STATEMENTS OF THE COMPANY

Report on Review of Interim Financial Information

The Board of Directors

Fortis Healthcare Limited

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Fortis Healthcare Limited ('the Company') as of December 31, 2012 and the related consolidated condensed statements of profit & loss and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the recognition and measurement principles of accounting generally accepted in India including those specified under the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

(a). *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently.*

(b). *Certain tax demands aggregating to Rs.8,989.59 lacs (without considering the demand of Rs.10,101.10 lacs raised twice in respect of certain years and after adjusting Rs.13,979.57 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their possible effects on the consolidated condensed interim financial information for the nine-month period ended December 31, 2012. The matters reported in paragraphs (a) and (b) above were the subject matter of qualification by us in the year ended March 31, 2012, quarter ended June 30, 2012, quarter ended September 30, 2012 and quarter ended December 31, 2012 as well.

Qualified conclusion

Based on our review conducted as above and on consideration of reports of other auditors on the condensed interim financial statements and on the other financial information of the components, *except for the possible effects of the matters stated in "Basis for qualified conclusion" paragraphs (a) and (b) above*, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the recognition and measurement principles of accounting generally accepted in India including those specified under the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

Emphasis of matter

Without qualifying our conclusion, we draw attention to non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to Rs. 911.21 lacs. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the interim financial information.

Other matters – scope out

We did not review the interim financial information of certain overseas subsidiaries whose financial information prepared under International Financial Reporting Standards ('IFRS') or Singapore Financial Reporting Standards ('SFRS'), in the aggregate, reflect total assets, revenues and net cash outflows of Rs. 605,868.29 lacs, Rs. 235,015.23 lacs and Rs. 2,352.67 lacs respectively. We also did not review the interim financial information of an overseas associate whose financial information, prepared under IFRS reflects net loss of Rs. 66.79 lacs. The interim financial information have been reviewed by other auditors who have submitted their review opinions, prepared under generally accepted auditing standards of their respective countries, to the management of the respective companies, copies of which have been provided to us by the Company. Further, we did not review the interim financial information of an overseas associate whose financial information, prepared under IFRS, in the aggregate reflect net profit of Rs. 198.62 lacs. This interim financial information and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts. The management of the Company has converted this reviewed interim financial information of the Company's subsidiaries and associates to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated interim financial information under accounting principles generally accepted in India. Our conclusion thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors under the accounting policies generally accepted in respective countries and the aforesaid conversion undertaken by the management examined by us on a test basis.

We did not review the interim financial information of certain subsidiaries, whose financial information prepared under the generally accepted accounting principles accepted in India, reflect total assets of Rs. 792,150.75 lacs as at December 31, 2012, total revenue of Rs. 281,784.33 lacs and net cash inflows of Rs. 1,219.70 lacs for the nine-month period then ended. This interim financial information and other financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We did not review the interim financial information of certain subsidiaries, whose financial information prepared under the generally accepted accounting principles accepted in India, reflect total assets of Rs. 3,884.42 lacs as at December 31, 2012, total revenue of Rs. 775.56 lacs and net cash inflows of Rs. 140.31 lacs for the nine-month period then ended. This interim financial information and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.

We did not review the interim financial information of certain joint ventures, whose financial information reflect total assets of Rs. 2,401.43 lacs as at December 31, 2012, total revenue of Rs. 913.17 lacs and net cash outflows of Rs. 52.64 lacs for the nine-month period then ended, being the proportionate share of Fortis Group, for the nine-month period then ended. This interim financial information and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.
We did not review the interim financial information of an associate, whose financial information reflect net loss of Rs. 66.79 lacs, being the proportionate share of Fortis Group, for the nine-month period ended December 31, 2012. This interim financial information and other financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We also did not review the interim financial information of an associate, whose financial information reflect net profit of Rs. 198.62 lacs, being the proportionate share of Fortis Group, for the nine-month period ended December 31, 2012. This interim financial information and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.

Other matters – restriction of use

This report on the consolidated condensed financial statements is issued solely for the use of management of the

Company in relation to proposed offering of securities through an Institutional Placement Programme (IPP) by the Company, and should not be used or referred to for any other purpose, or distributed to any other person, without our prior written consent.

Other Matters- Previous period comparatives

The amounts appearing in the condensed statement of profit and loss and condensed statement of cash flow for the nine month period ended December 31, 2011 have been derived by the management from the books of accounts of the Company and have not been reviewed by us.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date: April 24, 2013

Fortis Healthcare Limited

Consolidated Condensed Balance Sheet as at December 31, 2012

Particulars	December 31, 2012	March 31, 2012
	Rs. in lacs	Rs. in lacs
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	40,952.97	40,950.61
(b) Reserves and surplus	3,35,368.15	2,84,678.79
	3,76,321.12	**3,25,629.40**
Minority Interest	**100,861.38**	**83,083.54**
Compulsorily convertible preference shares of subsidiaries held by third parties	**67,000.00**	**-**
Non-current liabilities		
(a) Long-term borrowings	194,985.81	367,329.71
(b) Deferred tax liabilities (Net)	7,759.78	856.59
(c) Other long term liabilities	8,027.32	11,545.18
(d) Long-term provisions	7,910.35	3,221.47
	218,683.26	**382,952.95**
Current liabilities		
(a) Short-term borrowings	168,225.20	283,597.69
(b) Trade payables	77,999.27	77,303.76
(c) Other current liabilities	282,834.22	84,316.25
(d) Short-term provisions	24,608.67	5,893.44
	553,667.36	**451,111.14**
Total	**1,316,533.12**	**1,242,777.03**
Assets		
Non-current assets		
(a) Fixed assets		
(i) Tangible assets	176,033.13	254,276.63
(ii) Intangible assets	718,742.67	663,747.61
(iii) Capital work-in-progress	26,191.74	56,751.88
(iv) Intangible assets under development	500.79	106.06
	921,468.33	**974,882.18**
(b) Non-current investments	102,833.61	23,478.86
(c) Deferred tax assets (net)	5,787.21	5,020.61
(d) Long-term loans and advances	49,928.78	41,264.48
(e) Other non-current assets	4,955.36	4,769.24
	1,084,973.29	**1,049,415.37**
Current assets		
(a) Current investments	17,577.14	637.81
(b) Inventories	9,992.30	7,991.57
(c) Trade receivables	64,924.06	54,667.20
(d) Cash and bank balances	43,235.16	41,491.00
(e) Short-term loans and advances	89,232.24	78,153.10
(f) Other current assets	6,598.93	10,420.98
	231,559.83	**193,361.66**
Total	**1,316,533.12**	**1,242,777.03**

The accompanying notes are an integral part of the condensed financial statements.

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: April 24, 2013

For and on behalf of Board of Directors of
Fortis Healthcare Limited

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place: Gurgaon
Date: April 24, 2013

Fortis Healthcare Limited

Consolidated Condensed Statement of Profit and loss for the nine months period ended December 31, 2012

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
Continuing Operations		
Revenue from operations	314,114.19	170,485.93
Other income	13,041.87	7,503.77
Total revenue	**327,156.06**	**177,989.70**
Expenditure		
Purchase of medical consumables and drugs	70,412.17	45,061.96
Increase in inventories of medical consumables and drugs	(1,487.66)	(622.30)
Employee benefits expense	81,257.33	31,678.23
Other expenses	134,277.79	70,303.75
Total expenses	**284,459.63**	**146,421.64**
Profit before interest, tax, depreciation and amortization (EBITDA)	**42,696.43**	**31,568.06**
Finance costs	39,497.29	14,955.80
Profit before depreciation and amortization	**3,199.14**	**16,612.26**
Depreciation/impairment and amortization expense (refer note 8)	23,672.99	11,543.11
Profit/(loss) before prior exceptional items and tax	**(20,473.85)**	**5,069.15**
Exceptional items (refer note 9)	96,482.37	-
Profit before tax	**76,008.52**	**5,069.15**
Tax expense:		
Current tax	16,802.19	2,934.98
MAT credit entitlement	(6,457.38)	(20.85)
Deferred tax	7,108.48	(347.86)
Profit after tax and before minority interest and share in profits of associate companies	**58,555.23**	**2,502.88**
Profits/ (losses) attributable to Minority interest	2,970.77	(509.42)
Share in profits of associates companies	565.78	56.44
Profit for the period from continuing operations (A)	**56,150.24**	**3,068.74**
Discontinuing Operations		
Profit before tax from discontinuing operations	12,125.37	-
Tax expense of discontinuing operations	3,503.97	-
Profit after tax and before minority interest from discontinuing operations	**8,621.40**	**-**
Profits attributable to Minority interest	3,154.97	**-**
Profit for the period from discontinuing operations (B)	**5,466.43**	**-**
Profit for the period (A+B)	**61,616.67**	**3,068.74**

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
Earnings per equity share:		
(1) Basic and diluted on Continuing operations (excluding exceptional items) [Nominal value of shares ₹ 10/- each]	**(9.95)**	**0.76**
(2) Basic and diluted on total profit for the period (excluding exceptional items) [Nominal value of shares ₹ 10/- each]	**(8.60)**	**0.76**

The accompanying notes are an integral part of the condensed financial statements.

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: April 24, 2013

For and on behalf of Board of Directors of
Fortis Healthcare Limited

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary
Place: Gurgaon
Date: April 24, 2013

Sandeep Puri
Chief Financial Officer

Fortis Healthcare Limited

Consolidated Condensed Cash Flow Statement for the nine months period ended December 31, 2012

Particulars	December 31, 2012	December 31, 2011
	Rs. in lacs	Rs. in lacs
Net cash from operating activities (A)	43,893.28	4,803.71
Net cash from/ (used in) investing activities (B)	62,449.42	(123,232.08)
Net cash from/ (used in) financing activities (C)	(105,307.60)	111,050.46
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**1,035.10**	(7,377.91)
Total cash and cash equivalents at the beginning of the period	**40,685.41**	16,362.99
Cash and cash equivalents at the end of the period	**41,720.51**	8,985.08
Components of cash and cash equivalents:		
Cash in hand	670.97	425.52
Cheques in hand	154.23	41.83
Balances with banks on current and cash credit accounts	39,081.67	4,686.21
Balances with banks on deposit accounts	1,813.64	3,831.52
Total	**41,720.51**	**8,985.08**

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: April 24, 2013

For and on behalf of Board of Directors of
Fortis Healthcare Limited

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary
Place: Gurgaon
Date: April 24, 2013

Sandeep Puri
Chief Financial Officer

Fortis Healthcare Limited

Notes to the consolidated condensed financial statements for the period ended December 31, 2012

1. NATURE OF OPERATIONS

Fortis Healthcare Limited (the 'Company' or 'FHL' or the 'Group') (formerly known as Fortis Healthcare (India) Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with its flagship Multi-Speciality Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country and overseas. As part of its business activities, the Group through its holding company, Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited), holds interests in its subsidiaries, associate companies and joint ventures through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

2. BASIS OF PREPARATION

These interim consolidated condensed financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the requirements of Accounting Standard 25 "Interim Financial Reporting" notified under the Companies (Accounting Standards) Rules, 2006 as amended. The accounting policies followed in preparation of these financial statements are consistent with those followed in the preparation of the Company's consolidated annual financial statements for the year ended and as at March 31, 2012 and should be read in conjunction with those financial statements.

3. Changes in composition of the Group

The changes in Subsidiaries, Associates and Joint Ventures from March 31, 2012 considered in the preparation of the consolidated condensed financial statements are as follows:-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at December 31, 2012	Proportion of ownership interest as at March 31, 2012
a) Subsidiaries			
Fortis Hospotel Limited (FHTL) (refer note a)	India	64.72%	100.00%
b) Associates			
Religare Health Trust (RHT) (refer note b)	Singapore	28.00%	100.00%
Fortis Health Management Limited (FHML) (refer note b)	India	28.00%	100.00%
International Hospital Limited (IHL) (refer note b)	India	28.00%	100.00%
Escorts Heart and Super Speciality Institute Limited (EHSSIL) (refer note b)	India	28.00%	100.00%
Escorts Hospital and Research Centre Limited (EHRCL) (refer note b)	India	28.00%	100.00%
Escorts Heart and Super Speciality Hospital Limited (EHSSHL) (refer note b)	India	28.00%	100.00%
Fortis Global Healthcare	Singapore	28.00%	100.00%

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at December 31, 2012	Proportion of ownership interest as at March 31, 2012
Infrastructure Pte. Limited (FGHIPL) (refer note b)			
Hospitalia Eastern Private Limited (HEPL) (refer note b)	India	28.00%	100.00%
Kanishka Healthcare Limited (KHL) (refer note b)	India	28.00%	100.00%

Notes:-

a) As per Shareholders Agreement ('SHA') signed between FHML, the Company and FHTL, the Company has agreed to divest its stake of 51% in FHTL to FHML on receiving of certain regulatory approvals. However, as per the SHA, there are severe long term restrictions on transfers of funds to the Company by FHTL; accordingly FHTL is not being consolidated w.e.f. October 19, 2012 by the Company. (Also refer note 5 below).

b) During the nine month period ended December 31, 2012, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%. (Also refer note 4 below).

4. Restructuring during nine-month period ended December 31, 2012:

a. During the year ended March 31, 2012, the Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light model. Subsequent to it RHT, a business trust established in Singapore, was listed on the Singapore Exchange Securities Trading Limited ('SGX-ST') on October 19, 2012.

RHT made an offering of 567,455,000 common units at S$ 0.90 per common unit. Post listing of RHT on SGX-ST on October 19, 2012, Group's shareholding in RHT has been diluted from 100% to 28%. Accordingly, assets and liabilities of Clinical Establishment Division held by RHT Group do not form part of the consolidated assets and liabilities of the Group w.e.f. October 19, 2012 resulting in significant reduction in tangible assets, capital work in progress, long term borrowings and short term borrowings of the Group.

b. The following transactions have taken place during the nine-month period ended December 31, 2012:-

i. Fortis Hospitals Limited ('FHsL'), a subsidiary of the Company, has sold its clinical establishment divisions at Bennarghatta Road, Bangalore and Mulund, Mumbai to Kanishka Healthcare Limited ('KHL') for a consideration of Rs. 20,200 lacs and Anandpur, Kolkata and Kalyan, Maharashtra to International Hospital Limited ('IHL') for a consideration of Rs. 12,850 lacs on a slump sale basis.

ii. Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company, has sold its clinical establishment division at Chennai to Fortis Health Management Limited ('FHML') for a consideration of Rs. 7,000 lacs on a slump sale basis.

iii. Investments in the following companies have been diluted:-

a) Escorts Heart Institute and Research Centre Limited ('EHIRCL') has sold 4% stake in FHML to Fortis Global Healthcare Infrastructure Pte Limited ('FGHIPL') for a consideration of Rs. 3,861.75 lacs.

b) FHsL has sold 48% and 4% stake in Kanishka Healthcare Limited ('KHL') to Escorts Health and Super Speciality Institute Limited ('EHSSIL') and FGHIPL for a consideration of Rs. 45,758.26 lacs and Rs. 3,815.42 lacs respectively.

c. On completion of the Trial Phase Services Agreement, Fortis Health Management (North) Limited ('FHM(N)L') has entered into Hospital and Medical Services Agreement ('HSMA') with EHSSIL for hospital at Amritsar, Escorts Hospital and Research Centre Limited ('EHRCL') for hospital at Faridabad, IHL for hospital at Noida and Fortis Hospotel Limited ('FHTL') for hospital at Shalimar Bagh, which are effective from April 1, 2012.

In addition, FHM(N)L has entered into HSMA with FHTL for hospital at Gurgaon from August 1, 2012. FHsL has entered into HSMA with IHL for hospitals at Anandpur and Kalyan; and with KHL for hospitals at Mulund and Bannerghatta Road with effect from October 19, 2012, Fortis Malar Hospitals Limited has entered into HSMA with FHML for hospital at Chennai with effect from October 19, 2012.

IHL, EHSSIL, EHSSHL, KHL, FHML and EHRCL are collectively referred to as Hospital Service Companies. FHM(N)L, FHsL and FMHL are collectively referred as Fortis Operating Companies.

d. As part of Sponsor Agreement entered between The Trustee-Manager of RHT, FGHIPL and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has provided following indemnities:-

i) To RHT and its, directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Company's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

ii) The Company has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies.

Further, as per terms of the various Agreements entered into between Hospital Services

Companies and Fortis Operating companies, the Hospital Services Companies have right to recover certain statutory dues levied on them from Fortis Operating Companies. There is a possible present obligation on Hospital Services Companies to collect certain statutory dues from the Fortis Operating Companies and pay it to the relevant authorities. In view of uncertainty arising from interpretation of the regulations, management believes that value of such statutory dues cannot be measured reliably and therefore has not been considered in these consolidated condensed financial statements.

5. On January 9, 2012, FHML entered into Share Purchase Agreement to acquire 49% interest in FHTL at an aggregate consideration of Rs. 3,7728.39 lacs. FHTL is the owner of Shalimar Bagh Clinical Establishment and Gurgaon Clinical Establishment. FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML has a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a fixed price, subject to fulfillment of certain conditions, applicable laws including, and receipt of necessary approvals from all third parties. FHML also has the right to appoint 50% of the directors of FHTL, including the chairman of the board of directors who will have the casting vote in case of deadlock on any matter, including all financial and operating policies of the company, brought to the board of directors for its approval. Additionally, the Company has assigned its right to receive dividends from FHTL in favour of FHML. By virtue of availability of above rights under the Shareholder's agreement, FHTL has been deconsolidated from the Group. In addition, FHML has a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML is unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option shall be exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.

6. During the nine-month period ended December 31, 2012, Escorts Heart Institute and Research Centre Limited (EHIRCL) has issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rs.10 each at a premium of Rs.7,456.98 per CCPS to Kanishka Healthcare Limited (KHL) with a maturity period of 15 years aggregating to Rs. 30,000 lacs. Following are the key terms of CCPS:-

a. CCPS Put Option – KHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS upon occurrence of FHML having exercised FHTL Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML, as per above.

b. Under FHTL call Option the Company is required to pay sum equal to the fair valuation of Equity Shares of EHIRCL as per DCF Method.

c. In case of FHTL put option Company has right to purchase, subject to due compliance with law, all CCPS at consideration equal to KHL's contribution along with coupon rate agreed.

7. Pursuant to the Shareholders Agreement dated June 12, 2012 executed by and amongst SRL Limited ("SRL"), the Company, International Finance Corporation (IFC), NYLIM Jacob Ballas India Fund III LLC (NJBIF) and existing investors (Avigo and Sabre Group) of SRL, SRL has allotted 4,000,000 and 8,333,333 Compulsorily Convertible Preference Shares ('CCPS') of Rs. 20/- each at a premium of Rs.280/- each to IFC and NJBIF respectively, aggregating to Rs. 37,000 lacs.

8. Discontinuing of operations relating to Dental Corporation Holdings Limited ("DC"), Australia

During the nine-month period ended 31st December 2012, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company entered into a Non-Binding Indicative offer to divest its 63.51% holding in DC to BUPA, Australia for a consideration of AUD 276 million.

DC operations consist of dental practices across Australia, New Zealand and Canada and are part of the geographical market "Outside India" of the group operations.

The carrying amounts as on December 31, 2012 relating to DC are as follows:

Particulars	December 31, 2012 (Rs. in lacs)	March 31, 2012 (Rs. in lacs)
Total Assets	302,981.83	283,823.55
Total Liabilities	125,803.75	120,236.81
Net Assets	**177,178.08**	**163,586.74**

Further, net cash flows attributable to above discontinuing operations included in the consolidated cash flow statement are as follows:

(Rs. in lacs)

Particulars	Nine-Month ended December 31, 2012
Net cash flows from operating activities	12,139.24
Net cash flows from investing activities	(24,352.57)
Net cash flows from financing activities	4,344.92

The deal is subject to shareholders and regulatory approvals and will be completed in due course. In relation to the transaction, difference between the estimated sales value i.e. Rs. 150,401.48 lacs and the carrying value of net assets of DC i.e. Rs. 145,067.48 lacs, amounting to ₹ 5,334 lakhs is considered as impairment loss.

9. Exceptional items for Rs 96,482.37 lacs shown in these consolidated condensed financial statements for the period ended December 31, 2012 includes:

(Rs. in lacs)

Particulars	Nine-Month Period ended December 31, 2012
a) Gain on dilution of stake in Religare Health Trust ("RHT")	
- Gain on dilution	105,454.06
- Less: Direct legal and professional expenses relating to dilution of stake	5,477.11
- Less: Stamp duty and other expenses	362.75
Net gain on dilution of stake in RHT	**99,614.19**
b) Accrual of expenses in relation to discontinuing of operations of Dental Corporation Holdings Limited (refer note 8)	3,131.82
Net Exceptional items	**96,482.37**

Gain on dilution of stake in RHT

Further to internal restructuring within the Group, as more fully explained in note 4 above, post listing of RHT on SGX-ST on October 19, 2012, the stake of Group in RHT has been diluted from 100% to 28%. Accordingly, assets and liabilities of Hospital Services Companies held by RHT Group do not form part of the consolidated assets and liabilities of the Group w.e.f. October 19, 2012 resulting in significant reduction in tangible assets, capital work in progress, long term borrowings and short term borrowings of the Group. Such deconsolidation has resulted in a net gain of ₹ 99,614.19 lacs (net of expenses directly incurred on the transaction) and has been included as an exceptional item in the condensed statement of Profit and loss for the nine-month period ended December 31, 2012.

Further, due to dilution of RHT, carrying value of 28% stake in RHT has been shown under Non-current Investments in these consolidated condensed financial statements amounting to Rs. 57,989.60 lacs in accordance with AS-23, 'Accounting for Investments in Associates in Consolidated Financial Statements'.

10. Segment Reporting

Business Segments:

The Group is primarily engaged in the business of healthcare services, which in the opinion of management

is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006 as amended.

Geographical segments:

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are mostly in the Australasia region focusing on South East Asia, Middle East and Australia through the group's headquarters based in Singapore. In the Australasia region, the group primarily operates in following countries: Singapore, Hong Kong, Vietnam, Australia, Mauritius, Canada and New Zealand.

Revenue from operations –by geographical markets

The following table shows the distribution of the Company's consolidated revenues by geographical market.

Region	Revenues by geographical segment (₹ in lacs)	
	December 31, 2012	**December 31, 2011**
India	211,187.79	169,875.37
Outside India	232,946.00	610.56
Total	**444,133.79**	**170,485.93**

Note:

1) The operations outside India (other than Mauritius) were acquired during the previous year.
2) The revenue outside India includes Rs. 130,019.60 lacs (previous period Rs. Nil) relating to Dental Corporation Holdings Limited which has been considered as discontinued operations.

11. Management of two subsidiaries of the Group in Singapore has determined change in the Company's reporting currency from Singapore dollars (SGD) to United States dollars (USD) with effect from 1 April 2012. Prior to 1 April 2012, these Companies had invoiced its subsidiaries for management fees in Singapore Dollars, United States Dollars ("USD"), Australian Dollars ("AUD") and Hong Kong Dollars. With effect from 1 April 2012 onwards, invoicing for management fees is being done in United States dollars. This change in reporting currency of the group's subsidiaries has been applied prospectively.

12. Borrowings

The following material changes have taken place in borrowings of the Group during the nine- month period ended December 31, 2012.

(Rs. in lacs)

Name of Bank/ Financial Institution	Entity Name	Type of loans	Loans received	Loans repaid
HSBC Bank Limited	Fortis Healthcare Limited	Working capital demand loans	2,000.00	5,500.00
The Ratnakar Bank Limited	Fortis Healthcare Limited	Short Term Loan	5,000.00	-
Indusind Bank Limited	Fortis Healthcare Limited	Short Term Loan	14,500.00	14,500.00
Canara Bank	Fortis Healthcare Limited	Commercial Paper	4,000.00	4,000.00
Bank of Maharashtra	Fortis Healthcare Limited	Commercial Paper	2,500.00	2,500.00
Photon Infotech Private Limited	Fortis Healthcare Limited	Commercial Paper	1,000.00	1,000.00
United India Insurance Co. Ltd	Fortis Healthcare Limited	Commercial Paper	2,500.00	2,500.00
Exim Bank of India	Fortis Healthcare Limited	Commercial Paper	10,000.00	15,000.00
Unilazer Ventures	Fortis Healthcare Limited	Commercial Paper	1,500.00	1,500.00

Name of Bank/ Financial Institution	Entity Name	Type of loans	Loans received	Loans repaid
Limited				
Central Bank Of India	Fortis Healthcare Limited	Commercial Paper	10,000.00	5,000.00
Axis Bank Limited	Fortis Healthcare Limited	Commercial Paper	10,000.00	10,000.00
HDFC Bank Limited	Fortis Hospitals Limited	Long term loans	-	2,916.67
HDFC Bank Limited	Fortis Hospitals Limited	Long term loans	-	12,321.43
Indusind Bank Limited	Fortis Hospitals Limited	Long term loans	-	3,750.00
Central Bank of India	Fortis Hospitals Limited	Long term loans	-	13,000.00
Kotak Bank Limited	SRL Limited	Long term loans	-	4,000.00
Indusind Bank Limited	Escorts Heart Institute and Research Centre Limited	Short Term Loan	2,500.00	2,500.00
Indusind Bank Limited	Fortis Hospitals Limited	Short Term Loan	2,500.00	2,500.00
Yes Bank Limited	Fortis Health Management (North) Limited	Short Term Loan	5,000.00	5,000.00
Axis Bank Limited	Fortis Healthcare Limited	Non-Convertible Debentures	30,000.00	30,000.00
Templeton India fund	Escorts Heart Institute and Research Centre Limited	Commercial Paper	40,000.00	80,000.00
PHL Finvest Private Limited	SRL Limited	Non-Convertible Debentures	-	12,900.00
HDFC Bank Limited	Fortis Hospotel Limited	Long term loans	-	5,000.00
Philips India Limited	Fortis Hospotel Limited	Deferred Credit payments	708.83	2,118.83
Yes Bank Limited	Fortis Health Management Limited	Short Term Loan	-	6,500.00
Yes Bank Limited	Kanishka Healthcare Limited	Short Term Loan	-	17,600.00
Yes Bank Limited	International Hospital Limited	Short Term Loan	-	16,900.00
Nomura Special Investments Singapore Pte. Limited	Fortis Global Healthcare Infrastructure Pte Ltd	Short Term Loan	-	3,498.50

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

(₹ in lacs)

Particulars	As at December 31, 2012	As at March 31, 2012
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. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	4,520.03	4,657.95
Premium for Redemption premium of US$ 100 Million 5% foreign currency convertible bonds due 2015	911.21	603.13
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending. The amounts are without considering the demand of ₹ 10,102.04 lacs (Previous Year ₹ 10,102.04 lacs) raised twice in respect of certain years and after adjusting ₹ 13,979.57 lacs (Previous Year ₹ 13,760.88 lacs) for which the company has a legal right to claim from erstwhile promoters. In view of the management, the eventual outcome of the above matters cannot presently be estimated.	8,989.59	9,793.62
A subsidiary of the Company (SRL) is currently under litigation with the	3,548.32	3,390.12

Particulars	As at December 31, 2012	As at March 31, 2012
Income tax department against certain income tax demands totaling to ₹ 3,390.12 lacs (net of advances) in relation to Assessment years 2007-08, 2008-09 and 2009-10. These demands are for non-deduction of withholding taxes on the payments made by the subsidiary of discounts to its collection centers and certain other miscellaneous matters, raised by the Income Tax department. The subsidiary has deposited ₹ 350.00 lacs against the said demands during the previous year. For the AY 2006-07 subsidiary has preferred an appeal before the Income Tax Appellate Tribunal (ITAT), New Delhi, The tribunal vide order dated Dec 16, 2011 had passed an order in favor of subsidiary against the disallowances of ₹ 158.20 lacs. For the AY 2007-08, 2008-09 & 2009-10, the management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and has not considered need for any provision for the purpose of preparation of its accounts.		
A subsidiary of the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ₹ 291.19 lacs and ₹ 134.56 lacs respectively for non-deduction of taxes in respect to payments covered in Form 24Q and Form 26Q. The subsidiary's appeal is pending before CIT (A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	425.75	425.75
The Subsidiary Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09 , 2009-10 and 2010-11 aggregating to ₹ 457.04 lacs, ₹ 531.80 lacs and ₹ 748.44 lacs for non-deduction of taxes under the provisions of section 194H. The subsidiary's appeal is pending before CIT (A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	1,737.28	988.84
A subsidiary of the company (SRLDPL) has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as “Pathlabs” were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of ₹ 62.67 lacs has been provided in the books from the period commencing December 1, 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on subsidiary company Kolkata unit.	62.67	54.00
Joint venture (DDRC SRL Diagnostics Private Limited) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to ₹ 116.42 lacs in relation to assessment year 2008-09, 2009-10. These disallowances represent non-deduction of TDS on the discount offered by the subsidiary to various hospitals, labs and corporate institutions which the assessing officer had taken as commission paid, disallowance of depreciation on goodwill and disallowance of preliminary expenses claimed under section 35D. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.	58.21	61.32
In respect of an international subsidiary of the Company: (i) Bank Guarantees totaling US $ 2,175,000 in respect of leases of dental	1,193.01	1,257.97

Particulars	As at December 31, 2012	As at March 31, 2012
practice premises. (ii) Interest bearing liabilities have been guaranteed by the members of the group under a cross guarantee and indemnity and secured by fixed and floating charges over the assets of the group and mortgages over the shares which Dental Corporation Holdings Limited owns in its subsidiaries.		
Corporate guarantees given by a subsidiary to banks for lease and loan to others	703.34	596.42
Others	141.41	147.46

14. (a) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The Company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the Company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The Company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit is still pending with the Hon'ble High Court of Delhi.

(b) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The Company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The Company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the Company for resuming the proceedings under the said Act. The Company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

15. Subsequent events

(a) Fortis Healthcare Singapore Pte Limited, a wholly owned subsidiary of the Group, held 85% of Radlink Group as at December 31, 2012 through a Share Purchase Agreement between Fortis Healthcare International Pte. Limited (Holding Company of Fortis Healthcare Singapore Pte Limited) and Visionhealthone Corporation Pte. Limited with a call and put option embedded to purchase the remaining 15% of Radlink Group. On January 1, 2013, Visionhealthone Corporation Pte. Limited has exercised its right to sell the remaining 15% of Radlink Group comprising of 4,407,312 ordinary shares at a minimum price of S$2.5392 per share to Fortis Healthcare Singapore Pte Limited. The transaction is completed on February 28, 2013.

(b) Subsequent to December 31, 2012, one of company's overseas subsidiary, Fortis Asia Healthcare Pte. Limited (FAHPL) has availed a facility from a bank for an amount of US$ 355,000,000, which has been fully drawn down upon. The facility was availed on certain financial covenants agreed with the bank, including a requirement that the Group's gross borrowings as at March 31, 2013 do not exceed US$ 1,050,000,000. In case such default arises in respect of this facility, it may trigger a cross-default under other financing arrangements, or any other agreements or instruments containing cross-default provisions. Based on its financial position as at March 31, 2013, the management has assessed that the Group's gross borrowings are in excess of the stipulated amount and has filed for waiver of non-compliance of this covenant with the bank and is currently awaiting response thereof.

The management is confident of obtaining such waiver and thus, is of the view that there is no financial implication of such default, and accordingly, no related adjustment is required to be made in these condensed consolidated financial statements.

16. The Company is in process of carrying annual assessment of impairment in accordance with AS-28, 'Impairment of Assets' issued by the Institute of Chartered Accountants of India. In management's view, impact, if any, arising from such assessment, will be considered in the annual financial statements for the year ended March 31, 2013.

17. a) Previous year/period figures have been regrouped/ rearranged wherever necessary to conform to the current period's presentation. Amounts appearing in the condensed statement of profit and loss and condensed statement of cash flow for the nine months period ended December 31, 2011 have been derived by the management from the books of accounts of the Company and have been reviewed by the auditors.

b) The Company had purchased 74.59% stake in SRL Limited on May 11, 2011. Further, Company through one of its subsidiary had acquired 100% stake in Fortis Healthcare International Pte. Limited on January 11, 2012 from RHC Financial Services (Mauritius) Limited, alongwith its subsidiaries and associates. The consolidated condensed financial statements include financial statements of these acquired entities from the completion date; hence the figures are not strictly comparable with previous periods.

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: April 24, 2013

For and on behalf of Board of Directors of
Fortis Healthcare Limited

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place: Gurgaon
Date: April 24, 2013

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FORTIS HEALTHCARE LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated balance sheet of Fortis Healthcare Limited ("FHL" or the "Company"), its subsidiaries, joint ventures and associates (collectively, the "Fortis Group") as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the financial statements of certain overseas subsidiaries whose financial statements, prepared under International Financial Reporting Standards ('IFRS') or Singapore Financial Reporting Standards ('SFRS'), in the aggregate reflect total assets, revenues, and net cash inflows of ₹ 1,162,831.36 lacs, ₹ 68,249.64 lacs, and ₹ 14,873.54 lacs, respectively. We also did not audit the financial statements of certain overseas associates whose financial statements, prepared under IFRS, in the aggregate reflect total profits of ₹ 408.95 lacs. The financial statements of these subsidiaries and associates have been prepared in accordance with accounting policies generally accepted as per IFRS or SFRS and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries and associates to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

(b) We did not audit the financial statements of certain subsidiaries, whose financial statements prepared under the generally accepted accounting principles accepted in India, reflect total assets of ₹ 997,367.19 lacs as at March 31, 2012, the total revenue of ₹ 123,407.64 lacs and net cash inflows amounting to ₹ 8,761.02 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

(c) We did not audit the financial statements of certain joint ventures, whose financial statements reflect total assets of ₹ 2,130.90 lacs as at March 31, 2012, the total revenue of ₹ 2,117.07 lacs and net cash inflows amounting to ₹ 69.03 lacs for the year then ended, being the proportionate share of Fortis Group, for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

(d) We did not audit the financial statements of certain associates, whose financial statements reflect net profit of ₹ 408.95 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 27, Financial Reporting of Interests in Joint Ventures and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. Without qualifying our opinion, we draw attention to note 30 of financial statements, regarding the assessment of recoverability of Minimum Alternate Tax (MAT) credit for ₹ 1,046.27 lacs. The management has explained to us that, as part of its restructuring plan, Company has sold certain business undertakings comprising of Hospital Operations and Management, In Patient health services and emergency healthcare services to another fellow subsidiary. The arrangements of the manner in which revenue would arise to transferor companies from the transferee company are in process of being finalized. Till such time, no adjustment has been recorded towards on MAT credit recoverable in the Company.

6. Without qualifying our opinion, we draw attention to the note no 19 of financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 603 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts.

7. *(a)* *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently.*

(b) *Certain tax demands aggregating to ₹ 9,208.28 lacs (without considering the demand of ₹ 10,101.10 lacs raised twice in respect of certain years and after adjusting ₹ 13,760.88 lacs for which the Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) has a legal right to claim from erstwhile promoters as discussed in detail in note 12 of financial statements) raised on the subsidiary company by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the financial statements. The same were also the subject matter of qualification by us in the previous years as well.

8. *Subject to our comments in paragraphs 7(a) and (b) above* and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Fortis Group as at March 31, 2012;

(b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon

Date: May 28, 2012

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Consolidated Balance Sheet as at March 31, 2012

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4 (i)	**40,950.61**	40,942.99
Share suspense account (refer note 27)		**-**	306.25
Reserves and surplus	4 (ii)	**284,437.37**	287,885.58
		325,387.98	**329,134.82**
Share application money pending allotment (refer note 33)		**-**	9.21
Minority interest		**83,083.54**	3,035.99
Non-current liabilities			
Long-term borrowings	4 (iii)	**367,329.71**	93,359.42
Deferred tax liabilities (net)	4 (iv)	**856.59**	863.26
Other long term liabilities	4 (v)	**11,545.18**	3,645.56
Long term provisions	4 (vi)	**3,221.48**	1,839.49
Foreign currency monetary item translation difference account		**395.20**	-
		383,348.16	**99,707.73**
Current liabilities			
Short-term borrowings	4 (vii)	**283,597.69**	5,114.57
Trade payables	4 (viii)	**77,303.76**	16,907.28
Other current liabilities	4 (ix)	**84,316.25**	21,899.70
Short-term provisions	4 (x)	**5,893.43**	1,577.57
		451,111.13	**45,499.12**
TOTAL		**1,242,930.81**	**477,386.87**
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	4 (xi) (a)	**254,276.63**	153,101.65
Intangible assets	4 (xi) (b)	**663,747.61**	99,273.99
Capital work in progress		**56,751.88**	25,823.19
Intangible assets under development		**106.06**	-
Non-current investments	4 (xii)	**23,478.86**	3,578.38
Foreign currency monetary item translation difference account		**153.77**	-
Deferred tax assets (net)	4 (iv)	**5,020.61**	1,442.50
Long term loans and advances	4 (xiii)	**29,081.56**	49,819.47
Other non-current assets	4 (xiv)	**16,952.14**	4,676.89
		1,049,569.12	**337,716.07**
Current assets			
Current investments	4 (xv)	**637.82**	6,246.89

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Inventories	4 (xvi)	**7,991.57**	2,633.43
Trade receivables	4 (xvii)	**54,667.21**	19,401.08
Cash and bank balances	4 (xviii)	**41,491.00**	16,326.56
Short term loans and advances	4 (xix)	**78,153.10**	91,872.41
Other current assets	4 (xx)	**10,420.99**	3,190.43
		193,361.69	**139,670.80**
TOTAL		**1,242,930.81**	**477,386.87**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date : May 28, 2012

For and on behalf of the Board of Directors of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place: Gurgaon
Date : May 28, 2012

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
INCOME			
Revenue from operations	4 (xxi)	**298,403.72**	149,579.06
Other income	4 (xxii)	**17,731.37**	10,063.45
Exceptional items	4 (xxviii)	**632.85**	34,554.29
Total revenue		**316,767.94**	**194,196.80**
EXPENDITURE			
Purchase of medical consumables and drugs		**67,696.43**	39,479.53
Increase in inventories of medical consumables and drugs	4 (xxiii)	**(965.01)**	(210.44)
Employee benefits expense	4 (xxiv)	**73,816.46**	27,281.38
Other expenses	4 (xxv)	**117,524.77**	77,044.02
Total expenses		**258,072.65**	**143,594.49**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**58,695.29**	**50,602.31**
Finance costs	4 (xxvi)	**29,697.37**	24,999.70
Profit before tax, depreciation and amortization		**28,997.92**	**25,602.61**
Depreciation and amortization expense	4 (xxvii)	**18,362.24**	10,612.30
Less: recoupment from revaluation reserve		**140.35**	163.07
Net Depreciation and amortization expense		**18,221.89**	**10,449.23**
Profit before tax		**10,776.03**	**15,153.38**
Tax expenses			
Current tax (including MAT payable)		**8,673.66**	1,665.65
Less: MAT credit entitlement		**4,336.80**	764.93
Net current tax expense		**4,336.86**	**900.72**
Deferred tax charge/ (credit)		**(252.26)**	623.15
Total tax expense		**4,084.60**	**1,523.87**
Profit after tax and before minority interest and share in profits/ (losses) of associate companies		**6,691.43**	**13,629.51**
(Profits)/ losses attributable to Minority Interest		**397.98**	(442.27)
Share in current year profits/ (losses) of Associate Companies		**132.74**	(751.00)
Profit for the year		**7,222.15**	**12,436.24**
Earnings Per Share (EPS)	4 (xix)		
Basic and Diluted [Nominal value of shares ₹ 10/- each]		**1.78**	3.23

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

per Pankaj Chadha
Partner
Membership No.: 91813

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place: Gurgaon
Date : May 28, 2012

Place: Gurgaon
Date : May 28, 2012

CASH FLOW STATEMENT

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Consolidated Cash Flow Statement for the year ended March 31, 2012

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
A. Cash flow from operating activities		
Net profit/ (loss) before tax and exceptional items	**10,673.90**	(20,594.05)
Adjustments for:		
Depreciation and Amortization	**18,221.89**	10,449.23
Loss on sale of fixed assets	**382.27**	217.10
Profit on sale of investments	**(218.90)**	(1,474.84)
Provision for doubtful debts	**1,773.70**	2,021.85
Provision for doubtful advances	**112.76**	3.00
Provision for contingencies	**20.60**	48.00
Bad debts/ sundry balances written off	**563.56**	167.46
Arrangement fees written off	**72.37**	6,354.41
Foreign exchange fluctuation gain	**(2,606.09)**	(2,101.51)
Unclaimed balances and excess provisions written back	**(202.39)**	(525.65)
Wealth tax	**15.42**	19.01
Interest income	**(9,513.70)**	(8,463.44)
Interest expense	**25,708.12**	15,423.84
Profits/ (losses) transferred to Minority Interest	**(397.98)**	442.27
Share in (profits)/ losses of associate companies	**(132.74)**	751.00
Operating profit before working capital changes	**44,472.79**	**2,737.68**
Movements in working capital :		
Increase in trade receivables	**(2,522.20)**	(6,175.32)
Increase in inventories	**(968.73)**	(250.87)
(Increase)/ decrease in loans and advances	**(15,918.46)**	459.80
Increase in other assets	**(492.76)**	(512.28)
Increase in liabilities and provisions	**15,315.66**	3,052.84
Cash generated from /(used in) operations	**39,886.29**	**(688.14)**
Direct taxes paid	**(10,730.30)**	(7,493.20)
Net cash from/ (used in) operating activities (A)	**29,156.00**	**(8,181.35)**
B. Cash flows from investing activities		
Purchase of fixed assets	**(56,996.38)**	(35,360.43)
Proceeds from sale of fixed assets	**3,013.91**	140.79
Fixed deposits with banks (net)	**(541.73)**	373.61
Deposits with bodies corporate and others (net)	**69,789.04**	(124,636.43)
Purchase of investments in subsidiaries and associates	**(119,878.13)**	(1,834.56)
(Purchase)/ proceeds of investments in mutual funds	**5,827.98**	5,396.76
Proceeds from sale of investments of subsidiaries and associates	**632.85**	365,605.28
Interest received	**7,987.55**	8,076.40
Net cash from/ (used in) investing activities (B)	**(90,164.91)**	**217,761.42**
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	**47.42**	134,214.42
Proceeds from receipt of share application money (net of refunds)	**-**	9.21
Proceeds from issuance of foreign currency convertible bonds	**-**	43,364.11

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Redemption of non convertible debentures including premium	-	(29,864.52)
Proceeds from issuance of equity shares of subsidiaries to minorities	-	152.05
Proceeds from long-term borrowings	**43,175.74**	13,294.38
Repayment of long-term borrowings	**(18,788.88)**	(277,752.83)
Proceeds/ (repayments) of short-term borrowings (net)	**69,790.97**	(193,003.24)
Loan arrangement fees paid	**(4,789.53)**	-
Interest paid	**(20,312.52)**	(14,399.72)
Net cash from/ (used in) financing activities (C)	**69,123.20**	**(323,986.14)**
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**8,114.29**	(114,406.07)
Total cash and cash equivalents at the beginning of the year	**16,062.69**	**130,459.77**
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	**18,140.93**	8.99
Cash and cash equivalents at the end of the year	**42,317.91**	**16,062.69**
Components of cash and cash equivalents:		
Cash in hand	**451.73**	169.10
Cheques in hand	**195.67**	205.62
Balances with banks on current and cash credit accounts	**38,943.64**	8,405.52
Balances with banks on special disbursement account	**3.90**	3.90
Balances with banks on deposit accounts	**1,090.47**	7,278.55
Translation effect of cash and cash equivalent	**1,632.50**	-
Total	**42,317.91**	**16,062.69**

Movements in working capital changes are only after giving effects to the assets/liabilities acquired/disposed on account of acquisition/disposal of subsidiaries.

Summary of significant accounting policies 2

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date : May 28, 2012

For and on behalf of the Board of Directors of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place: Gurgaon
Date : May 28, 2012

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to the consolidated financial statements for the year ended March 31, 2012

1. NATURE OF OPERATIONS

Fortis Healthcare Limited (the 'Company' or 'FHL' or the 'Group') (formerly known as Fortis Healthcare (India) Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with its flagship Multi-Speciality Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country and overseas. As part of its business activities, the Group through its holding company, Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited), holds interests in its subsidiaries, associate companies and joint ventures through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

2. SIGINIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 3 below) and are consistent with those used in the previous year except for changes in accounting policies explained below.

(b) Changes in accounting policies:

(i) Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(ii) The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 'The Effects of Changes in Foreign Exchange Rates', to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items.

In accordance with the amendment/ earlier amendment to AS 11, the Group has opted to amortize exchange differences relating to long term foreign currency monetary items (other than relating to acquisition of depreciable capital assets) over the balance period of such long term monetary items effective April 1, 2011, as required by paragraph 46A of said notification. Consequently, foreign exchange gain (net) of ₹ 241.43 lacs has been written back in current year as at March 31, 2012, to be amortized over the remaining term of the monetary items.

(c) Principles of Consolidation

The CFS relates to FHL and its subsidiaries, joint ventures and associates ('Fortis Group'). In the preparation of the CFS, investments in subsidiaries, associates and joint ventures are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements), AS 23 (Accounting for Investments in Associates) and AS 27 (Accounting for Interest in Joint Ventures) notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS are prepared on the following basis:

(i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.

(ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.

(iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.

(iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or capital reserve, as the case may be 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 FHL) are recouped.

(v) The Company reports its interest in a jointly controlled entity using proportionate consolidation method wherein the assets, liabilities, income and expenses of the jointly controlled entity are proportionately consolidated.

(vi) As far as possible, the CFS 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, Where it is not practicable to use uniform accounting policies, differences in accounting policies are disclosed separately in accordance with AS 21 Consolidated Financial Statements.

(vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2012.

(d) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management

to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(e) Tangible Fixed Assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(f) Depreciation

(i) Except as stated in para (ii) , (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management or where applicable, those prescribed under Schedule XIV of the Companies Act, 1956. The Company has used the following rates to provide the depreciation on its fixed assets:-

S.No.	Assets	Rate SLM
1	Building	2% to 20%
2	Plant & Equipment	4.75% to 12.38%
3	Furniture & Fittings	6.33% to 25%
4	Computer	10% to 100%
5	Office equipment	4.75% to 25%
6	Motor vehicle	9.50% to 54.15%
7	Medical equipment	7.07% to 87.15%

(ii) Depreciation on Leasehold Improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

(iii) Leasehold land is amortized over the period of lease except in respect of two subsidiaries where the same is available on perpetual lease basis [(34.77% (previous year 44.72%) of net block of leasehold land of the Fortis Group aggregating to ₹ 21,020.59 lacs (previous year ₹ 16,342.03 lacs) as at March 31, 2012].

(iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [7.94% (previous year 16.25%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Group aggregating to ₹ 185,703.31 lacs (previous year ₹ 111,679.67 lacs) as at March 31, 2012]. The rates used at written down value method is as follows:-

S.No.	Assets	Rate WDV
1	Building	10%
2	Plant & Equipment	13.91%
3	Furniture & Fittings	18.10% to 25.88%

S.No.	Assets	Rate WDV
4	Computer	16.21% to 40%
5	Office equipment	13.91%
6	Motor vehicle	25.89%
7	Medical equipment	20.00%

(v) Individual assets with cost not exceeding ₹ 5,000 are depreciated fully in the year of purchase in accordance with Accounting Standard 10- Accounting for Fixed Assets, in entities registered in India.

(vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account, however during the previous year, in case of one of the subsidiary, the Revaluation reserve had been used for acquisition of demerged division of one of the associate as per the order of Hon'ble High Court of Delhi (refer note 27 below).

(g) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

(h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Softwares

Cost of software is amortized over the useful life of the software.

License Fee

License fee capitalized as an intangible asset is amortized over a period of 10 years, being the management estimate of the useful life of the asset.

Right of Use of Land

Right of use of land is recognized based on the fee paid by a group company to operate and manage the hospitals acquired under slump sale and is not amortized, considering the right is available to the group company on perpetual basis.

Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalized and amortized over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

Internally generated assets costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the asset.
- Its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of adequate resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalized, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of profit and loss as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to statement of profit and loss on issuance of such materials for research and development activities.

These costs are amortized over a period of five years being the useful life, as estimated by the

management.

Trademarks

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in the nature of purchase is at fair value as on the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortization and impairment losses, if any. They are amortized on the straight line basis over the estimated useful economic life.

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss. Impairment losses recognized for goodwill are not reversed in subsequent periods.

(j) Impairment of Tangible and Intangible assets

(a) 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 using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

(b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(k) Leases

Where a group entity is lessee

(a) Finance leases, which effectively transfer to a Group entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Group entity will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(b) 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 statement of profit and loss on a straight-line basis over the lease term.

Where a group entity is lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the

asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the statement of profit and loss.

(l) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such long term investments.

(m) Inventories

Inventory of Medical consumables, drugs and stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for three of the subsidiaries where it is determined on First-in First-out basis [12.40% (previous year 46.66%) of total inventories of Fortis Group aggregating ₹ 7,991.57 lacs (previous year ₹ 2,633.33 lacs) as at March 31, 2012].

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.

(n) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Service Income from operations

Operating income including inpatient and outpatient services, laboratory/ clinical services, income from medical services, management fees from hospitals, management fees from laboratories and income from satellite centers are recognized as and when the services are rendered. Management fee from hospitals and income from medical services is recognized as per the contractual terms with respective hospitals.

Income from Rehabilitation Centre

Revenue is recognized as and when the services are rendered at the centre.

Rental Income and Equipment Lease Rentals

Revenue is recognized in accordance with the terms of lease agreements entered into with the respective lessees.

Income from Academic Services

Revenue is recognized on pro-rata basis on completion of such services over the duration of the program.

Income from Clinical Research

Revenue is recognized as and when the services are rendered in accordance with the terms of the respective agreements.

Income from medical, dental and other service contracts

The Group has certain medical, dental and other service contracts, in which the Group agrees to provide specific services over the terms of the contracts for a fixed-fee in which the level of services depends on uncertain future events (the "Fixed-fee Contracts"). Fees received or receivable under the Fixed-fee Contracts are recognized on a time proportion basis over the terms of the Fixed-fee Contracts. Expenses incurred in connection with the Fixed-fee Contracts are charged to the profit or loss as incurred. Deficiency in the contract liabilities is immediately charged to the profit or loss by establishing a provision for losses.

Sale of pharmacy items

Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

Income from sale of scrap and plasma

Revenue from sale of scrap and plasma is recognized on delivery of these items and billing thereof, which generally coincides.

Export benefits

Income from Served from India Scheme is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received.

Income from sponsorship fees

Revenue is recognized as and when services are rendered in accordance with the terms of the agreement.

Deferred revenue

Deferred revenue represents service fees received in advance of the performance of the relevant services. Deferred revenue is released to and recognized in the profit or loss when the corresponding services are rendered or on a time proportion basis over the terms of the service contracts.

Interest

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

Dividends

Dividend is recognized if the right to dividend is established by the balance sheet date.

(o) Unamortized Costs

Costs incurred in raising funds is amortized on straight line basis over the period for which the funds are obtained.

(p) Unamortized share issue expenses

Cost incurred for share issue is being accumulated and will be adjusted against the securities

premium account as per provisions of Section 78 of the Companies Act, 1956.

(q) 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

From accounting periods commencing on or after 7 December 2006, the Group's accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(2) and (iii)(3).

(v) Translation of Integral Foreign Operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. Exchange differences arising on such translation are recognized as income or expense in the year in which they arise.

(vi) Translation of Non-Integral Foreign Operations

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation should be accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment, at which time they should be recognized as income or as expenses.

(r) Employee Benefits

(A) In respect of Companies incorporated in India.

(i) Contributions to Provident Fund

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective fund is due. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" and "Escorts Heart Institute and Research Centre Limited Provident Fund Trust"; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund.

(ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using the projected unit credit method.

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the statement of profit and loss every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the statement of profit and loss.

(iii) Compensated Absences

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

(iv) Actuarial Gains/Losses

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

(B) In respect of Companies incorporated outside India

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the local authority. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed in the period that relevant employee services are received.

(b) Short term employee benefits

Short term benefits comprise employee costs such as salaries, bonuses, and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

The liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date are considered as short term benefits and are recognized on the basis of the estimated value of benefit expected to be availed by the employees.

(s) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is determined based on the amount of tax payable in respect of taxable income for the year as per laws of respective countries. Deferred income tax 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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the Group re-assesses and recognizes unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (‘MAT’) credit is recognized as an asset when it is probable that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India (‘ICAI’), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement.

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no

legal enforceable right are not set off against each other.

(t) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(u) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit 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.

(v) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(w) Contingent liabilities

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

(x) Cash and Cash Equivalents

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

(y) Derivative instruments

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle. If there is a Mark to market loss then same is charged to the Profit & Loss Account. Net gains are ignored as a matter of prudence.

(z) Segment reporting

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(aa) Measurement of EBITDA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

3. Composition of the Group

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
a) Subsidiaries			
Fortis Hospotel Limited (FHTL)	India	100.00%	100.00%
Hiranandani Healthcare Private Limited (HHPL) (refer note 1 below)	India	85.00%	39.99%
Fortis Health Management Limited (FHML)	India	100.00%	100.00%
Fortis Health Management (West) Limited (FHM(W)L) (refer note 2 below)	India	100.00%	-
Fortis Health Management (East) Limited (FHM(E)L) (refer note 2 below)	India	100.00%	-
Fortis Health Management (South) Limited (FHM(S)L) (refer note 2 below)	India	100.00%	-
Fortis Health Management (North) Limited (FHM(N)L) (refer note 3 below)	India	100.00%	-
International Hospital Limited (IHL)	India	100.00%	100.00%
Fortis Healthcare International Limited (FHIL)	Mauritius	100.00%	100.00%
Escorts Heart Institute and Research Centre Limited (EHIRCL) (refer note 4 below)	India	100.00%	90.00%
Escorts Heart and Super Speciality Institute Limited (EHSSIL) (refer note 4 below)	India	100.00%	90.00%
Escorts Hospital and Research Centre Limited	India	100.00%	100.00%

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
(EHRCL)			
Escorts Heart and Super Speciality Hospital Limited (EHSSHL)	India	100.00%	100.00%
Lalitha Healthcare Private Limited (LHPL)	India	67.23%	67.23%
Fortis Malar Hospitals Limited (FMHL)	India	63.20%	63.20%
Fortis Hospitals Limited (FHsL)	India	100.00%	100.00%
Fortis Global Healthcare (Mauritius) Limited (FGHL)	Mauritius	100.00%	100.00%
Kanishka Healthcare Limited (formerly Kanishka Housing Development Company Limited) (KHL)	India	100.00%	100.00%
Malar Stars Medicare Limited (MSML)	India	63.20%	63.20%
Fortis Asia Healthcare Pte. Limited (FAHPL) (refer note 4 below)	Singapore	100.00%	90.00%
Fortis C-Doc Healthcare Limited (C-Doc)	India	60.00%	60.00%
Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)	Singapore	100.00%	100.00%
Fortis Health Staff Limited (FHSL)	India	29.00%	29.00%
Hospitalia Eastern Private Limited (HEPL) (refer note 5 below)	India	100.00%	-
Super Religare Laboratories Limited (SRL) (refer note 6 below)	India	71.49%	-
SRL Diagnostics Private Limited (SRLDPL) (refer note 6 below)	India	71.49%	-
Religare Health Trust (RHT) (refer note 7 below)	Singapore	100.00%	-
Fortis Healthcare International Pte Limited (FHIPL) (refer note 10 below)	Singapore	100.00%	-
Fortis Healthcare Australia Pty Ltd*	Australia	100.00%	-
Dental Corporation Holdings Limited*	Australia	64.13%	-
Dental Corporation Pty Limited*	Australia	64.13%	-
Close Dental Pty Limited *	Australia	64.13%	-
Craig Duval Dental Pty Limited*	Australia	64.13%	-
D C Holdings WA Pty Ltd*	Australia	64.13%	-
Dental Care Network Pty Limited*	Australia	64.13%	-
Dental Corporation (NZ) Limited*	New Zealand	64.13%	-
David Cox Dental Pty Limited*	Australia	64.13%	-
Prime Dental Pty limited*	Australia	64.13%	-
Hazel Ridge Pty Limited*	Australia	64.13%	-
John M Levas Pty Limited*	Australia	64.13%	-
Scot Petrie Dental Pty Limited*	Australia	64.13%	-
Dental Corporation of Canada Holdings Inc.*	Canada	18.60%	-
Fortis Healthcare Singapore Pte Ltd*	Singapore	100.00%	-
Radlink-Asia Pte Limited (Radlink)*	Singapore	85.00%	-
Drs Thompson & Thompson (Radlink Medicare) Pte Limited*	Singapore	72.25%	-
Radlink Medicare (Bishan) Pte Limited*	Singapore	59.50%	-
Radlink Medicare (Woodlands) Pte Limited*	Singapore	59.50%	-
Radlink Medicare (Tampines) Pte Limited*	Singapore	85.00%	-
Radlink Medicare (Jurong East) Pte Limited*	Singapore	85.00%	-
Clinic 1866 Pte Limited *	Singapore	85.00%	-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
Radlink Diagnostic Imaging (s) Pte Limited*	Singapore	85.00%	-
Drs Lim Hoe & Wong Radiology Pte limited*	Singapore	85.00%	-
Healthcare Diagnostic Services Pte Limited*	Singapore	85.00%	-
Radlink Women & Fetal Imaging Centre Pte Limited*	Singapore	85.00%	-
Radlink Pet & Cardiac Imaging Centre Pte Limited*	Singapore	85.00%	-
Singapore Radiopharmaceutic Als Pte Limited*	Singapore	85.00%	-
Sinagpore Molecular Therapy Centre Pte Limited*	Singapore	85.00%	-
Altai Investments Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Hong Kong Limited*	Hong Kong	100.00%	-
Green Apple Associates Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Medical Services Limited*	Hong Kong	100.00%	-
Fortis HealthCare Hong Kong Limited*	Hong Kong	100.00%	-
Quality Healthcare Medical Services (Macau) Limited*	Macau	100.00%	-
Quality HealthCare Chinese Medicine Limited*	Hong Kong	100.00%	-
Marvellous Way Limited*	Hong Kong	100.00%	-
Universal Lane Limited*	Hong Kong	100.00%	-
DB Health Services Limited*	Hong Kong	100.00%	-
Quality HealthCare Medical Centre Limited*	Hong Kong	100.00%	-
Quality HealthCare Professional Services Limited*	Hong Kong	100.00%	-
SmartLab Limited*	Hong Kong	100.00%	-
Allied Medical Practices Guild Limited*	Hong Kong	100.00%	-
Healthcare Clinic and Surgery Pte. Limited*	Singapore	85.00%	
Great Option Limited*	Hong Kong	100.00%	-
Healthcare Opportunities Limited*	British Virgin Islands	100.00%	-
TCM Products Limited*	British Virgin Islands	100.00%	-
GHC Holdings Limited*	Hong Kong	100.00%	-
CASE Specialist Limited*	Hong Kong	100.00%	-
Jadeast Limited*	Hong Kong	100.00%	-
Jadefairs International Limited*	Hong Kong	100.00%	-
Jadway International Limited*	Hong Kong	100.00%	-
Megafaith International Limited*	Hong Kong	100.00%	-
Jadison Investment Limited*	Hong Kong	100.00%	-
Berkshire Group Limited*	British Virgin Islands	100.00%	-
Central Medical Diagnostic Centre Limited*	Hong Kong	70.00%	-
Central MRI Centre Limited*	Hong Kong	70.00%	-
Central Medical Laboratory Limited*	Hong Kong	70.00%	-
Central PET/CT Scan Limited*	Hong Kong	70.00%	-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
Portex Limited*	Hong Kong	100.00%	-
Quality HealthCare Services Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Psychological Services Limited*	Hong Kong	100.00%	-
Quality EAP (Macau) Limited*	Macau	100.00%	-
Quality HealthCare Dental Services Ltd*	Hong Kong	100.00%	-
Quality HealthCare Physiotherapy Services Limited*	Hong Kong	100.00%	-
Quality HealthCare Nursing Agency Limited*	Hong Kong	100.00%	-
Dynamic People Group Limited*	British Virgin Islands	100.00%	-
Mena Healthcare Investment Company Limited*	British Virgin Islands	82.54%	-
Super Religare Laboratories International FZ LLC*	UAE	100.00%	-
Medical Management Company Limited*	British Virgin Islands	82.54%	-
Swindon Limited*	British Virgin Islands	78.13%	-
VOF PE Holding2 Limited*	Cayman Island	78.13%	-
Hoan My Corporation*	Vietnam	61.21%	-
Hoan My Sai Gon General Hospital Joint Stock Company *	Vietnam	61.21%	-
Hoan My Disctrict 3 Poly Clinic Company Limited*	Vietnam	51.41%	-
Hue Medical Investment Joint Stock Company*	Vietnam	61.21%	-
Hoan My Da Nang General Hospital Joint Stock Company *	Vietnam	39.79%	-
Hoan My Cuu Long General Hospital Joint Stock Company *	Vietnam	54.48%	-
Hoan My Da Lat General Hospital Joint Stock Company *	Vietnam	53.25%	-
b) Associates			
Sunrise Medicare Private Limited	India	31.26%	31.26%
Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
Fortis Medicare International Limited	Mauritius	49.00%	49.00%
Fortis Emergency Services Limited (refer note 8 below)	India	49.00%	51.00%
Lanka Hospitals Corporation Plc*	Sri Lanka	28.60%	-
Town Hall Clinic*	Singapore	25.50%	-
Hoan My Minh Hai*	Vietnam	18.36%	-
Hoan My Thien The*	Vietnam	18.36%	-
c) Joint Ventures			
Fortis Cauvery (refer note 9 below)	India	51.00%	-
DDRC SRL Diagnostics Private Limited (DDRC) (refer note 6 below)	India	50.00%	-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL) (refer note 6 below)	Nepal	50.00%	-

*Refer note 10 below

Notes:

1. During the current year, the Company has taken 45% additional stake in Hiranandani Healthcare Private Limited on June 29, 2011, thus effective June 29, 2011 it has become subsidiary of the Company.

2. During the current year, Fortis Hospitals Limited has incorporated three wholly owned subsidiaries Fortis Health Management (East) Limited, Fortis Health Management (West) Limited and Fortis Health Management (South) Limited.

3. During the current year, Escort Heart Institute and Research Limited has incorporated a wholly owned subsidiary Fortis Health Management (North) Limited.

4. During the current year, the Company has acquired 10% additional stake in Escorts Heart Institute and Research Centre Limited ('EHIRCL') on April 27, 2011 from Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited) (FHHL), resulting in EHIRCL, FAHPL and EHSSIL becoming wholly owned subsidiaries of the Company.

5. During the year, Fortis Health Management Limited ('FHML') has acquired 100% stake in Hospitalia Eastern Private Limited ('HEPL') on October 1, 2011 resulting in becoming wholly owned subsidiary of the Group. However, investment in HEPL is temporary in nature; therefore, the same has not been consolidated in these financial statements.

6. During the year, the Company has acquired 74.59% stake in Super Religare Laboratories Limited ('SRL') on May 12, 2011 resulting SRL becoming subsidiary of the Company. Subsequently, SRL Diagnostics Private Limited, wholly owned subsidiary of SRL and two Joint Ventures Super Religare Reference Laboratories (Nepal) Private Limited and DDRC SRL Diagnostics Private Limited have become subsidiary and Joint Ventures of the Company.

7. RHT, a business trust establishment in Singapore, issued 3,100 units of FHIL in lieu of FHIL transferring its shareholding in FGHIPL to RHT on July 29, 2011. As result of this transfer, the Company is the sole beneficial owner of FGHIPL, through its 100% unit holding in RHT (also refer note 30.3 (ix) and 30.4).

8. During the year, Fortis Hospitals Limited has divested 2% stake in Fortis Emergency Services Limited (FESL) on January 2, 2012. Therefore effective from January 2, 2012 it has become an associate of the Company.

9. During the year, FHM(S)L has entered into partnership agreement on April 27, 2011 with Dr. Chandrasekhar G.R. and Dr. Sarla Chandrasekhar with 51% share in assets and liabilities in Fortis Cauvery.

10. During the year, FAHPL has acquired 100% stake in FHIPL on January 11, 2012 from RHC Financial Services (Mauritius) Limited alongwith its subsidiaries and associates (refer note 29B for further details).

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4(i): SHARE CAPITAL

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Authorized shares (Nos.):		
- 600,000,000 (Previous Year 600,000,000) Equity Shares of ₹ 10 each	**60,000.00**	60,000.00
-200 (Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each	**200.00**	200.00
-11,498,846 (Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of ₹ 10 each	**1,149.88**	1,149.88
- 64,501,154 (Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	**6,450.12**	6,450.12
	67,800.00	**67,800.00**
Issued shares (Nos.):		
-405,179,715 (Previous Year 405,103,475) Equity Shares of ₹10 each fully paid up	**40,517.97**	40,510.35
-1,600,000 (Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**160.00**	160.00
-3,196,000 (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
Total issued share capital	**40,965.61**	**40,957.99**
Subscribed and paid up shares (Nos.):		
-405,179,715 (Previous Year 405,103,475) Equity Shares of ₹10 each fully paid up	**40,517.97**	40,510.35
-1,450,000 (Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**145.00**	145.00
-3,196,000 (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
Total subscribed and fully paid-up share capital	**40,950.61**	**40,942.99**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	405,103,475	40,510.35	317,323,609	31,732.36
Issued during the year under ESOP	76,240	7.62	67,880	6.79
Issued during the year (refer note 23)	-	-	87,711,986	8,771.20
Outstanding at the end of the year	**405,179,715**	**40,517.97**	**405,103,475**	**40,510.35**

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Outstanding at the end of the year	**1,450,000**	**145.00**	**1,450,000**	**145.00**

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹9 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Outstanding at the end of the year	**3,196,000**	**287.64**	**3,196,000**	**287.64**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Terms of redemption of preference shares

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹10 each at a premium of ₹ 90 per share (3,196,000 zero percent cumulative redeemable preference shares pending redemption). These shares are redeemable at ₹ 175, including premium on October 18 of 2008, 2009, 2010, 2011 and 2012 in installment of ₹ 1,437.50 lacs each and ₹ 12,937.50 lacs on October 18, 2013. However, the date of redemption in 2009, 2010 and 2011 has been postponed to 2012 and due to this, the Company has agreed to pay redemption premium calculated at 12%, 12.5% and 13% respectively on the deferred payments. The Issuer may make voluntary premature redemption of the Shares in part or in full in which event the Redemption Premium shall be computed @ 12% compounded annually on the Subscription amount from the subscription date till the redemption date. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010. The Company and the Subscriber have an option for early redemption of the Preference Shares. In case the early redemption option is exercised, the amount payable on redemption at the end of year 1 shall be ₹ 1,638.50 lacs and at end of year 2 shall be ₹ 1,851.51 lacs. However, the date of redemption in 2010 has been deferred to October 18, 2012.

The holders of both class of preference shares do not have any voting rights

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries

Equity Shares

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding company	218,250	21.83	218,250	21.83

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	1,450,000	145.00	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	3,196,000	287.64	3,196,000	287.64

(e) Details of shareholders holding more than 5% shares in the Company

Equity Shares

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	81.34%	329,591,530	81.34%

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	1,450,000	100%	1,450,000	100%

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹9 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding company	3,196,000	100%	3,196,000	100%

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

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the company refer note 15.

(g) Shares reserved for issued on conversion

For details of shares reserved for issue on conversion of bonds, please refer note 19 regarding terms of conversion/ redemption of bonds.

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Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4(ii) : RESERVES & SURPLUS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Revaluation reserve		
Balance as per the last financial statements	**35,197.43**	37,380.33
Add: revaluation reserve on acquisition of balance 10% share in a subsidiary (refer note 29D)	**268.45**	-
Less : transfer to statement of profit and loss as reduction from depreciation	**140.35**	163.07
Less: Utilized during the year	**-**	2,019.83
Closing balance	**35,325.53**	**35,197.43**
b. Securities premium account		
Balance as per the last financial statements	**257,556.76**	136,840.36
Add : Premium on issue of shares	**49.00**	125,471.25
Less: Applied for premium on redemption of non-convertible debentures	**-**	2,610.42
Less: Amount utilized for accrual of premium payable on redemption of redeemable preference shares	**2,631.49**	886.52
Less: Expenses incurred for issue of 5% foreign currency convertible bonds (refer note 19)	**-**	1,223.09
Less: Expenses incurred for issue of equity shares	**190.78**	34.82
Closing balance	**254,783.49**	**257,556.76**
c. Foreign currency translation reserve		
Balance as per the last financial statements	**(439.52)**	-
Add: current year transfer	**(4,480.02)**	(439.52)
Closing balance	**(4,919.54)**	**(439.52)**
d. Securities premium suspense account		
Balance as per the last financial statements	**2,113.11**	-
Add: current year transfer	**-**	2,113.11
Less : written back in current year	**2,113.11**	-
Closing balance	**-**	**2,113.11**
e. Amalgamation reserve		
Balance as per the last financial statements	**156.00**	156.00
Closing balance	**156.00**	**156.00**
(Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)		
f. Debenture Redemption Reserve ('DRR')		
DRR created during the year	**1,630.43**	-
Closing balance	**1,630.43**	**-**
g. Other Reserves		
Loss on dilution of shareholding (refer note 29A)	**(1,432.06)**	-
Closing balance	**(1,432.06)**	**-**

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
h. Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	**(6,698.19)**	(17,847.15)
Add: Profit for the year	**7,222.15**	12,436.24
Less: Accrual for premium on redemption of redeemable preference shares	**-**	1,287.28
Less: Transfer to Debenture redemption reserve	**1,630.43**	-
Net deficit in the statement of profit and loss	**(1,106.48)**	**(6,698.19)**
	284,437.37	**287,885.58**

NOTE 4(iii) : LONG TERM BORROWINGS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Secured (refer note 8)		
Term Loans		
-from banks	**112,278.73**	41,843.86
-from body corporates	**29,384.95**	5,893.37
Long Term maturities		
-of Finance lease obligation	**1,364.96**	-
-of Hire purchase loans from banks	**64.86**	34.99
Deferred payments liabilities	**2,817.62**	-
	145,911.12	**47,772.22**
b. Unsecured (refer note 8)		
Bonds and Debentures		
Compulsorily convertible debentures	**910.00**	-
Optionally convertible debentures	**2,500.00**	1,000.00
Foreign currency convertible bonds	**50,944.90**	44,587.20
Convertible Bonds	**4,380.64**	-
Non convertible debentures	**16,500.00**	-
Term Loans		
-From Banks	**12,549.36**	-
Other Loans and Advances		
262,120,642 (previous year Nil), 5% Class B Redeemable Preference Shares of USD 1 each	**133,633.69**	-
(issued by Fortis Asia Healthcare Pte. Limited, a subsidiary company)	**221,418.59**	**45,587.20**
	367,329.71	**93,359.42**

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4 (iv) : DEFERRED TAX ASSETS/ LIABILITIES (NET)

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Deferred tax liability:		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**2,121.62**	1,023.94

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Others	**162.48**	0.04
	2,284.10	**1,023.98**
Deferred tax asset:		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**532.79**	-
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	**5,030.96**	1,088.79
On carry forward business losses and unabsorbed depreciation	**884.37**	514.42
	6,448.12	**1,603.21**
Deferred tax Asset/(Liabilities) (net)	**4,164.02**	**579.23**

NOTE 4 (v): OTHER LONG TERM LIABILITIES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Trade payables	**15.99**	9.34
Capital creditors	**1,521.25**	430.81
Premium payable on redemption of redeemable preference shares	**2,044.43**	1,221.07
Interest accrued but not due on borrowings	**4,925.83**	1,959.54
Contingent consideration against purchase of business	**2,115.55**	-
Advances and deposits	**503.81**	-
Derivative financial instruments	**402.62**	-
Other liabilities	**15.70**	24.80
	11,545.18	**3,645.56**

NOTE 4 (vi): LONG TERM PROVISIONS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Provision for employee benefits :		
Provision for gratuity (refer note 17)	**1,994.49**	1,342.61
b. Other provisions		
Provision for litigation (refer note 14)	**496.88**	496.88
Provision for restoration and maintenance*	**730.11**	-
	3,221.48	**1,839.49**
Provisions for restoration and maintenance		
Opening balance	**-**	-
Add: provision acquired on acquisition of subsidiary	**730.11**	-
Less: utilized during the year	**-**	-
Closing balance	**730.11**	**-**
Provisions for litigation		
Opening balance	**496.88**	330.39
Add: provision made during the year	**-**	166.49
Less: utilized during the year	**-**	-
Closing balance	**496.88**	**496.88**

*At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4 (vii): SHORT TERM BORROWINGS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Secured (refer note 8)		
Loans Repayable on demand		
-From Banks		
Bank overdraft	**2,937.74**	1,634.75
Cash Credit	**3,481.09**	409.31
Other loans from Banks	**41,000.00**	1,528.99
Buyer's Credit	**1,132.61**	-
	48,551.44	**3,573.05**
b. Unsecured (refer note 8)		
Loans Repayable on demand		
-From Body Corporates	**24,744.30**	1,541.52
Loans from Banks	**126,759.09**	-
Buyer's Credit	**139.07**	-
Bill Discounted	**4,566.29**	-
Other Loans and advances		
Commercial papers	**47,500.00**	-
Redeemable Non- convertible Debentures	**30,000.00**	-
55,00,000 (previous year Nil) Zero percent Non- Cumulative Redeemable Preference Shares of ₹ 10 each (issued by Super Religare Laboratories Limited, a subsidiary company)	**550.00**	-
45,00,000 (previous year Nil) Zero percent Non- Cumulative Redeemable Preference Shares of ₹ 10 each (issued by Super Religare Laboratories Limited, a subsidiary company)	**450.00**	-
6,750,000 (previous year Nil) Zero percent preference shares of ₹ 10 each (proportionate share of the Company) (issued by DDRC SRL Diagnostics services Private Limited, a Joint Venture)	**337.50**	-
	235,046.25	**1,541.52**
	283,597.69	**5,114.57**

NOTE 4 (viii) : TRADE PAYABLES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Trade Payables	**77,303.76**	16,907.28
	77,303.76	**16,907.28**

NOTE 4 (ix): OTHER CURRENT LIABILITIES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Current maturities of long term debts (refer note 8)	**34,181.28**	9,866.11
Current maturities of finance lease obligations (refer note 8)	**1,195.26**	-

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Book overdrafts	**513.54**	388.58
Advances from patients/ customers	**4,177.00**	2,273.62
Sundry deposits	**244.01**	219.77
Interest accrued and due on borrowings	**12,694.48**	238.24
Interest accrued but not due on borrowings	**5,227.16**	161.99
Deferred revenue*	**1,915.80**	7.60
Share application money payable (refer note 34)	**341.50**	341.50
Premium payable on redemption of redeemable preference shares	**5,654.29**	3,059.53
Capital creditors	**5,285.39**	2,097.01
Payable against losses of associate (refer note 35)	**860.61**	810.01
Lease equalization reserve	**416.06**	70.59
Unamortized discount on forward cover contracts	**546.78**	-
Derivative financial instruments	**1,226.20**	-
Statutory payables	**4,057.29**	2,288.57
Contingent consideration against purchase of business	**5,057.20**	-
Other liabilities	**722.40**	76.58
	84,316.25	**21,899.70**

* Deferred revenue represents payment received in advance for fixed fees contracts for which services had not been rendered at the end of the reporting period.

NOTE 4 (x) : SHORT TERM PROVISIONS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Provision for employee benefits		
Provision for gratuity (refer note 17)	**113.99**	215.48
Provision for leave encashment	**2,296.99**	1,224.14
Provision for severance allowance**	**462.03**	-
b. Other provisions		
Provision for contingency	**150.44**	131.50
Provision for tax (net of advance tax)	**2,460.87**	-
Provisions for restoration and maintenance***	**403.11**	-
Provision for wealth tax	**6.00**	6.45
	5,893.43	**1,577.57**
Provision for contingency:		
Opening balance	**131.50**	77.91
Add: provision made during the year	**23.63**	53.59
Less: utilized during the year	**4.69**	-
Closing balance	**150.44**	**131.50**
Provisions for restoration and maintenance		
Opening balance	**-**	-
Add: provision acquired on acquisition of subsidiary	**487.57**	-
Less: utilized during the year	**84.46**	-
Closing balance	**403.11**	**-**

**Provision for severance allowance is mandatory payments to be made to employees of one of the subsidiary in Vietnam of the Group who left the employments. This is mandatory payment under local employment act.

***At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

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Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS

(₹ in lacs)

	Leasehold land	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
Cost or valuation											
As at April 1, 2010	16,458.95	35,828.72	29,766.49	3,804.25	13,517.57	44,974.63	3,074.24	1,858.52	645.52	1,964.47	**151,893.36**
Additions	207.99	-	26,120.78	219.90	3,692.71	12,941.15	991.88	956.44	324.07	1,120.33	**46,575.24**
Additions on acquisition (refer note 27)	-	-	-	820.89	1,124.30	-	64.88	-	-	14.74	**2,024.81**
Disposals	-	-	-	11.03	257.80	2,320.93	54.24	89.36	26.56	94.21	**2,854.13**
Disposals on sale of subsidiary	-	-	-	-	-	60.90	0.23	0.27	-	-	**61.40**
Other adjustments											
- Borrowing costs	-	-	558.74	-	210.28	119.98	19.31	-	-	-	**908.31**
As at March 31,2011	**16,666.94**	**35,828.72**	**56,446.01**	**4,834.02**	**18,287.06**	**55,653.94**	**4,095.84**	**2,725.34**	**943.03**	**3,005.33**	**198,486.19**
Additions	5,103.72	128.77	4,988.14	2,046.70	2,591.23	13,863.71	782.79	1,917.44	418.17	786.92	**32,627.59**
Additions on acquisition of subsidiary (refer note 3)	-	11,695.89	16,431.69	15,864.09	14,689.20	46,383.29	4,856.91	6,225.37	817.43	1,568.70	**118,532.57**
Disposals	326.55	-	10.44	2,120.48	382.55	2,602.13	37.52	486.20	13.41	39.97	**6,019.25**
Disposals on sale of subsidiary (refer note 3)	-	-	-	-	-	-	-	-	-	742.74	**742.74**
Other adjustments											
-Exchange	-	83.78	(1,452.19)	244.57	282.95	49.76	8.05	80.49	-	(5.45)	**(708.04)**

	Leasehold land	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
translation adjustments											
As at March 31,2012	**21,444.11**	**47,569.60**	**79,307.59**	**20,379.76**	**34,901.99**	**113,249.05**	**9,689.97**	**10,301.46**	**2,165.22**	**4,583.69**	**343,592.40**
Depreciation											
As at April 1, 2010	215.88	-	6,793.40	1,368.13	6,492.83	19,901.39	1,031.48	1,119.56	182.46	510.71	**37,615.84**
Charge for the year	109.03	-	1,580.46	285.50	1,086.75	4,932.96	339.33	308.11	158.00	449.15	**9,249.29**
Additions on acquisition (refer note 27)	-	-	-	619.73	382.10	-	26.87	-	-	10.71	**1,039.41**
Disposals	-	-	-	1.75	165.62	2,134.40	41.75	72.35	23.46	56.70	**2,496.03**
Disposals on sale of subsidiary	-	-	-	-	-	23.60	0.23	0.14	-	-	**23.97**
As at March 31,2011	**324.91**	**-**	**8,373.86**	**2,271.61**	**7,796.06**	**22,676.35**	**1,355.70**	**1,355.18**	**317.00**	**913.87**	**45,384.54**
Charge for the year	98.61	16.53	2,378.55	2,081.01	2,386.41	7,213.25	533.26	970.85	214.42	514.36	**16,407.25**
Additions on acquisition of subsidiary (refer note 3)	-	0.25	1,730.44	3,871.39	5,899.73	14,227.91	1,977.94	2,570.44	152.29	299.18	**30,729.57**
Disposals	-	-	-	440.59	229.42	1,931.29	38.42	116.31	8.13	45.25	**2,809.41**
Disposals on sale of subsidiary (refer note 3)	-	-	-	-	-	-	-	-	-	210.91	**210.91**
Other adjustments											
-Exchange translation adjustments	-	-	12.39	47.69	125.07	(25.36)	2.18	24.25	-	(0.95)	**185.27**
As at March 31,2012	**423.52**	**16.78**	**12,470.46**	**7,735.73**	**15,727.71**	**42,211.58**	**3,826.30**	**4,755.91**	**675.58**	**1,472.20**	**89,315.77**

	Leasehold land	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
Net Block											
As at March 31,2011	**16,342.03**	**35,828.72**	**48,072.15**	**2,562.40**	**10,491.00**	**32,977.59**	**2,740.14**	**1,370.15**	**626.03**	**2,091.46**	**153,101.65**
As at March 31,2012	**21,020.59**	**47,552.82**	**66,837.13**	**12,644.02**	**19,174.27**	**71,037.46**	**5,863.67**	**5,545.54**	**1,489.64**	**3,111.49**	**254,276.63**

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NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS

Notes:-

1 **Revaluation of Fixed Assets:** The group has valued its land and building at some of the subsidiaries at the fair values determined by independent valuers as follows:-

(₹ in lacs)

Name of subsidiary	Location	Date of Valuation	Book Value		Fair value		Increase in value		Additional depreciation for the year	
			Land	Building	Land	Building	Land	Building	Land	Building
IHL										
Leasehold land and building	Noida	March 31, 2008	256.89	2,732.70	4,480.00	3,365.89	4,223.11	633.20	54.27	24.09
FHTL										
Freehold land	Gurgaon	March 31, 2008	1,858.35	-	19,486.66	-	17,628.31	-	-	-
Leasehold land	Shalimar Bagh	March 31, 2008	1,440.79	-	6,910.00	-	5,469.21	-	-	-
EHSSIL										
Freehold land and building	Amritsar	March 31, 2008	28.63	1,534.05	2,214.00	2,275.14	2,185.38	741.09	-	61.61
EHSSHL										
Leasehold land	Jaipur	March 31, 2008	1,178.23	-	3,243.56	-	2,065.33	-	-	-
EHRCL										
Freehold land and building	Faridabad	March 31, 2008	1,095.50	2,821.82	6,151.08	2,829.97	5,055.59	8.15	-	0.38
KHL										
Freehold land	Bangalore	December 17,	18.98	-	5,932.19	-	5,913.21	-	-	-

Name of subsidiary	Location	Date of Valuation	Book Value		Fair value		Increase in value		Additional depreciation for the year	
			Land	Building	Land	Building	Land	Building	Land	Building
		2009								
Total			**5,877.37**	**7,088.57**	**48,417.49**	**8,471.00**	**42,540.14**	**1,382.44**	**54.27**	**86.08**

2 Freehold land includes ₹ 319.03 lacs (Previous Year ₹ 319.03 lacs) pending registration in Company's name.

3 Leasehold land consists of leasehold rights for the land at Kolkata provided by the Kolkata Municipal Development Authority (KMDA). The land is subject to a dispute between the KMDA and Revenue department with regard to its usage.

4 Buildings include ₹ 8,579.18 lacs (Previous Year ₹ 8,579.18 lacs) at certain location constructed on leasehold land and ₹ 6,079.19 lacs (Previous Year ₹ 6,079.19 lacs) incurred on buildings under Operating and Management contract.

5 Right of use of Land is under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years each, at the option of the Company.

6 Leasehold Land includes ₹ 398.22 lacs (Previous Year ₹ 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 11)

7 Equitable charge has been created on hospital property at Noida of a subsidiary for the loan of ₹ 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.

8 Mortgage has been created on land, building and immovable fixed assets of a subsidiary for the loan of ₹ 10,000 lacs jointly availed by the Company and its five subsidiaries.

9 The above assets includes certain fixed assets leased pursuant to operating lease agreements (refer note 7).

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Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4(xi) (b) : INTANGIBLE ASSETS

(₹ in lacs)

	Technical know how fees	Non compete fees	License fee	Right of use of land	Software	Goodwill	Goodwill on consolidation	Total
Cost or valuation								
As at April 1, 2010	742.56	1,550.00	3,792.59	5,137.11	920.81	44,624.19	41,637.64	**98,404.90**
Additions	-	-	2,373.27	-	154.85	-	2,350.75	**4,878.87**
Deletions/reversal	-	-	-	-	-	157.12	-	**157.12**
As at March 31,2011	**742.56**	**1,550.00**	**6,165.86**	**5,137.11**	**1,075.66**	**44,467.07**	**43,988.39**	**103,126.65**
Additions	-	53.01	1,155.57	-	442.11	-	-	**1,650.69**
Additions on acquisition of subsidiary (refer note 3)	-	-	-	3,186.70	3,092.26	209,337.61	353,279.65	**568,896.22**
Deletions	-	-	-	-	186.34	-	-	**186.34**
Other adjustments								
-Exchange translation adjustments	-	-	-	22.84	0.62	1,425.44	1,421.12	**2,870.02**
As at March 31,2012	**742.56**	**1,603.01**	**7,321.43**	**8,300.97**	**4,423.07**	**252,379.24**	**395,846.92**	**670,617.20**
Amortization								
As at April 1, 2010	389.71	148.63	1,416.25	-	535.06	-	-	**2,489.65**
Charge for the year	108.23	516.67	635.44	-	102.67	-	-	**1,363.01**
As at March 31,2011	**497.94**	**665.30**	**2,051.69**	**-**	**637.73**	**-**	**-**	**3,852.66**
Charge for the year	32.41	526.53	911.53	-	484.52	-	-	**1,954.99**
Additions on acquisition of subsidiary (refer note 3)	-	-	-	-	1,062.03	-	-	**1,062.03**
Other adjustments								
-Exchange translation adjustments	-	-	-	-	0.09	-	-	**0.09**
As at March 31,2012	**530.35**	**1,191.83**	**2,963.22**	**-**	**2,184.19**	**-**	**-**	**6,869.59**
Net block								
As at March 31,2011	**244.62**	**884.70**	**4,114.17**	**5,137.11**	**437.93**	**44,467.07**	**43,988.39**	**99,273.99**
As at March 31,2012	**212.21**	**411.18**	**4,358.21**	**8,300.97**	**2,238.88**	**252,379.24**	**395,846.92**	**663,747.61**

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Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4 (xii) : NON CURRENT INVESTMENTS

Unquoted Trade investments (valued at cost unless stated otherwise)

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Investment in Equity Instruments			
A. Investment in Associates			
3,126 (Previous Year 3,126) Equity Shares of ₹10 each, fully paid up of Sunrise Medicare Private Limited		**0.31**	0.31
98,000 (Previous Year 98,000) Ordinary Shares of US$ 1 each, fully paid up of Fortis Medicare International Limited (refer note 35)		**-**	-
Nil (Previous Year 400,000) Equity Shares of Hiranandani Healthcare Private Limited of ₹ 10 each (Of the above, 3 shares are jointly held with nominee shareholders)		-	40.00
Add: Share in post acquisition losses upto the beginning of the year		-	(40.00)
1,600,000 Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up of Hoan My Minh Hai General Hospital Joint Stock Company (including goodwill of ₹ 116.79 lacs)	**263.56**		
Add: Share in profits/ (losses) for the current year	**(45.58)**	**217.98**	-
45,000 Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up of Thien The Hoan My Joint Stock Company	**10.95**		
Add: Share in profits/ (losses) for the current year	**6.44**	**17.39**	-
100 Equity Shares of SGD 1each, fully paid up of Town Hall Clinic Pte. Limited	**112.50**		-
Add: Share in profits/ (losses) for the current year	**4.51**	**117.01**	
24,500 Equity Shares of ₹ 10 each, fully paid up of Fortis Emergency Services Limited	**2.45**		
Add: Share in profits/ (losses) for the current year	**(2.45)**	**-**	-
B. Investment in Subsidiary Company			
Hospitalia Eastern Private Limited (refer note 3)		**6.99**	-
(51,000 (Previous year Nil) Equity shares of ₹ 10each, fully paid up)			
(of the above 6 shares are held through nominees)			
Investment in Preference Shares			
A. Investment in Associates			
Hiranandani Healthcare Private Limited (refer note 3)		**-**	2,000.00
(Nil (Previous Year 200,000) Zero Percent Redeemable			

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Preference Shares of ₹ 10/- each, fully paid up)			
B. Investment in Subsidiary Company			
Hospitalia Eastern Private Limited (refer note 3)		**1,390.00**	-
(490,000 (Previous year Nil) 10% Non Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up)			

Quoted Trade investments (valued at cost unless stated otherwise)

Investment in Equity Instruments

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
A. Investment in Associates			
164,670,801 (Previous Year 164,670,801) Ordinary Shares of MUR 10 each of Medical And Surgical Centre Limited (including capital reserve of ₹ 4,224.26 lacs)	**1,312.69**		1,312.69
Add: Share in post acquisition profits upto the beginning of the year	**237.82**		131.13
Add: Share in profits/ (losses) for the current year	**151.54**		106.69
Add: Exchange translation adjustments	**187.77**	**1,889.82**	27.56
64,120,915 Equity Shares of Lankan Rupees (LKR) 62 each of Lanka Hospitals Corporate Plc (including goodwill of ₹ 16,102.33 lacs)	**19,762.82**		
Add: Share in pre acquisition profits upto the date of acquisition	**568.70**		
Add: Share in profits/ (losses) for the current year	**75.69**		
Add: Exchange translation adjustments	**(567.85)**	**19,839.36**	-
Aggregate amount of Investments		**23,478.86**	**3,578.38**
Note:			
Aggregate amount of quoted investments		**21,729.18**	1,578.07
Market Value thereof		**15,519.14**	7,002.09
Aggregate amount of unquoted investments		**1,749.68**	2,000.31

NOTE 4 (xiii) : LONG TERM LOANS AND ADVANCES

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Unsecured, Considered good			
Capital advances		**2,372.68**	1,953.18
Security deposits		**5,556.56**	1,415.01
Loans to body corporates and others		**2,371.87**	42,374.46
Loans to employees		**9,319.00**	-
Advances recoverable in cash or in kind or for value to be received		**1,709.94**	703.81
Balances with customs, excise and other authorities		**584.03**	497.64
MAT credit entitlement		**7,167.48**	2,875.37

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
b. Unsecured, considered doubtful			
Advances recoverable in cash or in kind or for value to be received		**23.73**	23.73
		29,105.29	**49,843.20**
Less : Provision for doubtful advances		**23.73**	23.73
		29,081.56	**49,819.47**

NOTE 4 (xiv) : OTHER NON CURRENT ASSETS

		March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Unsecured, Considered good			
Interest accrued but not due on loans and deposits		**2.38**	1.84
Advance tax and tax deducted at source (net of provision for taxation)		**12,182.91**	4,431.52
Unamortized finance charges		**3,638.41**	208.15
Deposits with maturity for more than 12 months		**147.69**	35.38
Margin money deposit		**10.00**	-
Other receivables		**970.75**	-
Unsecured, considered doubtful			
Advance tax and tax deducted at source		**20.63**	20.63
		16,972.77	**4,697.52**
Less : Provision for doubtful advances		**20.63**	20.63
		16,952.14	**4,676.89**

NOTE 4 (xv) : CURRENT INVESTMENTS (at lower of cost and net realizable value)

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Unquoted		
Non-trade		
Mutual funds		
Nil (Previous year 37,140.22) units of ₹ 1,000 each in UTI Treasury Advantage Fund	**-**	465.07
8,919.73 (Previous year 40,842.06) units of ₹ 1,000 each in Religare Ultra Short Term Fund- Institutional Growth	**121.12**	2,650.00
Nil (Previous year 10,000,000) units of ₹ 10 each in Principal PNB Fixed Maturity Plan	**-**	1,000.00
Nil (Previous year 96,193.60) units of ₹ 1,000 each in UTI Treasury Advantage Fund	**-**	1,270.00
Nil (Previous year 8,568,601.91) units of ₹ 10 each in Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvest Fund	**-**	861.57
51,640.853 (Previous year Nil) units of ₹ 1,000 each in Axis Liquid Fund	**516.45**	-
National Saving Certificates	**0.25**	0.25
	637.82	**6,246.89**

NOTE 4 (xvi) : INVENTORIES (at lower of cost and net realizable value)

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Medical consumables and drugs	**7,805.43**	2,464.31
Stores and spares	**186.14**	169.12
	7,991.57	**2,633.43**

NOTE 4 (xvii) : TRADE RECEIVABLES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**4.84**	-
Unsecured, considered Good	**15,772.60**	4,331.67
Considered doubtful	**5,607.02**	3,095.51
Other receivables		
Secured, considered good	**154.43**	-
Unsecured, considered Good	**38,735.34**	15,069.41
Considered doubtful	**12.62**	222.96
	60,286.85	**22,719.55**
Less : Provision for doubtful receivables	**5,619.64**	3,318.47
	54,667.21	**19,401.08**

NOTE 4 (xviii) : CASH AND BANK BALANCES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Cash and cash equivalents		
Balances with banks		
- On current accounts	**38,936.97**	8,405.53
- On cash credit accounts	**0.38**	-
- On deposit accounts	**1,090.47**	7,278.55
- On exchange earners foreign currency accounts	**6.29**	-
- On special disbursement account*	**3.90**	3.90
Cash in hand	**451.73**	169.10
Cheques on hand	**195.67**	205.62
Other bank balances		
Deposits with original maturity for more than 12 months	**11.00**	-
Deposits with original maturity for more than 3 months but less than 12 months	**482.28**	263.86
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	**312.31**	-
	41,491.00	**16,326.56**

* Balance includes amount with a bank held for acquisition of subsidiary through open offer.

NOTE 4 (xix) : SHORT TERM LOANS AND ADVANCES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Secured, Considered good		
Loans to Body Corporates and others	**-**	108.20
Security deposits	**57.33**	-

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Unsecured, Considered good		
Security deposits	**2,782.18**	283.38
Loans to subsidiary*	**145.00**	-
Loans to fellow subsidiaries	**888.00**	1,309.92
Loans to body corporates and others	**62,703.49**	84,981.69
Loans to employees	**11.18**	20.83
Advances recoverable in cash or in kind or for value to be received	**8,757.98**	2,642.16
Gratuity fund	**14.79**	-
Deposits with income tax authorities	**2,140.30**	2,137.37
Balances with customs, excise and other authorities	**652.85**	388.86
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	**62.24**	3.34
Security deposits	**17.35**	-
Balances with customs, excise and other authorities	**33.34**	-
	78,266.03	**91,875.75**
Less : Provision for doubtful advances	**112.93**	3.34
	78,153.10	**91,872.41**

* This loan is given to a subsidiary, over which the Fortis Group has temporary control, which has not been consolidated.

NOTE 4 (xx) : OTHER CURRENT ASSETS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Unsecured, Considered good	**2,268.01**	686.41
Interest accrued but not due on loans and deposits	**3,939.63**	2,473.25
Accrued operating income	**1,889.78**	9.44
Unamortized finance charges	**4.03**	10.57
Assets held for sale	**1,116.52**	-
Unamortized share issue expenses	**1,203.02**	10.76
Others	**10,420.99**	**3,190.43**

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to consolidated financial statements for the year ended March 31, 2012

NOTE 4 (xxi) : REVENUE FROM OPERATIONS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Sales of Services		
Revenue from domestic operations		
In patient	**160,453.07**	125,809.53
Out patient	**22,808.64**	18,235.65
Laboratory/ clinical services	**43,060.43**	-
Income from medical services	**2,387.86**	1,551.31
Management fees from hospitals	**1,601.05**	311.26
Management fees from laboratory	**222.12**	-
Income from satellite centers	**243.54**	474.87
Income from clinical research	**182.26**	254.20
	230,958.97	**146,636.82**

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Less: Discounts	**3,420.49**	2,382.02
	227,538.48	**144,254.80**
Revenue from International operations		
Hospital operations	**23,251.23**	-
Dental services	**36,845.67**	-
Laboratory/ clinical services	**3,533.09**	-
Management fees from hospitals	**573.31**	322.29
	64,203.30	**322.29**
Sales of Goods		
Pharmacy	**2,598.09**	2,308.24
	2,598.09	**2,308.24**
Less: Discounts	**39.74**	119.90
	2,558.35	**2,188.34**
Other Operating Income		
Income from rehabilitation center	**188.29**	437.93
Scrap sale	**48.06**	34.96
Sponsorship fees	**195.82**	169.75
Income from sale of plasma	**18.30**	7.24
Income from academic services	**66.24**	57.01
Income from rent (includes prior period items of ₹ 0.51 lacs (previous year ₹ 2.53 lacs))	**1,580.07**	817.13
Equipment lease rental	**858.25**	758.12
Export benefits	**838.50**	-
Unclaimed balances and excess provision written back (includes prior period items of ₹ Nil (previous year ₹ 25.32 lacs))	**202.39**	525.65
Miscellaneous income	**107.67**	5.84
	4,103.59	**2,813.63**
	298,403.72	**149,579.06**

NOTE 4 (xxii) : OTHER INCOME

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Profit on redemption of mutual funds	**218.90**	1,474.84
Interest		
-on bank deposits	**391.58**	3,996.32
-on others	**9,122.12**	4,467.12
Foreign exchange fluctuation gain (net)	**6,876.40**	-
Premium on forward cover amortized	**426.79**	-
Miscellaneous income (includes prior period items of ₹ Nil (previous year ₹ 0.08 lacs))	**695.58**	125.17
	17,731.37	**10,063.45**

NOTE 4 (xxiii) : INCREASE IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Inventory at the beginning of the year	**2,409.61**	2,194.46

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Acquisition of demerged division of an Associate (refer note 27)	**-**	18.85
Deletion on sale of subsidiary	**17.42**	14.14
Addition on acquisition of subsidiary	**4,406.83**	-
Inventories at the end of the year	**7,764.03**	2,409.61
	(965.01)	**(210.44)**

NOTE 4 (xxiv) : EMPLOYEE BENEFITS EXPENSE

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Salaries, wages and bonus	**66,882.71**	23,315.26
Gratuity (refer note 17)	**504.82**	507.70
Leave encashment	**552.00**	609.78
Contribution to provident and other funds	**3,279.49**	1,322.73
Staff welfare expenses	**2,023.69**	1,125.53
Recruitment and training	**573.75**	400.38
	73,816.46	**27,281.38**

NOTE 4 (xxv) : OTHER EXPENSES

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Contractual manpower (includes prior period items of ₹ 6.77 lacs (previous year ₹ Nil))	**11,967.05**	1,535.18
Power, fuel and water (includes prior period items of ₹ Nil (previous year ₹ 1.43 lacs))	**6,872.40**	4,213.81
Housekeeping expenses including consumables (includes prior period items of ₹ Nil (previous year ₹ 0.33 lacs))	**3,244.24**	2,014.88
Patient food and beverages	**2,253.86**	1,778.62
Pathology laboratory expenses (includes prior period items of ₹ Nil (previous year ₹ 1.10 lacs))	**2,337.67**	4,026.09
Radiology expenses	**3,006.29**	2,194.21
Consultation fees to doctors (includes prior period items of ₹ Nil (previous year ₹ 0.22 lacs))	**17,144.37**	11,608.66
Professional charges to doctors	**22,724.06**	12,169.27
Cost of medical services	**292.50**	226.40
Repairs and maintenance		
- Building (includes prior period items of ₹ Nil (previous year ₹ 21.35 lacs))	**556.69**	252.58
- Plant and machinery (includes prior period items of ₹ Nil (previous year ₹ 4.44 lacs))	**4,000.96**	1,922.31
- Others (includes prior period items of ₹ Nil (previous year ₹ 0.04 lacs))	**2,124.40**	1,074.93
Rent		
- Hospital building	**3,365.15**	2,700.59
- Office and labs	**3,993.28**	-
- Equipments (includes prior period items of ₹ 0.19 lacs (previous year ₹ 1.30 lacs))	**406.36**	187.71
- Others	**615.83**	601.93
Donations	**64.16**	2.63
Legal and professional fee (includes prior period items of ₹ 19.61 lacs (previous year ₹ 21.78 lacs))	**5,866.96**	15,145.61

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Travel and conveyance (includes prior period items of ₹ Nil (previous year ₹ 6.19 lacs))	**4,051.40**	2,445.68
Rates and taxes (includes prior period items of ₹ 40.69 lacs (previous year ₹ 95.21 lacs))	**1,107.37**	534.97
Printing and stationary (includes prior period items of ₹ 0.11 lacs (previous year ₹ Nil))	**2,907.60**	1,096.00
Communication expenses	**2,200.32**	573.83
Directors' sitting fees	**24.16**	18.72
Insurance (includes prior period items of ₹ Nil (previous year ₹ 2.10 lacs))	**1,125.66**	623.44
Ground rent	**3,495.29**	8.17
Marketing and business promotion (includes prior period items of ₹ Nil (previous year ₹ 3.12 lacs))	**6,384.25**	3,828.66
Wealth tax	**15.42**	19.01
Loss on sale of assets	**382.27**	217.10
Auditors' remuneration	**178.75**	57.18
Foreign exchange fluctuation loss (net)	**-**	2,687.53
Bad debts and sundry balances written off	**563.56**	167.46
Provision for doubtful receivables	**1,773.70**	2,021.85
Provision for doubtful advances	**112.76**	3.00
Provision for contingencies	**20.60**	48.00
Provision for litigation	**-**	166.49
Miscellaneous expenses (includes prior period items of ₹ 1.22 lacs (previous year ₹ 1.53 lacs))	**2,345.43**	871.52
	117,524.77	**77,044.02**

NOTE 4 (xxvi) : FINANCE COSTS

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Interest		
- on term loans	**22,505.92**	14,440.92
- on cash credit	**355.28**	29.93
- others	**2,846.92**	952.99
Bank charges	**1,580.65**	683.53
	27,288.77	**16,107.37**
Other borrowing costs		
- Arrangement fees written off	**72.37**	6,354.41
- Finance charges	**879.84**	2,537.92
	952.21	**8,892.33**
Exchange difference to the extent considered as an adjustment to borrowing costs	**1,456.39**	-
	29,697.37	**24,999.70**

NOTE 4 (xxvii) : DEPRECIATION AND AMORTIZATION EXPENSE

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Depreciation of tangible assets	**16,407.25**	9,249.29
Amortization of intangible assets	**1,954.99**	1,363.01
	18,362.24	**10,612.30**

NOTE 4 (xxviii) : EXCEPTIONAL ITEMS

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Profit on sale of investments	**632.85**	34,554.29
	632.85	**34,554.29**

NOTE 4 (xix) : EARNINGS PER SHARE (EPS)

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Profit as per profit and loss account	**7,222.15**	12,436.24
Weighted average number of equity shares in calculating Basic EPS	**405,150,691**	385,227,456
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	**180,702**	345,349
Weighted average number of equity shares in calculating Diluted EPS	**405,331,393**	**385,572,805**

5% foreign currency convertible bonds issued by the company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS.

Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Notes to the consolidated financial statements for the year ended March 31, 2012

5. Segment Reporting

Business Segments:

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

Geographical segments:

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are mostly in the Australasia region focusing on South East Asia, Middle East and Australia through the group's headquarters based out of Singapore. In the Australasia region, the group primarily operates in following countries: Singapore, Hong Kong, Vietnam, Australia, Mauritius, Canada and New Zealand.

Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Company's consolidated revenues by geographical market.

Region	Revenues by geographical segment (₹ in lacs)	
	March 31, 2012	March 31, 2011
India	246,512.07	151,929.80
Outside India	70,255.91	42,267.02
Total	**316,767.98**	**194,196.82**

Note: The operations outside India (other than Mauritius) were acquired during the year.

Carrying value of Assets and additions to tangible and intangible fixed assets- by location of assets

The following table shows the carrying amount of segment assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

(₹ in lacs)

Region	Carrying amount of Segment assets		Additions to Fixed & Intangible assets	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
India	579,334.64	67,134.45	86,194.38	50,997.07
Outside India	663,591.60	410,252.47	63,926.37	-
Total	**1,242,926.24**	**477,386.92**	**150,120.75**	**50,997.07**

6. Related Party Disclosures

Names of Related parties (As certified by the management)

a)	Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited))
b)	Holding Company	Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited) (FHHL)
c)	Subsidiary	Hospitalia Eastern Private Limited (w.e.f. October 1, 2011)

d)	Fellow Subsidiaries (parties with whom transactions have taken place)	Maple Leaf Buildcon Private Limited
		RHC Financial Services (Mauritius) Limited
		Fortis Healthcare Global Pte Limited
		Escorts Heart Centre Limited (w.e.f. March 4, 2011)
		Religare Wellness Limited
		Fortis Hospital Management Limited
		Medsource Healthcare Private Limited
e)	Associates	Hiranandani Healthcare Private Limited (till June 28, 2011)
		Fortis Medicare International Limited
		Sunrise Medicare Private Limited
		Fortis Emergency Services Limited (w.e.f January 2, 2012)
		Medical and Surgical Centre Limited
f)	Joint Venture	DDRC SRL Diagnostics Private Limited (w.e.f. May 12, 2011)
		Super Religare Reference Laboratories (Nepal) Private Limited (w.e.f. May 12, 2011)
		Fortis Cauvery (w.e.f. April 27, 2011)
g)	Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Executive Chairman of FHL
		Mr. Shivinder Mohan Singh –Executive Vice Chairman of FHL
		Mr. Sukhmeet Singh Sandhu – Wholetime Director at EHRCL (till September 6, 2011)
		Mr. Surender Kumar - Wholetime Director at FHTL (From August 6, 2009)
		Mr. Sunil Kapoor- Wholetime Director at EHSSHL (till August 1, 2010)
		Dr. Ashok V Chordiya – Wholetime Director at IHL (till September 6, 2011)
		Mr. Jasdeep Singh – Wholetime Director at EHSSIL (from July 15, 2009 to February 1, 2011)
		Mr. Ashish Bhatia – Wholetime Director at EHIRCL
		Dr. Ashok Seth – Wholetime Director at EHIRCL
		Mr. Krish Ramesh- Wholetime Director at FMHL
		Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited (with effect from January 10, 2011)
		Dr. Angeli Misra (Relative of Dr. Anoop Misra)
		Dr. Lakshminarayana Raju – Wholetime Director at LHPL
		Dr. Mohan Keshavamurthy – Wholetime Director at LHPL
		Mr. Venkatramana Raju (Relative of Dr. Lakshminarayana Raju)
		Mr. Venkatakrishna Raju (Relative of KMP)
		Dr. Seetha Beladevi (Relative of Dr. Mohan Keshavamurthy)
		Dr. Sanjeev K. Chaudhry (Managing Director at SRL)
		Mr. Kiran C. Vaidya (Chief Operating Officer at SRL)
		Dr. Chandrasekhar G .R. (Partner in Fortis Cauvery)
		Dr. Sarla Chandrasekhar (Partner in Fortis Cauvery)
		Mr. Sanjeev Vashishta (Wholetime Director at EHSSHL from August 1, 2010 to September 6, 2011)
		Ms. Nagarathan (Relative of KMP)
h)	Enterprises owned or significantly influenced by KMP or their Relatives	Fortis Nursing and Education Society
		Religare Finvest Limited
		Religare Travels (India) Limited
		Religare Technova IT Services Limited
		Oscar Investments Limited
		Malav Holdings Private Limited
		RMCRS Health Management Limited
		Aarushi Lithotripsy Private Limited

		Srinivasa Education Society
		R. M. Educational Trust
		Balaji School of Nursing
		Ranibennur College of Nursing
		Indira Priyadarshani School of Nursing
		Religare Capital Market Limited
		Religare Capital Market Plc.
		Fortis RM Pharma
		Religare Housing Development Finance Corporation Limited
		Fortis Healthcare Global II Pte Limited
		Todays Holdings Private Limited
		Dr.Chandrashekar Foundation
		Religare Housing Development Finance Company Limited
		Chethana Foundation
		Fortis Educational Society
		Sri. Raghavendra Educational Institute & Society
		Religare Technologies Limited
		Religare Aviation Limited
		Religare Voyages Business Services Private Limited
		Shivi Holdings Private Limited
		Bar Chem
		Religare Aviation Training Private Limited
		Krishna Institute of Medical Sciences Limited
		Quality Healthcare Medical Services Limited
		Fortis Clinical Research Limited
		Religare Enterprises Limited
		Dion Global Solutions Limited
		Religare Voyages Limited
		AEGON Religare Life Insurance Company Limited
		C-Doc Healthcare Private Limited
		Super Religare Laboratories Limited (upto May 11, 2011)
		Super Religare Diagonastics Private Limited (upto May 11, 2011)
		Super Religare Laboratories International FZ LLC (till January 10, 2012)
		R M Pharmacy

The disclosures in respect of Related Party Transactions are as under:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Transactions during the year		
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation center, Rental and Pharmacy income)		
Sunrise Medicare Private Limited (Associate)	**5.10**	-
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	**55.53**	32.66
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	**6.95**	192.77
Medical and Surgical Centre Limited (Associate)	**573.31**	322.29
Fortis Hospital Management Limited (Fellow Subsidiary)	**-**	75.45
Medsource Healthcare Private Limited (Fellow Subsidiary)	**8.98**	35.79
Religare Wellness Limited (Fellow Subsidiary)	**495.06**	71.43
Hiranandani Healthcare Private Limited (Associate)	**-**	34.60

Particulars	March 31, 2012	March 31, 2011
Escorts Heart Centre Limited (Fellow Subsidiary)	**173.56**	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.70**	-
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.06**	-
RHC Holding Private Limited (Ultimate holding company)	**210.51**	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	**1.14**	-
Religare Aviation Training Academy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.24**	-
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	**176.07**	-
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	**44.39**	-
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.26**	-
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	**20.65**	-
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**13.59**	-
Religare Voyages Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.02**	-
DDRC SRL Diagnostics Private Limited (Joint Venture)	**36.83**	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	**19.52**	-
Management Fees		
Fortis Hospital Management Limited (Fellow Subsidiary)	**5.00**	-
Fortis Healthcare Global Pte Limited (Fellow Subsidiary)	**149.27**	-
Pathology Laboratory Expenses		
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	**388.88**	2,975.20
		-
Purchase of Goods/Medical services		
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	**2.54**	-
Religare Enterprises Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.88**	-
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**115.55**	-
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	**299.96**	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	**26.52**	-
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	**12.25**	-
Medsource Healthcare Private Limited (Fellow Subsidiary)	**-**	375.94
Religare Wellness Limited (Fellow Subsidiary)	**148.68**	-
Professional Charges Paid		
Dr. Mohan Keshavamurthy (KMP)	**30.00**	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/	**7.08**	-

Particulars	March 31, 2012	March 31, 2011
their relatives)		
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**1.66**	-
Rent Expenses		
Dr.Chandrashekar Foundation (Owned/ significantly influenced by KMP/ their relatives)	**6.90**	-
Dr. Angeli Misra (KMP)	**5.40**	-
Travel & conveyance		
Fortis Emergency Services Limited (Associate)	**9.29**	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	**142.54**	174.89
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	**241.83**	67.25
Religare Voyages Business Services Pvt Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	16.84
Marketing Expenses		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**128.24**	-
Legal and professional fee		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**240.00**	-
Fortis Emergency Services Limited (Associates)	**1.44**	
Religare Capital Market Plc. (Owned/ significantly influenced by KMP/ their relatives)	**-**	3,445.36
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	3,277.16
Dr. Mohan Keshavmurthy (KMP)	**-**	27.72
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	5.23
Dr. Lakshmi Narayan Raju (KMP)	**-**	5.06
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	2.77
Repair and Maintenance Expenses		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	32.77
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	6.62
Issue of Equity Shares/ Capital contribution		
Dr. Anoop Misra (KMP)	**33.84**	-
Dr. Angeli Misra (KMP)	**58.02**	-
C DOC Healthcare Pvt. Limited (Owned/ significantly influenced by KMP/ their relatives)	**4.83**	-
Dr. Chandrashekar G .R. (KMP)	**137.65**	-
Dr. Sarla Chandrashekar (KMP)	**132.15**	-
Subscription of Share Capital (including premium)		
Mr. Malvinder Mohan Singh (KMP)	**-**	3.91

Particulars	March 31, 2012	March 31, 2011
Mr. Shivinder Mohan Singh (KMP)	-	3.91
Malav Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	81.86
Fortis Healthcare Holdings Private Limited (Holding Company)	-	133,719.23
RHC Holding Private Limited (Ultimate holding company)	-	74.21
Issue of Preference Share Capital		
RHC Financial Services (Mauritius) Limited	**135,708.32**	-
Accrual of premium on redemption of preference shares		
RHC Financial Services (Mauritius) Limited	**1,471.45**	-
Sale of Shares		
Fortis Healthcare Holdings Private Limited (Holding Company)	**0.10**	-
Redemption of Non Convertible Debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)	-	29,534.97
Loans/ advances taken		
RHC Holding Private Limited (Ultimate Holding Company)	**25,400.00**	65.00
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	**10,000.00**	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	**3,000.00**	-
Fortis Healthcare Holdings Private Limited (Holding Company)	-	50,300.00
Loans/ advances repaid		
RHC Holding Private Limited (Ultimate Holding Company)	**142,026.56**	-
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	**10,000.00**	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**7,710.00**	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	**3,000.00**	-
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	-	87,545.70
Fortis Healthcare Holdings Private Limited (Holding Company)	-	50,300.00
Sri Raghavendra Educational Institute and Society (Owned/ significantly influenced by KMP/ their relatives)	-	57.26
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	-	12.99
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	11.49
Loans/advances given		
Hospitalia Eastern Private Limited (Subsidiary)	**145.00**	500.00
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**20,000.00**	97,500.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	16,000.00
Religare Housing Development Finance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	-	6,000.00
Fortis Emergency Services Limited (Associates)	**135.00**	-

Particulars	March 31, 2012	March 31, 2011
Hiranandani Healthcare Private Limited (Associate)	-	450.00
Fortis Hospital Management Limited (Fellow Subsidiary)	-	678.00
Loans/ Advances Received Back		
Hospitalia Eastern Private Limited (Subsidiary)	**295.00**	-
Escorts Heart Centre Limited (Fellow Subsidiary)	**204.45**	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**39,965.00**	77,535.00
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	**6,000.00**	4,000.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	**16,000.00**	-
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	**6,920.00**	-
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	**121.42**	-
Hiranandani Healthcare Private Limited (Associate)	**845.04**	660.00
Fortis Hospital Management Limited (Fellow Subsidiary)	-	936.50
Sri Raghavendra Educational Institute and Society (Owned/ significantly influenced by KMP/ their relatives)	**75.25**	159.42
Ranibenur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	-	3.00
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	**60.47**	-
Investments made		
Hiranandani Healthcare Private Limited (Associate)	-	500.00
Fortis Medicare International Limited (Associate)	-	47.68
Investments Sold		
Fortis Healthcare Holdings Private Limited (Holding Company)	-	7.10
Investments of Super Religare Laboratories Limited purchased from		
Maple Leaf Buildcon Private Limited (Fellow Subsidiary)	**9,775.81**	-
RHC Holding Private Limited (Ultimate Holding Company)	**11,280.00**	-
Malav Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**13,982.18**	-
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	**31,348.36**	-
Shivi Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**13,982.18**	-
Investments of Escorts Heart Institute and Research Centre Limited purchased from		
Fortis Healthcare Holdings Private Limited (Holding Company)	**13,000.00**	-
Investments of Hospitalia Eastern Private Limited		
Fortis Healthcare Holdings Private Limited (Holding Company)	**6.99**	
Investments of Fortis Healthcare International Pte Limited purchased from		
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	**135,708.32**	-

Particulars	March 31, 2012	March 31, 2011
Interest expense		
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	**15.21**	-
RHC Holding Private Limited (Ultimate Holding Company)	**99.97**	18.05
Todays Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**50.82**	-
Escorts Heart Centre Limited (Fellow Subsidiary)	**27.37**	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	**137.03**	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**151.66**	-
Fortis Healthcare Holdings Private Limited (Holding Company)	**-**	295.61
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	**-**	274.75
Interest income		
Escorts Heart Centre Limited (Fellow Subsidiary)	**115.55**	-
Sunrise Medicare Private Limited (Associate)	**4.01**	-
Fortis Emergency Services Limited (Associates)	**27.16**	-
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	**202.19**	138.08
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**258.14**	1,624.77
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	**75.82**	201.37
Hiranandani Healthcare Private Limited (Associate)	**71.43**	348.60
Fortis Healthcare Global Pte Limited (Fellow Subsidiary)	**14.31**	-
Fortis Healthcare Global II Pte Limited (Fellow Subsidiary)	**0.43**	-
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	**106.17**	-
Fortis Hospital Management Limited (Fellow Subsidiary)	**-**	0.65
Managerial Remuneration		
Mr. Sukhmeet Singh Sandhu (KMP)	**10.81**	35.60
Mr. Sanjeev Vashishta (KMP)	**9.66**	31.68
Dr. Ashok V Chordiya (KMP)	**6.31**	44.82
Dr. Anoop Misra (KMP)	**125.70**	32.69
Mr. Shivinder Mohan Singh (KMP)	**539.28**	539.28
Mr. Krish Ramesh (KMP)	**59.09**	53.85
Mr. Surender Kumar (KMP)	**38.54**	36.72
Dr. Sanjeev K. Chaudhry (KMP)	**146.48**	-
Mr. Kiran C. Vaidya (KMP)	**70.65**	-
Mr. Ashish Bhatia (KMP)	**99.79**	93.05
Dr. Ashok Seth (KMP)	**444.80**	329.80
Mr. Sunil Kapoor (KMP)	**-**	10.60
Mr. Jasdeep Singh (KMP)	**-**	28.98
Directors' sitting fees		
Malvinder Mohan Singh (KMP)	**2.25**	1.50
Advance paid (Net):		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	**12.60**	-

Particulars	March 31, 2012	March 31, 2011
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	**52.11**	-
Purchase of fixed assets		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**7.26**	-
Hiranandani Healthcare Private Limited (Associate)	**-**	8.49
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	334.76
Sale of fixed assets		
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	100.88
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	**-**	23.81
License user agreement fees		
RHC Holding Private Limited (Ultimate holding company)	**1.00**	1.00
Security Deposit		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	**350.00**	-
Expense incurred on behalf of		
Escorts Heart Centre Limited (Fellow Subsidiary)	**4.05**	-
Hospitalia Eastern Private Limited (Subsidiary)	**0.37**	-
Fortis Hospital Management Limited (Fellow Subsidiary)	**17.44**	-
Fortis Cauvery (Joint Venture)	**4.37**	-
Hospitalia Eastern Private Limited (Subsidiary)	**0.44**	-
Expenses incurred on behalf of Company by		
Hiranandani Healthcare Private Limited (Associate)	**-**	-
Fortis Hospital Management Limited (Fellow Subsidiary)	**128.17**	-
Religare Wellness Limited (Fellow Subsidiary)	**1.15**	-

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Balance Outstanding at the year end		
Loans/Advance Recoverable		
Fortis Emergency Services Limited (Associates)	**1,247.77**	-
Fortis Medicare International Limited (Associate)	**87.26**	-
Hospitalia Eastern Private Limited (Subsidiary)	**350.44**	500.00
Escorts Heart Centre Limited (Fellow Subsidiary)	**816.41**	1,020.86
Fortis Hospital Management Limited (Fellow Subsidiary)	**191.85**	-
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	3.97
Religare Wellness Limited (Fellow Subsidiary)	**1.62**	-
Hiranandani Healthcare Private Limited (Associate)	**-**	2,905.75
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	**29.95**	-
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.06**	-

Particulars	March 31, 2012	March 31, 2011
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	**4.34**	-
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**3.10**	-
Religare Wellness Limited (Fellow Subsidiary)	**43.89**	7.19
DDRC SRL Diagnostics Private Limited (Joint Venture)	**4.87**	-
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.06**	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.02**	-
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.12**	-
RHC Holding Private Limited (Ultimate holding company)	**473.66**	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	19,965.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	**-**	16,000.00
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	**350.00**	328.48
RMCRS Health Management (Owned/ significantly influenced by KMP/ their relatives)	**24.40**	24.41
Medical and Surgical Centre Limited (Associate)	**1.50**	13.77
Indira Priyadarshni School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	**10.10**	10.10
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	**59.95**	7.84
Medsource Healthcare Private Limited (Fellow Subsidiary)	**-**	2.46
Srinivasa Educational Society (Owned/ significantly influenced by KMP/ their relatives)	**2.36**	2.36
R M Educational Trust (Owned/ significantly influenced by KMP/ their relatives)	**2.00**	2.00
Ranibennur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	**1.05**	1.05
Balaji School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	**0.44**	0.44
Unsecured Loans		
RHC Holding Private Limited (Ultimate holding company)	**982.50**	165.00
Dr. Lakshmi Narayan Raju (KMP)	**54.56**	54.56
Dr. Mohan Keshavmurthy (KMP)	**4.21**	4.21
Dr. Seetha Beladevi (relative of KMP)	**2.70**	2.70
Ms. Nagarathan (KMP)	**5.00**	5.00
Mr.Venkatakrishna Raju (KMP)	**10.00**	10.00
Todays Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**450.00**	-
Trade Receivables		
Escorts Heart Centre Limited (Fellow Subsidiary)	**4.63**	-
Sunrise Medicare Private Limited (Associate)	**6.62**	-
Medical and Surgical Centre Limited (Associate)	**187.73**	233.49
Religare Wellness Limited (Fellow Subsidiary)	**21.12**	37.67
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	**21.60**	6.90

Particulars	March 31, 2012	March 31, 2011
Hiranandani Healthcare Private Limited (Associate)	-	73.60
Other Current Assets		
Fortis Emergency Services Limited (Associates)	**115.81**	-
Hiranandani Healthcare Private Limited (Associate)	-	160.10
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	124.27
Escorts Heart Centre Limited (Fellow Subsidiary)	**117.54**	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	38.33
Trade Payables and Other Liabilities		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	**24.71**	66.70
Religare Wellness Limited (Fellow Subsidiary)	**9.86**	-
Fortis Emergency Services Limited (Associates)	**22.23**	-
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	-	452.37
R M Pharmacy (Owned/ significantly influenced by KMP/ their relatives)	**5.87**	16.46
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	13.41
Dr. Mohan Keshavmurthy (KMP)	**1.97**	2.27
Dr. Lakshmi Narayan Raju (KMP)	**2.19**	2.19
Dr. Venkatramana Raju (relative of KMP)	-	1.29
Dr. Seetha Beladevi (relative of KMP)	-	0.66
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	**24.29**	-
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	**6.90**	-
Religare Travel (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	**23.33**	-
Fortis Cauvery (Joint Venture)	**3.64**	-
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	**0.17**	-
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	**9.51**	-
Fortis Healthcare Holdings Private Limited (Holding Company)	**341.50**	-
Interest Accrued but not due (Liability)		
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	**1,443.08**	-
Fortis Medicare International Limited (Associate)	**1.50**	-
Investments		
Sunrise Medicare Private Limited (Associate)	**0.31**	0.31
Medical and Surgical Centre Limited (Associate)	**1,528.87**	1,340.25
Fortis Medicare International Limited (Associate)	**53.72**	47.68
Hiranandani Healthcare Private Limited (Associate)	-	2,040.00
Debenture		
RHC Holding Private Limited (Ultimate holding company)	**2,500.00**	1,000.00
Escorts Heart Centre Limited (Fellow Subsidiary)	**910.00**	-

Particulars	March 31, 2012	March 31, 2011
Corporate guarantee given for loans availed by others		
Hirandani Healthcare Private Limited (Associate)	**-**	6,000.00
Personal Guarantees for the loans taken		
Mr. Shivinder Mohan Singh (KMP)	**5,000.00**	-
Mr. Malvinder Mohan Singh (KMP)	**5,000.00**	-

7. Leases

(a) Assets taken on Finance Lease

The Group has finance leases and hire purchase contracts for various items of plant and machinery and medical equipment. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. There are no restrictions imposed by the lease agreements. The total finance charges paid in respect of such leases recognize in the Statement of profit and loss during the year are ₹ 176.38 lacs (Previous year ₹ Nil). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Not later than one year	**1,325.08**	**1,195.26**	-	-
Later than one year but not later than five years	**1,463.16**	**1,327.89**	-	-
Later than five years	**69.80**	**37.07**	-	-

(b) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are both cancelable and non-cancelable in nature and the total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 11,846.86 lacs (Previous Year ₹ 3,490.23 lacs) and capitalized during the year ₹ 3,209.80 lacs (Previous Year ₹ 429.59 lacs). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Minimum lease payments :		
Not later than one year	**21,720.18**	2,357.86
Later than one year but not later than five years	**48,169.19**	9,445.50
Later than five years	**11,620.55**	6,330.00

(c) Assets given on Operating Lease

(i) The Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are further renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year are ₹ 1,437.71 lacs (Previous Year ₹ 573.57 lacs).

A subsidiary of the Company has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the company. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is ₹ 175.50 lacs (Previous Year ₹ 252.37 lacs).

(ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its associate. The lease term is for 3 years and thereafter renewable at the option of the Company. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)

Particulars	March 31, 2012			March 31, 2011		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	116.34	106.19	10.15	3.46	2.4	1.06
Plant & Machinery	49.75	30.05	19.7	96.66	47.19	49.47
Medical Equipments	3,937.50	1,483.38	2,454.12	3,486.15	1,226.33	2,259.82
Furniture & Fittings	154.75	91.8	62.95	154.75	85.1	69.65
Computers	116.34	106.19	10.15	116.34	88.88	27.46
Office Equipments	27.38	7.75	19.63	27.38	6.48	20.9
Vehicles	42.5	15.16	27.34	37.25	18.24	19.01
Total	**4,444.56**	**1840.52**	**2604.04**	**3,921.99**	**1,474.62**	**2,447.37**

The total lease payments received in respect of such leases recognized in the statement of profit and loss for the year are ₹ 825.12 lacs (Previous Year ₹ 749.31 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Minimum Lease Payments receivable-		
Not later than one year	**212.84**	865.73
Later than one year but not later than five years	**-**	216.43

8. Borrowings

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
I. Long term borrowings including current maturities				
A. Term loan from banks - Secured:				
The loan was taken during the financial year	**5.39**	**20.04**	25.42	17.78

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
ending March 31, 2009 and carries interest @11.25% to 14.25% per annum. It was secured by way of first charge over the assets financed. The Loan is repayable in 60 equated monthly installments of ₹ 1.83 lacs each starting July 2008.				
The Loan is secured against exclusive charge on entire fixed assets and current assets of Fortis Cauvery, the partnership firm, both current and future. The loan is further guaranteed by Personal Guarantee of Dr. Chandrasekhar and Dr. Sarla Chandrasekhar, partners of Fortis Cauvery and corporate guarantee of Fortis Hospitals Limited. It carries interest @14 % p.a. The loan will be repaid with in six years with a moratorium period of one year, in 59 monthly installments from January 2013 of ₹ 8.33 lacs and last monthly installment of ₹ 8.53 lacs.	**177.75**	**12.75**	-	-
The loan was taken during the financial year 2008-09 and carried interest @13.50% per annum. Term Loan was secured by first charge by way of hypothecation of specific assets of FHTL. The Loan was repayable in 30 structured quarterly installments.	**-**	**-**	1,200.00	-
The loan is secured against immovable properties, stocks and book debts of LHPL. The loan is further guaranteed by FHsL. The loan is repayable over twenty quarterly installments, commencing from November 20, 2011 amounting to ₹ 57.49 lacs per quarter (after adjustment of ₹ 350.75 lacs prepaid) and carries interest at the rate of bank base rate +200 bps (12.30% as on 31 March 2012).	**861.81**	**229.95**	-	-
Previous year's term loan was secured against immovable properties, medical equipments and other assets acquired out of the term loan. The loan was repayable over twenty quarterly installments commencing from June 24, 2011 amounting to ₹ 83.33 lacs and was carrying interest at 14.00% p.a. The loan was fully repaid on June 25, 2011.	**-**	**-**	1,166.67	333.33
The loan carries a rate of interest @ 7.25% to 14.25% per annum and is repayable in 424 monthly installments (ranging from ₹ 2.17 lacs to ₹ 4.11 lacs each) along with interest from the date of loan viz., February 10, 2006. The loan is secured by first charge on the residential flats of HHPL.	**340.31**	**0.85**	-	-
The loan carries a rate of interest BPLR - 0.75% and is repayable in equal monthly installments of ₹ 34 lacs by September 2016. It is secured by mortgage of leasehold rights of	**1,421.00**	**408.00**	-	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
the hospital property and hypothecation of all equipments, medical equipments, furniture/interiors. It is further secured by pledge of 6,923,500 equity shares of FHL held by Fortis Healthcare Holdings Private Limited, the holding company and a corporate guarantee by FHL.				
The loan was taken during the financial year 2008-09 carries a rate of interest @12.15% per annum and is repayable in 20 equal quarterly installments of ₹ 27.10 lacs each from the date of loan. The loan is secured by first charge on the Medical Equipments of HHPL purchased out of the loan amount. It is further secured by a corporate guarantee by FHL.	**24.45**	**108.41**	-	-
The loan was taken during the financial years 2009-10 and 2010-11 and carries interest @10.75% per annum. It is repayable in 60 monthly installments to commence after 12 months moratorium from disbursement of each tranche. The loan is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan is secured by corporate guarantee by IHL.	**298.15**	**86.04**	463.67	96.65
The loan was taken during the year and carries interest @13.50% per annum. It is repayable in 36 monthly installments. The loan is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan is secured by corporate guarantee of IHL.	**157.21**	**78.80**	-	-
The loan was taken during the financial years 2010-11 and carries interest @ 11.75% per annum. It is secured on first pari passu charge on the assets (moveable and immoveable) of certain hospitals of FHsL. It is further secured by Corporate Guarantee issued by FHL and its subsidiary KHL. The loan is repayable on following dates: January 29, 2013 of ₹ 7,500 lacs, January 29, 2014 of ₹ 7,500 lacs and on January 29, 2015 of ₹ 5,000 lacs.	**12,500.00**	**7,500.00**	20,000.00	-
The loan was taken during the financial years 2009-10 and carries interest @11.80% p.a. It is secured by a equitable mortgage charge on land and building of EHRCL. The loan is repayable in quarterly installments over three years beginning from December16, 2011.	**-**	**3,750.00**	3,750.00	5,000.00
The loan was taken during the financial years 2009-10 and carries interest @ 12.00% per annum. It is secured on first pari passu charge	**10,178.59**	**2,142.84**	12,321.43	2,142.86

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
on the assets (moveable and immoveable) of hospitals owned and leased by FHsL. It is further secured by Corporate Guarantee issued by FHL. The loan is repayable in quarterly installments of ₹ 535.71 lacs each over eight years are beginning from December 16, 2011.				
The loan was taken during the financial years 2009-10 and carries interest @ 12.00% per annum. It is secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and leased by FHsL. It is further secured by Corporate Guarantee issued by FHL. The loan is repayable in quarterly installments of ₹ 416.66 lacs each over three years are beginning from December 16, 2011.	**1,250.03**	**1,666.64**	2,916.67	1,666.67
The loan was taken during the year and carries interest @ 11.20% per annum. It is secured by a first charge on all fixed assets of SRL, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future and is guaranteed by FHL. Further, these loans are secured by way of a second charge on SRL's entire current assets, both present and future. Loan amount is repayable in 17 quarterly unequal installments commencing from February 25, 2013.	**3,857.00**	**143.00**	-	-
The loan was taken during the financial years 2008-09 and 2009-10 and carries interest @ 11.30% to 15.00% per annum. It is secured by a first charge on all fixed assets of the Company, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future. loans are also secured by way of a second charge on the Company's entire current assets, both present and future. Loans are repayable as follow: a) Loan amount of ₹ 2849 lacs is repayable in 36 monthly installments with moratorium of 12 months from date of loan. b) Loan amount of ₹ 350 lacs is repayable in 312 quarterly installments with moratorium of 12 months from date of loan	**29.17**	**431.03**	-	-
The loan was taken during the year and carries interest @ 12.25% per annum. It is secured by way of a first charge on the laboratories equipments, which have been purchased against these loans. Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from	**442.23**	**90.06**	-	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
March 1, 2012.				
The loan from bank was taken during the year carries interest rate between 1.52% to 4.25% per annum and is repayable by March 2015. The loan is secured by first ranking fixed and floating charges over the assets and undertaking, interlocking cross guarantees and indemnities of FHIPL and its subsidiaries. Further, secured by first ranking mortgage over the shares held by FHIPL. Also, secured by real property mortgages over any freehold and any long term leasehold interest of FHIPL and its subsidiaries.	**74,765.37**	**10,834.62**	-	-
The loan from bank was taken during the year carries interest rate between 12% to 20.5% per annum and is repayable by January 2021. The loan is secured by a charge over certain property, plant and equipment of the group carrying amount of ₹ 13,690.72 lacs.	**5,970.27**	**605.78**	-	-
Total (A)	**112,278.73**	**28,108.81**	**41,843.86**	**9,257.29**
B. Term loan from body corporates - Secured:				
The loan was taken during the year and is secured by a first pari passu charge by way of mortgage of the FHL's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in Super Religare Laboratories Limited in favor of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be 12.25% per annum, payable monthly. The loan is repayable in 84 structured monthly installments, after a moratorium of 12 months from the date of first disbursement.	**17,033.33**	**466.67**	-	-
The loan was taken during the year ended March 31, 2007 and the loan was secured by first charge by way of hypothecation of specific equipments of FHL. The Loan is repayable in 60 monthly installments, after a moratorium of 12 months and has been fully repaid in the month of February 2012. The loan carried	**-**	**-**	-	342.49

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
interest rate of 10.75% per annum.				
The loan was taken during the financial year 2003-04 and carries interest @10% to 12.52% per annum. It is secured by first charge by way of hypothecation of specific equipments of EHSSHL. The Loan is repayable in 22 structured quarterly installments upto March 15, 2014.	**230.86**	**180.00**	410.84	150.00
The loan was taken during the financial year 2008-09 and carries interest @13% per annum. It was secured by first charge by way of hypothecation of specific equipments of EHSSHL. The Loan is repayable in 42 structured monthly installments upto February 5, 2012.	**-**	**-**	-	8.01
The loan was taken during the financial year 2009-10 and carries variable interest @ BPLR minus (-) 2.25% per annum. It is secured by first charge by way of hypothecation of specific assets of FHTL. The Loan is repayable in 30 structured quarterly installments commencing from April, 2013.	**5,000.00**	**-**	5,000.00	-
The loan was taken during the financial year 2010-11 and carries interest @11.25% to 14.25% per annum. The loan is secured by first charge by way of hypothecation of specific equipments of IHL. The Loan is repayable in 85 monthly installments starting January 2010.	**390.00**	**92.54**	482.53	88.14
The loan is taken during the financial year 2010-11 and carries interest @ 8% per annum and are secured by way of a first charge on the fixed assets, which have been purchased against these loans. Loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., October 5, 2010.	**710.55**	**238.08**	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 10.25%. The loan is repayable in 48 monthly installments of ₹ 7.36 lacs along with interest from the date of loan viz., September 28, 2011.	**187.41**	**64.48**	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 9.75%. The loan is repayable in 60 monthly installments of ₹ 9.08 lacs along with interest from the date of loan viz., June 21, 2011.	**352.27**	**92.08**	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 9.75% per annum. The	**256.22**	**80.74**	-	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
loan is repayable in 60 monthly installments of ₹ 10.95 lacs along with interest from the date of loan viz., December 6,2010.				
The loan is taken on January 25, 2012 with moratorium period of 12 months towards repayment of principal and carries interest @ 11.50%. The loan is repayable in 17 quarterly installments of ₹ 26.47 lacs each after the moratorium period along with interest. The loan is secured by hypothecation of fixed assets of the SRDPL.	**4,235.29**	**264.71**	-	-
The loan is carrying interest @ 3.15% per annum and is repayable by March 2017. The loan is secured by a charge over plant and equipment of FHIPL and its subsidiaries with carrying amount of ₹ 1,976.16 lacs. Further, secured by pledge of fixed deposits of ₹ 202.81 lacs.	**989.02**	**633.44**	-	-
Total (B)	**29,384.95**	**2,112.74**	**5,893.37**	**588.64**
C. Finance lease obligation - Secured:				
The lease obligation is taken during the year. The loan is repayable over seven years in equated monthly installments and carries the rate of interest of 10.52%. Loan is secured by Medical Equipment taken on lease.	**152.54**	**44.53**	-	-
The lease obligation is taken during the year and is secured by way of hypothecation of laboratory equipments in favor of lessor purchased from the loan. The loan is carrying interest @ 12% per annum. The obligation is repayable in 60 monthly lease rental commencing from April 1, 2010.	**235.26**	**98.58**	-	-
The lease obligation is taken during the year carries interest rate of 6% per annum is secured by the lessor's title to the leased assets and a corporate guarantee by a subsidiary of FHIPL.	**977.16**	**1,052.15**	-	-
Total (C)	**1,364.96**	**1,195.26**	**-**	**-**
D. Hire purchase loans from banks - Secured:				
Vehicle loan is secured by way of hypothecation of the vehicles financed. The loan carries rate of interest from 8.35% to 10.94% p.a. and repayable over the four years on equated monthly installment	**39.99**	**32.38**	34.99	20.18
The loan is secured against hypothecation of the specific vehicles purchased. The loan is repayable in monthly equal installments along with interest commencing from date of loan.	**24.87**	**51.21**	-	-
Total (D)	**64.86**	**83.59**	**34.99**	**20.18**
E. Deferred credit facility - Secured:				
This facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI Base rate plus	**1,504.61**	**188.79**	-	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
(+) 50 BP for subsequent years. The facility is secured by first charge by way of hypothecation of specific equipments of FHM(N)L. The Loan is repayable in 20 structured quarterly installments commencing from April 15, 2013.				
The facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI Base rate plus (+) 50 BP for subsequent years. The facility is secured by first charge by way of hypothecation of specific equipments of FHTL. The Loan is repayable in 20 structured quarterly installments commencing from April 2012.	**1,313.01**	**97.17**	-	-
Total (E)	**2,817.62**	**285.96**	**-**	**-**
F. Convertible bonds - Unsecured:				
During the year 2009-10, Hoan My Medical Corporation issued 180 Convertible bonds of VND 10,000 lacs each. The bonds are convertible into 6,301,959 shares on September 9, 2013.	**4,380.64**	**-**	-	-
Total (F)	**4,380.64**	**-**	**-**	**-**
G. Optionally convertible debentures - Unsecured:				
HHPL had issued 2,500,000 Zero percent Optionally Convertible Debentures of ₹ 100 each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:- i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption. ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment. iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual installment of ₹ 25 each beginning from the end of 5th year , from the date of allotment.	**2,500.00**	**-**	-	-
FESL had issued 1,000,000 Zero percent Optionally Convertible Debentures of ₹ 100	**-**	**-**	1,000.00	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:- i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption. ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment. iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semiannual installment of ₹ 25 each beginning from the end of 5th year, from the date of allotment.				
Total (G)	**2,500.00**	**-**	**1,000.00**	**-**
H. 5% Foreign currency convertible bonds - Unsecured:				
FHL had issued 5% Foreign currency convertible bonds which are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.	**50,944.90**	**-**	44,587.20	-
Total (H)	**50,944.90**	**-**	**44,587.20**	**-**
I. 4% Compulsory convertible debentures - Unsecured:				
HHPL has issued 91, 4% Compulsorily Convertible Debentures (CCD) of ₹ 1,000,000 each to Escorts Heart Centre Limited during the period March 1, 2011 to March 5, 2011. On the date of maturity i.e. March 5, 2016, each CCD shall be converted into equity shares by issuance of 2,000 equity shares of ₹ 10 each at a premium of ₹ 490 per share. For the purpose of the conversion of debentures into equity shares, the valuation has been arrived on the basis of	**910.00**	**-**	-	-

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
the average of the price arrived by using the discounted cash flow method, Earning Value/ Earnings Before Interest Tax and Depreciation multiple and Earning Value/ Sales multiple.				
Total (I)	**910.00**	**-**	**-**	**-**
J. Non- Convertible Debentures - Unsecured:				
10% Redeemable Non- Convertible Debentures of ₹ 100,000 each, redemption upon earlier of (1) or (2) (1) later of (i) a day within 30 days from the date on which the actual listing of the shares of SRL on a stock exchange occurs following receipt of the final listing and trading approval from the stock exchange or (ii) 13 months from the Issue date; (2) the expiry of 36 months from the issue date.	**16,500.00**	**-**	-	-
Total (J)	**16,500.00**	**-**	**-**	**-**
K. Term loan from banks - Unsecured:				
The loan has been taken during the year 2005-06 and carries interest rate of HIBOR+4.5% p.a. The loan is repayable by December 2016. The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries of FHIPL.	**12,549.36**	**3,315.63**	-	-
The loan has been taken during the previous year. It carries the rate of interest 5.10% p.a. and repayable over the equated monthly installments of AED 2,234 starting from January 2011 to December 2014.	**-**	**8.50**	-	-
Total (K)	**12,549.36**	**3,324.13**	**-**	**-**
L. Preference share capital - Unsecured:				
FAHPL has issued 262,120,642 Class B Redeemable Preference Shares of USD 1 each on January 11, 2012 to RHC Financial Services (Mauritius) Limited as consideration for purchase of 100% stake in FHIPL. Preference Shares are redeemable at premium of 5% p.a. after 18 months from the date of issue.	**133,633.69**	**-**	-	-
Total (L)	**133,633.69**	**-**	**-**	**-**
M. Factoring financing - Unsecured:				
The financing of $323,980 is secure over the Group's trade receivables and a corporate guarantee from the Company. The Group received an advance at the discretion of the financial institution, up to a limit of $2,000,000 and not exceeding 80% against eligible receivables. The advances received from the financial institution bear an effective interest rate of 5.25% per annum and a monthly factoring fee of 0.5% of gross invoice value with a monthly minimum charge of $1,800.	**-**	**266.05**	-	-
Total (M)	**-**	**266.05**	**-**	**-**

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
TOTAL (I=A+B+C+D+E+F+G+H+I+J+K+L+M)	**367,329.71**	**35,376.54**	**93,359.42**	**9,866.11**

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
II. Short term borrowings		
N. Bank overdrafts - Secured:		
The facility is at interest of 10.25% per annum and is secured against the first charge on current assets of EHIRCL and the second charge on the Corporate Guarantee given by the FHL.	**1,344.93**	-
The facility is at interest of 10%-11.75% per annum and secured against the first equitable mortgage charge on land, building and immoveable fixed assets of EHRCL and the Corporate Guarantee given by FHL.	**-**	1,195.80
This facility is at interest of 15% per annum and is repayable on demand. It is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL.	**150.96**	105.25
This facility is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital of FHL. Further, secured by first pari passu charge over stocks and book debt. It carries interest ranging from 12.50% to 13.00% per annum.	**1,266.05**	-
The facility carries the rate of interest of 2.80% over base rate and secured against immoveable property, stocks and book debts of LHPL. The facility is further guaranteed by FHsL.	**175.80**	150.90
The facility is secured by first charge by way of hypothecation of hospital land at Faridabad of EHRCL. The rate of interest on the said facility was 9.75% to 11.25 % p.a.	**-**	182.80
Total (N)	**2,937.74**	**1,634.75**
O. Cash credit - Secured:		
The facility is secured by hypothecation of stocks and book debts of FHsL and carries interest @ 12.50% per annum.	**424.11**	409.31
The facility is secured by way of first charge on SRL entire current assets. They are further secured by way of a second charge on the SRL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future.	**1,264.59**	-
The facility is secured by way of first charge on the SRL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility is guaranteed by FHL.	**924.25**	-
The facility is secured by way of first charge on the SRLDPL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility to the extent of ₹ 1,000 lacs is guaranteed by SRL and RHC Holding Private Limited.	**868.14**	-
Total (O)	**3,481.09**	**409.31**
P. Loan from banks - Secured:		
The loan was taken during the year and carries interest at Banks Base rate plus 1% per annum which was at 11.39% per annum for the current year. The loan is secured by way of first pari passu	**41,000.00**	-

Particulars	March 31, 2012	March 31, 2011
charge on current and fixed assets (both present and future) of IHL, Gurgaon Hospital and Shalimar Bagh Hospital owned by FHTL. Further, Secured by first pari passu charge on cash flows of the IHL, KHL, EHIRCL and FHML. Further, secured by negative lien on immoveable fixed assets of EHIRCL and non disposal undertaking in respect of entire shareholding held by FHL in the share capital of SRL. The loan is further secured by unconditional and irrevocable corporate guarantees of FHL, FHTL and FHM(N)L. The loan is repayable in 10 structured annual installments after a moratorium period of 12 months from the date of disbursement.		
The loan was taken during the financial year 2003-04 for ₹ 4,400 lacs and 2006-07 for ₹ 1,000 lacs and carries interest @11.25% to 14.25% per annum. The loan was secured by way of first and exclusive hypothecation/ mortgage charge on the existing and future movable and immovable fixed assets of IHL. The Loan was repayable in half yearly installments of ₹ 540 lacs each staring December, 2007.	-	1,528.99
	-	-
Total (P)	**41,000.00**	**1,528.99**
Q. Buyer's credit - Secured:		
The facility is secured against charge of specific assets of a fellow subsidiary, Escorts Hospital and Research Centre Limited. The facility is repayable in the Financial Year 2012-13.	**1,132.61**	-
Total (Q)	**1,132.61**	**-**
R. Loan from body corporates - Unsecured:		
The loan was taken during the year 2010-11 and carries interest rate @11% to 13% per annum and is repayable on demand on or before March 31, 2013.	**450.00**	450.00
The loan was taken during the year 2010-11. The loan carries interest rate @11 % per annum and is repayable on demand on or before March 31, 2012.	-	50.00
Interest free loan has been taken from RHC Holding Private Limited during the year ending March 31, 2007, the ultimate holding company. The loan is repayable on demand.	**794.50**	794.50
The loan has been taken during the current year from RHC Holding Private Limited, the ultimate holding company carries interest @ 13.5% p.a. The loan is repayable on demand.	**188.00**	-
Loan is interest free loan and is repayable on demand.	**76.47**	76.47
The loan was taken from RHC holding private Limited during the year 2009-10, carrying interest rate 11% pa and is repayable on demand.	-	165.00
The interest free loan was taken from Fortis Medicare International Limited during the year 2010-11 and is repayable on demand.	**6.12**	5.55
The loan has been taken during the year 2005-06 carries interest rate of HIBOR+4.5% p.a. and is repayable by December 2016. The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries within the group.	**669.57**	-
The loan has been taken from RHC Financial Services (Mauritius) Limited and is repayable on demand or by March 31, 2014. It carries interest @ 6% per annum.	**22,559.64**	-
Total (R)	**24,744.30**	**1,541.52**

Particulars	March 31, 2012	March 31, 2011
S. Loan from banks - Unsecured:		
The loan carries interest @ 9.75% to 12.60% per annum and is repayable within 3 months of draw down. Credit facilities from Bank is secured by personal guarantees from Malvinder Singh and Shivinder Singh.	**3,500.00**	-
The loan was taken during the year and carries interest @ SIBOR + margin 3.75% repayable within 4 months from the date of drawdown.	**3,502.97**	-
The loan was taken during the year and carries interest @ LIBOR + margin 2.82 to 3.3% per annum. The loan is repayable by February 2013. It is secured by corporate guarantee of RHC Financial Services (Mauritius) Limited.	**119,756.12**	-
Total (S)	**126,759.09**	**-**
T. Buyer's credit - Unsecured:		
The facility carries interest @ 2.55% to 2.79% and is repayable on or before March 31, 2013.	**139.07**	-
Total (T)	**139.07**	**-**
U. Bills discounted - Unsecured:		
The facility was taken during the year and carries interest @ 11.50% to 11.75% for a period of 90 to 180 days from the date of invoice. FHL has given an irrevocable corporate guarantee for the exposure.	**3,066.29**	-
The facility was taken during the year by FHsL. FHL has provided a corporate guarantee for the exposure.	**1,500.00**	-
Total (U)	**4,566.29**	**-**
V. Commercial Paper - Unsecured:		
The facility of ₹ 2,500 lacs and ₹ 5,000 lacs carries interest @ 12.75% to 14% per annum and are redeemable on July 10, 2012 and June 20, 2012 respectively.	**7,500.00**	-
The commercial paper carries interest @ 11.25% and will mature with in a period of 6 months ending on June 27, 2012.	**40,000.00**	-
Total (V)	**47,500.00**	**-**
W. Non- Convertible Debentures - Unsecured:		
FHL had issued 11% Non Convertible Debentures on March 22, 2012 redeemable at par, bullet redemption at the end of six months from the date of allotment. The debentures are secured by way of first pari passu charge over the property of the Company located in State of Gujarat. However the security was furnished in the month of May 2012.	**30,000.00**	-
Total (W)	**30,000.00**	**-**
X. Preference share capital - Unsecured:		
SRL had allotted 5,500,000 Non- Cumulative Redeemable Preference Shares on August 20, 2010 to Oscars Investments Limited of ₹10 each at a premium of ₹190 each. It carries coupon rate @ 0% and is redeemable at premium which would ensure 10% annualized yield to the preference shareholders within 20 years from the date of allotment at the discretion of the Board of Directors in one or more tranches.	**550.00**	-
SRL had allotted 4,500,000 Non- Cumulative Redeemable Preference Shares on February 3, 2011 to Maple Leaf Buildcon Private Limited at face value of ₹ 10 each. It carries coupon rate @ 0% and is redeemable at premium which would ensure 12% annualized yield to the preference shareholders within 20 years from the date of allotment at the discretion of the Board of	**450.00**	-

Particulars	March 31, 2012	March 31, 2011
Directors in one or more tranches.		
The same represents the proportionate shares of preference share capital of DDRC SRL Diagnostics services Private Limited, a joint venture of the Company held through SRL, consisting of ₹ 675 lacs Zero coupon preference shares of Rs 10/- each issued on September 11, 2006 redeemable after 20 years at par or at such premium as decided by Board of Directors.	**337.50**	-
Total (X)	**1,337.50**	**-**
TOTAL (II=N+O+P+Q+R+S+T+U+V+W+X)	**283,597.69**	**5,114.57**

9. Capital Commitments and Other Commitments

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 2,371.76 lacs (Previous Year ₹ 1,953.18 lacs))	**19,842.15**	7,494.34
Estimated amount of contracts remaining to be executed on revenue account	**625.25**	215.72

For commitments relating to lease arrangements, refer note 7

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

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
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. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	4,657.95	2,460.85
Bank Guarantee given by one of the subsidiary against Fixed Deposit	10.00	-
Premium for Redemption premium of US$ 100 Million 5% foreign currency convertible bonds due 2015	603.13	244.58
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending, as further explained in detail in note 12 below. The amounts are without considering the demand of ₹ 10,102.04 lacs (Previous Year ₹ 10,102.04 lacs) raised twice in respect of certain years and after adjusting ₹ 13,760.88 lacs (Previous Year ₹ 13,364.86 lacs) for which the company has a legal right to claim from erstwhile promoters. In view of the management, the eventual outcome of the above matters cannot presently be estimated.	9,793.62	9,703.07
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 13 below). In view of the management, the eventual outcome of the above matters cannot presently be estimated.	770.27	770.27
A subsidiary company of the Company (SRL) has received a show cause cum demand notice dated April 20, 2007 for ₹ 81.44 lacs (Previous year ₹ 81.44 lacs) in respect of service tax relating to	81.44	-

Particulars	As at March 31, 2012	As at March 31, 2011
'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the subsidiary. Accordingly, no provision in respect of the said demand is considered in the books.		
A subsidiary of the Company (SRL) is currently under litigation with the Income tax department against certain income tax demands totaling to ₹ 3,390.12 lacs (net of advances) in relation to Assessment years 2007-08, 2008-09 and 2009-10. These demands are for non-deduction of withholding taxes on the payments made by the subsidiary of discounts to its collection centers and certain other miscellaneous matters, raised by the Income Tax department. The subsidiary has deposited ₹ 350.00 lacs against the said demands during the previous year. For the AY 2006-07 subsidiary has preferred an appeal before the Income Tax Appellate Tribunal (ITAT), New Delhi, The tribunal vide order dated Dec 16, 2011 had passed an order in favor of subsidiary against the disallowances of ₹ 158.20 lacs. For the AY 2007-08, 2008-09 & 2009-10, the management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and has not considered need for any provision for the purpose of preparation of its accounts.	3,390.12	-
A subsidiary of the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ₹ 291.19 lacs and ₹ 134.56 lacs respectively for non-deduction of taxes in respect to payments covered in Form 24Q and Form 26Q. The subsidiary's appeal is pending before CIT (A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	425.75	-
The Subsidiary Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09 , 2009-10 aggregating to ₹ 457.04 lacs and ₹ 531.80 lacs for non-deduction of taxes under the provisions of section 194H. The subsidiary's appeal is pending before CIT(A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	988.84	-
Bank guarantee issued by the one of subsidiary of the company (SRL) as a security deposit to a customer.	27.00	-
Bank guarantee issued by a joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on March 31, 2012 were ₹ 2.33 lacs	1.16	-
A subsidiary of the company (SRLDPL) has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as “Pathlabs” were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of ₹ 54.00 lacs has been provided in the books from the period commencing December 1, 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on	54.00	-

Particulars	As at March 31, 2012	As at March 31, 2011
subsidiary company Kolkata unit.		
Joint venture (DDRC SRL Diagnostics Private Limited) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to ₹ 122.64 lacs in relation to assessment year 2008-09, 2009-10. These disallowances represent non-deduction of TDS on the discount offered by the subsidiary to various hospitals, labs and corporate institutions which the assessing officer had taken as commission paid, disallowance of depreciation on goodwill and disallowance of preliminary expenses claimed under section 35D. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.	61.32	-
In respect of an international subsidiary of the Company (i) Bank Guarantees totaling AUD $ 2,376,000 in respect of leases of dental practice premises. (ii) Interest bearing liabilities have been guaranteed by the members of the group under a cross guarantee and indemnity and secured by fixed and floating charges over the assets of the group and mortgages over the shares which Dental Corporation Holdings Limited owns in its subsidiaries.	1,257.97	-
Corporate guarantees given by a subsidiary to banks for lease and loan to others	596.42	-
Corporate guarantee given to banks in respect of financial assistance availed by an associate of the Company:-		
- IDBI Bank	-	4,500.00
- Royal Bank of Scotland	-	1,500.00
The Company has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of Customs Duty against submission of bank guarantee and bonds.	200.72	-
Others	147.46	12.53

11. (a) A Civil suit ('Civil Suit') had been filed for declaration and permanent injunction against a subsidiary of the Company (EHIRCL) in the Hon'ble High Court of Delhi seeking amongst others:

a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh), a society registered under Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a company under Part IX of Companies Act, 1956 (i.e. EHIRCL) is void,

b) seeking a restoration of charitable status of EHIRC Delhi Society.

The Hon'ble High Court of Delhi, vide its order dated September 30, 2005, had ordered the parties to maintain status quo and thereafter on July 3, 2008 dismissed the suit for want of cause of action and procedural grounds. On a regular first appeal preferred by the appellant, the Division Bench of Hon'ble High Court of Delhi, vide its order dated January 16, 2009, has allowed the appeal and restored the suit.

The appellant further amended the appeal seeking to declare the share purchase agreement between Escorts Limited and the Company and the initial public offering of the Company to be void.

Subsequently during the year, the appellant withdrew the aforesaid suit against the defendants and the Hon'ble High Court of Delhi, vide its decision dated October 29, 2010, permitted the appellant to unconditionally withdraw the suit and pending application thereof. Accordingly, the aforesaid suit stands dismissed as withdrawn.

(b) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is still pending with the Hon'ble High Court of Delhi.

(c) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the company for resuming the proceedings under the said Act. The company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

(d) The Delhi High Court in March 2004, amongst other hospitals, made EHIRCL a party to Public Interest Litigation ('PIL') filed in July 2002 (Social Jurist matter), concerning the applicability of certain free bed conditions on certain plots of land allotted to the EHIRCL by DDA. Subsequent to the judgement by the Hon'ble High Court on March 22, 2007, a separate Special Leave petition ('SLP') and applications for condonation of delay had been filed by EHIRC on November 28, 2007 against the Social Jurist judgment. In the hearing on January 4, 2008, the Hon'ble Supreme Court had issued a notice and directed the stay. Supreme Court vide order dated 1.9.2011, directed that all hospitals to provide 25% OPD and 10% IPD completely free treatment to poor patients and dismissed the SLP.

12. Income Tax Matters

(a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Assessing Officer, Delhi completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of ₹ 10,102.04 lacs (including interest of ₹ 6,012.57 lacs).

The Assessing Officer had 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 ₹ 12,436.90 lacs (including interest of ₹ 6,946.00 lacs). The company is of the view that the demand raised for the assessment year 2001-02 includes duplication on account of demands raised in the assessment years 1997-98 to 2000-01 and, further, the events taking place in the year 2000 cannot relate back to earlier year and has filed an appeal before the Commissioner of Income Tax (Appeals) Delhi which is pending disposal.

The company challenged the reopening of assessment for the assessment year 1997-98 before the Hon'ble High Court of Delhi in a Writ Petition filed on July 27, 2005. The Hon'ble Court in its interim order dated September 20, 2005 had directed the Assessing Officer to complete the assessments for all these years and had also directed that the operation of the assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till the matter is heard and decided by the Court. The Writ Petition for 1997-98 has been decided in favour of the company and hearing is fixed for September 12, 2012 for subsequent years. The company had also filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

(b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRC for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs and interest thereon amounting to ₹ 2,915.80 lacs by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. The company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (including interest of ₹ 5,465.27 lacs). The company filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the assessing officer, which is pending disposal.

Pursuant to the share purchase agreement, where company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 8,280.09 lacs for which necessary funds have been deposited in an escrow account. Interest of ₹ 876.64 lacs upto March 31, 2012 has accrued in the escrow account and available for aforesaid set off. In the event these demands exceed this amount, one third of such excess would be borne by the said erstwhile promoters and the rest by the company, if any.

(c) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2003-04 whereby the assessing officer had raised demands of ₹ 424.17 lacs (including interest of ₹ 35.10 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143(3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ₹ 22.77 lacs (including interest of ₹ 3.95 lacs) has been raised on to the company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

(d) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2004-05 whereby the assessing officer had raised demands of ₹ 404.22 lacs (including interest of ₹ 97.55 lacs) by disallowing the claim of keyman insurance

premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 214.67 lacs was raised by disallowing depreciation amounting to ₹ 349.30 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 13.85 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

(e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of ₹ 282.03 (including interest of ₹ 56.79 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on 26.12.2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 83.16 lacs was raised by disallowing depreciation amounting to ₹ 270.40 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 6.40 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

(f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the assessing officer had raised a demand of ₹ 305.16 lacs (including interest of ₹ 44.23 lacs) on the company by disallowing the claim of keyman insurance premium. The company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 99.33 lacs was raised by disallowing depreciation amounting to ₹ 136.43 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 18.79 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

(g) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of ₹ 96.90 lacs (including interest of ₹ 0.76 lacs) on the company by disallowing the claim of keyman insurance premium and software development charges. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which has been allowed.

Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 56.48 lacs was raised by disallowing depreciation amounting to ₹ 115.96 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 10.31 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

(h) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer had made additions of ₹ 407.94 lacs including a sum of ₹ 307.63 lacs out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and an sum of ₹ 100.30 lacs out of the depreciation claimed by the company on its assets. Thus, reducing the loss from ₹ 2,955.28 lacs to ₹ 2,547.34 lacs. An appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

(i) The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, thereby raising demands of ₹ 16.74 lacs and ₹ 0.37 lacs respectively on account of non-deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Healthworld Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors.

The company filed appeals with the Commissioner of Income Tax (Appeals), Jaipur against the said order. Appeal in respect of assessment years 2008-09 has been decided vide order dated January 4, 2011 thereby giving partial relief to the Company and it has been brought down to ₹ 5.61 lacs as against ₹ 16.74 lacs. The company has filed an appeal before the Income Tax Appellate Tribunal, Jaipur against the issue confirmed by Commissioner of Income-tax (Appeals), which is pending disposal. The appeal filed for the Assessment Year 2009-10 before Commissioner of Income-tax (Appeals) is pending disposal. The company on protest has paid the sum of ₹ 5.61 lacs. Department has filed appeal before the Income Tax Appellate Tribunal, Jaipur against the order of Commissioner of Income Tax (Appeals) which is pending disposal.

(j) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2009-10, whereby the assessing officer had raised a demand of ₹ 109.03 lacs (including interest of ₹ 23.24 lacs) by making disallowance (i) u/s 36(1)(iii) ₹ 296.53 lacs (ii) disallowance of interest u/s 36(1)(iii) - ₹ 11.36 lacs (iii) Depreciation - ₹ 69.70 lacs, (iv) Profit on sale of assets - ₹ 20.78 lacs, (v) Disallowance u/s 14A - ₹ 54.69 lacs (vi) Short Term capital Loss - ₹ 592.80 lacs and (vii) Addition of Exempt Income ₹ 640.10 lacs. An appeal has been filed with the Commissioner of Income Tax (Appeals), Chandigarh, 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.

13. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ₹ 770.27 lacs (including ₹ 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty

purposes. The company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs under protest. The matter is pending for decision with the Tribunal.

14. (i) The Assistant Collector of Customs had issued an assessment order in earlier year raising a demand of ₹ 330.39 lacs holding the Company to be a commercial establishment in relation to the import of medical equipments, spares and consumables. The Company had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. The Company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked the Company to deposit a sum of ₹ 150.00 lacs with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of ₹ 330.39 lacs in the books of accounts. The matter is still pending with the Tribunal.

(ii) Further, one of the subsidiary, FHsL has created provision of ₹ 166.49 lacs during the previous year for custom duty demand in relation to import of medical equipment.

15. Employee Stock Option Plan

1. The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the previous year and 200,000 options (Grant V) were granted during the current year. During the year 4,050,000 options (Grant VI) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year is ₹ 132.54 (Previous year ₹ 155.87). As at March 31, 2012, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	February 23, 2012 to February 22, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	12-Sep-21	23-Feb-17

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

Particulars	31-Mar-12		31-Mar-11	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**2,012,130**	**128.05**	918,660	75.05
Granted during the year	**4,250,000**	**112.93**	1,302,250	158
Forfeited during the year	**210,080**	**133.12**	140,900	85.55
Exercised during the year	**76,240**	**74.27**	67,880	73.51
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**5,975,810**	**117.8**	2,012,130	128.05
Exercisable at the end of the year	**524,130**	**111.07**	218,360	73.3
Weighted average remaining contractual life (in years)	**7.10**	**-**	8.93	-
Weighted average fair value of options granted (in ₹)	**33.51**	**-**	50.01	-

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

Particulars	31-Mar-12	31-Mar-11
Range of exercise prices	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 158.00
Number of options outstanding	**5,975,810**	2,012,130
Weighted average remaining contractual life of options (in years)	**7.1**	8.93
Weighted average exercise price (in ₹)	**117.8**	128.05

Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ 26.60 (Previous Year ₹ 58.30). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	31-Mar-12	31-Mar-11
Exercise Price	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 158.00
Expected Volatility	**6.42% to 34%**	32.89% to 34%
Life of the options granted (Vesting and exercise period) in years	**6.5 years**	6.5 years
Expected dividends	**-**	-
Average risk-free interest rate	**7.50% to 8.70%**	7.50% to 8.70%
Expected dividend rate	**-**	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

2. One of the subsidiaries, Dental Corporation Holdings Limited ("DC"), operates an employee share option plan (ESOP). The vesting period of the option ranges from nine months to three years from the grant date. The exercise price of the options is equal to the estimated market price of the DC shares on the date of grant. The contractual life of the options ranges from one to five years. These options were granted under equity settlement method and there are no conditions for vesting other than continued employment with DC. As at March 31, 2012, 23,412,560 numbers of options were outstanding with vesting period ranging from nil to 52 months and excisable period upto June 30, 2016.

There has been no cancellation or modification to the ESOP during the year.

The details of activity under plans have been summarized below:

Particulars	31-Mar-12	
	Number of options	Weighted average exercise price per share (AUD)
Outstanding at the beginning of the period	23,412,560	1.97
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	23,412,560	1.97
Exercisable at the end of the period	16,807,560	1.94
Weighted average remaining contractual life (in years)	3.90	n/a
Weighted average fair value of options granted (in AUD$)	n/a	n/a

The details of exercise price for stock options outstanding at the end of the period are as under:

Particulars	31-Mar-12
Range of exercise prices (AUD)	0.95 to 3.39
Number of options outstanding	23,412,560
Weighted average remaining contractual life of options (in years)	3.90
Weighted average exercise price (in AUD$)	1.97

(iii) A subsidiary company of the Group (FMHL) provides the following share-based payment schemes to its employees. During the year ended March 31, 2012, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan. Also the options can be exercised only before the end of the tenure of the plan.

Effective Date

The plan shall be deemed to have come to in force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the company subject to the approval of shareholders of the company in general meeting.

The details of activity under the Scheme are summarized below:

	31-Mar-12		31-Mar-11	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	295,000	26.2	295,000	26.2
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	295,000	26.2	295,000	26.2
Exercisable at the end of the year	73,750	26.2	73,750	26.2

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2012 is 4.75 years (31 March 2011: 5.75 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10. (31 March 2011: ₹ 10.)

The weighted average fair value of stock options granted during the year was ₹ 13.45 (31 March 2011: ₹ 13.45). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31-Mar-12	31-Mar-11
Dividend yield (%)	0%	0%
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (₹)	Nil	Nil
Exercise price (₹)	26.2	26.2
Expected life of options granted in years	5	5

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(iv) In respect of one subsidiary, the shareholders of that company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of ₹ 40 per share and the following are the Scheme details:

Date of grant	22-Aug-09
Date of Board Approval	22-Aug-09
Date of Shareholder's approval	17-Aug-09

Number of options granted	1,517,470
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Over three year- August 22, 2010 to August 22, 2012
Exercise Period	Up to August 21, 2019

The details of activity under the plan have been summarized below:-

	May 11, 2011 to March 31, 2012	
	Number of options	**Weighted average exercise price (Rs)**
Outstanding at the beginning of the year	**1,256,646**	**40**
Granted during the period	**-**	**-**
Forfeited /Cancelled during the period	**161,390**	**-**
Exercised during the period	**-**	**-**
Expired during the period	**-**	**-**
Outstanding at the end of the year	**1,095,256**	**40**
Exercisable at the end of the year	**1,095,256**	**40**
Weighted average fair value of options granted on the date of grant		**40**

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

	March 31, 2012
Range of exercise price	**40**
Number of options outstanding	**1,095,256**
Weighted average remaining contractual life of options	**7.4 years**
Weighted average exercise price	**40**

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	**March 31, 2012**	**March 31, 2011**
Profit as reported	**7,222.23**	12,436.34
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	**(635.43)**	(146.38)
Proforma profit	**6,586.79**	12,289.96
Earnings Per Share (In ₹)		
Basic		
- As reported	**1.78**	3.23
- Pro forma	**1.63**	3.19
Diluted		
- As reported	**1.78**	3.23
- Pro forma	**1.63**	3.19

16. a) A subsidiary of the Company, Fortis Health Staff Limited ('FHSL'), has incurred losses of ₹ 52.50 lacs during the current year and has accumulated losses of ₹ 1,479.02 lacs as at March 31, 2012, which has resulted in complete erosion of FHSL's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHSL have been prepared on a

going concern basis.

b) A subsidiary of the Company, International Hospital Limited ('IHL'), has incurred losses of ₹ 4,854.94 lacs during the current year and has accumulated losses of ₹ 4,854.94 lacs as at March 31, 2012, which has resulted in substantial erosion of IHL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of IHL have been prepared on a going concern basis.

c) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ₹ 151.69 lacs during the current year and has accumulated losses of ₹ 1170.09 lacs as at March 31, 2012, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.

d) A subsidiary of the Company, Hiranandani Healthcare Private Limited ('HHPL'), has incurred losses of ₹ 528.12 lacs during the current year and has accumulated losses of ₹ 5,634.58 lacs as at March 31, 2012, which has resulted in complete erosion of HHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of HHPL have been prepared on a going concern basis.

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

The Group has a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The Group also provides leave encashment benefit to its employees, which is unfunded.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The following table summarizes the components of net employee benefit expenses recognized in the consolidated statement of profit and loss:

Particulars	Gratuity (Unfunded) 2011-2012	Gratuity (Funded) 2011-2012	Gratuity (Unfunded) 2010-2011	Gratuity (Funded) 2010-2011
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)				
Current Service cost	**413.19**	**48.24**	250.09	25.32
Interest Cost on benefit obligation	**136.85**	**21.35**	121.59	12.90
Expected return on plan assets	**-**	**(22.38)**	-	(14.24)
Reversal of excess provision	**(0.60)**	**-**		
Actuarial loss/(gain) recognized during the year	**(65.33)**	**9.42**	96.92	33.51
Past Service Cost	**-**	**-**	-	-
Net benefit expense	**484.11**	**56.63**	468.60	57.49

Particulars	Gratuity (Unfunded) 2011-2012	Gratuity (Funded) 2011-2012	Gratuity (Unfunded) 2010-2011	Gratuity (Funded) 2010-2011
Actual return on plan assets	**-**	**-**	-	14.52
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	**2,085.70**	**403.45**	1,529.04	210.96
Fair value of plan assets	**-**	**395.46**	-	181.91
Surplus/(deficit) of funds	**(2,085.70)**	**(7.99)**	(1,529.04)	(29.05)
Net asset/ (liability)	**(2,085.70)**	**(7.99)**	(1,529.04)	(29.05)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	**1,633.54**	**77.41**	1,168.50	183.48
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries*	**340.14**	**281.97**	7.08	-
Current Service cost	**413.19**	**48.24**	250.09	25.32
Interest Cost on benefit obligation	**136.85**	**21.35**	121.59	12.90
Liability transfer on sale of Hospital undertaking	**(193.90)**	**-**	-	-
Reversal of excess provisions	**(0.60)**	**-**	-	-
Plan Amendments Cost/ (Credit)	**(30.87)**	**-**	-	-
Benefits paid	**(147.32)**	**(29.59)**	(115.14)	(44.53)
Actuarial (loss)/ gain recognized during the year	**(65.33)**	**4.07**	96.92	33.79
Closing defined benefit obligation	**2,085.70**	**403.45**	1,529.04	210.96
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	**-**	**181.91**	-	146.52
Assets assumed on acquisition of Subsidiary*	**-**	**145.04**	-	-
Expected return	**-**	**26.84**	-	14.24
Contributions by employer	**-**	**70.48**	-	65.40
Benefits paid	**-**	**(23.47)**	-	(44.53)
Actuarial gains / (losses)	**-**	**(5.34)**	-	0.28
Closing fair value of plan assets	**-**	**395.46**	-	181.91

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

In case of FHL, FHTL, IHL, EHSSHL

	2011-12	2010-11
Discount rate	8.60%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%
From 31 to 44 years	6%	6%
Above 44 years	2%	2%
In case of EHIRCL and EHSSIL		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified

	2011-12	2010-11
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
In case of EHRCL		
Discount rate	8.60%	8.00%
Expected rate of return on plan assets	NA	9.25%
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
In case of FHML		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	6%
Upto 40 years	5%	NA
From 31 to 44 years	NA	2%
Above 44 years	NA	1%
Upto 50 years	3%	NA
Above 50 years	2%	NA
In case of FMHL		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	8.50%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%
From 31 to 44 years	6%	6%
Above 44 years	2%	2%
In case of FHsL		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10% for first 3 years & 8% thereafter	10% for first 4 years & 8% thereafter
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
Upto 50 years	3%	3%
Above 50 years	2%	2%
In case of FESL		
Discount rate	NA	8.00%

	2011-12	2010-11
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	NA	5.00%
Mortality table referred	NA	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Age from 20 - 30 years	NA	12.50%
Age from 31 - 58 years	NA	15.00%
In case of FHM(N)L		
Discount rate	8.60%	NA
Expected rate of return on plan assets	9.25%	NA
Expected rate of salary increase	3.75% - 7.50%	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6% - 18%	NA
From 31 to 44 years	2% - 6%	NA
Above 44 years	1% - 2%	NA
In case of Fortis Cauvery and KHL		
Discount rate	8.45%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	NA
Upto 40 years	5%	NA
Upto 50 years	3%	NA
Above 50 years	2%	NA
In case of LHPL		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
Upto 50 years	3%	3%
Above 50 years	2%	2%
In case of HHPL		
Discount rate	8.45%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 4 years and 8.00% p.a thereafter	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	NA
From 31 to 44 years	5%	NA
Above 44 years	3%	NA
In case of C-Doc		

	2011-12	2010-11
Discount rate	8.60%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	NA
From 31 to 44 years	6%	NA
Above 44 years	2%	NA
In case of SRL		
Discount rate	8.50% - 8.61%	NA
Expected rate of return on plan assets	8%	NA
Expected rate of salary increase	6.50%	NA
Mortality table referred	LIC (1994-96) ultimate	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	3%	NA
From 31 to 44 years	2%	NA
Above 44 years	1%	NA

Amounts for the current and the previous three periods are as follows:-

	Year ending			
	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Defined benefit obligation at the end of the period	(2,489.14)	(1,740.00)	(1,351.98)	(912.91)
Plan assets at the end of the period	395.45	181.91	146.52	109.96
Funded status	(2,093.69)	(1,558.09)	(1,205.46)	(802.95)
Experience gain/ (loss) adjustment on plan liabilities	(72.47)	(139.94)	(24.05)	(69.53)
Experience gain/ (loss) adjustment on plan assets	(17.29)	0.28	0.86	8.57
Actuarial gain/ (loss) due to change on assumptions	57.93	-	17.82	211.01

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.
3. The group has invested in the schemes with Life Insurance Corporation of India for the plan assets.

18. a) The Company and few of its subsidiaries have entered into 'Operation and Management' agreements with entities which are into hospital operations, in terms of which, they are responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts

considered in financial statements.

b) During the previous year a subsidiary of the Company ('IHL') has entered into 'Operation and Management' agreement ('O&M agreement')with a registered trust, which is into Hospital Operation, in terms of which, the IHL has rights to control, operate, run and manage the Hospital and ancillary facilities. In consideration of the operation and management services and obligations assumed by the Trust, the IHL has to pay facility fees as per the terms of the agreement. During the current year, the rights under O&M agreement of IHL has been transferred to Fortis Health Management (North) Limited ('FHM(N)L') as a part of Corporate restructuring explained further in note 30.

19. During the previous year, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2012 amounting to ₹ 603.13 lacs (Previous Year ₹ 244.58). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2012 considered for restatement of the Bonds at the year end was ₹ 50.9449= US Dollar 1 (₹ 44.5872 = US Dollar 1 at March 31, 2011).

The Company has incurred expenses aggregating to ₹ 1,223.09 lacs (including ₹ 25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same was adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

20. During the year ended March 31, 2010, the Company has issued 260, Zero Percent Unsecured Non-Convertible Debentures of ₹ 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of ₹ 14,879.14 lacs.

During the previous year Company has redeemed all of the above Zero Percent Unsecured Non-Convertible Debentures at a premium of ₹ 13.60 lacs per debenture. The total redemption premium of ₹ 3,534.97 lacs have been adjusted against the liability for the premium on redemption of Non-Convertible Debenture and the Securities Premium.

21. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 103.12 lacs arising on the acquisition of a subsidiary of the Company.

22. Fortis Group acquired 23.84% stake in Parkway Holdings Limited ('PHL') on March 19, 2010, through Fortis Global Healthcare (Mauritius) Limited, a wholly owned subsidiary, which was increased to 24.69% at March 31, 2010. During previous year, through purchase in open market, the Fortis Group increased its stake to 24.88% and subsequently, sold its entire stake in PHL to Integrated Healthcare Holdings Limited at the price of SG$ 3.95 per share on August 20, 2010. Considering the investment in PHL as temporary, the financial results of PHL were not consolidated into Consolidated Financial Statement of the Fortis Group.

23. On October 27, 2009, pursuant to the Letter of offer ('LOF') dated September 22, 2009 the Company allotted on Rights Basis 90,646,936 Equity Shares of ₹ 10 each at a premium of ₹ 100 per Equity Share aggregating to ₹ 99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder was entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued could be freely and separately traded until they are tendered for exercise. As per the LOF, the warrant exercise period was between six months to eighteen months from the date of allotment of the Equity Shares.

The Warrant Exercise Price for the Detachable Warrants was the average of (i) average of the weekly closing prices of the Equity Shares on the NSE in the 26 weeks immediately preceding the date fixed by the Company for the determination of the Warrant Exercise Price of the Detachable Warrants (the "Relevant Date") and (ii) average of the weekly closing prices of the Equity Shares on the NSE in the two weeks immediately preceding the Relevant Date.

During the previous year, the Company has, in terms of the LOF, issued 87,711,986 equity shares of ₹ 10 each, against conversion of detachable warrants to the entitled warrant holders, at an exercise price of ₹153 per detachable warrant, aggregating to ₹ 134,199.34 lacs.

24. During the year, one of the subsidiary of the group, SRL has withdrawn the Draft Red Herring Prospectus (DRHP) filed with the Securities and Exchange Board of India dated February 17, 2011, on account of subsequent change in the shareholding of the Company.

25. During the year, certain shareholders of the SRL have agreed to gift 1,500,000 shares of the SRL to some employees/ directors and consultants of a subsidiary in lieu of motivating them and retaining them over the balance period of engagement agreement with them or for 3 years from the date of execution of gift deed signed with them dated July 7, 2011, whichever is higher. The shares are transferred by the shareholders in an escrow account which is managed, controlled and operated solely by the escrow agent, in accordance with the provisions of the escrow agreement. At the expiry of the term as mentioned above and on satisfaction of conditions mentioned in the respective gift deeds, the shareholders shall direct the escrow agent to release the subjected shares in favor of such employees/ directors and consultants of the subsidiary. The SRL or its subsidiary does not have any settlement/ other obligation under the arrangements either towards employees/ directors and consultants or shareholders. The Guidance Note on Accounting for Employee Share-based Payments does not provide any specific guidance on accounting of grant of shares by the shareholders. Hence, in the absence of any specific guidance, the Company has not accounted/ disclosed for the grant.

26. Included in the note no. 4(xix) rental security deposit amounting to ₹ 158.54 lacs outstanding from Zentronics Technologies Limited (now Techtrek India Limited) for which the SRL had received postdated cheques during the year. Some of these cheques had bounced for which the SRL has filed legal case under section 138 of Negotiable Instruments Act, 1881. No provision has been considered necessary as the management has taken a legal opinion from an expert that the SRL has strong case for recovery of security deposits and received the balance confirmation from Zentronics Technologies Limited confirming the

amount of security deposit as payable by them. Hence, the management is confident of recovery of security deposits.

27. Merger of Hospital Operation ('HO') division of Sunrise Medicare Private Limited ('SMPL') with Escorts Heart and Super Speciality Hospital Limited ('EHSSHL'):

(a) In terms of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by order dated April 4, 2011 of the Hon'ble High Court of New Delhi which became effective, on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies of the concerned state, on April 1, 2010 following became effective:

(i) SMPL was demerged into HO division and Consultancy Division,

(ii) Hospital Division of SMPL is merged with EHSSHL from April 1, 2010 being the appointment date, as per the order of Hon'ble High Court. The Scheme has, accordingly, been given effect to in these financial statements.

(b) The operations of SMPL include owning and operating a Hospital business comprising of a 45 bedded hospital in New Delhi and business of rendering consultancy services for Setting up hospitals and healthcare ventures.

(c) In accordance with the Scheme:

The HO division is demerged and transferred to and vested in the EHSSHL, with effect from the appointed date. Accordingly, the EHSSHL has recorded all assets and liabilities, including provisions, of the HO division of SMPL transferred to and vested in the EHSSHL pursuant to this Scheme, at the respective book values thereof as appearing in the books of account of SMPL at the close of business of the day immediately preceding the appointed date based on special purpose audited balance sheet of the HO division of SMPL.

EHSSHL allotted 4,455,166 0.01% Preference Shares at ₹ 79 each including premium of ₹ 69 each to the shareholders of SMPL, on May 16, 2011 as a consideration for net assets acquired. Since such allotment was made after the year-end, the equivalent amount of ₹ 445.52 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 3,074.06 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus in the financial statements of EHSSHL.

In the consolidated financial statement the amount equivalent to ₹ 306.25 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 2,113.11 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus, being the share of external shareholders of SMPL.

The Company has been allotted 1,392,520 Preference Shares of ₹ 79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. The Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.

As per the Scheme, the difference between the book value of net assets and purchase consideration, has been adjusted first against Revaluation Reserve Account, then to Capital Reserve Account and then to Securities Premium Account and the remaining balance was to be transferred to statement of profit and loss in the books of the EHSSHL. The adjustment has been done as follows:

(₹ in lacs)

Purchase Consideration Paid	
4,455,166, 0.01% Preference Shares of ₹ 10 each	445.52
Securities Premium for ₹ 69 each on above shares	3,074.06
Total Purchase Consideration (A)	**3,519.58**
Less: Net Assets of HO division of SMPL Acquired	
Inventories	18.85
Sundry Debtors	95.39
Cash and Bank Balances	24.76
Fixed Assets	984.44
Loans and Advances	72.89
Total Assets (B)	**1,196.33**
Liabilities Assumed	
Secured Loans	733.36
Unsecured Loans	433.14
Current Liabilities	600.62
Provisions	14.11
Total Liabilities (C)	**1,781.23**
Net Assets Acquired (D) = (B-C)	**(584.90)**
Balance to be recognised (E) = (A-D)	**4,104.48**
Adjustment in the books of the EHSSHL:	
Revaluation Reserve	2,019.84
Capital Reserve	567.79
Securities Premium	1,516.85
Total	**4,104.48**

(d) The authorized share capital of SMPL amounting to ₹ 1,498.93 lacs stand transferred to the EHSSHL and be treated as part of the authorized share capital of the EHSSHL, without any obligation to pay any further filing fee or other charges.

28. During the year, the Group has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalized by the Group.

	March 31, 2012 ₹ in lacs	**March 31, 2011 ₹ in lacs**
Opening Balance	**3,357.90**	3,938.86
Personnel Expenses		
Salaries, Wages and Bonus	**2,310.12**	487.46
Gratuity	**18.72**	18.81
Leave Encashment	**22.38**	8.75
Contribution to Provident & Other Funds	**25.44**	12.85
Staff Welfare Expenses	**19.74**	2.95
	2,396.39	530.82
OTHER EXPENSES		
Power & Fuel	**117.63**	-
Professional charges to doctors	**9.11**	-
Medical Services	**6.48**	-
Housekeeping Expenses including Consumables	**199.75**	-
Legal & Professional Fee	**189.41**	117.54
Travel & Conveyance	**44.44**	13.55
Repairs & Maintenance - Others	**37.29**	0.85

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Rates & Taxes	**22.29**	19.02
Insurance	**6.66**	-
Rent	**3,125.76**	4.23
Ground Rent	**29.23**	15.17
Marketing & Business Promotion	**59.64**	-
Postage & Courier	**14.80**	-
Printing & stationary	**3.98**	-
Communication expenses	**15.45**	-
Miscellaneous Expenses	**202.65**	14.80
Service Tax Recoverable	**67.37**	
	4,151.90	185.16
Financial Expenses		
Interest	**22.68**	309.44
Arrangement Fees Written off	**-**	47.89
Finance Charges	**37.95**	-
	60.63	357.33
Less: Expenses allocated to Fixed Assets during the year	**-**	1,654.27
Balance carried forward to Capital Work in Progress	**9,966.82**	3,357.90

29. A) During the year, the Company purchased 42,749,217 equity shares of ₹ 10/- each at ₹ 188 per share of SRL, representing 74.59% of shareholding in SRL for a total consideration of ₹ 80,368.53 lacs on May 12, 2011. The Company's shareholding was diluted to 71.49% on June 7, 2011 as result of SRL issuing additional equity shares to certain strategic investors. Due to this dilution, goodwill of ₹ 3,708.39 lacs and minority interest of ₹ 2,723.67 lacs has been decreased. The loss of ₹ 1,432.06 due to this dilution lacs has been disclosed under the head other reserves. Accordingly, the acquisition resulted in net goodwill of ₹ 85,667.66 lacs.

The effect of the acquisition of this subsidiary on the consolidated financial position is as follows:

(₹ in lacs)

Particulars	March 31, 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	44,894.02
Non-current liabilities	27,620.20
Current liabilities	17,646.28
TOTAL	**90,160.50**
II. ASSETS	
Non-current Assets	78,856.52
Current assets	11,303.98
TOTAL ASSETS	**90,160.50**
Total revenue from operations and other income considered in the consolidated financial statements	**48,166.24**
Loss considered in the consolidated financial statements	**3,027.78**

B) On January 10, 2012, the Group completed acquisition of Fortis Healthcare International Pte Limited (FHIPL); a Singapore based integrated healthcare delivery company with presence in nine countries. The purchase consideration of the acquisition was ₹ 135,823.54 lacs resulting in goodwill of ₹ 251,330.15 lacs. The purchase consideration for said acquisition to the extent of USD 262.12 million (equivalent to ₹ 135,823.54 lacs) was discharged by issuance of Class B

Redeemable Preference Shares of (RPS) USD 1 each by Fortis Asia Healthcare Pte Limited to RHC Financial Services (Mauritius) Limited. The RPS are redeemable on the date falling 18 months from the date of their issuance unless the holder exercises its option for early redemption. The RPS are redeemable at an amount equal to the sum of issue price plus an annual compounded rate of return of 5% on the issue price from the date of issue and allotment until the date of full repayment.

The effect of the acquisition of this subsidiary on the consolidated financial position is as follows:

(₹ in lacs)

Particulars	March 31, 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	113,953.66
Minority Interest	69,825.04
Non-current liabilities	103,675.23
Current liabilities	314,353.32
TOTAL	**601,807.25**
II. ASSETS	
Non-current Assets	537,018.27
Current assets	64,788.98
TOTAL ASSETS	**601,807.25**
Total revenue from operations and other income considered in the consolidated financial statements	**67,316.57**
Profit considered in the consolidated financial statements	**1,668.97**

C) During the year, the Company has subscribed 3,000,000 equity shares of ₹ 10/- each at ₹ 100 per share comprising 45% of total equity share capital of Hiranandani Healthcare Private Limited (HHPL) for a total consideration of ₹ 3,000.00 lacs. Prior to this the Company was holding 400,000 equity shares of ₹ 10/- each comprising 40% of total equity share capital of HHPL. Accordingly, HHPL has become a subsidiary of the Company effective June 28, 2011. The resultant goodwill amounted to ₹ 4,984.38 lacs. The effect of the acquisition of the subsidiary on the consolidated financial position is as follows:-

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	(2,689.54)
Non-current liabilities	5,215.26
Current liabilities	5,661.18
TOTAL	**8,186.90**
II. ASSETS	
Non-current Assets	6,828.64
Current assets	1,358.26
TOTAL ASSETS	**8,186.90**
Total revenue from operations and other income considered in the consolidated financial statements	**5,576.89**
Loss considered in the consolidated financial statements	**(353.83)**

D) During the year, the Group acquired additional 10% equity stake in EHIRCL, a subsidiary of the Group, for a consideration of ₹ 13,000 lacs resulting in additional goodwill of ₹ 10,171.66 lacs.

E) The group, through one of its subsidiary, has entered into Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and

diagnostics centers in Nepal and, for this purpose, has incorporated Super Religare Reference Laboratories (Nepal) Pvt Ltd. ("SRRL") with 50% interest in assets, liabilities, expenses and income.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	116.19
Non-current liabilities	12.13
Current liabilities	56.00
TOTAL	**184.32**
II. ASSETS	
Non-current assets	78.76
Current assets	105.36
TOTAL ASSETS	**184.32**
Total revenue from operations and other income considered in the consolidated financial statements	**133.51**
Total expenses considered in the consolidated financial statements	**137.11**
Loss considered in the consolidated financial statements	**(4.61)**

F) During the year, Fortis Health Management (South) Limited, a subsidiary of the Group, has entered into a Partnership agreement with Dr. Chandrashekar G.R. and Dr. Sarla Chandrashekar on April 27, 2011 with 51% share in assets, liabilities, income and expenses, to provide cardiac care facilities.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	232.57
Non-current liabilities	177.92
Current liabilities	109.23
TOTAL	**519.72**
II. ASSETS	
Non-current Assets	474.51
Current assets	45.21
TOTAL ASSETS	**519.72**
Total revenue from operations and other income considered in the consolidated financial statements	**25.80**
Total expenses considered in the consolidated financial statements	**89.03**
Loss considered in the consolidated financial statements	**(63.23)**

G) The Group through another subsidiary has also entered into a Joint venture with DDRC SRL Diagnostics Private Limited (formerly known as DDRC Piramal Diagnostic Services Private Limited) with 50% interest in assets, liabilities, expenses and income.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	982.88
Non-current liabilities	149.02
Current liabilities	294.96
TOTAL	**1,426.86**
II. ASSETS	
Non-current assets	1,110.22
Current assets	316.64
TOTAL ASSETS	**1,426.86**
Total revenue from operations and other income considered in the consolidated financial statements	**1,965.73**
Total expenses considered in the consolidated financial statements	**2,043.82**
Loss considered in the consolidated financial statements	**(79.10)**

H) During the current year, the Group sold its 2% stake in a subsidiary, namely, Fortis Emergency Services Limited (subsidiary) to Fortis Healthcare Holdings Private Limited for a lump sum consideration of ₹ 0.10 lacs. Since the subsidiary had accumulated losses of ₹ 1,242.21 lacs until the date of its disposal, which were consolidated in the financial statements as required under AS – 21 "Consolidated Financial Statements", accordingly, a gain on disposal of investments amounting to ₹ 632.85 lacs has been accounted for in the current year financial statements. Also, these financial statements includes following amounts related to the subsidiary.

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Net Loss for the period/year	388.52	594.17

30. Restructuring during the year for business in India

30.1 The Group's primary business consists of provision of Hospital Services through various entities. The Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Consequent to the internal restructuring initiated during the year, the business of certain identified hospitals of the Group are being divided into the following two verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

(i) One vertical (the "Clinical Establishments Division") will own, maintain and operate clinical establishments (being fully air conditioned institutions established, and specifically customized and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals), along with providing services under outpatient division and radio-diagnostic services (hereinafter referred to as the "Clinical Establishment Services").

(ii) The other vertical (the "Medical Services Division") will undertake the business of running the hospital operations, being hereinafter referred to as provision of medical services, including in-patient services and emergency services ("Medical Services").

30.2 The Group intends to raise long term finance on competition of this restructuring for the resultant Clinical establishment vertical. The Group is currently evaluating various options including considering raising funds through the Singapore Exchange Securities Trading Limited ('SGX-ST') subject to necessary

approvals of the shareholders. The said listing is inter alia dependent on completion of the aforementioned internal restructuring, market conditions and other organizational and regulatory factors. The Group has identified Religare Health Trust (RHT), which is a business trust established in Singapore for the purposes of the proposed listing.

RHT is expected to principally invest in medical and healthcare assets and services in Asia, Australasia and emerging markets in the rest of the world besides developing medical and healthcare assets. The Company is also the "Sponsor" of RHT for the purposes of the proposed listing of RHT on the SGX-ST.

30.3 As part of restructuring, the Group has undertaken following transactions:

(i) (a) With effect from May 31, 2011, FHM(N)L has acquired the medical services business along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights etc. on a going concern basis by way of a slump sale through Business Transfer Agreement ('BTA') from IHL, EHSSHL, EHRCL, FHTL and EHSSIL (various hospital services companies). Post such transfer, these companies continue to provide clinical establishment services, consisting of outpatient services, radiology services and operations of clinical establishment services.

(b) FHM(N)L and the Hospital Service Companies have agreed that pending effective novation /transfer of all approvals, authorizations, contracts, agreements, etc. to FHM(N)L, the Hospital Service Companies will continue to perform obligations relating to billing and collection relating to IPD business for and on behalf of FHM(N)L. Further, FHM(N)L has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the Hospital Service Companies and pay the amount in the name of the Hospital Service Companies.

(c) In order to test the feasibility of the new business model, FHM(N)L and clinical establishment entities interalia have entered into a Trial Phase Services Agreement on January 2, 2012, that is effective from June 1, 2011 on a trial basis to allow FHM(N)L to provide medical and healthcare services, including in-patient services and emergency services at respective hospitals upto March 31, 2012. During this term, the clinical establishment entities shall provide FHM(N)L, on an exclusive principal to principal basis, hospital services including clinical establishment services, outpatient services and radio diagnostic services. In order to allow the clinical establishment entities and FHM(N)L to assess the cost implications and feasibility of this arrangement, all costs relating to operating expenses for provision of the hospital services during the term of this Trial Phase Services Agreement are borne by FHM(N)L.

On the basis of outcome of this agreement, the clinical establishment entities will enter into final hospital service agreement with FHM(N)L on long term basis. Cost and revenue model of final hospital service agreement will be determined on the basis of results of above mentioned agreement and will be agreed on the basis of mutual discussion between both the parties. Accordingly, adjustments, if any, to Minimum Alternate Tax credit entitlement of ₹ 1,046.27 lacs, deferred taxes and the impact thereof would be ascertained on completion of restructuring and signing of final Hospital and Medical Service Agreement.

Further, the parties have agreed that in case final Hospital and Medical Service Agreement is not entered into effective April 1, 2012 due to any reason whatsoever, or any extended period as mutually agreed, the consideration for the trial period will be increased to recover cost plus 20% margin, retrospectively from the effective date of the trial phase hospital services agreement. Considering continuing negotiations no adjustment have arisen on this account.

(ii) (a) With effect from March 29, 2011, FHML has purchased business division consisting of Nagarbhavi hospital situated at Bangalore including in-patient healthcare services, clinical establishment services, OPD services, radio-diagnostic services and emergency healthcare services along with related moveable assets, net current assets, agreements,

licenses and permits, approvals, employees, business and commercial rights, etc. from FHsL on a going concern basis by way of a slump sale through Business Transfer Agreement ('BTA').

(b) FHML and FHsL have agreed that pending effective novation / transfer of all approvals, authorizations, contracts, agreements, etc. to FHML, the FHsL will continue to perform obligations relating to billing and collection for Nagarbhavi hospital for and on behalf of FHML. Further, FHML has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the FHsL and pay the amount in the name of FHsL.

(iii) (a) With effect from June 1, 2011, KHL has purchased business division consisting of Rajaji Nagar hospital situated at Bangalore including in-patient healthcare services, clinical establishment services, OPD services, radio-diagnostic services and emergency healthcare services along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. from FHsL on a going concern basis by way of a slump sale through Business Transfer Agreement ('BTA'). FHsL has also transferred open legal cases to KHL as per the BTA.

(b) KHL and FHsL have agreed that pending effective novation / transfer of all approvals, authorizations, contracts, agreements, etc. to KHL, the FHsL will continue to perform obligations relating to billing and collection for Rajaji Nagar hospital for and on behalf of KHL. Further, KHL has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the FHsL and pay the amount in the name of FHsL.

(iv) On January 31, 2012, IHL has entered into term sheets with FHsL for purchase of its clinical establishment division including clinical establishments at Kalyan, Mumbai and Anandpur, Kolkata at considerations to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. IHL has also paid advance for ₹ 11,000 lacs to FHsL as per the term sheets. As of balance sheet date, the above mentioned agreements have not been concluded.

(v) On March 9, 2012, IHL has entered into a term sheet with LHPL for purchase of clinical establishment division, including clinical establishment at Seshadripuram, Bangalore at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. IHL has also paid advance for ₹ 1,400 lacs to LHPL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been concluded.

(vi) On February 7, 2012, FHML has entered into a term sheet with FMHL for purchase of clinical establishment division, including clinical establishment at Chennai hospital at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. FHML has also paid advance for ₹ 6,500 lacs to FMHL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been concluded.

(vii) On March 9, 2012, KHL has entered into a term sheet with FHsL for purchase of clinical establishment division, including clinical establishment at Mulund hospital in Mumbai and Banerghatta Road hospital in Bengaluru for at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. KHL has also paid advance for ₹ 17,600 lacs to FHsL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been

concluded.

(viii) Further, investments in shares of certain companies have been sold /purchased within Group as part of the internal structuring as follows:

(a) IHL sold 25,500 equity shares of ₹ 10 each representing 51% of shares in FESL to FHsL for Rs 2.55 lacs at book value.

(b) IHL sold 545,624 equity shares of ₹ 10 each representing 67.23% of shares in LHPL to FHM(S)L for Rs 617.75 lacs at book value

(c) IHL sold 66,000,000 ordinary shares of MUR 10 each representing 66.67% of shares in Fortis Healthcare International Limited ("FHIL") with book value of Rs 10,032.67 lacs to FHL for Rs 10,050 lacs based on valuation, mutually agreed.

(d) IHL sold 360,000 equity shares of ₹ 10 each representing 60% of shares in FC-Doc to FHM(N)L for Rs 144 lacs at book value

(e) IHL gifted 11,752,402 equity shares of ₹ 10 each representing 63.20% of shares in FMHL with book value of Rs 3,738.38 lacs to FHsL

(f) FHL sold 4,425,123 equity shares of ₹ 100 each representing 100% of shares in IHL to FHML for ₹ 6,021.09 lacs at book value.

(g) EHIRCL sold 29,701,050 equity shares of ₹ 10 each representing 100% of shares in EHSSIL to FHML for ₹ 4,925.19 lacs based on valuation, mutually agreed.

(h) FHL sold 143,947,378 equity shares of ₹ 10 each representing 49% of shares in FHTL to FHML for ₹ 37,728.39 lacs based on valuation, mutually agreed.

(i) FHL sold 1,392,520 preference shares of ₹ 10 each in EHSSHL to FHML for ₹ 1,100.09 lacs based on valuation, mutually agreed.

Also, FHML purchased 51,000 equity shares of ₹ 10 each representing 100 % of shares in Hospitalia Eastern Private limited ('HEPL') from the holding company of FHL for ₹ 6.99 lacs. Thus, effective October 1, 2011, HEPL became a subsidiary of the Company.

(ix) In order to give effect to the above structure, Fortis Global Healthcare Infrastructure Pte Limited ("FGHIPL"), one of the step down subsidiaries of the Company incorporated in Singapore (wholly owned subsidiary of FHIL, which is wholly owned subsidiary of FHL, registered in Mauritius), subscribed to 48% equity shares of Kanishka Healthcare Limited ("KHL") and 48.98% equity shares of Fortis Health Management Ltd ("FHML"). Subsequently, the share capital of FGHIPL was transferred by FHIL to Religare Healthcare Trust Trustee Managers Pte. Limited ("RHTTM") (acting in its capacity as trustee manager of RHT), resulting in FGHIPL becoming wholly owned subsidiary of RHT, for which FHIL received 3,100 units in RHT as consideration for the said transfer. Accordingly, FHIL became the 100% unit holder and sole beneficiary of the issued units in RHT.

30.4. As on the balance sheet date:

(i) the company through its wholly owned subsidiary FHIL, is the sole owner of 100% of issued units of RHT;

(ii) the company, through holding 100% RHT units as above, is the sole beneficial owner of the equity share capital of FGHIPL, though such equity shares of FGHIPL are legally registered in the name of Religare Health Trust Trustee Managers Pte Limited (RHTTM), in its capacity as a trustee manager in accordance with the applicable legal requirements;

(iii) the company (directly or through its subsidiaries, including its beneficial sole ownership in FGHIPL) holds 100% beneficial ownership of the equity share capital of KHL and FHML, which in turn holds 100% equity of other HSCs, resulting in control of operations and management residing with the company in KHL, FHML and other HSCs;

(iv) These entities are accordingly been consolidated in these financial statements.

30.5 Subsequent to the balance sheet date, RHT has been granted, through a letter dated May 24, 2012 issued by SGX, a conditional 'eligibility to list' for listing on the main board of the SGX-ST.

31. Particulars of Unhedged Foreign Currency Exposure:

(Amount in lacs)

Particulars	Foreign Currency	March 2012		March 2011	
		Foreign Currency Amount	₹	Foreign Currency Amount	₹
Trade payables	**USD**	**11.03**	**566.35**	-	-
	Euro	**0.30**	**20.36**	-	-
	SGD	**9.38**	**380.65**	-	-
Bank balances	**HKD**	**8.17**	**53.64**	-	-
	AUD	**1.07**	**56.69**	-	-
	SGD	**17.45**	**707.90**	-	-
	VND	**2.48**	**0.01**	-	-
	USD	**5.20**	**265.02**	45.00	2,006.42
Trade receivables	**USD**	**2.28**	**118.32**	-	-
	SGD	**10.58**	**429.30**	-	-
Advance from Customers	**Euro**	**0.04**	**2.57**	-	-
	USD	**0.08**	**4.18**	-	-
EEFC Accounts	**Euro**	**0.00**	**0.15**	-	-
	USD	**0.12**	**6.14**	-	-
Cash balances	**AED**	**0.01**	**0.15**	-	-
	Euro	**0.01**	**0.71**	-	-
	USD	**0.00**	**0.07**	-	-
	GBP	**0.00**	**0.08**	-	-
	SGD	**0.00**	**0.08**	-	-
Letter of Credit	**Euro**	**0.34**	**23.47**	-	-
	USD	**0.03**	**1.53**	6.24	278.20
Buyers Credit	**USD**	**22.23**	**1,132.61**	-	-
Foreign Currency Loans					
- Loans taken	**Euro**	**2.04**	**139.07**	-	-
	USD	**1,096.69**	**55,870.73**	1,043.95	46,546.74
- Loans given	**SGD**	**144.28**	**5,852.37**	-	-
	USD	**-**	**-**	951.60	42,429.33

32. Forward Contract

The Company has taken foreign currency derivative instrument to hedge its foreign currency risk. The outstanding position of derivative instruments as on March 31, 2012 is as under:

Particulars of Derivatives	(₹ in lacs)	Purpose
Outstanding Forward Contracts -Buy: Singapore Dollar (SGD) 4,500,000	1,895.60	Foreign currency loans
Outstanding Forward Contracts -Buy US Dollar (USD) 60,000,000	30,212.70	Foreign currency loans
Interest rate swaps -Hong Kong Dollar (HKD) 6,131,000	402.62	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 1.81 to 1.85%% p.a. and receive a variable interest @ Hibor plus 4.5% on the loan amount.
-Australian Dollar (AUD) 105,240,000	5,571.92	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest and receive a variable interest on the loan amount.

33. Share application money, as on March 31, 2011, was received towards employee stock option plan of the Company. 10,800 shares have been issued at ₹ 71 including premium of ₹ 61 and 2,000 shares have been issued at ₹ 77 including premium of ₹ 67 on April 12, 2012. The Company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money.

34. During the financial year ending March 31, 2008, FHSL received share application money of ₹ 341.50 lacs from its holding company Fortis Healthcare Holdings Private Limited, which is pending allotment. It has been decided to repay the allotment money to Fortis Healthcare Holdings Private Limited in the next financial year, hence it has been included in 'other current liabilities' under the head 'other liabilities'.

35. The Group has subscribed to 98,000 Ordinary Shares of Fortis Medicare International Limited of USD 1 each during the previous year, the details of which are given below:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Cost of Investment	47.68	47.68
Share in losses for the current year	56.64	857.69
Share in post-acquisition losses upto the beginning of the year	857.69	-
Exchange translation adjustments	6.04	-
Payable against losses of associate	**860.61**	**810.01**

The Group has entered into an agreement with the shareholders of FMIL, as per which Group has committed to make payments on behalf of associate to satisfy obligations of it.

36. Previous Year Comparatives

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon
Date : May 28, 2012

For and on behalf of the Board of Directors of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Place : Gurgaon
Date : May 28, 2012

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FORTIS HEALTHCARE LIMITED, ITS SUBSIDIARIES AND ASSOCIATES

1. We have audited the attached consolidated balance sheet of Fortis Healthcare Limited ("FHL" or the "Company"), its subsidiaries and associates (collectively, the "Fortis Group") as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 195,150.90 lacs as at March 31, 2011, the total revenue of Rs. 54,135.33 lacs and cash outflows amounting to Rs. 5,759.51 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We also did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 3,538.39 lacs as at March 31, 2011, the revenue of Rs. Nil and cash outflows amounting to Rs. 2.31 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2011. These financial statements and other financial information have been prepared by the management, and our opinion is based solely on the management certified accounts.

   b) We did not audit the financial statements of certain associates, whose financial statements reflect net loss of Rs. 751 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. Without qualifying our opinion, we draw attention to the note no 24 of schedule 25 of financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 244.58 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no provision has been considered in the accounts.

6. *(a) The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently. Further, in a related case filed against Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for provision of services from hospitals operated from these lands, no provisions are made by the subsidiary company as the amounts are currently unascertainable (also refer Note 8*

of Schedule 25).

(b) *Certain tax demands aggregating to Rs. 9,604.30 lacs (without considering the demand of Rs. 10,101.01 lacs raised twice in respect of certain years and after adjusting Rs. 13,364.86 lacs for which the subsidiary company has a legal right to claim from erstwhile promoters as discussed in detail in Note 9 of Schedule 25), raised on Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the consolidated financial statements. The same were also the subject matter of qualification by us in the previous year as well.

7. *Subject to our comments in paragraph 6 above* and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Fortis Group as at March 31, 2011;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place: Gurgaon

Date: May 27, 2011

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Balance Sheet as at March 31, 2011

	Schedules	₹ in lacs	
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	**1**	**40,942.99**	32,165.00
Share Application Money Pending Allotment		**350.71**	-
Share Suspense Account (Refer note 26 of Schedule 25)		**306.25**	-
Reserves & Surplus	**2**	**294,583.78**	174,376.69
		336,183.73	**206,541.69**
Minority Interest		**3,035.99**	3,449.19
Loan Funds			
Secured Loans	**3**	**61,703.08**	304,537.34
Unsecured Loans	**4**	**47,130.04**	242,526.85
		108,833.12	**547,064.19**
Deferred Tax Liabilities (net)	**5**	**863.26**	33.98
TOTAL		**448,916.10**	**757,089.05**
APPLICATION OF FUNDS			
Goodwill arising on Consolidation (Refer note 29 of Schedule 25)		**43,988.38**	41,637.64
Goodwill on acquisition (Refer note 25 of Schedule 25)		**44,467.07**	44,624.19
Fixed Assets			
Gross Block	**6**	**213,157.38**	164,036.43
Less : accumulated depreciation and amortisation		**49,237.20**	40,105.49
Net Block		**163,920.18**	123,930.94
Capital Work- in- progress including capital advances		**27,080.32**	42,560.62
		191,000.50	**166,491.56**
Investments	**7**	**9,015.26**	344,848.62
Deferred Tax Assets (net)	**5**	**1,442.49**	1,236.37
Current Assets, Loans & Advances			
Inventories	**8**	**2,633.43**	2,377.84
Sundry Debtors	**9**	**19,523.39**	15,667.03
Cash and Bank Balances	**10**	**16,362.98**	131,133.68
Other Current Assets	**11**	**2,839.74**	2,215.01
Loans and Advances	**12**	**145,248.48**	14,238.29
(A)		**186,608.02**	**165,631.85**
Less : Current Liabilities & Provisions			
Current Liabilities	**13**	**31,959.84**	29,214.95
Provisions	**14**	**3,541.43**	2,658.56
(B)		**35,501.27**	**31,873.51**

	Schedules	₹ in lacs	
		March 31, 2011	March 31, 2010
Net Current Assets (A-B)		**151,106.75**	**133,758.34**
Miscellaneous Expenditure	**15**	**249.72**	6,645.18
(to the extent not written off or adjusted)			
Profit and Loss Account		**7,645.93**	17,847.15
TOTAL		**448,916.10**	**757,089.05**
Notes to Accounts	**25**		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

per Pankaj Chadha
Partner
Membership No. 91813

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : Gurgaon
Date: May 27, 2011

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Profit and Loss Account for the Year Ended March 31, 2011

	Schedules	₹ in lacs	
		March 31, 2011	March 31, 2010
INCOME			
Operating Income	**16**	**148,297.06**	93,806.25
Other Income	**17**	**45,875.29**	4,918.80
TOTAL		**194,172.35**	98,725.05
EXPENDITURE			
Materials Consumed	**18**	**39,298.36**	26,267.21
Personnel Expenses	**19**	**27,311.51**	19,500.08
Operating Expenses	**20**	**44,845.46**	24,130.13
Selling, General and Administrative Expenses	**21**	**32,012.01**	9,765.31
TOTAL		**143,467.34**	79,662.73
Profit before Financial Expenses, Depreciation and Amortisation		**50,705.01**	19,062.33
Financial Expenses	**22**	**24,999.18**	5,729.18
Profit before Depreciation and Amortisation		**25,705.83**	13,333.15
Depreciation and Amortisation		**10,612.30**	6,162.19
Less: Transferred from Revaluation Reserve	**6**	**163.07**	168.17
Net Depreciation and Amortisation		**10,449.23**	5,994.02
Profit before Tax and Prior Period Items		**15,256.60**	7,339.13
Current Income Tax (including MAT of ₹ 753.54 lacs (previous year ₹ 1,119.97 lacs)		**1,654.05**	1,532.58
Less : MAT Credit Entitlement		**753.34**	77.53
Net current tax expense		**900.71**	1,455.05
Deferred Tax charge/ (credit)		**623.15**	(1,119.97)
Fringe Benefit Tax (includes ₹ Nil (Previous Year ₹ 0.55 lacs) for earlier years)		**-**	0.55
Net Profit after Tax and before Prior Period Items		**13,732.74**	7,003.49
Prior Period Items	**23**	**103.13**	2.96
Net Profit before Minority Interest and Share in profits of Associate Companies		**13,629.61**	7,000.53
Profits attributable to Minority Interest		**442.27**	208.53
Share in current year (losses)/ profits of Associate Companies		**(751.00)**	156.14
Net Profit for the year		**12,436.34**	6,948.14
Balance brought forward from previous year		**(17,847.15)**	(24,795.29)
Net Profit attributable to the shareholders		**(5,410.81)**	(17,847.15)
Appropriations:			

	Schedules	₹ in lacs	
		March 31, 2011	March 31, 2010
Premium paid on redemption of Preference Share Capital		**2,235.12**	-
Loss carried over to the Balance Sheet		**(7,645.93)**	(17,847.15)
Earnings Per Share [Nominal value of shares ₹ 10 each (Previous Year ₹ 10)]	**24**		
Basic		**3.23**	2.62
Diluted		**3.23**	2.61
Notes to Accounts	**25**		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

per Pankaj Chadha
Partner
Membership No. 91813

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : Gurgaon
Date: May 27, 2011

CASH FLOW STATEMENT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Consolidated Cash Flow Statement for the Year Ended March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
A. Cash flow from operating activities		
Net profit / (loss) before tax and prior period items	**14,063.34**	7,286.74
Less: Prior period items	**(103.10)**	(2.96)
Adjustments for:		
Depreciation and Amortisation	**10,449.21**	5,994.02
Loss on sale of fixed assets	**217.29**	161.49
Profit on sale of investments	**(36,029.14)**	(1,382.37)
Provision for doubtful debts	**2,076.19**	1,184.18
Provision for contingencies	**221.73**	77.91
Bad debts / sundry balances written off	**118.40**	185.24
Arrangement fee written off	**6,357.16**	60.24
Foreign exchange fluctuation (gain)/ loss	**(2,101.51)**	(2,875.11)
Unclaimed balances and excess provisions written back	**(765.43)**	(76.55)
Wealth tax	**6.29**	5.85
Interest income	**(8,463.44)**	(1,212.95)
Interest expense	**15,423.46**	5,216.92
Profits transferred to Minority Interest	**442.27**	208.53
Share in (profits)/ losses of associate companies	**751.00**	(156.14)
Operating profit before working capital changes	**2,663.72**	14,675.04
Movements in working capital :		
Increase in sundry debtors	**(6,229.66)**	(4,723.99)
Increase in inventories	**(250.87)**	(1,051.78)
(Increase)/ decrease in loans and advances	**509.11**	(3,173.22)
Increase in other current assets	**(512.28)**	(906.40)
Increase / (decrease) in current liabilities and provisions	**3,119.11**	9,834.98
Cash generated from /(used in) operations	**(700.87)**	14,654.63
Direct taxes paid (including Fringe Benefit Tax)	**(7,480.48)**	(1,404.26)
Net cash from/ (used in) operating activities (A)	**(8,181.35)**	13,250.37
B. Cash flows from investing activities		
Purchase of fixed assets	**(35,360.43)**	(104,523.52)
Proceeds from sale of fixed assets	**140.79**	122.99
Fixed deposits with banks (net)	**(424.10)**	(606.71)
Deposits with bodies corporate and others (net)	**(124,636.43)**	2,105.01
Purchase of investments in subsidiaries and associates	**(1,834.56)**	(338,021.20)
(Purchase)/ proceeds of investments in mutual funds	**5,396.76**	(9,785.63)
Proceeds from sale of investments of subsidiaries and associates	**365,605.28**	5.03
Interest received	**8,076.40**	470.46
Net cash from / (used in) investing activities (B)	**216,963.71**	(450,233.57)
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	**134,214.42**	98,454.45
Proceeds from issuance of preference share capital including premium	**-**	26,000.00
Proceeds from receipt of share application money (net of refunds)	**9.21**	-
Redemption of non-cumulative redeemable preference shares including premium	**-**	(53,731.18)

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
Proceeds from issuance of foreign currency convertible bonds	**43,364.11**	-
Proceeds from issuance of non convertible debentures	**-**	26,000.00
Redemption of non convertible debentures including premium	**(29,864.52)**	-
Proceeds from issuance of equity shares of subsidiaries to minorities	**152.05**	77.45
Proceeds from long-term borrowings	**13,294.38**	284,634.08
Repayment of long-term borrowings	**(277,752.83)**	(37,230.57)
Proceeds / (Repayments) of short-term borrowings (net)	**(193,003.24)**	226,831.02
Loan arrangement fees paid	**-**	(6,531.62)
Interest paid	**(14,399.72)**	(2,905.92)
Net cash from /(used in) financing activities (C)	**(323,986.14)**	561,597.71
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(115,203.78)**	124,614.51
Total cash and cash equivalents at the beginning of the year	**130,459.77**	5,727.72
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	**8.99**	117.54
Cash and cash equivalents at the end of the year	**15,264.98**	**130,459.77**
Components of cash and cash equivalents:		
Cash in hand	**169.10**	148.34
Cheques in hand	**205.62**	164.04
Balances with banks on current and cash credit accounts	**8,409.42**	4,502.94
Balances with banks on deposit accounts	**6,480.84**	125,644.45
Total	**15,264.98**	**130,459.77**

As per our report of even date

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

per Pankaj Chadha
Partner
Membership No. 91813

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : Gurgaon
Date: May 27, 2011

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 1 : SHARE CAPITAL		
Authorised:		
- 600,000,000 (Previous Year 600,000,000) Equity Shares of ₹ 10 each	**60,000.00**	60,000.00
- 200 (Previous Year 200) Class 'A' Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each	**200.00**	200.00
- 11,498,846 (Previous Year 11,498,846) Class 'B' Non-Cumulative Redeemable Preference Shares of ₹ 10 each	**1,149.88**	1,149.88
- 64,501,154 (Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ₹ 10 each	**6,450.12**	6,450.12
	67,800.00	67,800.00
Issued:		
- 405,103,475 (Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up	**40,510.35**	31,732.36
- 1,600,000 (Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**160.00**	160.00
- 3,196,000 (Previous Year 3,196,000**) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
	40,957.99	32,180.00
Subscribed and Paid up:		
- 405,103,475 (Previous Year 317,323,609*) Equity Shares of ₹10 each fully paid up	**40,510.35**	31,732.36
- 1,450,000 (Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	**145.00**	145.00
- 3,196,000 (Previous Year 3,196,000**) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	**287.64**	287.64
Of the above:		
i) 329,591,530 (Previous Year 242,193,340) Equity Shares are held by Fortis Healthcare Holdings Limited, the Holding Company.		
ii) 520,000 (Previous Year 520,000) Equity Shares of ₹ 10 each are allotted as fully paid up pursuant to the order of Hon'ble High Court of Delhi dated October 7, 2005, for consideration other than cash.		
	40,942.99	32,165.00

* Excludes 90,646,936 detachable warrants issued and outstanding as at March 31, 2010 (Refer note 23 of Schedule 25)

** Refer note 18 of Schedule 25

For details of outstanding Stock options , refer note 13 of Schedule 25.

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

		₹ in lacs	
		March 31, 2011	**March 31, 2010**
SCHEDULE 2 : RESERVES & SURPLUS			
Amalgamation Reserve		**156.00**	156.00
(Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)			
Revaluation Reserve			
Balance as per last account	37,380.33		
Less : Utilised during the year (refer note 26 of Schedule 25)	2,019.83		
Less : Transferred to Profit and Loss Account	163.07	**35,197.43**	37,380.33
Securities Premium Account			
Balance as per last account	136,840.36		
Add : Premium received during the year on issue of Equity Shares (Refer note 23 of Schedule 25)	125,471.25		
Less: Applied for premium on redemption of Non-Convertible Debentures (Refer note 21 of Schedule 25)	2,610.42		
Less: Accrual for premium payable on redemption of Redeemable Preference Shares	886.52		
Less : Expenses incurred for issue of 5% Foreign Currency Convertible Bonds (Refer note 24 of Schedule 25)	1,223.09		
Less : Expenses incurred for issue of equity shares	34.82	**257,556.76**	136,840.36
Securities premium suspense account (refer note 26 of Schedule 25)	2,113.11	**2,113.11**	-
Foreign Currency Transalation Reserve			
Balance as per last account	-		
Add: Created during the year	(439.52)	**(439.52)**	-
		294,583.78	174,376.69

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 3 : SECURED LOANS*		
Term Loans from Banks	**52,870.42**	293,222.48
Term Loans from Bodies Corporate	**6,482.02**	10,515.71
Short Term Loans From Bank		
Bank Overdraft	**2,044.06**	580.99
Buyers Credit	**-**	72.14
Loans For Vehicles	**55.16**	-
Interest Accrued & due	**251.42**	146.02
	61,703.08	304,537.34

*For details of Secured Loans, refer note 5 of Schedule 25

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 4 : UNSECURED LOANS		
Optionally Convertible Debentures (Refer note 22 of Schedule 25)	**1,000.00**	1,000.00
Foreign Currency Convertible Bonds (Refer note 24 of Schedule 25)	**44,587.20**	-
Non Convertible Debentures (Refer note 21 of Schedule 25)	**-**	26,000.00
From Bodies Corporate	**1,542.43**	215,014.71
(Amount repayable within one year Rs. 1,542.23 lacs		
(Previous Year Rs. 165,014.71 lacs))		
Interest Accrued and Due	**0.41**	512.14
	47,130.04	242,526.85

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 5 : DEFERRED TAX ASSETS / LIABILITIES (NET)		
Deferred tax liability arising on account of:		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books		
	1,140.91	123.83
Others	**0.05**	7.30
	1,140.96	131.13
Deferred tax asset arising on account of:		
Effect of expenditure debited to profit and loss account in the current year but not allowed for tax purposes		
	964.39	1,172.61
On carry forward business losses and unabsorbed depreciation	**433.21**	160.91
Others	**322.59**	-
	1,720.19	1,333.52
Deferred Tax Assets / (Liabilities) (Net)	**579.23**	1,202.39

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

SCHEDULE 6 : FIXED ASSETS

(₹ in lacs)

	Gross Block						Depreciation & Amortisation						Net Block	
	As at April 1, 2010	Addition during the year	Addition on Acquisition*	Deletions on sale of Subsidiary during the year**	Deletion during the year	As at March 31, 2011	As at April 1, 2010	For the year	Addition on Acquisition*	Deletions on sale of Subsidiary during the year**	Deletion during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible Assets														
Technical Know How Fees	742.56	-	-	-	-	742.56	389.71	108.23	-	-	-	497.94	244.62	352.85
Non Compete Fees	1,550.00	-	-	-	-	1,550.00	148.63	516.67	-	-	-	665.30	884.70	1,401.37
License Fee	3,792.59	2,373.27	-	-	-	6,165.86	1,416.25	635.44	-	-	-	2,051.69	4,114.17	2,376.34
Right of use of Land* **	5,137.11	-	-	-	-	5,137.11	-	-	-	-	-	-	5,137.11	5,137.11
Software	920.81	154.85	-	-	-	1,075.66	535.06	102.67	-	-	-	637.73	437.93	385.75
Tangible Assets														
Building	29,766.49	26,679.52	-	-	-	56,446.01	6,793.40	1,580.46	-	-	-	8,373.86	48,072.15	22,973.09
Leasehold Land	16,458.95	207.99	-	-	-	16,666.94	215.88	109.03	-	-	-	324.91	16,342.03	16,243.07
Freehold Land	35,828.72	-	-	-	-	35,828.72	-	-	-	-	-	-	35,828.72	35,828.72
Leasehold Improvements	3,804.25	219.90	820.89	-	11.03	4,834.01	1,368.13	285.50	619.73	-	1.75	2,271.61	2,562.40	2,436.12
Plant & Machinery	13,517.57	3,902.98	1,124.30	-	257.80	18,287.05	6,492.83	1,086.75	382.10	-	165.62	7,796.06	10,490.99	7,024.74
Medical Equipments	44,974.63	13,061.13	-	60.90	2,320.93	55,653.93	19,901.39	4,932.96	-	23.60	2,134.40	22,676.35	32,977.58	25,073.24

	Gross Block						Depreciation & Amortisation						Net Block	
	As at April 1, 2010	Addition during the year	Addition on Acquisition*	Deletions on sale of Subsidiary during the year**	Deletion during the year	As at March 31, 2011	As at April 1, 2010	For the year	Addition on Acquisition*	Deletions on sale of Subsidiary during the year**	Deletion during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Furniture & Fittings	3,074.24	1,011.19	64.88	0.23	54.24	4,095.84	1,031.48	339.33	26.87	0.23	41.75	1,355.70	2,740.14	2,042.76
Computers	1,858.52	956.44	-	0.27	89.36	2,725.33	1,119.56	308.11	-	0.14	72.35	1,355.18	1,370.15	738.96
Office Equipments	645.52	324.07	-	-	26.56	943.03	182.46	158.00	-	-	23.46	317.00	626.03	463.06
Vehicles	1,964.47	1,120.33	14.74	-	94.21	3,005.33	510.71	449.15	10.71	-	56.70	913.87	2,091.46	1,453.76
Total	**164,036.43**	**50,011.67**	**2,024.81**	**61.40**	**2,854.13**	**213,157.38**	**40,105.49**	**10,612.30**	**1,039.41**	**23.97**	**2,496.03**	**49,237.20**	**163,920.18**	**123,930.94**
Previous Year		115,576.28	12,837.56	37,523.85	10.17	1,891.09	164,036.43	33,494.88	6,162.19	2,017.07	0.14	1,568.70	40,105.30	123,931.13
Capital Work in Progress													27,080.32	42,560.62
(including Capital Advances of ₹ 1,327.83 lacs (Previous Year ₹ 1,567.38 lacs))													**191,000.50**	**166,491.56**

* Refer note 26 of Schedule 25

** Refer note C (1) (a) of Schedule 25

*** Right of use of Land in respect of a subsidiary, is under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years, at the option of the subsidiary. Building constructed on this land amounts to Rs. 2,358.22 lacs.

Notes:

1. Leasehold Land includes ₹ 398.22 lacs (Previous Year ₹ 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (Refer note 8 (b) of Schedule 25).
2. Freehold land includes ₹ 19,486.67 lacs (Previous Year ₹ 19,486.67 lacs) in respect of a subsidiary which is yet to be registered in the name of the subsidiary.
3. Equitable charge has been created on hospital property at Noida of a subsidiary for the loan of ₹ 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.
4. Mortgage has been created on land, building and immovable fixed assets of a subsidiary for the loan of ₹ 10,000 lacs jointly availed by the Company and its five subsidiaries.
5. Plant and Machinery includes Rs. 19.24 lacs (Previous Year Rs. 19.24 lacs) and accumulated depreciation of ₹ 19.24 lacs (Previous Year ₹ 19.24 lacs) in respect of a subsidiary, being the cost of independent feeder installed by Punjab State Electricity Board (PSEB), ownership of which vests with PSEB.
6. The above assets includes certain fixed assets leased pursuant to operating lease agreements (Refer note No. 4 (b) (ii) of Schedule 25).
7. Capital Work in progress includes ₹ 3,357.90 lacs (Previous Year ₹ 3,938.86 lacs) relating to expenses incurred during the construction period, pending capitalisation/ allocation as per Schedule 6A.

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 6A : Expenditure during Construction Period (Pending Capitalization/Allocation)		
Opening Balance	**3,938.86**	2,542.38
Personnel Expenses		
Salaries, Wages and Bonus	**487.46**	453.88
Gratuity	**18.81**	(1.14)
Leave Encashment	**8.75**	1.73
Contribution to Provident & Other Funds	**12.85**	14.37
Staff Welfare Expenses	**2.95**	-
	530.82	468.84
Selling, General and Administrative Expenses		
Legal & Professional Fee	**117.54**	2.02
Travel & Conveyance	**13.55**	3.41
Repairs & Maintenance - Others	**0.85**	-
Rates & Taxes	**19.02**	2.55
Rent	**4.23**	6.00
Ground Rent	**15.17**	33.91
Miscellaneous Expenses	**14.80**	25.75
	185.16	73.64
Financial Expenses		
Interest	**309.44**	838.86
Arrangement Fees Written off	**47.89**	9.16
Finance Charges	**-**	5.98
	357.33	854.00
Less: Expenses allocated to Fixed Assets during the year	**1,654.27**	-
Balance carried forward to Capital Work in Progress	**3,357.90**	3,938.86

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

		₹ in lacs	
		March 31, 2011	**March 31, 2010**
SCHEDULE 7 : INVESTMENTS			
Long Term Investments (At cost)			
Investment in Associates			
Quoted, fully paid-up			
Trade			
164,670,801 (Previous Year 164,670,801) Ordinary Shares of Medical Surgical and Centre Limited of MUR 10/- each (including capital reserve of ₹ 4,224.26 lacs)	1,340.25		1,312.69
Add: Share in post acquisition profits upto the beginning of the year	131.13		36.01
Add: Share in profits for the current year	106.69	**1,578.07**	95.12
Nil (Previous Year 279,148,996) Ordinary Shares of Parkway Holdings Limited (including goodwill of ₹ 169,022.02 lacs) (Refer note 27 of Schedule 25)		**-**	330,942.42
Unquoted, fully paid-up			
Trade			
3,126 (Previous Year 4,400,364) Equity Shares of Sunrise Medicare Private Limited of ₹ 10 each (including goodwill of ₹ Nil (previous year ₹ 307.91 lacs)) (Refer note 26 of Schedule 25)	0.31		440.04
Add: Share in post acquisition losses upto the beginning of the year	-		(4.19)
Add: Share in profits / (losses) for the current year	-	**0.31**	(28.57)
400,000 (Previous Year 400,000) Equity Shares of Hiranandani Healthcare Private Limited of ₹ 10 each	40.00		40.00
(Of the above, 3 shares are jointly held with nominee shareholders)			
200,000 (Previous Year 150,000) Zero Percent Redeemable Preference Shares of Hiranandani Healthcare Private Limited of ₹ 10 each	2,000.00		1,500.00
Add: Share in post acquisition losses upto the beginning of the year	(40.00)		(40.00)
Add: Share in losses for the current year	-	**2,000.00**	-
Nil (Previous Year 70,970) Equity Shares of Fortis Hospital Management Limited of ₹ 10 each	-		25.97
Add: Share in losses for the current year	-	**-**	(25.97)
Fortis Medicare International Limited			
(98,000 (Previous Year Nil) Ordinary Shares of US$ 1/- each)	47.68		
Add: Share in losses for the current year	(857.69)	**(810.01)**	-
Current Investments (At lower of cost or fair value)			
Unquoted			
Non-Trade			
National Savings Certificate		**0.25**	0.25
Mutual Funds		**6,246.64**	10,554.85
		9,015.26	344,848.62

		₹ in lacs	
		March 31, 2011	**March 31, 2010**
Aggregate amount of quoted investments (Market value ₹ 7,002.09 lacs (previous year ₹ 307,506.58 lacs))		**1,578.07**	332,386.24
Aggregate amount of unquoted investments		**7,437.18**	12,462.38

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 8 : INVENTORIES (at lower of cost and net realisable value)		
Medical Consumables and Drugs	**2,409.61**	2,194.46
Stores and spares	**223.82**	183.38
	2,633.43	2,377.84

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 9 : SUNDRY DEBTORS		
Debts outstanding for a period exceeding Six Months		
Unsecured, Considered Good	**6,456.07**	4,432.37
Considered Doubtful	**3,070.35**	2,898.47
Other Debts		
Unsecured, Considered Good	**13,067.32**	11,234.66
Considered Doubtful	**263.77**	78.54
	22,857.51	18,644.04
Less : Provision for Doubtful Debts	**3,334.12**	2,977.01
	19,523.39	15,667.03

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash in hand	**169.10**	148.34
Cheques in hand	**205.62**	164.04
Balances with Scheduled Banks		
- On Current Accounts	**8,323.00**	2,943.88
- On Deposit Accounts*	**7,176.82**	126,128.86
- On Special disbursement account	**3.90**	3.90
Balances with Other Banks		
- On Current Accounts	**82.52**	1,555.17
- On Deposit Accounts	**402.02**	189.49
	16,362.98	**131,133.68**

* includes deposit of ₹ Nil (Previous Year ₹ 120,000 lacs) pledged against loan taken from bank; ₹ 74.39 lacs (Previous Year ₹ 31.80 lacs) under lien against bank guarantees and ₹ 81.21 lacs (Previous Year ₹ 100.28 lacs) under lien against letters of credit. The amount also includes unutilized IPO proceeds of ₹ Nil (Previous Year ₹ 573.09 lacs) (Refer note 17 of Schedule 25).

Bank Balances with other banks include

	Balance Outstanding		**Maximum amount outstanding during the year**	
	March 31, 2011	**March 31, 2010**	**March 31, 2011**	**March 31, 2010**
Bank One Limited, Mauritius				
- On Current Accounts	**82.52**	81.29	**151.76**	20,243.46
- On Deposit Accounts	**402.02**	189.49	**402.02**	189.49
Pictet Investment Company Limited, London				
- On Current Accounts	**-**	1,473.87	**1,500.98**	11,235.13

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 11 : OTHER CURRENT ASSETS		
Interest Accrued but Not Due on Loans and Deposits	**486.90**	388.00
Accrued Operating Income	**2,342.27**	1,827.01
Assets Held for Sale	**10.57**	-
	2,839.74	2,215.01

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 12 : LOANS AND ADVANCES		
Secured, Considered Good		
Loans to Bodies Corporate & Others	**200.59**	159.41
Unsecured, Considered good		
Loans to Fellow Subsidiaries	**1,309.92**	1,155.81
Loans to Bodies Corporate and Others	**127,167.51**	2,726.39
Loans to Employees	**20.93**	17.22
Advances Recoverable in cash or in kind or for value to be received	**4,071.97**	4,731.95
Gratuity Fund	**-**	16.56
Advance Tax and Tax Deducted at Source	**4,599.80**	1,720.70
Deposits with Income Tax Authorities	**2,137.37**	1,137.37
Balances with Customs, Excise and Other Authorities	**804.28**	839.58
Security Deposits	**1,670.45**	1,405.00
MAT Credit Entitlement	**2,986.82**	327.31
Interest Due but Not Received	**278.83**	0.99
Unsecured, Considered Doubtful		
Advances Recoverable in cash or in kind or for value to be received	**27.07**	30.44
Advance Tax and Tax Deducted at Source	**20.62**	20.62
	145,296.16	14,289.35
Less : Provision for Doubtful Advances	**47.68**	51.06
	145,248.48	14,238.29

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 13 : CURRENT LIABILITIES		
Acceptances	**-**	30.15
Sundry Creditors		
(a) total outstanding dues of Micro and Small Enterprises	**23.01**	-
(b) total outstanding dues of creditors other than Micro and Small Enterprises	**18,924.74**	19,772.96
Book Overdraft	**868.21**	1,002.02
Advances from Patients	**2,171.47**	1,573.50
Security Deposits	**193.78**	203.99
Interest Accrued but Not Due on Loans	**2,104.25**	674.18
Premium Payable on Redemption of Redeemable Preference Shares	**5,228.41**	3,394.08
Premium Payable on Redemption of Unsecured Non Convertible Debentures	**-**	1,254.09
Other Liabilities	**2,445.97**	1,309.98
	31,959.84	29,214.95

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 14 : PROVISIONS		
Wealth Tax	**6.45**	5.87
Fringe Benefit Tax	**2.87**	2.87
Income Tax	**290.51**	184.52
Contingencies	**131.50**	77.91
Litigations under Customs Act, 1962 (refer note 11 of Schedule 25)	**330.39**	330.39
Gratuity (refer note 15 of Schedule 25)	**1,558.09**	1,222.02
Leave Encashment	**1,221.62**	834.98
	3,541.43	2,658.56
Provisions for contingency		
Opening balance	**77.91**	-
Provisions made during the year	**53.59**	77.91
Utilised during the year	**-**	-
Closing balance	**131.50**	77.91

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 15 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Arrangement Fees on Term Loans		
Balance Brought Forward	**6,645.18**	122.96
Incurred/ reversed during the year	**(60.00)**	6,591.62
	6,585.18	6,714.58
Less : Written off during the year	**6,335.46**	69.40
	249.72	6,645.18

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 16 : OPERATING INCOME		
In Patient	**125,871.06**	79,752.42
Out Patient	**18,475.63**	10,968.47
Income From Medical Services	**1,510.97**	1,403.34
Management Fees from Hospitals	**633.55**	673.65
Income from Satellite Centers	**474.87**	473.45
Income from Rehabilitation Centre	**144.42**	123.04
Income from Clinical Research	**271.90**	180.95
Income from Academic Services	**54.11**	23.03
Income from Rent	**593.40**	354.31
Equipment Lease Rental	**758.12**	706.14
Pharmacy	**2,319.44**	932.31
	151,107.47	95,591.11
Less: Discounts	**2,810.41**	1,784.86
	148,297.06	93,806.25

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 17 : OTHER INCOME		
Profit on Redemption of Mutual Funds	**1,488.85**	949.22
Interest		
-Bank Deposits	**3,997.88**	550.11
-Others	**4,465.56**	662.84
Unclaimed Balances and Excess Provisions Written Back	**765.43**	76.55
Gain on Foreign Exchange Fluctuation (net)	**-**	1,919.03
Profit on sale of Investment (net)	**34,540.29**	433.15
Miscellaneous Income	**617.28**	327.90
	45,875.29	4,918.80

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 18 : MATERIALS CONSUMED		
Medical Consumables and Drugs:		
Opening Stock as at beginning of the year	**2,194.46**	1,173.14
Add: Purchases	**39,508.80**	27,288.53
Add: Acquisition of Demerged division of an Associate (refer note 26 of Schedule 25)	**18.85**	-
Less: Deletion on sale of subsidiary (refer note C(1) (a) of Schedule 25)	**14.14**	-
Less: Closing Stock as at end of the year	**2,409.61**	2,194.46
	39,298.36	26,267.21

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 19 : PERSONNEL EXPENSES		
Salaries, Wages and Bonus	**23,366.12**	16,899.98
Contribution to Provident & Other Funds	**1,321.60**	914.96
Gratuity (refer note 15 of Schedule 25)	**508.03**	285.56
Leave Encashment	**612.40**	408.10
Staff Welfare Expenses	**1,108.76**	811.71
Recruitment & Training	**394.60**	179.77
	27,311.51	19,500.08

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 20 : OPERATING EXPENSES		
Contractual Manpower	**1,515.63**	992.80
Power & Fuel	**4,139.13**	2,576.07
Housekeeping Expenses including Consumables	**2,135.15**	1,298.36
Patient Food and Beverages	**1,770.79**	1,076.18
Pathology Laboratory Expenses	**3,973.46**	1,940.61
Radiology Expenses	**2,219.96**	1,577.22
Consultation Fees to Doctors	**6,534.13**	3,100.57
Professional Charges to Doctors	**17,340.98**	7,642.91
Cost of Medical Services	**172.68**	119.85
Repairs & Maintenance		
- Building	**222.22**	251.78
- Plant & Machinery	**1,837.62**	1,316.16
Rent		
- Hospital Building	**2,644.85**	2,047.01
- Equipments	**177.28**	102.69
Other Expenses	**161.58**	87.92
	44,845.46	24,130.13

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 21 : SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Donations	**2.96**	8.09
Legal & Professional Fee	**15,002.83**	1,822.65
Travel & Conveyance	**2,398.45**	1,195.55
Repairs & Maintenance - Others	**1,154.56**	569.91
Rates & Taxes	**445.05**	206.01
Directors' Sitting Fees	**18.80**	20.56
Insurance	**608.57**	524.46
Rent - Others	**621.84**	717.91
Ground Rent	**12.45**	12.50
Marketing & Business Promotion	**3,705.87**	1,480.13
Wealth Tax	**6.29**	5.85
Loss on Sale of Assets	**217.28**	161.49
Auditors' Remuneration (as auditors)	**169.82**	138.62
Loss on Foreign Exchange Fluctuation (net)	**2,670.58**	-
Bad Debts and Sundry Balances written off	**118.40**	185.24
Provision for Doubtful Debts	**2,076.19**	1,184.18
Provision for Contingencies	**221.73**	77.91
Miscellaneous Expenses	**2,560.34**	1,454.25
	32,012.01	9,765.31

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 22 : FINANCIAL EXPENSES		
Interest		
- On Term Loans	**14,455.38**	4,272.55
- Others	**968.08**	944.37
Finance Charges	**2,568.69**	260.80
Arrangement Fees Written off	**6,357.16**	60.24
Bank Charges	**649.87**	191.22
	24,999.18	5,729.18

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 23 : PRIOR PERIOD ITEMS		
Prior Period expenses		
Rates & Taxes	**69.90**	-
Insurance	**2.10**	-
Repairs & Maintenance - Others	**0.04**	27.63
Professional & Consultancy Charges	**22.75**	-
Marketing & Business Promotion	**3.12**	-
Power and Fuel	**1.43**	1.16
Repairs & Maintenance - Building	**21.54**	-
Material Consumed	**0.68**	-
Housekeeping Expenses including Consumables	**0.33**	-
Miscellaneous Expenses	**1.65**	-
Rent - Equipment	**1.60**	-
Rent - Others	**-**	45.00
Repairs & Maintenance - Plant and Machinery	**4.25**	9.81
Travel & Conveyance	**6.19**	-
Pathology Laboratory Expenses	**2.18**	-
Consultation Fees to Doctors	**0.22**	-
	137.98	83.60
Prior Period income		
Rent Income	**2.53**	-
Rates & Taxes	**-**	19.95
Miscellaneous Income	**32.32**	60.69
	34.85	80.64
	103.13	2.96

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Schedules to the Consolidated Accounts

	₹ in lacs	
	March 31, 2011	**March 31, 2010**
SCHEDULE 24 : EARNINGS / (LOSS) PER SHARE		
Net profit/(loss) as per profit and loss account	**12,436.34**	6,948.14
Weighted average number of equity shares in calculating Basic EPS	**384,882,107**	265,413,205
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007	**345,349**	408,314
Weighted average number of equity shares in calculating Diluted EPS	**385,227,456**	265,821,518

Fortis Healthcare (India) Limited (formerly Fortis Healthcare Limited)

Schedules to the Accounts

Schedule 25: Notes to the Consolidated Accounts

A. BACKGROUND

Fortis Healthcare (India) Limited (the 'Company' or 'FHL') (formerly known as Fortis Healthcare Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with the flagship of Multi-Specialty Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country. As part of its business activities, the Company holds interests in its subsidiary and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. During the year, the Company issued Foreign Currency Convertible Bonds which are listed on the Euro MTF market of the Luxembourg Stock Exchange.

B. SIGINIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements ("CFS") have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 1 below under 'Other Significant Notes') and are consistent with those used in the previous year.

(b) Principles of Consolidation

The CFS relates to FHL and its subsidiaries and associates ('Fortis Group'). In the preparation of the CFS, investments in subsidiaries and associates are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements) and AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements), notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.

ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.

iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.

iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of

stake is identified as goodwill or the capital reserve, as the case may be 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 FHL) are recouped.

v) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies are disclosed separately.

vi) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2011.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Fixed Assets

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(e) Depreciation

i) Except as stated in para (ii) , (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956.

ii) Depreciation on Leasehold Improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

iii) Leasehold land is amortised over the period of lease except in respect of two subsidiaries where the same is available on perpetual lease basis [(44.48% (previous year 44.99%) of net block of leasehold land of the Fortis Group aggregating to ₹ 16,430.92 lacs (previous year ₹ 16,243.07 lacs) as at March 31, 2011].

iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [16.25% (previous year 23.94%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Fortis Group aggregating to ₹ 111,679.67 lacs (previous year ₹ 71,859.29 lacs) as at March 31, 2011].

v) Individual assets with cost not exceeding ₹ 5,000 are depreciated fully in the year of purchase.

vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account, however in case of one of the subsidiary, the Revaluation reserve has been used for acquisition of demerged division of one of the associate as per the order of Hon'ble High Court of

Delhi (refer note 26 below).

(f) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit and Loss Account.

All direct capital expenditure on expansion are capitalised. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

(g) Intangibles

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Softwares

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates, except in respect of four of the subsidiaries of the Company, where software is amortized over a period of 5 years [19.98% (previous year 14.68%) of net block of software of the Fortis Group aggregating to ₹ 438.03 lacs (previous year ₹ 386.62 lacs) as at March 31, 2011].

License Fee

License fee capitalized as an intangible asset is amortised over a period of 10 years, being the management estimate of the useful life of the asset.

Right of Use of Land

Right of use of land is recognized based on the fee paid by a subsidiary to operate and manage the hospitals acquired under slump sale and is not amortised, considering that the right is available to the subsidiary on perpetual basis.

Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalised and amortised over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

(h) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(i) Leases

Where a group entity is the lessee

a) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where a group entity is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss account on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the Profit and Loss account.

(j) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such long term investments.

(k) Inventories

Inventory of Medical Consumables, Drugs and Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for three of the subsidiaries where it is determined on First-in First-out basis [46.66 % (previous year 42.08%) of total inventories of Fortis Group aggregating ₹ 2,633.43 lacs (previous year ₹ 2,377.84 lacs) as at March 31, 2011].

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

(l) Revenue Recognition

Revenue is 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 recognised as and when the services are rendered / pharmacy items are sold. Management fee from hospitals and income from medical services is recognised as per the terms of the agreement with respective hospitals.

Income from Rehabilitation Centre

Revenue is recognised as and when the services are rendered at the centre.

Rental Income and Equipment Lease Rentals

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees.

Income from Academic Services

Revenue is recognized on pro-rata basis over the duration of the program.

Income from Clinical Research

Revenue is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Interest

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

Income from Satellite Centre

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

Dividends

Dividend is recognised if the right to dividend is established by the balance sheet date.

(m) Miscellaneous Expenditure (not written off)

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

(n) Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change.

v) Translation of Integral Foreign Operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself. Exchange differences arising on such translation are recognised as income or expense in the year in which they arise.

vi) Translation of Non-Integral Foreign Operations

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation should be accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment, at which time they should be recognised as income or as expenses.

(o) Employee Benefits

i) Contributions to Provident Fund

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" and "Escorts Heart Institute and Research Centre Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligation other than the contribution payable to the fund.

ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using the projected unit credit method.

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the Profit and Loss account every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the Profit and Loss Account.

iii) Compensated Absences

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

iv) Actuarial Gains/Losses

Actuarial gains/losses are recognised in the Profit and Loss Account as they occur.

(p) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses and recognises unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no legal enforceable right are not set off against each other as the Company does not have a legal right to do so.

(q) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(r) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit 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.

(s) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on

best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(t) Cash and Cash Equivalents

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

C. OTHER SIGNIFICANT NOTES

1. Composition of the Group

The list of Subsidiaries and Associates considered in the preparation of the consolidated financial statements of Fortis Healthcare (India) Limited is as under-

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2011	Proportion of ownership interest as at March 31, 2010
a) Subsidiaries			
Fortis Hospotel Limited	India	100.00%	100.00%
Fortis Health Management Limited	India	100.00%	100.00%
International Hospital Limited	India	100.00%	100.00%
Fortis Healthcare International Limited	Mauritius	100.00%	100.00%
Escorts Heart Institute and Research Centre Limited	India	90.00%	90.00%
Escorts Heart Centre Limited (Refer note (a) below)	India	-	90.00%
Escorts Heart and Super Speciality Institute Limited	India	90.00%	90.00%
Escorts Hospital and Research Centre Limited	India	100.00%	100.00%
Escorts Heart and Super Speciality Hospital Limited	India	100.00%	100.00%
Lalitha Healthcare Private Limited	India	67.23%	67.23%
Fortis Malar Hospitals Limited (Refer note (b) below)	India	63.20%	50.02%
Fortis Hospitals Limited	India	100.00%	100.00%
Fortis Global Healthcare (Mauritius) Limited	Mauritius	100.00%	100.00%
Kanishka Housing Development Company Limited	India	100.00%	100.00%
Fortis Emergency Services Limited	India	51.00%	51.00%
Malar Stars Medicare Limited (Refer note (b) below)	India	63.20%	50.02%
Fortis Asia Healthcare Pte. Limited (Refer note (c) below)	Singapore	90.00%	-
Fortis C-Doc Healthcare Limited (Refer note (d)	India	60.00%	-

below)			
Fortis Global Healthcare Infrastructure Pte. Limited (Refer note (e) below)	Singapore	100.00%	-
Fortis Health Staff Limited (Refer note (f) below)	India	29.00%	-
b) Associates			
Sunrise Medicare Private Limited (Refer note (g) below)	India	31.26%	31.26%
Hiranandani Healthcare Private Limited	India	39.99%	39.99%
Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
Fortis Hospital Management Limited (Refer note (h) below)	India	-	47.00%
Parkways Holdings Limited (Refer note (i) below)	Singapore	-	24.69%
Fortis Medicare International Limited (Refer note (j) below)	Mauritius	49.00%	-

a) During the current year Escorts Heart Institute and Research Centre Limited ('EHIRCL') has sold its entire stake in Escorts Heart Centre Limited ('EHCL') on March 4, 2011. Thus effective March 4, 2011, EHCL ceased to be a subsidiary of the Company.

b) During the current year International Hospital Limited ('IHL') has acquired additional stake in Fortis Malar Hospitals Limited ('FMHL') through purchase in Open Market on March 15, 2011. Thus, through this acquisition FMHL and Malar Stars Medicare Limited have become 63.20% subsidiary of the Company.

c) During the current year the Company has promoted a wholly owned subsidiary in Singapore Fortis Asia Healthcare Pte. Limited ('FAHPL') on January 7, 2011 through its subsidiary EHIRCL, making it a 90% subsidiary of the Company.

d) During the current year IHL has promoted a subsidiary Fortis C-Doc Healthcare Limited ('Fortis C-Doc') on November 7, 2010. Thus, Fortis C-Doc has become 60% subsidiary of the Company.

e) During the current year the Company has promoted a wholly owned subsidiary in Singapore Fortis Global Healthcare Infrastructure Pte. Limited ('FGHIPL') on March 31, 2011.

f) During the current year, pursuant to the Share Subscription agreement between EHIRCL and Fortis Health Staff Limited entered on February 1, 2011, EHIRCL has subscribed 29% stake in Fortis Health Staff Limited ('FHSL') on March 18, 2011. EHIRCL also controls the composition of Board of Directors of FHSL. Thus, FHSL has become a board controlled subsidiary of the Company.

g) On April 4, 2011, Delhi High Court has approved the demerger of Hospital undertaking of Sunrise Medicare Private Limited ('SMPL') as associate of the Company and merger of the same in to Escorts Heart and Super Speciality Hospital Limited ('EHSSHL').

h) During the current year IHL has diluted its 47% stake in Fortis Hospital Management Limited ('FHoML') on March 4, 2011. Thus effective March 4, 2011 FHoML ceased to be an Associate of

the Company.

i) During the current year FGHL has sold its entire stake of 24.88% in Parkways Holdings Limited ('PHL') at the price of SG$ 3.95 per share to the Integrated Healthcare Holdings Limited on August 20, 2010. Thus effective August 20, 2010, PHL has ceased to be an Associate of the Company.

j) During the current year the Company and FHIL has acquired 5% and 44% respectively stake in Fortis Medicare International Limited ('FMIL') and through this acquisition FMIL has become an associate of the Company.

k) Subsequent to March 31, 2011, IHL has sold its stake in FESL, LHPL and Fortis C-Doc Healthcare Limited to Fortis Hospitals Limited, Fortis Health Management (South) Limited and Fortis Health Management (North) Limited.

l) On April 8, 2011, the name of Kanishka Housing Development Company Limited has changed to Kanishka Healthcare Limited.

2. Segment Reporting

The Group is primarily engaged in the business of healthcare services, which as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India is considered to be the only reportable business segment. The Group's operating locations are based in India which is considered as a single geographical segment.

3. Related Party Disclosures

Names of Related parties (As certified by the management)

Ultimate Holding Company	RHC Holding Private Limited (Holding of FHHL) (with effect from December 22, 2010)
Holding Company	Fortis Healthcare Holdings Limited (FHHL)
Fellow Subsidiaries (parties with whom transactions have taken place)	Escorts Heart Centre Limited (subsidiary upto March 4, 2011, Fellow Subsidiary thereafter)
	Religare Wellness Limited
	Medsource Healthcare Private Limited
	Fortis Health Staff Limited (fellow subsidiary upto March 17, 2011, subsidiary thereafter)
Associates	Sunrise Medicare Private Limited
	Hiranandani Healthcare Private Limited
	Medical and Surgical Centre Limited, Mauritius (with effect from January 28, 2009)
	Fortis Hospital Management Limited (subsidiary upto March 25, 2010, Associate thereafter)
	Parkway Holdings Limited, Singapore (with effect from March 19, 2010)
Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Chairman of FHL and EHIRCL
	Mr. Shivinder Mohan Singh –Managing Director of FHL and EHIRCL
	Mr. Sukhmeet Singh Sandhu – Wholetime Director at EHRCL (with effect from July 1, 2009)
	Mr. Surender Kumar - Wholetime Director at FHTL (from August 6, 2009)
	Dr. Ashok V Chordiya – Manager at IHL (with effect from March 28, 2009)

	Mr. Sunil Kapoor - Executive Director at EHSSIL (from April 1, 2008 upto February 1, 2009) and Wholetime Director at EHSSHL (from December 24, 2009)
	Mr. Jasdeep Singh – Manager at EHSSIL (from March 30, 2009 to July 14, 2009) and Wholetime Director at EHSSIL (from July 15, 2009)
	Mr. Ashish Bhatia – Wholetime Director at EHIRCL
	Dr. Ashok Seth – Wholetime Director at EHIRCL
	Mr. Krish Ramesh- Wholetime Director at FMHL (with effect from October 1, 2009)
	Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited (with effect from January 10, 2011)
	Dr. Lakshminarayana Raju – Wholetime Director at LHPL
	Dr. Mohan Keshavamurthy – Wholetime Director at LHPL
	Mr. Venkatramana Raju (Relative of Dr. Lakshminarayana Raju)
	Dr. Seetha Beladevi (Relative of Dr. Mohan Keshavamurthy)
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	Super Religare Laboratories Limited
	Ranbaxy Laboratories Limited
	Fortis Nursing and Education Society
	Religare Securities Limited
	Religare Commodities Limited
	Religare Finvest Limited
	Religare Travels (India) Limited
	Religare Technova IT Services Limited
	Oscar Investments Limited
	Religare Enterprises Limited
	Malav Holdings Limited
	RMCRS Health Management Limited
	Aarushi Lithotripsy Private Limited
	Srinivasa Education Society
	R. M. Educational Trust
	R M Pharmacy
	Balaji School of Nursing
	Ranibennur College of Nursing
	Indira Priyadarshani School of Nursing
	RMCRS Shri Narasi Enterprises
	RHC Financial Services (Mauritius) Limited
	Religare Capital Market Limited
	Religare Capital Market Plc.

The disclosures in respect of Related Party Transactions are as under:

(₹ in lacs)

Transaction details	Year ended March 31, 2011	Year ended March 31, 2010
Transactions during the year		
Operating Income (In Patient Income, Out Patient Income, Income from Medical Services, Management Fees and Income from Rent)		
Medical and Surgical Centre Limited (Associate)	322.29	155.64
Sunrise Medicare Private Limited (Associate)	-	276.03

Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	192.77	-
Fortis Hospital Management Limited (Associate)**	75.45	-
Medsource Healthcare Private Limited (Fellow Subsidiary)	35.79	55.62
Others	138.69	86.57
Interest Income		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	1,624.77	-
Hiranandani Healthcare Private Limited (Associate)	348.60	486.76
Others	340.10	101.64
Interest Expense		
Fortis Healthcare Holdings Limited (Holding Company)	295.61	-
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	274.75	392.62
RHC Holding Private Limited (Ultimate holding company)***	18.05	93.88
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	458.25
Sale of Fixed Assets		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	100.88	-
Fortis Nursing and Educational Society	23.81	-
Loans/ Advances Given		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	97,500.00	-
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	16,000.00	-
Religare Housing Development Finance Company Limited (owned/significantly influenced by KMP/their relatives)	6,000.00	-
Hiranandani Healthcare Private Limited (Associate)	450.00	700.00
Others	1,178.00	2.43
Loans/ Advances Received Back		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	77,535.00	-
Hiranandani Healthcare Private Limited (Associate)	660.00	2,500.00
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	-	405.00
Others	5,098.92	1.75
Loans/Advances Taken		
RHC Holding Private Limited (Ultimate holding company)***	65.00	1,100.00
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	-	87,545.70
Fortis Healthcare Holdings Limited (Holding Company)	50,300.00	-
Loans/Advances Paid Back		
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	87,545.70	-
Fortis Healthcare Holdings Limited (Holding Company)	50,300.00	-
RHC Holding Private Limited (Ultimate holding company)***	-	2,335.00

Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	10,100.00
Others	81.74	-
Repair and Maintenance Expenses		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	32.77	61.10
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	6.62	-
Pathology Expenses		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	2,975.20	1,466.63
Travel and conveyance expenses		
Religare Travels India Limited (owned/significantly influenced by KMP/their relatives)	174.89	33.86
Religare Voyages Business Services Pvt Limited (Owned/significantly influenced by KMP/their relatives)	16.84	-
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	67.25	108.15
Purchase of Fixed Assets		
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	334.76	400.67
Fortis Health Staff Limited (Subsidiary)*****	-	22.08
Hiranandani Healthcare Private Limited (Associate)	8.49	-
Purchases of Medical Consumables and Pharmacy Items		
Religare Wellness Limited (Fellow Subsidiary)	-	24.24
Medsource Healthcare Private Limited (Fellow Subsidiary)	375.94	770.56
Managerial Remuneration		
Mr. Shivinder Mohan Singh (KMP)^	539.28	816.20
Mr. Sunil Kapoor (KMP)	10.60	13.80
Mr. Sanjeev Vashishta (KMP)	31.68	-
Dr. Ashok Chordiya (KMP)	44.82	23.13
Mr. Ashish Bhatia (KMP)	93.05	72.13
Dr. Ashok Seth (KMP)	329.80	333.30
Mr. Jasdeep Singh (KMP)	28.98	20.89
Mr. Surender Kumar (KMP)	36.72	18.09
Mr. Krish Ramesh (KMP)	53.85	50.31
Mr. Sukhmeet Singh Sandhu (KMP)	35.60	22.51
Dr. Anoop Misra (KMP)	32.69	-
Directors' Sitting Fees		
Mr. Malvinder Mohan Singh (KMP)	1.50	2.10
Legal and Professional Fees		
Religare Capital Market Plc. (Owned/significantly influenced by KMP/their relatives)	3,445.36	-
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	3,277.16	11,860.67
Others	40.78	50.58

Arrangement Fees on Term loans		
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	-	1,824.66
Upfront Fees paid on loans taken		
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	-	161.62
Subscription of share capital (including premium)		
Malvinder Mohan Singh (KMP)	3.91	2.81
Shivinder Mohan Singh (KMP)	3.91	2.81
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	81.86	58.85
Fortis Healthcare Holdings Limited (Holding Company)	133,719.23	96,138.01
RHC Holding Private Limited (Ultimate holding company)***	74.21	53.35
Issue of preference share capital (including premium)		
Fortis Healthcare Holdings Limited (Holding Company)	-	26,000.00
Redemption of Preference Share Capital (including premium)		
RHC Holding Private Limited (Ultimate holding company)***	-	3,452.86
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	4,927.25
Fortis Healthcare Holdings Limited (Holding Company)	-	27,438.39
Issuance of Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	-	96,000.00
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	29,000.00
Redemption of Non Convertible Debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)***	29,534.97	70,258.90
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	29,107.26
Issuance of Optional Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	-	1,000.00
Corporate guarantee withdrawn for loans taken		
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	-	981.94
Investment Made		
Fortis Malar Hospitals Limited (Associate)*	-	50.49
Hiranandani Healthcare Private Limited (Associate)	500.00	700.00
Fortis Medicare International Limited (Associate)	47.68	-
Investments Sold		
Fortis Healthcare Holdings Limited (Holding Company)	7.10	5.03
Personal Guarantee withdrawn for Loans Taken		
Dr. Lakshmi Narayan Raju (KMP), Dr. Seetha Beladevi (relative of KMP), Dr. Mohan Keshavmurthy (KMP)	-	1,114.04

Dr. Lakshmi Narayan Raju (KMP), Dr. Mohan Keshavmurthy (KMP)	-	153.24
License User Agreement fees		
RHC Holding Private Limited (Ultimate holding company)***	1.00	1.00

(₹ in lacs)

Balance outstanding at the year end	As at March 31, 2011	As at March 31, 2010
Loans / Advances Recoverable		
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	19,965.00	-
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	16,000.00	-
Hiranandani Healthcare Private Limited (Associate)	2,905.75	2,947.79
Others	1,924.91	405.43
Other Current Assets		
Hiranandani Healthcare Private Limited (Associate)	160.10	-
Religare Capital Market Limited (owned/significantly influenced by KMP/their relatives)	124.27	-
Religare Finvest Limited (owned/significantly influenced by KMP/their relatives)	38.33	-
Sundry Debtors		
Medical and Surgical Centre Limited (Associate)	233.49	80.32
Hiranandani Healthcare Private Limited (Associate)	73.60	39.00
Religare Wellness Limited (Fellow Subsidiary)	37.67	-
Fortis Nursing and Education Society (owned/significantly influenced by KMP/their relatives)	6.90	-
Sunrise Medicare Private Limited (Associate)	-	197.39
Unsecured Loan		
RHC Holding Private Limited (Ultimate holding company)***	165.00	100.00
Dr. Lakshmi Narayan Raju (KMP)	54.56	90.66
Dr. Mohan Keshavmurthy (KMP)	4.21	37.40
Dr. Seetha Beladevi (relative of KMP)	2.70	2.70
RHC Financial Services (Mauritius) Limited (owned/significantly influenced by KMP/their relatives)	-	87,545.70
Optionally Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	1,000.00	1,000.00
Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	-	26,000.00
Sundry Creditors		
Super Religare Laboratories Limited (owned/significantly influenced by KMP/their relatives)	452.37	34.61
Religare Technova IT Services Limited (owned/significantly influenced by KMP/their relatives)	66.70	92.98
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	-	1,824.66
Others	36.27	463.13

Investment		
Sunrise Medicare Private Limited (Associate)	0.31	440.04
Hiranandani Healthcare Private Limited (Associate)	2,040.00	1,540.00
Fortis Hospital Management Limited (Associate)	-	25.97
Medical and Surgical Centre Limited (Associate)	1,340.25	1,312.69
Fortis Medicare International Limited (Associate)	47.68	-
Parkways Holdings Limited (Associate)	-	33,094.24
Premium on redemption of Non Convertible Debentures		
RHC Holding Private Limited (Ultimate holding company)***	-	96.53
Oscar Investments Limited (owned/significantly influenced by KMP/their relatives)	-	233.01
Corporate Guarantee received for Loans Taken		
RHC Holding Private Limited (Ultimate holding company)***	-	750.00
Corporate Guarantee given for Loans Availed by Others		
Hiranandani Healthcare Private Limited (Associate)	6,000.00	6,000.00

*As an Associate till September 30, 2009, and Subsidiary thereafter

** As an Associate till March 26, 2011, fellow subsidiary thereafter

*** Entity owned/ significantly influenced by KMP/ their relatives, Ultimate holding company thereafter

**** Subsidiary till March 4, 2011, fellow subsidiary thereafter

***** Fellow subsidiary upto March 17, 2011, subsidiary thereafter

^ Amount for the year ended March 31, 2010 includes Rs. 637.80 lacs provided at the year end which is subject to Central Government approval

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

4. (a) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are cancelable or non- cancelable in nature and the total lease payments in respect of such leases recognised in the profit and loss account for the year are ₹ 3,443.97 lacs (Previous Year ₹ 2,867.61 lacs) and capitalized during the year ₹ 429.59 lacs (Previous Year ₹ Nil). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum lease payments :		
Not later than one year	**2,357.86**	2,333.03
Later than one year but not later than five years	**9,145.50**	9,192.35
Later than five years	**6,630.00**	8,550.00

(b) Assets given on Operating Lease

(i) The Fortis Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are further renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease

arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are ₹ 349.84 lacs (Previous Year ₹ 167.41 lacs).

A subsidiary of the Company (IHL) has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the company. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year is ₹ 252.37 lacs (Previous Year ₹ 190.27 lacs).

(ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its associate. The lease term is for 3 years and thereafter renewable at the option of the Company. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹in lacs)

Particulars	As at March 31, 2011			As at March 31, 2010		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	3.46	2.40	1.06	3.46	2.07	1.39
Plant & Machinery	96.66	47.19	49.47	96.66	37.21	59.45
Medical Equipments	3,486.15	1,226.33	2,259.81	2,650.07	721.50	1,928.57
Furniture & Fittings	154.75	85.10	69.65	154.75	78.39	76.36
Computers	116.34	88.88	27.46	116.34	71.57	44.77
Office Equipments	27.38	6.48	20.90	27.38	5.22	22.16
Vehicles	37.25	18.24	19.01	37.25	14.03	23.22
Total	**3,921.99**	**1,474.62**	**2,447.36**	**3,085.91**	**929.99**	**2,155.92**

The total lease payments received in respect of such leases recognized in the profit and loss account for the year are ₹ 749.31 lacs (Previous Year ₹ 702.77 lacs).

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

(₹in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum Lease Payments receivable-		
Not later than one year	**865.73**	725.71
Later than one year but not later than five years	**216.43**	907.13

5. Secured Loans

(₹in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
A) Term Loans from Banks secured by :-		
-first charge by way of hypothecation of assets financed.	**43.21**	58.99
-first equitable mortgage charge on land, building and immoveable fixed assets of Escorts Hospital and Research Centre Limited (EHRCL), a	**8,750.00**	19,500.00

subsidiary of the Company.		
-first and exclusive hypothecation/ mortgage charge on the existing and future moveable and immoveable fixed assets of International Hospital Limited (IHL), a subsidiary of the Company.	**1,528.99**	2,608.99
-pari passu first charge on current assets, moveable and immoveable fixed assets of FHTL, situated at Shalimar Bagh including deposit of original title deeds of land at Shalimar Bagh with an intent to create mortgage and pledge of 30% shares of FHTL held by the Company. The loan is further secured by extension of equitable charge on hospital property at Noida belonging to IHL.	**1,200.00**	1,200.00
-first charge on moveable and immoveable fixed assets and current assets of Escorts Heart and Super Speciality Institute Limited (EHSSIL), a subsidiary of the Company.	**-**	543.75
-subservient charge on fixed assets and current assets of IHL	**-**	10,000.00
-exclusive charge on all fixed assets and current assets both present and future of Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company.	**800.60**	1,305.06
-exclusive charge on current assets and fixed assets (moveable and immoveable) of LHPL.	**1,500.00**	1,500.00
-first pari passu charge on the moveable fixed assets of certain owned hospitals and leased hospitals and equitable mortgage of those owned hospitals, of Fortis Hospitals Limited (FHsL), a subsidiary of the Company.	**19,047.62**	15,000.00
-first pari passu charge on the assets (tangible and intangible, moveable and immoveable) acquired out of acquisition by FHsL.	**20,000.00**	20,000.00
-first charge over land and buildings, moveable fixed assets by way of equitable mortgage of FHsL.	**-**	5,000.00
-pledge of 269,499,996 Ordinary Shares of Parkways Holdings Limited held by Fortis Global Healthcare (Mauritius) Limited (FGHML), a subsidiary of the Company.	**-**	104,268.14
-pledge of fixed deposit of ₹ 120,000.00 lacs by IHL.	**-**	112,237.55
Total	**52,870.42**	293,222.48
B) Bank overdraft secured by :-		
-exclusive charge on current assets and second pari passu charge on the fixed assets of IHL.	**-**	349.51
-exclusive charge on all fixed assets and current assets both present and future of FMHL.	**105.25**	147.20
-exclusive charge on current assets and fixed assets (moveable and immoveable) of LHPL.	**150.91**	84.28
-first exclusive charge by way of Hypothecation of the FHsL's entire stock, consumable stores and spares and such other movables including book debts, receivables both present and future.	**409.31**	-
- first equitable mortgage charge on land, building and immoveable fixed assets of Escorts Hospital and Research Centre Limited (EHRCL), a subsidiary of the Company.	**1,378.59**	-
Total	**2,044.06**	580.99
C) Buyers credit from bank secured by exclusive charge over the current assets and second pari passu charge over the fixed assets of the EHSSHL.	**-**	72.14
D) Loans for Vehicles secured by hypothecation of respective vehicles.	**55.16**	**-**
E) Term Loan from a Body Corporate secured by:-		
-first charge by way of hypothecation of assets financed.	**921.18**	2,230.00

-subservient charge on present and future fixed assets of the Company.	**-**	4,285.71
-pari passu charge on moveable property, cash flow, receivable and book debts of FHTL.	**5,000.00**	4,000.00
-way of mortgage, hypothecation and charge of the movable and immovable properties including all intangible properties by deposit of lease deed of S-549, Greater Kailash-II, New Delhi-110048 of the Greater Kailash Hospital of EHSSHL.	**560.84**	-
Total	**6,482.02**	10,515.71

6. Capital Commitments

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 1,327.83 lacs (Previous Year ₹ 1,567.38 lacs))	**7,494.34**	11,741.44

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

(₹ In lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients/ their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on the analysis of in house legal team, the management believes that the Fortis Group has a good chance of success in these cases. Hence, no provision thereagainst is considered necessary.	2,460.85	3,220.50
Bank Guarantee executed in favour of National Stock Exchange by the Company towards listing of the shares of the Company with the exchange.	-	700.00
Premium for Redemption premium of US$ 100 Million 5% foreign currency convertible bonds due 2015	244.58	-
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending, as further explained in detail in note 9 below. The amounts are without considering the demand of ₹ 10,101.10 lacs (Previous Year ₹ 10,101.10 lacs) raised twice in respect of certain years and after adjusting ₹ 13,364.86 lacs (Previous Year ₹ 13,282.40 lacs) for which the company has a legal right to claim from erstwhile promoters. This further excludes demands aggregating to ₹ 828.42 lacs (Previous Year ₹ 828.42 lacs), relating to AY 2003-04 and 2004-05, ₹ 587.03 lacs (Previous Year ₹ 587.03 lacs), relating to AY 2005-06 and 2006-07, which have been allowed by Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal in favour of the company, but the Income Tax Department has filed an appeal before Hon'ble High Court of Delhi against such orders.	10,131.94	9,823.57
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 10 below).	770.27	770.27
In respect of a subsidiary (FHsL), Customs duty on import of medical equipments	-	166.49
Corporate guarantee given to banks in respect of financial assistance availed by an associate of the Company:-		
- IDBI Bank	4,500.00	4,500.00

- Royal Bank of Scotland	1,500.00	1,500.00
Others	12.53	17.86

8.(a) A Civil suit ('Civil Suit') had been filed for declaration and permanent injunction against a subsidiary of the Company (EHIRCL) in the Hon'ble High Court of Delhi seeking amongst others:

(a) declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh), a society registered under Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a company under Part IX of Companies Act, 1956 (i.e. EHIRCL) is void,

(b) seeking a restoration of charitable status of EHIRC Delhi Society.

The Hon'ble High Court of Delhi, vide its order dated September 30, 2005, had ordered the parties to maintain status quo and thereafter on July 3, 2008 dismissed the suit for want of cause of action and procedural grounds. On a regular first appeal preferred by the appellant, the Division Bench of Hon'ble High Court of Delhi, vide its order dated January 16, 2009, has allowed the appeal and restored the suit.

The appellant further amended the appeal seeking to declare the share purchase agreement between Escorts Limited and the Company and the initial public offering of the Company to be void.

Subsequently during the year, the appellant withdrew the aforesaid suit against the defendants and the Hon'ble High Court of Delhi; vide its decision dated October 29, 2010, permitted the appellant to unconditionally withdraw the suit and pending application. Accordingly, the aforesaid suit stands dismissed as withdrawn.

(b) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is still pending with the Hon'ble High Court of Delhi.

(c) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the company for resuming the proceedings under the said Act. The company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

(d) The Delhi High Court in March 2004, amongst other hospitals, made EHIRCL a party to Public Interest Litigation ('PIL') filed in July 2002 (Social Jurist matter), concerning the applicability of certain free bed conditions on certain plots of land allotted to the EHIRCL by DDA. Subsequent to the judgement by the Hon'ble High Court on March 22, 2007, a separate Special Leave petition ('SLP') and applications for condonation of delay had been filed by EHIRC on November 28, 2007 against the Social Jurist judgement. In the hearing on January 4, 2008, the Hon'ble Supreme Court had issued a notice and directed the stay. The proceedings are pending with the court of law.

9. Income Tax Matters

(a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Deputy Commissioner of Income Tax, Delhi has completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of ₹ 10,101.11 lacs (including interest of ₹ 5,511.11 lacs). The Deputy Commissioner of Income Tax had 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 ₹ 12,437.00 lacs (including interest of ₹ 6,946.00 lacs). The company is of the view that the demand raised for the assessment year 2001-02 includes duplication on account of demands raised in the assessment years 1997-98 to 2000-01 and, further, the events taking place in the year 2000 cannot relate back to earlier years.

The company challenged the reopening of assessment for the assessment year 1997-98 before the Hon'ble High Court of Delhi in a Writ Petition filed on July 27, 2005. The Hon'ble Court in its interim order dated September 20, 2005 had directed the Assessing Officer to complete the assessments for all these years and had also directed that the operation of the assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till the matter is heard and decided by the Court. The company had filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

(b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRCL for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs and interest thereon amounting to ₹ 2,915.80 lacs by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. The company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. During the year, the Assistant Commissioner of Income Tax, Delhi has completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (including interest of ₹ 5,465.27 lacs). The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer, which is pending disposal.

Pursuant to the share purchase agreement, where company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 6,499.00 lacs, for which necessary funds have been deposited in an escrow account. Interest of ₹ 2,095.08 lacs upto March 31, 2011 has accrued in the escrow account and available for aforesaid set off. In the event these demands exceed this amount, one third of such excess would be borne by the said erstwhile promoters and the rest by the company, if any.

(c) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment years 2003-04 and 2004-05 whereby the assessing officer had raised demands of ₹ 424.20 lacs (including interest of ₹ 54.20 lacs) and ₹ 404.22 lacs (including interest of ₹ 97.55 lacs) by disallowing the claim of keyman insurance premium and holding

software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143 (3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ₹ 22.77 lacs (including interest of ₹ 3.95 lacs) has been raised on to the company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

(d) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of ₹ 282.03 lacs (including interest of ₹ 56.80 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

(e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the assessing officer had raised a demand of ₹ 305.00 lacs (including interest of ₹ 35.05 lacs) on the company by disallowing the claim of keyman insurance premium. The company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which is pending disposal.

(f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of ₹ 96.90 lacs (including interest of ₹ 0.75 lacs) on the company by disallowing the claim of keyman insurance premium and software development charges. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending for disposal.

(g) The Deputy Commissioner of Income Tax has passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, whereby the assessing officer has raised demands of ₹ 16.74 lacs and ₹ 0.37 lacs respectively on account of non deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Healthworld Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors. The company has filed an appeal with the Commissioner of Income Tax (Appeals), Jaipur against the order of the assessing officer. Appeal in respect of assessment years 2008-09 has been decided vide order dated January 4, 2011 thereby giving partial relief of the Company and it has been brought down to ₹ 11.38 lacs as against ₹ 16.74 lacs.

The Company has been filed an appeal before the Income Tax Appellate Tribunal, Jaipur against the order of Commissioner of Income Tax (Appeals) which is pending disposal. Appeal in respect of assessment years 2009-10, is pending disposal.

In view of the management, the eventual outcome of the above matters cannot presently be estimated.

10. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ₹ 770.27 lacs (including ₹ 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. The company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs under protest. The matter is pending for decision with the Tribunal.

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the company, the management believes that the company has a good chance of success in the case and hence, no provision there against is considered necessary.

11. The Assistant Collector of Customs had issued an assessment order in earlier year on a subsidiary of the Company (EHIRCL), raising a demand of ₹ 330.39 lacs holding EHIRCL to be a commercial establishment in relation to the import of medical equipments, spares and consumables. The company had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. The company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked the company to deposit a sum of ₹ 150.00 lacs with the customs authority. The company had deposited the amount with the customs authority and had also made a provision of ₹ 330.39 lacs in the books of accounts. The matter is still pending with the Tribunal.

12. The Company had procured 76 Ambulances under the Public private partnership ('PPP') agreement on behalf of the Principal Secretary, Department of Health and Family Welfare, Government of Delhi. After inspection of the ambulances, the Government of Delhi raised the issues relating to the quality of the ambulances and refused to accept the ambulances. The matter went into Meditation process and the matter was unresolved in meditation. With the mutual consent of the Company and the Government of Delhi, an application was made to Hon'ble High Court of Delhi for the nomination of the Arbitrator in the case. The application is still pending with the Hon'able High Court of Delhi. The management is hopeful of recovering the amount incurred on behalf of the Delhi Government; therefore, no provision has been made so far.

13. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) in the previous year and 1,302,250 options (Grant IV) were granted during the current year. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year is ₹ 155.87. As at March 31, 2011, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07
Number of options	458,500	33,500	763,700	1,302,250

granted				
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20

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

Particulars	March 31, 2011		March 31, 2010	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**918,660**	**75.05**	380,500	69.34
Granted during the year	**1,302,250**	**158.00**	763,700	77.00
Forfeited during the year	**140,900**	**85.55**	215,400	72.09
Exercised during the year	**67,880**	**73.51**	10,140	71.00
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**2,012,130**	**128.05**	918,660	75.05
Exercisable at the end of the year	**218,360**	**73.30**	113,160	70.78
Weighted average remaining contractual life (in years)	**8.93**	**-**	8.87	-
Weighted average fair value of options granted (in ₹)	**50.01**	**-**	35.19	-

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

Particulars	March 31, 2011	March 31, 2010
Range of exercise prices	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 77.00
Number of options outstanding	**2,012,130**	918,660
Weighted average remaining contractual life of options (in years)	**8.93**	8.87
Weighted average exercise price (in ₹)	**128.05**	75.05

Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ 58.30 (Previous Year ₹ 39.04). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2011	March 31, 2010
Exercise Price	**₹ 50.00 to ₹ 158.00**	₹ 50.00 to ₹ 77.00
Expected Volatility	**32.89% to 34%**	34%
Life of the options granted (Vesting and exercise period) in years	**6.5 years**	6.5 years
Expected dividends	**-**	-
Average risk-free interest rate	**7.50% to 8.70%**	7.50% to 8.70%
Expected dividend rate	**-**	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	March 31, 2011	March 31, 2010
Profit as reported	**12,436.39**	6,948.15
Add: Employee stock compensation under intrinsic value method	**-**	-
Less: Employee stock compensation under fair value method	**(125.71)**	(51.68)
Proforma profit	**12,310.69**	6,896.47
Earnings Per Share (In ₹)		
Basic		
- As reported	**3.23**	2.62
- Pro forma	**3.20**	2.60
Diluted		
- As reported	**3.23**	2.61
- Pro forma	**3.20**	2.59

The fair value of total option outstanding at the year end is ₹ 1,006.26 lacs (Previous Year ₹ 323.26 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹ 125.71 lacs (Previous Year ₹ 51.68 lacs).

14. a) A subsidiary of the Company, Fortis Health Management Limited ('FHML'), has incurred losses of ₹ 24.37 lacs during the current year and has accumulated losses of ₹ 82.37 lacs as at March 31, 2011, which has resulted in complete erosion of FHML's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHML have been prepared on a going concern basis.

b) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ₹ 139.19 lacs during the current year and has accumulated losses of ₹ 1,018.39 lacs as at March 31, 2011, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.

c) A subsidiary of the Company Fortis Emergency Services Limited ('FESL'), has incurred losses of ₹ 594.17 lacs during the current year and has accumulated losses of ₹ 853.68 lacs as at March 31, 2011, which has resulted in complete erosion of FESL's net worth. In view of the fact that current year is the second year of incorporation of FESL and the commitment of continued financial support by the shareholders, the accounts of FESL have been prepared on a going concern basis.

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

The Group has a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The Group also provides leave encashment benefit to its employees, which is unfunded.

The following table summaries the components of net employee benefit expenses recognised in the consolidated profit and loss account :

(₹ in lacs)

Particulars	Gratuity (Unfunded) 2010-2011	Gratuity (Funded) 2010-2011	Gratuity (Unfunded) 2009-2010	Gratuity (Funded) 2009-2010
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)				
Current Service cost	250.09	25.32	182.70	21.15
Interest Cost on benefit obligation	121.59	12.90	64.13	12.83
Expected return on plan assets	-	(14.24)	-	(11.85)
Actuarial loss/(gain) recognised during the year	96.92	33.51	19.94	(4.48)
Past Service Cost	-	-	-	-
Net benefit expense	468.60	57.49	266.77	17.65
Actual return on plan assets	-	14.52	-	12.71
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	1,529.04	210.96	1,168.50	183.48
Fair value of plan assets	-	181.91	-	146.52
Surplus/(deficit) of funds	(1,529.04)	(29.05)	(1,168.50)	(36.96)
Net asset/ (liability)	(1,529.04)	(29.05)	(1,168.50)	(36.96)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	1,168.50	183.48	794.98	117.93
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries*	7.08	-	193.33	68.19
Current Service cost	250.09	25.32	182.70	21.15
Interest Cost on benefit obligation	121.59	12.90	64.13	12.83
Benefits paid	(119.05)	(44.53)	(86.58)	(33.00)
Actuarial (loss)/ gain recognised during the year	96.92	33.79	19.94	(3.62)
Closing defined benefit obligation	1,525.13	210.96	1,168.50	183.48
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	-	146.52	-	109.96
Assets assumed on acquisition of Subsidiary*	-	-	-	13.29
Expected return	-	14.24	-	11.85
Contributions by employer	-	65.40	-	43.56
Benefits paid	-	(44.53)	-	(33.00)
Actuarial gains / (losses)	-	0.28	-	0.86
Closing fair value of plan assets	-	181.91	-	146.52
Experience loss adjustment on plan assets/ liabilities	(103.67)	(33.51)	(38.13)	1.28

*Refer note C (1) (f) above

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

In case of FHL, FHTL, IHL, EHSSHL and LHPL

	2010-11	2009-10
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%
From 31 to 44 years	6%	6%
Above 44 years	2%	2%

In case of EHIRCL and EHSSIL

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

In case of EHRCL

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	9.25%
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

In case of FHML

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

In case of FMHL

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	8.50%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%

From 31 to 44 years	6%	6%
Above 44 years	2%	2%

In case of FHsL

Discount rate	8.10%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	10% for first 4 years & 8% thereafter	10% for first 5 years & 8% thereafter
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	10%
From 31 to 44 years	5%	5%
Above 44 years	3%	3%
Experience loss adjustments on plan liabilities	2%	2%

In case of FESL

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	5.00%	5.00%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Age from 20 - 30 years	12.50%	12.50%
Age from 31 - 58 years	15.00%	15.00%

Notes:

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

2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.

16. a) The Company and few of its subsidiaries have entered into 'Operation and Management' agreements with entities which are into hospital operations, in terms of which, they are responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

b) A subsidiary of the Company (EHCL) has entered into an operating and profit sharing agreement with a hospital to operate cardiac care facility at Gurgaon. As per the arrangement, the Company has considered amounts of ₹218.64 lacs (Previous Year ₹157.81 lacs) as expenditure in its books of accounts based on debit notes received from the hospital and has paid / accrued ₹68.97 lacs (Previous Year ₹86.39 lacs) as profit share to that hospital.

c) During the year a subsidiary of the Company ('IHL') has entered into 'Operation and Management' agreement with a registered trust, which is into Hospital Operation, in terms of which, the IHL has rights to control, operate, run and manage the Hospital and ancillary facilities. In consideration of the operation and management services and obligations assumed by the Trust,

the IHL will pay facility fees as per the terms of the agreement.

17. The Company raised ₹ 49,676.15 lacs and ₹ 99,711. 60 lacs from the Initial Public Offer (IPO) in April 2007 and Rights Issue in October 2009 respectively. The status of fund utilization out of Public Offer proceeds as at the end of March 31, 2011 is as follows:

(₹in lacs)

S No.	Expenditure Program	Amount expended till March 31, 2011 out of		Amount expended till March 31, 2010 out of	
		IPO Proceeds	Rights Issue Proceeds	IPO Proceeds	Rights Issue Proceeds
1	Construction and development of the planned hospital to be located at Shalimar Bagh, New Delhi by one of its subsidiaries	11,166.09	-	10,593.00	-
2	Refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Centre Limited	35,231.15	-	35,231.15	-
3	IPO Issue Expenses	3,278.91	-	3,278.91	-
4	Investment in wholly owned subsidiary (Fortis Hospotel Limited) to finance the construction and development of a greenfield hospital project in Gurgaon, Haryana	-	20,000.00	-	20,000.00
5	Acquisitions and other strategic initiatives	-	20,000.00	-	20,000.00
6	Redemption of Preference Shares (Class C), along with the premium on such redemption	-	26,000.00	-	26,000.00
7	Repayment and prepayment of existing short term loans of the Company	-	17,099.90	-	17,099.90
8	General corporate purpose	-	15,311.70	-	15,000.00
9	Rights Issue expenses	-	1,300.00	-	1,265.18
	Total	**49,676.15**	**99,711.60**	**49,103.06**	**99,365.08**

The Company has utilized entire money raised through Initial Public Offer and Rights Issue.

18. During the previous year the Company has redeemed 8,304,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each, to the extent of balance of ₹9 each at a premium of ₹ 98.50 per share. The redemption premium of ₹ 8,179.44 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

19. During the previous year, the Company has fully redeemed 150,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 11,931.78 per share. The redemption premium of ₹ 17,897.67 lacs on these shares has been adjusted against the liability for premium on redemption of Redeemable Preference Shares and the Securities Premium.

20. During the previous year, the Company has issued 260,000, Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 9,990 per share, which have been redeemed at a premium of ₹ 10,291.37 per share. The total redemption premium of ₹ 26,757.26 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

21. During the previous year, the Company has issued 260, Zero Percent Unsecured Non- Convertible Debentures of ₹ 10,000,000 each. These debentures are to be redeemed at various dates between November

25, 2010 to November 25, 2014 at an aggregate premium of ₹ 14,879.14 lacs.

During the year Company has redeemed all of the above Zero Percent Unsecured Non- Convertible Debentures at a premium of ₹ 13.60 lacs per debenture. The total redemption premium of ₹ 3,534.97 lacs have been adjusted against the liability for the premium on redemption of Non Convertible Debenture and the Securities Premium.

During the previous year, a subsidiary of the Company (IHL) has issued 990, Zero Percent Unsecured Non- Convertible Debentures of ₹ 10,000,000 each which have been redeemed at a premium of ₹ 36,986 per debenture. The total redemption premium of ₹ 366.16 lacs has been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

22. During the previous year, a subsidiary of the Company (FESL) has issued 1,000,000, Zero Percent Optionally Convertible Debentures of ₹ 100 each as per following terms and conditions:-

a) The Debentures (until redeemed or until option for conversion into Equity Shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into Equity Shares before the expiry of five years from the date of allotment, FESL shall pay simple interest @ 8% p.a. from the date of allotment till the date of redemption.

b) The Debenture holder will have an option to seek conversion of each fully paid Debenture into 10 fully paid Equity Shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5^{th} year from the date of allotment.

c) Each Debenture outstanding at the end of 5^{th} year from the date of allotment will be redeemed in four equal semi annual installment of ₹ 25 each beginning from the end of 5^{th} year, from the date of allotment.

23. On October 27, 2009, pursuant to the Letter of offer ('LOF') dated September 22, 2009 the Company allotted on Rights Basis 90,646,936 Equity Shares of ₹ 10 each at a premium of ₹ 100 per Equity Share aggregating to ₹ 99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder was entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued could be freely and separately traded until they are tendered for exercise. As per the LOF, the warrant exercise period was between six months to eighteen months from the date of allotment of the Equity Shares.

The Warrant Exercise Price for the Detachable Warrants was the average of (i) average of the weekly closing prices of the Equity Shares on the NSE in the 26 weeks immediately preceding the date fixed by the Company for the determination of the Warrant Exercise Price of the Detachable Warrants (the "Relevant Date") and (ii) average of the weekly closing prices of the Equity Shares on the NSE in the two weeks immediately preceding the Relevant Date.

During the current year, the Company has, in terms of the LOF, issued 87,711,986 equity shares of ₹ 10 each, against conversion of detachable warrants to the entitled warrant holders, at an exercise price of ₹153 per detachable warrant, aggregating to ₹ 134,199.34 lacs.

24. During the current year, the Company has issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10.00 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in

certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the Closing Price of the Shares on each Trading Day with respect to the Shares for a period of at least 30 consecutive such Trading Days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain Early Redemption Amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2011 amounting to ₹ 244.58 lacs (Previous Year ₹ Nil). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2011 considered for restatement of the Bonds at the year end was ₹ 44.5872= US Dollar 1.

The Company has incurred expenses aggregating to ₹ 1,223.09 lacs (including ₹ 25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same have been adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

25. During the previous year, the Company through its wholly owned subsidiary, Fortis Hospitals Limited, has acquired 10 Hospitals (including 2 under construction) ("Business Division") and Kanishka Housing Development Company Limited ('KHDCL') from Wockhardt Hospitals Limited vide Business Transfer Agreement executed on August 24, 2009, such acquisition being effected on December 17, 2009 on a going concern basis. The purchase consideration paid for the acquisition of the above Business Division and KHDCL amounted to ₹ 88,948.24 lacs.

The goodwill arising out of such acquisition has been determined as follows:

	Description	₹ in lacs	₹ in lacs
I A	Purchase consideration paid*		88,948.24
IB	Acquisition and other related costs		4,574.09
I	**Total purchase consideration and acquisition related costs**		**93,522.33**
II	**Assets acquired:**		
A)	Fixed assets		**37,690.68**
B)	Intangible assets		**6,687.11**
C)	Investment in subsidiary (relate to net asset value as on the date of acquisition)		**5,928.31**
D)	Net current liabilities		
a)	Current assets** #	5,766.48	
b)	Current liabilities	(7,012.81	**(1,246.33**

		)	)
	Total assets acquired (net) (A+B+C+D)		**49,059.77**
III	**Goodwill (I – II)**		**44,462.56**
IV	**Less : Goodwill transferred on sale of undertaking during the year**		**4.51**
V	**Balance goodwill**		**44,467.07**

*The total amount of purchase consideration paid includes amount paid to the Wockhardt Limited, the subsidiaries and other companies related to Wockhardt Limited, banks and financial institutions to extinguish the liability of the Wockhardt Limited's Hospital Business Division.

Out of the purchase consideration, an amount of ₹ 1,500.00 lacs is deposited in an escrow account with a Scheduled bank, for any future contingencies and for any rightful legal claim. As this is not the company's account, the escrow account is not disclosed in the financial statements.

**Included in the current assets under loans and advances, an estimated amount of ₹ 282.00 lacs, which is 50% share of provision for doubtful debts recoverable from Wockhardt Hospitals Limited.

During the year Company has recorded Rental Security Deposits of ₹ 161.64 lacs by adjusting opening oodwill on acquisitions as on April 1, 2010, as same were in existence from the date of acquisition.

26. Merger of Hospital Operation ('HO') division of Sunrise Medicare Private Limited ('SMPL') with Escorts Heart and Super Speciality Hospital Limited ('EHSSHL'):

(a) In terms of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by order dated April 4, 2011 of the Hon'ble High Court of New Delhi which became effective, on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies of the concerned state, on April 1, 2010 following became effective:

(i) SMPL was demerged into HO division and Consultancy Division,

(ii) Hospital Division of SMPL is merged with EHSSHL from April 1, 2010 being the appointment date, as per the order of Hon'ble High Court. The Scheme has, accordingly, been given effect to in these financial statements.

(b) The operations of SMPL include owning and operating a Hospital business comprising of a 45 bedded hospital in New Delhi and business of rendering consultancy services for Setting up hospitals and healthcare ventures.

(c) In accordance with the Scheme:

The HO division is demerged and transferred to and vested in the EHSSHL, with effect from the appointed date. Accordingly, the EHSSHL has recorded all assets and liabilities, including provisions, of the HO division of SMPL transferred to and vested in the EHSSHL pursuant to this Scheme, at the respective book values thereof as appearing in the books of account of SMPL at the close of business of the day immediately preceding the appointed date based on special purpose audited balance sheet of the HO division of SMPL.

EHSSHL allotted 4,455,166 0.01% Preference Shares at ₹ 79 each including premium of ₹ 69 each to the shareholders of SMPL, on May 16, 2011 as a consideration for net assets acquired. Since such allotment was made after the year-end, the equivalent amount of ₹ 445.52 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 3,074.06 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus in the financial statements of EHSSHL.

In the consolidated financial statement the amount equivalent to ₹ 306.25 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 2,113.11 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus, being the share of external shareholders of SMPL.

The Company has been allotted 1,392,520 Preference Shares of ₹ 79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. The Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.

As per the Scheme, the difference between the book value of net assets and purchase consideration, has been adjusted first against Revaluation Reserve Account, then to Capital Reserve Account and then to Securities Premium Account and the remaining balance was to be transferred to Profit and Loss Account in the books of the EHSSHL. The adjustment has been done as follows:

(₹ in lacs)

Purchase Consideration Paid	
4,455,166, 0.01% Preference Shares of ₹ 10 each	445.52
Securities Premium for ₹ 69 each on above shares	3,074.06
Total Purchase Consideration (A)	**3,519.58**
Less: Net Assets of HO division of SMPL Acquired	
Inventories	18.85
Sundry Debtors	95.39
Cash and Bank Balances	24.76
Fixed Assets	984.44
Loans and Advances	72.89
Total Assets (B)	**1,196.33**
Liabilities Assumed	
Secured Loans	733.36
Unsecured Loans	433.14
Current Liabilities	600.62
Provisions	14.11
Total Liabilities (C)	**1,781.23**
Net Assets Acquired (D) = (B-C)	**(584.90)**
Balance to be recognised (E) = (A-D)	**4,104.48**
Adjustment in the books of the EHSSHL:	
Revaluation Reserve	2,019.84
Capital Reserve	567.79
Securities Premium	1,516.85
Total	**4,104.48**

(d) The authorized share capital of SMPL amounting to ₹ 1,498.93 lacs stand transferred to the EHSSHL and be treated as part of the authorized share capital of the EHSSHL, without any obligation to pay any further filing fee or other charges.

27. During the previous year, on March 19, 2010, Fortis Group acquired 23.84% stake in Parkway Holdings Limited ('PHL') through Fortis Global Healthcare (Mauritius) Limited, a wholly owned subsidiary, which has since been increased to 24.69% at the year-end. For the purposes of the consolidation of financial statements, the financial statements of PHL have been consolidated using equity method of accounting with a three-month time lag to that of the Company.

During the current year through purchase in open market the Company has increased its stake to 24.88%. Company has sold its entire stake in PHL to Integrated Healthcare Holdings Limited at the price of SG$ 3.95 per share on August 20, 2010. Considering the investment in PHL as temporary the financial results of PHL has not been consolidated into Consolidated Financial Statement of the Fortis Group.

28. During the year, on March 4, 2011, pursuant to the Shareholders agreement between Fortis Healthcare Holdings Limited, Escorts Heart Institute & Research Centre Limited and Escorts Heart Centre Limited, EHIRCL has sold its entire stake in EHCL to FHHL.

29. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 103.12 lacs arising on the acquisition of a subsidiary (FHTL) of the Company.

30. Particulars of Unhedged Foreign Currency Exposure:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Import Creditors	**278.20**	128.83
Deposits with bank	**2,006.42**	-
Foreign Currency Loans		
- Loans taken	**46,546.74**	303,875.82
- Loans given	**42,429.33**	-

31. Subsequent to year end, with a view to streamline and focus on Group's resources and energies on the divisions and undertakings pertaining to provision of hospital infrastructure, out patient consultation services, daycare services, radiology, imaging, diagnostic services and as a matter of strategic business opportunity, Company has decided to sell and transfer the business undertaking of some of its subsidiaries comprising of-

a) hospital Operation & Management;

b) In-patient healthcare services; and

c) emergency healthcare services

on a going concern basis by way of a slump sale in favor of any of its Subsidiary Company/its Affiliates/Group Company/Companies under the same management/ other body corporate. Since Company is still in the process of finalising agreement, no impact is being considered in the financial statement.

32. Subsequent Events

a) Subsequent to March 31, 2011, the Company has acquired remaining 10% stake in Escorts Heart Institute and Research Centre Limited ('EHIRCL') on April 27, 2011, for ₹ 13,000 lacs from Fortis Healthcare Holdings Limited, resulting in EHIRCL becoming wholly owned subsidiary of the Company.

b) Subsequent to the March 31, 2011, the Company has acquired 74.59% stake in Super Religare Laboratories Limited ('SRL') on May 12, 2011, for ₹ 80,368.53 lacs, resulting, SRL becoming subsidiary of the Company.

c) Subsequent to March 31, 2011, Fortis Hospitals Limited has incorporated three wholly owned subsidiaries Fortis Health Management (East) Limited, Fortis Health Management (West) Limited, Fortis Health Management (South) Limited.

d) Subsequent to March 31, 2011, Escorts Heart Institute and Research Centre Limited has incorporated a wholly owned subsidiary Fortis Health Management (North) Limited.

33. Previous Year Comparatives

Previous year figures have been regrouped wherever necessary to confirm to current year's classification. Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in line with the Company's financial statements.

As per our report of even date attached

As per our report of even date

For S.R. Batliboi & Co.
Firm registration number: 301003E

Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

For and on behalf of the Board of Directors of
Fortis Healthcare (India) Limited (formerly known as Fortis Healthcare Limited)

Shivinder Mohan Singh
Managing Director

Gurcharan Das
Director

Ruchi Mahajan
Company Secretary

Yogesh Sareen
Chief Financial Officer

Place : Gurgaon
Date: May 27, 2011

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Red Herring Prospectus contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Mr. Malvinder Mohan Singh	
Mr. Shivinder Mohan Singh	
Dr. Brian William Tempest	
Mr. Sunil Naraindas Godhwani	
Mr. Balinder Singh Dhillon	
Mr. Harpal Singh	
Ms. Joji Sekhon Gill	
Mr. Gurcharan Das	
Dr. Preetinder Singh Joshi	
Lt. Gen. Tejinder Singh Shergill	
Mr. Pradeep Ratilal Raniga	

Date: May 6, 2013
Place: Delhi

_____
Sandeep Puri
Chief Financial Officer

Registered Office of the Company

Fortis Healthcare Limited
Escorts Heart Institute and Research Centre
Okhla Road, New Delhi 110 025

Statutory Auditor to the Company

S.R. Batliboi & Co. LLP
Golf View Corporate Tower B, Sector 42, Sector Road
Gurgaon 122 002, Haryana

Book Running Lead Managers

Standard Chartered Securities (India) Limited
1st Floor, Standard Chartered Tower , 201B/1
Western Express Highway, Goregaon (East)
Mumbai 400 063

J. P. Morgan India Private Limited
J. P. Morgan Tower, Kalina
Off C. S. T. Road, Santacruz (East)
Mumbai 400 098

Religare Capital Markets Limited
901, 9th floor, Tower- 1, Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone Road
Mumbai 400 013

Registrar to the Issue

Link Intime India Private Limited
C 13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai 400 078

Public Issue Account Bank

HDFC Bank Limited
FIG-OPS Department, Lodha I, Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai 400 042

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