LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **Malar Hospitals Limited**. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your equity shares in Malar Hospitals Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

International Hospital Limited *Registered Office:* Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025 (Tel: (+ 91) 11 2682 5000, Fax: (+ 91) 11 4162 8435) (hereinafter referred to as "IHL") and	**Oscar Investments Limited** *Registered Office:* 55, Hanuman Road, Connaught Place, New Delhi 110 001 (Tel: (+ 91) 11 2334 6875, Fax: (+ 91) 11 2334 6876) (hereinafter referred to as "OIL")
(both hereinafter collectively referred to as the "Acquirers" and individually referred to as the "Acquirer") and	
Fortis Healthcare Limited *Registered Office*: Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065 (Tel: (+ 91) 11 2682 5000, Fax: (+ 91) 11 4162 8435) (hereinafter referred to as "FHL") and	**Fortis Healthcare Holdings Limited** *Registered Office:* 55, Hanuman Road, Connaught Place, New Delhi 110 001 (Tel: (+ 91) 11 2334 6875, Fax: (+ 91) 11 2334 6876) (hereinafter referred to as "FHHL")
who are acting in concert with the Acquirers for the purpose of the Offer (hereinafter collectively referred to as the "Persons Acting in Concert" or "PACs" and individually referred to as the "Person Acting in Concert" or "PAC")	

MAKE A CASH OFFER AT Rs.30 (RUPEES THIRTY ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES TEN EACH pursuant to and in compliance with Regulations 10, 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto upto the Public Announcement (the "SEBI Takeover Code")

TO ACQUIRE 37,18,852 FULLY PAID-UP EQUITY SHARES

representing 20 % of Fully Expanded Voting Equity Capital (as defined later) of

Malar Hospitals Limited

Registered Office: No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020

(Tel: (+91) 44 2491 4023, (+91) 44 2440 4393, Fax: (+91) 44 2491 5133)

Please Note :

1) The Offer is being made pursuant to and in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code.
2) The Offer is subject to receipt of the approval from Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for the acquisition of equity shares by the Acquirers and the PACs under the Offer. Please refer to paragraph 8 of this Letter of Offer for details.
3) If the aggregate of the valid response exceeds 37,18,852 Shares, then the Acquirers and PACs shall accept Shares equal to 37,18,852 Shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Code.
4) If there is any upward revision in the Offer Price by the Acquirers and the PACs till the last date of revision i.e. Monday, January 21, 2008 or withdrawal of the Offer in terms of the SEBI Takeover Code, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated September 12, 2007 and the corrigendum to the PA dated October 26, 2007 had appeared. Such revised offer price would be payable for all the equity shares of Malar Hospitals Limited, tendered anytime during the Offer and accepted under the Offer.
5) The procedure for acceptance is set out in paragraph 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
6) There has been no competitive bid as on the last date for a competitive bid i.e. Wednesday, October 3, 2007.
7) The Public Announcement, corrigenda to the Public Announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India http://www.sebi.gov.in.
8) **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of the Offer Closing Date. Requests for such withdrawals should reach the designated collection centres before the close of business hours on Friday, January 25, 2008.**
9) **If there is a competitive bid:**
   - **The public offers under all the subsisting bids shall close on the same date.**
   - **As the offer price cannot be revised during the period after Monday, January 21, 2008, it would therefore be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned below:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
AMBIT Acumen at work Ambit Corporate Finance Private Limited Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 **Contact Person: Astha Daga** Tel: (+91) 22 39821819, Fax: (+91) 22 39823020 Email: mhlopenoffer@ambitpte.com	Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L B S Marg, Bhandup (W), Mumbai -400 078 **Contact Person: Awani Thakkar** Tel: (+91) 22 25960320, Fax: (+91) 22 25960328-329 Email: mhlopenoffer@intimespectrum.com
OFFER OPENS ON: Friday, January 11, 2008	**OFFER CLOSES ON: Wednesday, January 30, 2008**

ORIGINAL AND REVISED SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER:

Activity	Original schedule		Revised schedule	
	Date	Day	Date	Day
Date of publication of Public Announcement.	September 12, 2007	Wednesday	September 12, 2007	Wednesday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted).	October 5, 2007	Friday	October 5, 2007	Friday
Last date for a competitive bid.	October 3, 2007	Wednesday	October 3, 2007	Wednesday
Date of Corrigendum to Public Announcement	-	-	October 26, 2007	Friday
Date of Second Corrigendum to Public Announcement	-	-	January 9, 2008	Wednesday
Last date for completion of dispatch of the Letter of Offer to the eligible shareholders.	October 27, 2007	Saturday	January 7, 2008	Monday
Date of opening of the Offer.	October 29, 2007	Monday	January 11, 2008	Friday
Last date for revising the Offer Price / number of Shares.	November 6, 2007	Tuesday	January 21, 2008	Monday
Last date for withdrawal by shareholders who have accepted the Offer.	November 13, 2007	Tuesday	January 25, 2008	Friday
Date of Closing of the Offer.	November 17, 2007	Saturday	January 30, 2008	Wednesday
Last date for communicating acceptance / rejection and payment of consideration for Shares accepted and for dispatch of Share certificate(s) for the rejected Shares / credit of unaccepted demat Shares.	December 1, 2007	Saturday	February 14, 2008	Thursday

RISK FACTORS

i. Acceptance of equity shares of Malar Hospitals Limited tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in paragraph 8 of this Letter of Offer. In the event, any of the required statutory approvals is refused; the Offer would stand withdrawn in terms of the SEBI Takeover Code. For further details, see paragraph 8 of this Letter of Offer.

ii. In the event that either (a) a regulatory approval is not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirers and the PACs not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of Malar Hospitals Limited whose Shares would be accepted in the Offer as well as return of the Shares not accepted by the Acquirers and the PACs may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI Takeover Code, SEBI may, if satisfied that the non receipt of approvals was not due to any wilful default or negligence on the part of the Acquirers and the PACs, grant an extension for the purpose of completion of the Offer subject to the Acquirers and the PACs agreeing to pay interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. January 25, 2008, shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

iii. The Acquirers and the PACs make no assurance with respect to the market price of the shares of Malar Hospitals Limited, both during the Offer period and after the completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

iv. The Acquirers and the PACs make no assurance with respect to the financial performance of Malar Hospitals Limited. The Acquirers and the PACs make no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in Malar Hospitals Limited.

v. One of the Acquirers and both the PACs have incurred losses for the financial year ended March 31, 2007. Similarly, some of the companies promoted by the Acquirers and the PACs have also incurred losses for the financial year ended March 31, 2007. For details on the financials, please refer to paragraph 4.1.1.7 for the Acquirers, paragraph 4.2.1.9, 4.2.2.7 for the PACs and paragraph 4.4 for the companies promoted by the Acquirers and PACs.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the operations of Malar Hospitals Limited and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Malar Hospitals Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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1 DEFINITIONS

Acquirers	International Hospital Limited and Oscar Investments limited
ASE	The Ahmedabad Stock Exchange Limited
BIFR	The Board for Industrial and Financial Reconstruction
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Corrigenda to the Public Announcement	The Corrigendum dated October 26, 2007 to the Public Announcement and the Second Corrigendum to the Public Announcement which is expected to be published on January 9, 2008
Depositories	Collectively NSDL and CDSL
DP	Depository Participant
DSE	The Delhi Stock Exchange Association Limited
EGM	Extraordinary General Meeting
EHCL	Escorts Heart Centre Limited
EHIRCL	Escorts Heart Institute And Research Centre Limited
EHSSIL	Escorts Heart And Super Speciality Institute Limited
EHRCL	Escorts Hospital And Research Centre Limited
EHSSHL	Escorts Heart And Super Speciality Hospital Limited
Eligible Person(s) for the Offer	All owners (registered or unregistered), including the beneficial owners, of equity shares of Malar Hospitals Limited (other than parties to LSSSPA) anytime before the closure of the Offer
Escrow Agent / Sale Share Escrow Agent	Axis Bank Limited
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
FHL	Fortis Healthcare Limited
FHHL	Fortis Healthcare Holdings Limited
FII(s)	Foreign Institutional Investor(s)
Form of Acceptance / FOA	Form of Acceptance-cum-Acknowledgement
FOW	Form of Withdrawal
Fully Expanded Voting Equity Capital	The voting paid-up equity share capital of MHL as expected to be at the expiry of 15 days after the Offer Closing Date i.e. 1,85,94,259 Shares, subsequent to full allotment under the Preferential Issue.
FY	Financial Year
IHL	International Hospital Limited
INR / Rs.	Indian National Rupee
Letter of Offer / LOF	this Letter of Offer
Ltd.	Limited
Manager/ Manager to the Offer / Merchant Banker	Ambit Corporate Finance Private Limited
MHL / the Target Company	Malar Hospitals Limited
MSE	The Madras Stock Exchange Limited
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
NRI	Non Resident Indian
OCB	Overseas Corporate Bodies
Offer	This open offer for acquisition of 37,18,852 fully paid-up equity shares of face value of Rs.10/- each, representing 20 % of Fully Expanded Voting Equity Capital at the Offer Price.
Offer Closing Date	Wednesday, January 30, 2008
Offer Opening Date	Friday, January 11, 2008
Offer Price	Rs.30 (Rupees Thirty only) per Share, payable in cash
Offer Size	37,18,852 Shares
OIL	Oscar Investments Limited
PACs / Persons Acting in Concert	Persons acting in concert with the Acquirers i.e. Fortis Healthcare Limited and Fortis Healthcare Holdings Limited for the purposes of the Offer
Preferential Issue	Issue of 46,66,666 Shares on a preferential allotment basis at a price of Rs. 30 per Share to IHL and OIL
Promoter Group	Dr. Mrs. Nithya Ramamurthy, Ms. R. Radhi Malar, Ms. R. Madhi Malar, Ms. R. Divya Malar, Mr. M. Ramakrishnan, Ms. Kumunta Munisamy, Ms. Indirani Sockalingam, Ms. Nalayani Devi, Mr. Mohan Kameswaran, Mr. S Ramakrishnan, Mr. R M Sockalingam
Public Announcement/ PA	Announcement of the Offer dated September 12, 2007 published on September 12, 2007

RLL	Ranbaxy Laboratories Limited
RBI	Reserve Bank of India
Registrar to Offer	Intime Spectrum Registry Limited
Sale Consideration	Aggregate amount to be paid by IHL to Sellers for acquisition of Sale Shares - Rs. 1,170 lacs
Sale Price	The price per Share to be paid to the Sellers – Rs.30 per Share
Sale Shares	39,00,000 Shares agreed to be sold by the Sellers to the Acquirer and the PACs under the LSSSPA
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto
SEBI Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto upto the Public Announcement
Sellers	Dr. Mrs. Nithya Ramamurthy, Ms. R. Radhi Malar, Ms. R. Madhi Malar, Ms. R. Divya Malar, Mr. M. Ramakrishnan, Ms. Kumunta Munisamy, Haneda Cosmo Properties SDN BHD and Ms. Madurai Arasi Boopalan
Share(s)	Fully paid-up equity shares of face value of Rs.10/- each of MHL
LSSSPA	The Loan, Share Subscription and Share Purchase Agreement dated September 7, 2007 entered into between the Acquirers, the Sellers and MHL as amended in terms of Supplemental Agreement dated December 3, 2007
Specified Date	Friday, October 5, 2007
Subscription Price	The price at which IHL and OIL have agreed to subscribe to the Shares to be allotted as Preferential Issue - Rs. 30 per Share
Subscription Consideration	Aggregate amount to be paid by IHL and OIL for the Preferential Issue – Rs. 1,400 lacs

2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MALAR HOSPITALS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERs, PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRERs AND PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERs AND PACs DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, AMBIT CORPORATE FINANCE PVT LTD, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 26, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERs AND PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 The Offer is being made by the Acquirers and the PACs to the equity shareholders of MHL (other than parties to LSSSPA) to acquire from them 37,18,852 Shares ("Offer Size"), representing 20 % of Fully Expanded Voting Equity Capital of MHL at a price of Rs.30/- (Rupees Thirty only) per Share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter and in the Public Announcement.

3.1.2 Other than IHL, OIL, FHL and FHHL who are acting in concert with each other for the purpose of the Offer, no other person is acting in concert with the Acquirers and the PACs for the Offer.

3.1.3 The acquisitions in terms of the Offer and the Loan, Share Subscription and Share Purchase Agreement (the "LSSSPA") would result in a change in control of MHL. The Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code.

3.1.4 On September 7, 2007 the Acquirers have entered into the LSSSPA with the Sellers and MHL for acquisition of fully paid-up voting equity shares of Rs.10 each of MHL ("Shares"). The proposed acquisition under LSSSPA is as follows:

- 46,66,666 new Shares were issued to the Acquirers by MHL on a preferential basis in accordance with provisions of, amongst others, SEBI (Disclosure and Investor Protection) Guidelines, 2000 (the "Preferential Issue") at a price of Rs. 30 per Share (the "Subscription Price") aggregating Rs.1,400 lacs (the "Subscription Consideration"), pursuant to conversion of loans aggregating Rs.1,400 lacs, provided by the Acquirers under the terms of LSSSPA. Out of the Preferential Issue, 33,33,333 Shares were issued to IHL and 13,33,333 Shares were issued to OIL. The Shares allotted by way of the Preferential Issue represent 25.10% of the Fully Expanded Voting Equity Capital of the Target Company.

- 39,00,000 existing Shares (the "Sale Shares") to be acquired by IHL from the Sellers at a price of Rs.30 per Share (the "Sale Price") aggregating Rs.1,170 lacs (the "Sale Consideration"). The Sale Shares represent 20.97% of the Fully Expanded Voting Equity Capital of the Target Company (defined below), and 28% of the equity share capital of the Target Company as on the date of signing the LSSSPA. The transfer of Sale Shares and Sale Consideration is proposed to be monitored through an escrow agreement (the "Sale Share Escrow Agreement") between IHL, the Sellers and Axis Bank Ltd., which is the Sale Share Escrow Agent.

  The Preferential Issue was considered by the Board of Directors of the Target Company at its meeting held on September 7, 2007 and was approved in the extraordinary general meeting of the shareholders of the Target Company held on October 9, 2007, by way of a special resolution under Section 81(1A) of the Companies Act, 1956 & other applicable provisions. Pursuant to this 46,66,666 new Shares under the Preferential Issue were allotted on October 18, 2007. The Fully Expanded Voting Equity Capital of the Target Company comprises 1,85,94,259 Shares.

3.1.5 The Sellers under the LSSSPA are:

Sr. No.	Name of the Sellers	Shares held as on the date of LSSSPA	Shares proposed to be sold under LSSSPA (A)	(A) as a percentage of the Fully Expanded Voting Equity Capital of the Target Company	Contact details (Address, Tel, Fax) *
1	Dr. Mrs. Nithya Ramamurthy	24,35,250**	16,38,923^	8.81%	No. 28, 5th Main Road, Raja Annamalai Puram, Chennai 600 028 Tel: (+91) 44 24323358 Fax: (+91) 44 24426015
2	Ms. R. Radhi Malar	2,24,820	2,24,820	1.21%	
3	Ms. R. Madhi Malar	1,94,410	1,94,410	1.05%	
4	Ms. R. Divya Malar	2,60,650	2,60,650	1.40%	
5	Mr. M. Ramakrishnan	6,66,300	6,66,300	3.58%	5 Janal SS, 19/4 B 47500, Subang Jaya, Selangor, West Malaysia Tel: (+60) 3 56341160 Fax: (+60) 3 56340014
6	Ms. Kumunta Munisamy	2,60,100	90,100	0.48%	
7	Haneda Cosmo Properties SDN BHD	6,07,156	6,07,156	3.27%	Suite CT 10-01 Level 10 Corporate Tower, Subang Square, Jalan, SS, 15/4G 47500 Subang Jaya, Selangor Darul hsan, West Malaysia Tel: (+60) 3 56341160 Fax: (+60) 3 56340014
8	Ms. Madurai Arasi Boopalan	2,17,641	2,17,641	1.17%	5 Janal SS, 19/4 B 47500, Subang Jaya, Selangor, West Malaysia Tel: +60 3 56341160 Fax: +60 3 56340014
		Total Sale Shares	**39,00,000**	**20.97%**	

** includes 7,18,900 Shares held by her late husband which were transmitted to her name on October 6, 2007.

^ Further, 1,56,383 Shares out of the proposed Sale Shares were under pledge and post payment to IFCI Ltd. have been delivered to Sale Share Escrow Agent (as defined below).

The Sellers mentioned above at serial no. 1 to 6 are part of the present Promoter Group of the Target Company. Sellers mentioned at serial no. 7 and 8 are non-resident public shareholders of MHL. The present holding of the Promoter Group of the Target Company is 41,07,850 Shares i.e. 29.49% of the then issued, paid up and voting equity share capital of the Target Company. On completion of the Offer and subsequent to the transfer of Sale Shares, the present Promoter Group holding will be reduced to 10,32,647 Shares i.e. 7.41% of the issued, paid up and voting equity share capital of the Target Company as on the date of the Public Announcement and 5.55% of the Fully Expanded Voting Equity Capital. On completion of the Offer and acquisitions under the Offer and LSSSPA, those Acquirers and PACs, which will be holders of MHL shares, will be classified as Promoters of the Target Company and the balance holding of the present Promoter Group will be re-classified as non-promoter shareholding.

3.1.6 In addition to the LSSSPA, the parties have entered into an escrow agreement (the "Sale Share Escrow Agreement") between IHL, the Sellers and an escrow agent, Axis Bank Ltd. (the "Sale Share Escrow Agent") to hold the Sale Shares and the Sale Consideration for release to the respective parties as per the relevant terms and conditions of the LSSSPA.

3.1.7 Following is a summary of the key terms of the LSSSPA:

- Summary of key clauses related to the Loan:

a) MHL has agreed to borrow from IHL and OIL amounts equivalent to a sum of Rs. 1,000 lacs and a sum of Rs. 400 lacs respectively (the "Loan"). MHL shall utilize the Loan to repay its dues to IFCI in accordance with the One Time Settlement, on the date of signing of the LSSSPA. The Loan has since been disbursed and utilized by MHL for repayment of its dues to IFCI Ltd.

b) The Acquirers shall have the right to seek the conversion of the Loan amount into Shares. This right has been exercised by the Acquirers on the date of signing of the LSSSPA and consequently, the Preferential Issue has been proposed.

c) The Loan is granted for a period of two years and the entire amount outstanding along with the interest will be repayable in a single instalment.

d) MHL shall pay interest at the rate of 13.50% per annum from the date of signing the LSSSPA (exclusive of interest tax, if any), at quarterly rests. In the event of default, additional interest @2% will be payable.

e) The Loan will be secured by exclusive first equitable mortgage in favor of the Acquirers in respect of all immovable properties of MHL, both present and future as well as exclusive first charge by way of hypothecation in favour of the Acquirers of all the movable properties of MHL, both present and future. MHL will provide additional securities if required by the Acquirers to cover the balance of the outstanding loan due to them. Pursuant to the understanding in terms of the LSSSPA, and in order to secure the performance of the obligations of MHL to repay the Loan, the Acquirers and MHL have agreed to execute an unattested Deed of Hypothecation. In terms of the said deed, MHL would hypothecate the whole of the present and future moveable properties of MHL by way of a first and exclusive charge, as security for repayment of principal amount of the Loan and other monies including interest, costs, charges and expenses and all other monies due to the Acquirers under the LSSSPA subject to the receipt of a No-Objection Certificate from IFCI releasing their existing charge over the hypothecated properties.

f) MHL will do all the acts necessary to create the mortgage and hypothecation, as required, for creating the security in favour of the Acquirers.

g) In consideration of the Loan availed, the Sellers agree to nominate 2 nominees of the Acquirers as directors on the board of MHL on the date of signing the LSSSPA, subject to applicable law. No such directors were appointed till the date of conversion.

Summary of other key terms of the LSSSPA are as follows:

- On non completion of certain conditions, including the shareholders of the Target Company not approving the Preferential Issue or creation of equitable mortgage or MHL not acting upon the resolution of the shareholders approving the Preferential Issue within certain stipulated period, part of the Loan equivalent to the Sale Consideration shall be immediately assigned by the Acquirers to the Sellers on the Closing Date (as defined in the LSSSPA) and shall be set off against the Sale Consideration, while the balance outstanding Loan amount shall be repayable by MHL.

- In the event the Preferential Issue is not completed and the Offer also has not been completed by March 31, 2008, the Sale Share Escrow Agent shall, on receipt of instructions from IHL, forthwith commence disposal of the Sale Shares in the market at the market rate as quoted on the BSE. The Sale Shares will be sold until the entire outstanding Loan amount along with interest is recovered from such sale. The Escrow Agent shall release the remaining Sale Shares, if any, to the Sellers.

- The Sellers agree to vote in favour of the Preferential Issue and creation of security for the Loan.

- Dr. Nithya Ramamurthy may be allowed to continue as a consultant with MHL on terms and conditions mutually agreed between Dr. Nithya Ramamurthy, IHL and MHL. Further, she may continue as a director of MHL as per the provisions of the Companies Act, 1956.

- IHL holds the Right of First Refusal if any of the Sellers proposes to transfer its/theirs equity shares of the Target Company (other than the Sale Shares) post Closing as provided in the LSSSPA.

- On the Closing Date (as defined in the LSSSPA), the Sellers shall cause the Target Company to convene a Board meeting which shall amongst others pass resolutions for accepting the resignation of the directors of the Sellers (Mr. M Ramakrishnan, Prof. Dr. S. Kameswaran; Mr. V. Chandrasekharan; Mr. R. M. Sockalingam and Mr. R. Subramanian) and appointment of the persons nominated by IHL as additional directors and record the resignation of the Managing Director of the Target Company.

- There are certain covenants of the Sellers and of the Target Company which are intended to protect the rights of the Acquirers.

- The Sellers amongst others, undertake to exercise their votes and at any meeting of shareholders of the Target Company upon any matter submitted for action by the parties to the LSSSPA or with respect to which such party may exercise its votes and, subject to applicable law, shall cause any director nominated by IHL to exercise his / her voting rights in any Board meetings, all in conformity with the specific terms and provisions of the LSSSPA and to give full and complete effect to the provisions of the LSSSPA.

- In addition to the Sale Price and Subscription Consideration, IHL has also agreed to pay Rs. 30 lacs as non-compete fees (the "Non-Compete Fees") to Dr. Nithya Ramamurthy (one of the Sellers) of which Rs.15 lacs shall be paid within one year of the Closing Date and the balance 15 lacs shall be paid within one year from the payment of the first installment. In consideration for the Non-Compete Fees, the Sellers have undertaken, inter-alia, that they and their affiliates, shall not for a 10 year period, either on their own account or in association with others engage or participate directly or indirectly, whether as shareholder, director, partner, proprietor, member, agent, distributor or otherwise in any business which involves, relates to or competes with the business of the Target Company. The non compete provisions also prohibit the Sellers from establishing any business or trade under the name ' Malar'. [Note: Please refer to the below mentioned summary of the Supplemental Agreement entered into subsequently]

- The LSSSPA could be terminated at the option of IHL in the event of a material breach or default or misrepresentation by the Sellers. Termination can also occur in the event of a Materially Adverse Event between the date of signing the LSSSPA and the Closing Date or by mutual written consent of the parties.

- If IHL, in pursuance of the LSSSPA, fails to comply with the provisions of the SEBI Takeover Code, the LSSSPA, to the extent it relates to the sale and purchase of the Sale Shares, shall not be acted upon by the Sellers, the Target Company or the Acquirers.

In terms of the LSSSPA, upon completion of the allotment under the Preferential Issue, the entire loan amounting to Rs 1,400 lacs stands converted into equity shares. Pursuant to this the Acquirers and PACs agree that the loan related clauses of the LSSSPA are not applicable any more.

Subsequently, the parties to the LSSSPA, have entered into a "Supplementary Agreement" dated December 03, 2007 to amend the LSSSPA, to record, inter-alia, the following:

- Post execution of the LSSSPA, Dr. Nithya Ramamurthy, has expressed her desire to be appointed as a consultant and the Target Company has agreed to such appointment subject to mutually agreed terms and conditions and rules and policies of the Target Company;

- In recognition of the above, Dr. Nithya Ramamurthy has agreed to waive the non-compete fees payable to her in terms of the LSSSPA.

3.1.8 A summary of the key terms of the Sale Share Escrow Agreement is as follows.

- The Sale Share Escrow Agent shall open a demat escrow account ("Sale Shares Demat Account").
- After the execution of the Sale Share Escrow Agreement, the Sellers shall transfer the Sale Shares that are in demat form to the credit of Sale Shares Demat Account, deliver duly signed and stamped share transfer forms together with the relevant original shares certificates, undated and duly signed letters of resignation from the directors of MHL, irrevocable powers of attorney of individuals / entities on whose behalf the LSSSPA and the Sale Share Escrow Agreement has been entered into, copies of board resolutions for sale of Sale Shares, to the extent the Sellers are corporate entities etc. The Sale Share Escrow Agent shall have the obligation to keep and maintain the abovementioned escrow documents ("Escrow Documents").
- IHL shall deposit cheques for Sale Consideration in the name of the relevant Sellers with the Sale Share Escrow Agent.
- The Sale Share Escrow Agent shall release the Escrow Documents and Sale Consideration deposited upon the occurrence of any of the following events:
    - Upon receipt of the Closing Confirmation Letter (as defined in the Sale Share Escrow Agreement) from IHL, the Sale Share Escrow Agent shall transfer the Escrow Documents to IHL and the cheques for Sale Consideration to the Sellers
    - Upon receipt of the Loan Related Confirmation Letter (as defined in the Sale Share Escrow Agreement) from IHL; the Sale Share Escrow Agent shall transfer the Escrow Documents and the cheques for Sale Consideration to IHL
- The Sale Share Escrow Agreement also contains the clause related to obligation of the Sale Share Escrow Agent to dispose off the Sale Shares, through market sale, under certain events mentioned in the summary of LSSSPA above. The Sale Share Escrow Agent shall deposit such sale proceeds into the designated Bank account of IHL, and upon the recovery of the entire Loan amount along with interest, through the sale of the Sale Shares, the Sale Share Escrow Agent shall release Sale Shares remaining, if any, to the Sellers.

3.1.9 The above mentioned proposed acquisition under the LSSSPA of 85,66,666 Shares, represents 46.07% of the Fully Expanded Voting Equity Capital of the Target Company.

3.1.10 The offer is not subject to any minimum level of acceptance and all Shares validly tendered in terms of the Offer shall be acquired subject to a maximum of 37,18,852 shares at the offer price.

3.1.11 Other than as stated above, the Acquirers and the PACs have neither acquired nor have been allotted any Shares of the Target Company in the last 12 months. As on the date of the Public Announcement, the Acquirers and the PACs did not hold any Shares of the Target Company. The Manager to the Offer did not hold any Shares in the Target Company, as on the date of the Public Announcement.

3.1.12 No action has been taken by SEBI against the Acquirers and the PACs in terms of direction issued under Section 11B of the SEBI Act, 1992 or any other regulations made under the SEBI Act, 1992.

3.1.13 The applicable provisions of Chapter II of the SEBI Takeover Code, vis-à-vis the Target Company have been complied by the Acquirers and the PACs.

3.2 Details of the Offer

3.2.1 The Public Announcement dated September 12, 2007 was published in the following newspapers on September 12, 2007, in accordance with Regulation 15 of the SEBI Takeover Code:

Publication	Language	Editions
Financial Express	English	All*
Jansatta	Hindi	All
Navshakti	Marathi	Mumbai
Makkal Kural	Tamil	Chennai

(The Public Announcement would be available at the SEBI website: www.sebi.gov.in)

* The Public Announcement appeared on September 13, 2007 in the Ahmedabad and Chandigarh editions of Financial Express

The Corrigendum to the Public Announcement dated October 26, 2007 also appeared in the same publications. The Second Corrigendum to the Public Announcement as also subsequent announcements, if any, will be made in the same publications.

3.2.2 Except the Shares to be acquired under the LSSSPA, the Acquirers and the PACs have not acquired or agreed to acquire any Shares since the date of the Public Announcement upto the date of this Letter of Offer. There has also been no other acquisition of shares of the Target Company by the Acquirers or the PACs prior to the announcement of the Offer.

3.2.3 The offer is not subject to any minimum level of acceptance and all Shares validly tendered in terms of the Offer shall be acquired subject to a maximum of 37,18,852 shares at the offer price. The distribution of the acquisition for the Shares validly tendered and accepted in the Offer will be decided by the Acquirers and PACs subsequently.

3.2.4 There has been no competitive bid as on last date for a competitive bid i.e. Wednesday, October 3, 2007.

3.3 Object of the Offer and Future Plans for MHL

3.3.1 The Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code, for the purpose of substantial acquisition of Shares and voting rights, as disclosed earlier, accompanied with change in control and management of the Target Company, thereby enabling the Acquirers and the PACs to exercise control over the Target Company inter-alia, through the right to appoint directors or through control over management or policy decisions, by virtue of their shareholding. The Acquirers and the PACs reserve the right to seek reconstitution of the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. The Acquirers and the PACs may also consider changing the name of the Target Company at a later date.

3.3.2 The Acquirers and PACs do not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of MHL, which will be done subject to receipt of statutory approvals where necessary. After acquisition of control over the Target Company, the Acquirers and the PACs would continue the existing business of the Target Company and support the Target Company's Board of Directors in their endeavor to develop the business. The Acquirers and the PACs may also consider restructuring and / or streamlining of various operations, assets, liabilities, businesses or otherwise of the Target Company by way of arrangement / reconstruction, restructuring, mergers / demergers, at a later date. Such decisions will be governed by the provisions of the applicable laws and other applicable regulations. The Acquirers and the PACs will evaluate and consider such proposals and may, if appropriate, support the same. It will be the responsibility of the Board of Directors of the Target Company to make appropriate decisions in these matters in accordance with the business requirements and in line with opportunities or changes in the economic scenario, from time to time.

3.3.3 IHL and FHL are engaged in a line of business that is similar to that of the Target Company. As such no conflict is foreseen with the activities of the Target Company. The Target Company operates a standalone hospital in South India, an area where the Acquirers and PACs do not presently have a presence. FHL intends to develop a pan India presence as a part of its growth plans. The Acquirers and PACs intend to infuse funds in the Target Company for expansion/modernization of its infrastructure and run the hospital owned by the Target Company as a multi-specialty hospital.

3.3.4 Except in the ordinary course of business, the Acquirers and the PACs undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company.

4 BACKGROUND OF THE ACQUIRERS AND THE PACs

4.1 Details of the Acquirers

4.1.1 International Hospital Limited

4.1.1.1 IHL was incorporated on March 8, 1994 as International Hospital Private Limited under the Companies Act, 1956. Subsequently, on January 3, 2005, the company was converted to a public limited company and accordingly its name was changed to International Hospital Limited. The registered and corporate office is situated at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025, Tel: (+91) 11 2682 5000, Fax: (+91) 11 4162 8435. The Registered Office of the Company was changed to the present address w.e.f December 1, 2007. IHL is mainly focused in the business of the establishment, maintenance and the running of hospitals, nursing homes and clinics amongst others. It owns and operates a multi-speciality hospital at B-22, Sector – 62, Noida – 201 301.

4.1.1.2 Presently, the entire issued and subscribed equity share capital of IHL consists of 40,25,123 equity shares of Rs. 100 each aggregating Rs. 4,025 lacs.

4.1.1.3 IHL entered into an agreement with FHL on December 20, 2002, pursuant to which it became a board controlled subsidiary of FHL. Further on March 20, 2003, FHL subscribed to 160 equity shares of IHL. Subsequently, on March 20, 2006, FHL purchased 30,14,930 shares of IHL and on March 23, 2006 it subscribed to further 10,06,000 shares of IHL, thus bringing its total holding to 40,21,090 equity shares in IHL, constituting a holding of 99.90%. Subsequently, it acquired a further 4,030 shares, from the erstwhile promoters of IHL and 3 shares held by its promoters and their relatives thus making IHL a wholly owned subsidiary of FHL. Further, FHL has nominated 6 persons as nominee shareholders.

4.1.1.4 As on September 12, 2007, 40,25,117 equity shares of IHL were held by FHL, and Mr. Daljit Singh, Mr. J.S. Puri, Mr. Anil Panwar, Mr. Harpal Singh, Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh hold 1 equity share each as nominees of FHL.

4.1.1.5 The Board of Directors of IHL, as on the date of the Public Announcement, was as follows:

Mr. V. M. Bhutani, aged 61 years, residing at GC - 6, Shivaji Enclave, New Delhi – 110 027, is a graduate with an honours degree in Commerce from Delhi University. He is a member of Institute of Chartered Accountants of India. He has a total work experience of over 35 years and has worked for over 27 years with Ranbaxy Laboratories Limited and has been on the board of Ranbaxy group companies overseeing taxation, finance and capital market functions. He was also a non executive director of Central Bank of India from 2002 to 2005. He was a member of the Advisory Committee on Mutual Fund of the SEBI and is also on the board of DSE Financial Services Limited. He was appointed as a director on December 20, 2002.

Dr. Preetinder Singh Joshi, aged 59 years, residing at Maharaj Sawan Singh Charitable Hospital, Beas, Amritsar, Punjab – 143 201, graduated with a M.B.B.S degree from Medical College, Amritsar and an M.D (Cardiology and General Medicine) from Maulana Azad Medical College, Delhi. He was also awarded membership in Royal College of Physicians, United Kingdom. He is also known for the pioneering work in the field of cardiology. He has a total work experience of over 32 years in the medical field. He is on the board of directors of Ranbaxy Laboratories Limited and is the Director and Head of Department of medicine and cardiology in Maharaj Sawan Singh, Charitable Hospital, Beas. He was appointed as a director on June 7, 2007.

Ms. Gunita Hazuria, aged 52 years, residing at S - 475, Greater Kailash, Part – I, New Delhi – 110 048, has graduated in BBA, MBA (HRM) and completed PhD. Studies in Organizational Behaviour from University of Wisconsin and University of Illinois. She has a total work experience of over 25 years in the manufacturing and healthcare sectors. She was appointed as a director on July 23, 2007.

Mr. Anil Panwar, aged 53 years, residing at 47 C, DDA Flats, Masjid Moth, Part 1, New Delhi – 110 048, graduated in Commerce. He is a member of Institute of Chartered Accountants of India. He has a total work experience of over 28 years in the manufacturing and healthcare sectors. He was appointed as a director on September 07, 2007.

Mr. Daljit Singh, aged 54 years, residing at B – 6/9, DLF Phase I, Gurgaon, Haryana – 122 001, graduated with a B. Tech degree in Chemical Engineering. He has a total work experience of over 31 years of experience in the manufacturing and pharmaceutical sectors. He was appointed as a director on September 07, 2007.

None of the above directors are on the board of directors of the Target Company.

4.1.1.6 The shares of IHL are not listed on any stock exchanges. It has not made any public or rights issue in the preceding three years.

4.1.1.7 Brief financials of IHL are as follows :

INCOME STATEMENT	**Year ended**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
Income from operations	6,669.46	4,862.08	1,337.19
Other Income	207.25	185.26	153.29
Total Income	**6,876.71**	**5,047.34**	**1,490.48**
Total Expenses	6,416.34	4,889.14	1,941.13
PBIDT	**460.37**	**158.20**	**(450.65)**
Depreciation	411.56	391.15	246.15
Financial Expenses	497.74	414.36	211.61
PBT	**(448.93)**	**(647.31)**	**(908.41)**
Prior Period Items	5.10	-	-
Deferred tax	15.18	(275.86)	260.68
FBT	13.07	15.25	-
Profit after tax	**(472.08)**	**(386.70)**	**(1,169.09)**
BALANCE SHEET	**As of**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
SOURCE OF FUNDS			
Share capital			
Equity share capital	4,025.12	4,025.12	3,019.12
Less: P&L Account (Debit Balance)	(2,036.90)	(1,555.80)	(1,169.09)
Networth	**1,988.22**	**2,469.32**	**1,850.03**
Deferred tax liability (net)	-	-	260.68
Secured loans (Note 6)	4,986.33	4,358.17	3,804.54
Unsecured loans	71.81	372.55	-
Total	**7,046.36**	**7,200.04**	**5,915.25**

APPLICATION OF FUNDS			
Net block of fixed assets (adjusted for revaluation reserve)	7,009.71	7,086.98	6,257.64
Capital work in progress	18.05	-	86.78
Deferred tax asset (net)	-	15.18	-
Net current assets	18.60	97.88	(429.17)
Total	**7,046.36**	**7,200.04**	**5,915.25**

OTHER FINANCIAL DATA	**Year Ended**		
	31-Mar-07	**31-Mar-06**	**31-Mar-05**
Dividend (% of face value)	-	-	-
Earnings per equity share (Rs.)	(11.73)	(9.61)	(38.72)
Return on Networth (%)	(23.74)%	(15.66)%	(63.19)%
Book Value per equity share (Rs.)	49.40	61.35	61.28

Note:

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share

(2) Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at year-end

(3) Return on Networth = Profit after tax / Networth at year-end

(4) Book Value per equity share = Networth as reduced by Preference share capital / No. of equity shares outstanding at year-end

(5) NM = Not meaningful or not applicable.

(Source: Annual Report & company data)

(6) Secured loans for the year ended March 31, 2005 comprises of Term loan from Axis Bank for Rs. 3,799.51 lacs and vehicle loan from Banks for Rs. 5.03 lacs, for the year ended March 31, 2006 comprises of Term loan from Axis Bank for Rs. 4,356.82 lacs and vehicle loan from Banks for Rs. 1.35 lacs and for the year ended March 31, 2007 comprises of Term loan from Axis Bank for Rs. 4,982.92 lacs and vehicle loan from Banks for Rs. 3.41 lacs

4.1.1.8 The significant accounting policies of IHL, as per the audited financial statements for the period April 1, 2006 to March 31, 2007 are as follows:

a. *Basis of preparation* : The financial statements have been prepared to comply, in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 ("Act"). The financial statements have been prepared under the historical cost convention on an accrual basis.

b. *Use of estimates*: The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. *Fixed assets*: Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

d. *Depreciation:* Depreciation is provided on estimated useful lives based on Straight Line Method in accordance with the manner and rates specified in Schedule XIV to the Companies Act, 1956. Premium paid on perpetual leasehold land is charged to revenue on termination/ renewal of lease agreements. Individual assets costing less than Rs 5,000 are fully depreciated in the year of purchase.

e. *Inventories:* Inventories comprise of medical consumables, pharmacy items, engineering and fuel, and are valued at lower of cost and net realizable value. Cost is determined on a first-in-first-out basis. Cost comprise of cost of purchase of inventory and related transportation cost and taxes.

f. *Revenue recognition*: Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

   i. *Operating Income*: Operating income comprise of revenue from medical services rendered to patients (in patient and out patient) and from sale of pharmacy products. Revenue from medical services rendered patients is recognized as and when the services are rendered. Revenue in respect of services rendered but not billed is credited to "Unbilled revenue" which is transferred to Sundry debtors upon billing. Revenue from sale of pharmacy products is recognized immediately on sale which coincides with transfer of related risk and rewards.
   ii. *Interest:* Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
   iii. *Utilization charges*: Revenue in respect of utilization charges is recorded in accordance with the terms of the agreement.

g. *Foreign currency transactions*: Transactions in foreign currency are recorded in the reporting currency by applying to the foreign currency amount the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on that date. The exchange differences resulting on such restatement of monetary items and on settlement of transactions are charged to profit and loss account.

h. *Employee benefits*: Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits "Revised AS 15".
   i. *Provident fund:* The company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.
   ii. *Gratuity:* Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation less the fair value of plan assets at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the profit and loss account in the year in which such gains or losses arises.

iii. *Compensated Absences*: Liability in respect of earned leaves is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

iv. *Other short term benefits*: Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

i. *Taxation*: Tax expense comprises current tax, deferred tax and fringe benefit tax. Provision for current income tax and fringe benefit tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets on timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets/liabilities will be realized/disbursed against future taxable income.

j. *Contingent liabilities*: The company makes a provision when there is a present obligation as a result of past event where the outflow of economic resources is probable and a reliable estimate can be made of the amount to be paid. The disclosure is made for possible or present obligation that may, but probably will not, require outflow of resources, as contingent liability in the financial statements.

4.1.1.9 As per the report issued by the statutory auditors for the standalone accounts, the contingent liabilities for the period ended March 31, 2007 are as follows: .

- Capital Commitment: Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advances): Rs. 124.61 lacs
- Law suit for an alleged medical negligence: Rs. 36.50 lacs
- Assessment proceedings of sales tax matter lying with Deputy Commissioner, Trade Tax, Noida is still underway and liability, if any, which may arise on the matter is not presently reasonably determinable.

4.1.1.10 Comparison of Results

Financial Year 2007 v/s 2006
During the year 2006-07 the company has reported growth of Rs. 1,829.38 lacs in the hospital revenue. The Loss after tax for the year ended March 2007 was increased by Rs. 85.37 lacs due to increase in finance cost during the year.

Financial Year 2006 v/s 2005
IHL has commenced its business operation in August, 2004. During the year 2005-06 the company has reported growth of Rs. 3,556.86 lacs in the hospital revenue. The Loss after tax for the year ended March 2006 was decreased by Rs. 782.39 lacs as compared to the loss for the year ended March 2005. This decrease in loss is primarily due to increase in gross income and margins during fiscal 2005-06.

4.1.1.11 Following are the material litigations involving IHL:

- The legal heirs of a patient have filed a First Information Report (“FIR”) u/s 304-A against Dr. Rajgopal and management of Fortis Hospital, Noida alleging medical negligence. The said FIR has been challenged by Dr. Rajgopal by way of a writ petition. The matter is pending for final disposal.

- There are seven complaints relating to medical negligence, reimbursement for medical negligence and reimbursement of medical expenses under the Consumer Protection Act, 1985 and other relevant laws pending before various authorities in India. These claims relate to the oncology, orthopaedics, pathology, neuro sciences and general surgery departments, respectively. The aggregate amount claimed against IHL in these complaints is approximately Rs. 171 lacs, plus additional interest, as applicable.

- There is no income-tax litigation against the company.

4.1.1.12 There are no companies that are presently promoted / controlled by IHL.

4.1.1.13 There are no mergers / demergers / spin-offs involving IHL during last 3 years.

4.1.2 Oscar Investments Limited

4.1.2.1 OIL was incorporated on January 25, 1978 under the Companies Act, 1956 and received its certificate of commencement of business on May 19, 1978. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, Tel: (+91) 11 23346875, Fax: (+91) 11 23346876. OIL is an investment company and is engaged in the business of investing, acquiring, holding, selling, buying or otherwise dealing in securities. It is registered as a Non-Banking Financial Company with RBI.

4.1.2.2 The entire issued and subscribed share capital of OIL consists of 1,72,80,620 equity shares of Rs.10 each aggregating Rs. 1,728 lacs. It has not made any public or rights issue in the preceding three years.

4.1.2.3 OIL is promoted by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh and is controlled by companies promoted and controlled by Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and their family members.

4.1.2.4 As on June 30, 2007, the shareholding pattern is as follows:

Sl. No	Shareholder's Category	No. of Shares held	Percentage
1.	Promoters	1,19,41,917	69.11%
2.	Private Corporate Bodies	21,41,733	12.40%
3.	Public	31,96,970	18.49%
	Total Paid Up Capital	1,72,80,620	100.00%

4.1.2.5 Compliance with Corporate Governance

The statutory auditors of OIL, vide their letter dated August 23, 2007 have certified that OIL has complied with the conditions of corporate governance as stipulated in the listing agreements.

4.1.2.6 The Board of Directors of OIL, as on the date of the Public Announcement, was as follows:

Mr. Malvinder Mohan Singh, aged 34 years, residing at Vistas 26, Maulsari Avenue, Western Green Farms, Rajokri, New Delhi – 110038, graduated in Economics from St. Stephen's College, Delhi and holds an MBA degree from the Fuqua School of Business, Duke University, U.S.A. He is the chief executive officer and managing director of Ranbaxy Laboratories Limited ("RLL"). He has a total work experience of over 10 years. He is currently the chairman of FHL, EHIRCL and Religare Enterprise Limited. He is also a member of the National Council for the Confederation of Indian Industries ("CII") and is chairman of the CII National Committee on Intellectual Property Rights, Research and Development, Technology and Innovation. Further, Mr. Malvinder Mohan Singh is also a member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum. He was appointed as a Director on November 28, 1996.

Mr. Shivinder Mohan Singh, aged 32 years, residing at 1, Southend Lane, New Delhi – 110 011, graduated with a B.A. (Honours) degree in mathematics from St. Stephen's College, Delhi and holds an MBA degree with specialization in health sector management from the Fuqua School of Business, Duke University, U.S.A. He has a total work experience of over 7 years. Mr. Singh is also on the board of directors of RLL. He is a fellow of Aspens India Leadership Initiative and board of visitors of Fuqua School of Business, Duke University. He held the position of Chief Operating Officer of the Fortis Hospital at Mohali for two years, during which he led his team in developing a strong work culture. Subsequently, as the Director of Projects of FHL, he was responsible for the completion of the construction of a Fortis Hospital at Amritsar and Fortis Hospital at Noida. He has also led the acquisition of EHIRCL and is currently the CEO & Managing Director of EHIRCL He was appointed as a Director on March 2, 1994.

Ms. Japna Malvinder Singh, aged about 30 years, residing at Vistas 26, Maulsari Avenue, Western Green Farms, Rajokri, New Delhi – 110038, graduated with a B.A. (Honours) degree in Political Science from Jesus and Mary College, Delhi University. She has a total work experience of over 8 years. She joined OIL in 1999, was appointed as a director on July 5, 1999 and has been appointed as the Managing Director by the Board of Directors with effect from February 1, 2002.

Ms. Aditi Shivinder Singh, aged about 31 years, residing at 1, Southend Lane, New Delhi – 110 011, graduated with a B.Sc degree in Chemistry from St. Stephen's College, Delhi University and holds a PG Diploma in Brain Development Therapy from Spastic Society of Northern India. She has a total work experience of over 8 years. She has also worked in a spastic society as a Therapist. She was appointed as a Director on July 5, 1999.

Mr. Vinay Kaul, aged 63 years, residing at, 8202 and 8204, B – XI, Vasant Kunj, New Delhi – 110 070, graduated with a B.Sc. (Honours) degree in Physics from Ramjas College at Delhi University. He is a member of Institute of Chartered Accountants of India. He has a total work experience of over 28 years. He is a retired Executive Vice President-Finance and Corporate Services and member of the board of directors of RLL as a non executive director. He has over 28 years of experience in finance, commercial taxation, legal and corporate matters. He was appointed as a Director on May 30, 1991.

Mr. V. M. Bhutani, is a Director of OIL. Please refer paragraph 4.1.1.5 for details. He was appointed as a director on May 30, 1991.

None of the above directors are on the board of directors of the Target Company.

4.1.2.7 The equity shares of OIL are listed on the Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE). OIL did not submit timely disclosures in relation to the requirements of clauses 35, 47, 49 and 51 of the Listing Agreement for the period September 2006. However, relevant certification and information in relation to the same were submitted by OIL on October 31, 2006. OIL also received a notice dated April 2, 2004 from BSE in relation to non-compliance with clause 51 of the Listing Agreement by OIL. Subsequently, pursuant to a notice dated December 23, 2004, BSE had suspended trading in the securities of OIL with effect from December 21, 2004, until the completion by OIL of all the formalities for revocation of the suspension. Pursuant to the information provided by OIL, BSE by its letter dated June 20, 2005 intimated OIL of the decision of the Listing Committee of BSE to revoke the suspension in the trading of the securities of OIL, subject to (i) payment of the reinstatement fees of Rs. 60,000; (ii) submission of an undertaking stating that the promoters' shareholding shall be subject to a lock-in for a period of one year from the date of revocation; and (iii) a declaration that the submissions made to the Registrar of Companies and BSE are the same. Pursuant to a letter dated September 15, 2005, OIL informed BSE of fulfilment of all the requirements specified by BSE. The BSE has since revoked the suspension of the trading of the securities of OIL pursuant to order dated November 17, 2006. Further, OIL had in the past not submitted timely disclosures required as per Regulations 6(2) and 6(4) of the Takeover Code as on February 20, 1997 and under Regulation 8(3) of the SEBI Takeover Code for the years 1998-2002 and 2006. However, appropriate information and disclosures were submitted by OIL subsequently. The last quoted price of OIL on BSE was Rs. 343.50 on September 11, 2007. SEBI may initiate suitable action against OIL for failure to comply with Chapter II of the Takeover Code.

4.1.2.8 Brief financials of OIL are as follows :

Standalone Financials

INCOME STATEMENT	**Year ended**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
Total Income	**12,544.76**	**15,250.45**	**2,023.08**
Total Expenses	63.79	39.48	28.98
PBIDT	**12,480.97**	**15,210.97**	**1,994.10**
Depreciation & Ammortization	15.57	1.51	1.09
Finance Expenses	1,450.86	1,257.82	513.23
PBT	**11,014.54**	**13,951.65**	**1,479.77**
Current Tax	-	9.65	5.50
Deferred tax	(5.47)	(0.03)	(36.30)
FBT	1.00	0.39	
Profit after tax	**11,019.02**	**13,941.64**	**1,510.57**
Taxes for earlier years	(0.01)	-	-
Prior Period Expenses	-	-	(0.08)
Excess provision for tax written back	4.77	1.07	0.13
Profit after tax *(adjusted for prior period items and excess provision for tax written back)*	**11,023.78**	**13,942.72**	**1,510.61**

BALANCE SHEET	**As of**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
SOURCE OF FUNDS			
Share capital			
Equity share capital	1,728.06	1,728.06	1,728.06
Calls Unpaid	(0.05)	(0.05)	(0.05)
Reserves and surplus (excluding revaluation reserve)	30,936.76	19,912.98	5,970.26
Less: Miscellaneous expenditure	(19.80)	(38.87)	(18.61)
Networth	**32,644.98**	**21,602.13**	**7,679.66**
Deferred tax liability (net)		0.42	0.46
Secured loans	17,500.00	21,500.00	11,500.00
Total	**50,144.98**	**43,102.55**	**19,180.12**

APPLICATION OF FUNDS			
Net block of fixed assets (adjusted for revaluation reserve)	104.83	7.54	8.20
Investments	20,135.59	8,575.30	11,312.80
Deferred tax asset (net)	5.05		
Net current assets	29,899.51	34,519.71	7,859.11
Total	**50,144.98**	**43,102.55**	**19,180.12**

OTHER FINANCIAL DATA	**Year ended**		
	31-Mar-07	**31-Mar-06**	**31-Mar-05**
Dividend (% of face value)	-	-	-
Earnings per share (Rs.)	63.77	80.68	8.74
Return on Networth (%)	33.75%	64.54%	19.67%
Book Value per share (Rs)	188.91	125.01	44.44

Note:

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share

(2) Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at year-end

(3) Return on Networth = Profit after tax / Networth at year-end

(4) Book Value per equity share = Networth / No. of equity shares outstanding at year-end

(5) NM = Not meaningful or not applicable.

(Source: Annual Report & company data)

Consolidated Financials

INCOME STATEMENT	**Year ended**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
Total Income	**14,070.16**	**15,367.79**	**2,103.53**
Total Expenses	782.66	39.77	31.09
PBIDT	**13,287.50**	**15,328.01**	**2,072.44**
Depreciation & Ammortization	161.99	1.51	1.09
Finance Expenses	1,675.63	1,429.03	619.49
PBT	**11,449.88**	**13,897.48**	**1,451.86**
Current Tax	61.22	14.20	7.22
Deferred tax	100.44	(0.05)	(36.22)
FBT	2.64	0.39	
Minority Interest for the period	145.28	-	-
Profit after tax after Minority Interest	**11,140.30**	**13,882.94**	**1,480.86**
Taxes for earlier years	(0.01)	-	-
Prior Period Expenses	-	-	(0.08)
Excess provision for tax written back	4.78	1.07	0.13
Reversal of earlier proportionate share in results of operations of associate	585.16	26.26	-
Proportionate share in results of operations of associate	-	(240.00)	(21.45)
Profit after tax *(adjusted for Minority Interest, prior period items, excess provision for tax written back, reversals as stated*	**11,730.22**	**13,670.27**	**1,459.45**

above and proportionate share in results of associate)			

BALANCE SHEET	**As of**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
SOURCE OF FUNDS			
Share capital			
Equity share capital	1,728.06	1,728.06	1,728.06
Calls Unpaid	(0.05)	(0.05)	(0.05)
Reserves and surplus (excluding revaluation reserve)	34,342.46	18,835.57	5,165.29
Less: Miscellaneous expenditure	(20.03)	(39.16)	(18.96)
Networth	**36,050.45**	**20,524.43**	**6,874.35**
Minority Interest	5,571.76		
Deferred tax liability (net)		0.48	0.53
Secured loans	17,500.00	21,500.00	11,500.00
Unsecured loans	705.00		
Optionally Convertible debentures		2,500.00	
Total	**59,827.21**	**44,524.91**	**18,374.88**
APPLICATION OF FUNDS			
Net block of fixed assets (adjusted for revaluation reserve)	1,127.17	7.54	8.20
Investments	28,549.25	8,550.30	11,261.55
Deferred tax asset (net)	13.44		
Net current assets	30,137.34	35,967.07	7,105.13
Total	**59,827.21**	**44,524.91**	**18,374.88**

OTHER FINANCIAL DATA	**Year ended**		
	31-Mar-07	**31-Mar-06**	**31-Mar-05**
Dividend (% of face value)	-	-	-
Earnings per share (Rs.)	64.47	80.34	8.57
Return on Networth (%)	30.90%	67.64%	21.54%
Book Value per share (Rs)	208.62	118.77	39.78

Note:

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share

(2) Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at year-end

(3) Return on Networth = Profit after tax / Networth at year-end

(4) Book Value per equity share = Networth / No. of equity shares outstanding at year-end

(5) NM = Not meaningful or not applicable.

(Source: Annual Report & company data)

4.1.2.9 The significant accounting policies of OIL, as per the stand-alone audited financial statements for the period April 1, 2006 to March 31, 2007 are as follows:

a. The accounts are prepared on accrual basis of accounting.

b. Fixed Assets and Depreciation: Fixed assets are stated at historical costs less accumulated depreciation on the same. Depreciation on Fixed Assets is provided on Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956

c. Investments (long term) are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of investments wherever applicable.

d. Trading stocks of shares & securities are valued at lower of cost or realisable value.

e. Income on capital contribution made for trading in shares and securities shall be accounted for in the year in which underlying assets are disposed off in terms of agreement entered into.

f. Debenture Issue Expenses incurred on issue of debentures is amortised over the tenure of the debentures.

g. Provisions for liabilities in respect of gratuity and leave encashment benefits are made based on company policy as at the Balance Sheet date.

4.1.2.10 As per the Annual Report of OIL, for the financial year ended March 31, 2007, the contingent liabilities for OIL are Rs. 7,500 lacs, on account of counter guarantees issued by OIL.

4.1.2.11 Comparison of Results (Standalone)

Financial Year 2007 v/s 2006

The profit after tax for the year ended March 31, 2007 decreased by Rs. 2,923 lacs. During the year, the company earned Rs.11,032 lacs as share of profit from partnership firm as compared to Rs.332 lacs for the year ended March 31, 2006. The company did not realize any capital gain during the year as against capital gain of Rs. 12,452 lacs during the previous year ended March 2006. The dividend income also declined by Rs. 225 lacs due to sale of investments in the previous year.

Financial Year 2006 v/s 2005

The profit after tax for the year ended March 2006 increased by Rs. 12,431 lacs. During the year the company earned a gain of Rs. 12,452 lacs on sale of equity shares of Ranbaxy Laboratories Ltd.

4.1.2.12 Comparison of Results (Consolidated)

Financial Year 2007 v/s 2006

The profit after tax and minority interest for the year ended March 31, 2007 declined by Rs.2,743 lacs. The income from capital gain declined to Rs. 2.59 lacs during the year as against capital gain of Rs.12,453 lacs during the previous year ended March 2006. The dividend income also declined by Rs.225 lacs due to sale of investments in the previous year. During the year, the company earned Rs.11,032 lacs as share of profit from partnership firm as compared to Rs.332 lacs for the year ended March 31, 2006. The company acquired 100% equity stake in Fortis Clinical Research Limited through its subsidiary company Shimal Research Laboratories Ltd. It also diluted its holding in Shimal Reseach Laboratories Limited to 67.58% as against 100% holding.

Financial Year 2006 v/s 2005

The profit after tax for the year ended March 2006 increased by Rs.12,402 lacs. During the year the company earned a gain of Rs.12,453 lacs on sale of equity shares of Ranbaxy Laboratories Ltd.

4.1.2.13 Following are the material litigations involving OIL:

<u>*Income Tax*</u>

- There are two appeals pertaining to income tax claims involving OIL, one is filed by the Income Tax Department at the ITAT, Mumbai where the amount of disallowance is Rs.7.68 lacs for the assessment years 1990-1991 and other by OIL against the Income Tax Department at the High Court of Mumbai, where the amount of disallowance is 1 lac, for the assessment years1996-1997, These matters are pending.

4.1.2.14 The following are the subsidiaries/ companies promoted / controlled by OIL.

a) Fortis Financial Services Limited#,,
b) Ranbaxy Laboratories Limited#,,
c) SRL Ranbaxy Limited,
d) Shimal Research Laboratories Limited and
e) Fortis Clinical Research Limited

For details of these companies – please refer to paragraph 4.4.

alongwith other entities of the respective promoter group

4.1.2.15 There are no mergers / demergers / spin offs involving OIL during last 3 years except that in 2006-07, OIL acquired 100% equity stake in Fortis Clinical Research Limited through its subsidiary company Shimal Research Laboratories Ltd. It further diluted its holding in Shimal Research Laboratories Ltd. to 67.58%.

4.1.2.16 Name and contact details of Compliance Officer of OIL

Mr Anurag Gupta, Company Secretary, 55-Hanuman Road, Connaught Place, New Delhi-110 001, Tel: (+91) 11 23346875, Fax: (+91) 11 23346876, Email: oscar_inv@airtelbroadband.in

4.2 Details of the PACs

4.2.1 Fortis Healthcare Limited

4.2.1.1 FHL was incorporated on February 28, 1996 as Rancare Limited under the Companies Act, 1956. The company received the certificate of Commencement of Business on July 1, 1996. The name was changed to Fortis Healthcare Limited on June 20, 1996. The registered office of FHL is located at Piccadily House, 275- 276, 4th Floor, Captain Gaur Marg, Srinivas Puri, New Delhi 110 065, Tel: (+91) 11 2682 5000, Fax: (+91) 11 4162 8435.

4.2.1.2 FHL has a network of 13 Hospitals (directly/through its subsidiaries including hospitals under exclusive Operation and Management agreements) primarily in North India, 15 Satellite / Heart Command Centers in hospitals across the country and 1 Heart Command Center in Afghanistan. FHL is committed to delivering quality healthcare services to its patients in modern facilities using advanced technology and its teams of doctors, nurses and other healthcare professionals, who follow international protocols. Most of FHL's hospitals are multi-specialty hospitals, which provide secondary and tertiary healthcare to patients.

4.2.1.3 Presently, the issued share capital of FHL consists of 22,66,66,533 fully paid up equity shares of Rs.10 each aggregating Rs. 22,667 lacs, which are fully subscribed. Further FHL has issued 1,19,00,000, 0% Class 'C' cumulative redeemable preference shares of Rs.10 each aggregating Rs.1190 lacs, out of which 1,16,00,000, preference shares are subscribed.

4.2.1.4 FHL is promoted by Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Fortis Healthcare Holdings Limited. FHL made an initial public offering of its equity shares in terms of its Prospectus dated April 25, 2007.

4.2.1.5 As on September 30, 2007, the shareholding pattern is as follows:

Sl. No	Shareholder's Category	No. of Shares held	Percentage
1.	Promoters	16,87,49,422	74.45%
2.	FII/ Mutual-Funds/ FIs/Banks	1,68,76,023	7.45%
3.	Public	4,10,41,088	18.10%
	Total Paid Up Capital	22,66,66,533	100.00%

4.2.1.6 Compliance with Corporate Governance

FHL got listed on May 9, 2007. Accordingly, this is the first year for compliance with the listing agreement including the compliances related to corporate governance. FHL has submitted a quarterly compliance report on corporate governance under Clause 49 of the Listing Agreement for the quarter ended December 31, 2007 with the stock exchanges. As per the quarterly compliance report, necessary compliances are being made/will be made as and when they become applicable in due course by FHL.

4.2.1.7 The Board of Directors of FHL, as on the date of the Public Announcement, was as follows:

Mr. Malvinder Mohan Singh, is the Chairman and one of the Promoters of FHL. Please refer paragraph 4.1.2.6 for details. He was appointed as a Non-Executive Director on August 12, 1999.

Mr. Shivinder Mohan Singh, is the CEO & Managing Director as well as one of the promoters of FHL Please refer paragraph 4.1.2.6 for details. He joined FHL on April 1, 2000 and was appointed on the Board of FHL with effect from June 29, 2000.

Mr. Harpal Singh, aged 58 years, residing at B-10, Anand Niketan, New Delhi – 110 021 is the Chairman of RLL. He graduated with a B.A. (Honours) degree in Economics from St. Stephen's College, Delhi and holds a B.S degree in Economics and a Master's degree in public affairs from the University of California at Hayward, U.S.A. Mr. Harpal Singh has had diverse experience of over 35 years in the corporate sector and has held senior positions in various TATA group companies, Hindustan Motors Limited, Mahindra and Mahindra Limited and Shaw Wallace. He is presently a member of the Confederation of Indian Industries ("CII") National Committee on Healthcare and the CII National Committee on Primary and Secondary Education and Chairman of the CII Punjab State Council. Further, he is a member of the Board of the Public Health Foundation of India and is also the Co-Chairman of the India- US Strategic Working Group on Healthcare. He joined the Board of FHL on August 12, 1999.

Justice S. S. Sodhi, aged 74 years, residing at House No.51, Sector -9, Chandigarh – 160 009, has graduated with a B.A. (Honours) degree in Economics from Punjab University and is a Barrister at Law from Lincolns Inn, London. He has a total work experience of over 50 years. Justice Sodhi is an Independent Director of FHL. He was the Chairperson of the Telecom Regulatory Authority of India from 1997 until 2000. Further, he has been a practicing advocate at the High Court of Punjab and Haryana for 10 years and is a member of the Punjab Superior Judicial Service Additionally, Justice S.S. Sodhi has been a Judge of the High Court of Punjab and Haryana, Chief Justice of the High Court of Allahabad and the Lok Pal Punjab. He joined the Board of FHL on May 21, 2001.

Mr. V. M. Bhutani is an Independent Director of FHL. Please refer paragraph 4.1.1.5 for details. He joined the Board of

FHL on July 28, 1998.

Mr. Ramesh L. Adige, aged 57 years, residing at C-12, First Floor, Hauz Khas, New Delhi – 110 016, is a Bachelor with Honours of Engineering from BITS, Pilani and has a post graduate degree from the Faculty of Management Studies, University of Delhi. He is an Independent Director of FHL. He heads the corporate affairs and global corporate communications function at RLL and works in the area of corporate policy, strategic and perspective planning and external relations. He has over 32 years of experience with expertise in the fields of corporate policy, public policy, strategic and prespective planning. He joined the Board of FHL on January 10, 2004.

Mr. Rajan Kashyap, aged 64 years, residing at House No. 131, Sector 10A, Chandigarh – 160 011, has done M.A. in English from Punjab University, and has a Masters of Philosophy degree in Development Economics from the University of Cambridge, United Kingdom. He has a total work experience of over 44 years. He is an Independent Director of FHL. He has been a member of the Indian Administrative Service for 38 years and has served as the Chief Secretary to the Government of Punjab. He has also served in the Ministry of Home Affairs, India. After his superannuation from the Indian Administrative Service, he has been working as the Chief Information Commissioner, Punjab, a statutory appointment under the Right to Information Act, 2005. He joined the Board of FHL on April 21, 2005.

Dr. Yoginder Nath Tidu Maini, aged 64 years, residing at 11, Redcliffe Road, London, SW 10 9 NR, England, has graduated with a B.Sc. (Honours) degree and holds an ACGI, DIC and a Ph.D. in Engineering from the Imperial College, London. He was a Post Doctoral Fellow of the University of California, Berkeley. He is an Independent Director of FHL. Dr. Maini has over 30 years of experience in managing technology companies across Europe, the United States, Asia and the Middle East. He is a pro rector of the Imperial College in London, where he is responsible for technology transfer, consulting services and strategic business alliances. He is also a board member of the Emirates Foundation chaired by His Highness the Crown Prince of Abu Dhabi and chairman of the London 2012 Olympic Technology Board. He joined the Board of FHL on August 4, 2005.

Lt. Gen. Tejinder Singh Shergill PVSM, aged 63 years, residing at Gods' palm, Vil Chauki- Dhaulas, Via Ganghora, Dehradun – 248 141, has graduated from the National Defence Academy, Khadakwasla, where he was awarded the President's Gold Medal and has two masters' degrees – an M.Sc. from the University of Madras and a MAMS from the United States Command and General Staff College, Kansas, U.S.A. He is an Independent Director of FHL. He has 40 years of experience in the military that includes operational service, teaching and diplomatic assignments. Further, he has been decorated for gallantry during his years in the military. He is a former Chairman of the Punjab Public Service Commission and is currently a member of the board of governors of the University of Petroleum and Energy Studies, Director, Centre of Leadership Excellence of the Indian School of Petroleum and member of the board of SBL Private Limited. He joined the Board of FHL on April 21, 2005.

Mr. Gurcharan Das, aged 63 years, residing at 124, Jorbagh, New Delhi – 110 003, is a Bachelor of Arts cum laude in Philosophy and Government from Harvard University and holds an MBA degree from Harvard Business School, Harvard University, U.S.A. He is an Independent Director of FHL. He is an author and a management consultant and advises a number of companies on global corporate strategy. He held the position of the chief executive officer, Procter and Gamble India from 1985 to 1992, and chairman and managing director of Richardson Hindustan Limited from 1981 until 1985. He has over 30 years of experience working in six countries. He is on the board of directors of many companies including RLL and Citibank N.A and is an operating advisor and investor in Chrys Capital LLC. He is also the author of the book "India Unbound". He joined the Board of FHL on June 29, 2000.

Dr. Preetinder Singh Joshi is an Independent Director of FHL. Please refer paragraph 4.1.1.5 for details. He joined the Board of FHL on July 28, 1998.

None of the above directors are on the board of directors of the Target Company.

4.2.1.8 The shares of FHL have been listed on the NSE and BSE from May 9, 2007. The closing price of FHL as on September 11, 2007 was Rs.83 both on BSE and on NSE.

4.2.1.9 Brief financials of FHL are as follows :

Standalone Financials

INCOME STATEMENT	**Year ended**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
Income from operations	12,302.21	9,772.94	5,772.85
Other Income	979.31	225.31	267.23
Total Income	**13,281.52**	**9,998.25**	**6,040.08**
Total Expenses	11,895.30	9,114.41	5,780.52

PBIDT	**1,386.22**	**883.84**	**259.56**
Depreciation & Ammortization	1,057.04	733.52	599.61
Financial Expenses	4,964.82	2,908.09	224.85
PBT	**(4,635.64)**	**(2,757.77)**	**(564.90)**
Prior Period Items	200.75	15.32	29.84
FBT	32.47	22.03	-
Profit after tax	**(4,868.86)**	**(2,795.12)**	**(594.74)**

BALANCE SHEET	**As of**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
SOURCE OF FUNDS			
Share capital			
Equity share capital	18,067.01	16,999.99	8,413.44
Share Application money pending allotment	-	26,000.45	2.00
Preference share capital	2,700.00	100.00	-
Reserves and surplus (excluding revaluation reserve)	37,447.58	156.00	-
Less: Miscellaneous expenditure	(8.63)	(12.71)	(16.78)
Less: P&L Account (Debit Balance)	(13,848.74)	(8,956.69)	(5,730.62)
Networth	**44,357.22**	**34,287.04**	**2,668.03**
Deferred payment liability	499.33	1,036.37	-
Secured loans	24,658.93	38,630.88	3,506.38
Unsecured loans	16,180.69	6,904.35	-
Total	**85,696.17**	**80,858.64**	**6,174.41**
APPLICATION OF FUNDS			
Net block of fixed assets (adjusted for revaluation reserve)	10,205.62	7,803.37	5,575.57
Capital work in progress	681.95	2,069.90	95.14
Investments	67,566.83	67,466.83	0.16
Net current assets	7,241.77	3,518.54	503.54
Total	**85,696.17**	**80,858.64**	**6,174.41**

OTHER FINANCIAL DATA	**Year ended**		
	31-Mar-07	**31-Mar-06**	**31-Mar-05**
Dividend (% of face value)	-	-	-
Earnings per share (Rs.)	(2.69)	(1.64)	(0.71)
Return on Networth (%)	(10.98)%	(33.73)%	(22.31)%
Book Value per share (Rs)	23.06	4.82	3.17

Note:
(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share
(2) Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at year-end
(3) Return on Networth = Profit after tax / Networth at year-end reduced by share application money pending allotment
(4) Book Value per equity share = Networth as reduced by Preference share capital and Share application money pending allotment/ No. of equity shares outstanding at year-end
(5) NM = Not meaningful or not applicable.
(Source: Annual Report & company data)

Consolidated Financials

INCOME STATEMENT	**Year ended**	
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**
	Audited	**Audited**
Income from operations	51,235.39	29,255.21
Other Income	1,305.12	453.06
Total Income	**52,540.51**	**29,708.27**
Total Expenses	46,388.27	26,939.16
PBIDT	**6,152.24**	**2,769.11**
Depreciation & Ammortization	3,827.61	2,274.72
Amortization of Goodwill	4,552.81	2,223.15
Interest	6,600.43	3,631.06
PBT	**(8,828.61)**	**(5,359.82)**
Prior Period Items	182.95	15.32
Current Income Tax	868.37	254.14
Deferred tax charge/ (Credit)	(263.82)	(434.01)
FBT	123.39	85.86
Profit/ (Loss) Attributable to Minority Interest	62.32	(384.54)
Share in Profit/ (Loss) of Associate cos.	(9.77)	3.02
Profit after tax for FHL	**(9,811.59)**	**(4,893.57)**

BALANCE SHEET	**As of**	
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**
	Audited	**Audited**
SOURCE OF FUNDS		
Share capital		
Equity share capital	18,067.01	16,999.99
Share Application money pending allotment	-	26,000.45
Preference share capital	2,700.00	100.00
Reserves and surplus (excluding revaluation reserve)	37,447.58	156.00
Less: Miscellaneous expenditure	(8.62)	(23.11)
Less: P&L Account (Debit Balance)	(21,328.83)	(11,202.65)
Networth	**36,877.14**	**32,030.68**
Minority Interest	1,935.09	1,904.17
Deferred payment liability	499.33	1,036.37
Secured loans	35,571.62	48,194.96
Unsecured loans	23,648.11	11,651.16
Total	**98,531.29**	**94,817.34**

APPLICATION OF FUNDS		
Goodwill	38,171.00	42,660.01
Net block of fixed assets (adjusted for revaluation reserve)	40,589.47	36,286.13
Capital work in progress	10,259.35	9,124.55
Investments	44.19	53.96
Deferred tax asset (net)	1,943.68	1,518.34
Net current assets	7,523.60	5,174.35

Total	**98,531.29**	**94,817.34**
OTHER FINANCIAL DATA	**Year ended**	
	31-Mar-07	**31-Mar-06**
Dividend (% of face value)	-	-
Earnings per share (Rs.)	(5.43)	(2.88)
Return on Networth (%)	(26.61)%	(81.15)%
Book Value per share (Rs)	18.92	3.49

Note:
(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share
(2) Earnings per share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at year-end
(3) Return on Networth = Profit after tax / Networth at year-end as reduced by share application money pending allotment
(4) Book Value per equity share = Networth as reduced by Preference share capital and share application money pending allotment/ No. of equity shares outstanding at year-end
(5) NM = Not meaningful or not applicable.
(Source: Annual Report & company Data)

Consolidated Audited Accounts were not prepared for the FY 2004-05 since this was not a mandatory requirement under the Companies Act, 1956. Consolidated Financial Statements for the FY 2005-06 & 2006-07 have been prepared voluntarily.

4.2.1.10 The significant accounting policies of FHL, as per the stand-alone audited financial statements for the period April 1, 2006 to March 31, 2007 are as follows:

a) *Basis of preparation of Financial Statements*: The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.
The accounting policies have been consistently applied by the company and except for the changes in accounting policies discussed more fully below, are consistent with those used in the previous year.

b) *Changes in Accounting Policies*: Adoption of Accounting Standard 15 (Revised) on Employee Benefits. In current year, the company has voluntarily adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods starting from December 7, 2006. Accordingly, the basis of actuarial valuation of earned leaves liability has been changed. As a result, the valuation of short term compensated absences forming part of accrued leaves as at March 31, 2006, is higher by Rs. 23.19 lacs and the same has been adjusted to the opening debit balance of Profit and Loss account as at April 1, 2006. This change does not have any material impact on the loss for the current year.

c) *Fixed Assets*: Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relates to the period till such assets are ready to be put to use.

d) Depreciation:
- Depreciation on Leasehold Improvements is provided over the primary period of lease of 3-14 years or over the useful lives of the respective fixed assets, whichever is shorter.
- Depreciation on all other fixed assets is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher.
- Individual assets not exceeding Rs. 5,000 are depreciated fully in the year of purchase.

e) Expenditure on new projects and substantial expansion:
Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit and Loss account. All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increases the value of the asset beyond its originally assessed standard of performance.

f) *Intangibles:*

- Technical Know-how Fees: Technical Know-how Fees paid to Partner Healthcare System, Boston (USA) is amortized over a period of 3 years from the date of commencement of commercial operations.
- Softwares: Cost of Softwares is amortized over a period of 6 years, being the estimated useful life as per the management estimate.

g) *Impairment:*

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- A previously recognised impairment loss, if any, is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

h) *Leases:*

- Where the company is the lessee: Leases where the lessor effectively retains ubstantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.
- Where the company is the lessor: Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss account on a straight-line basis over the lease term. Costs, including depreciation are recognised as expense in the Profit and Loss account.

i) *Investments*: Investments that are intended to be held for more than a year are classified as Long-term investments. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments, wherever required.

j) *Inventories*: Inventories are valued as follows: Medical Consumables, Pharmacy Items and Fuel Lower of cost and net realizable value. Cost is determined on weighted average basis. Other consumables, stores and spares, being immaterial in value terms, are being charged to consumption in the year of purchase. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

k) *Revenue Recognition*: Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- Operating Income: Operating Income is recognised as and when the services are rendered / pharmacy items are sold. Management fee from hospitals is recognised as per the terms of the agreement with respective hospitals.
- Rehabilitation Centre Income: Revenue is recognised as and when the services are rendered at the centre.
- Equipment Lease Rentals: Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees.
- Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

l) *Deferred Revenue Expenditure*: Cost incurred in raising funds (Arrangement fees on Term Loan) is amortised over the period for which the funds are acquired.

m) *Foreign Currency Transactions:*

- 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.
- 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.
- 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 arises. Exchange differences on liabilities relating to fixed assets acquired from outside India are added to the cost of such assets.

n) *Retirement and Employee Benefits:*

- Provident Fund: Provident Fund is a defined contribution scheme and the contributions are charged to the

Profit and Loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

- Gratuity: Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.
- Leave Encashment: Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the end of the year.
- Actuarial Gains/Losses: Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

o) *Income Taxes*: Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

p) *Provisions:* A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) *Cash and Cash Equivalents*: Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Note: As regards adjustments on account of change in accounting policy regarding adoption of Accounting Standard 15 (Revised) on Employee Benefits, the year wise breakup is not readily ascertainable and therefore the effect of the same has not been adjusted to the years ended March 31, 2006, March 31, 2005, 2004, 2003 and 2002 and the entire charge has been accounted for as a debit to Opening debit balance of Profit and Loss Account as at April 1, 2006. Accordingly, no other change is required to be made in the accounts.

4.2.1.11 As per the report issued by the statutory auditors, the capital commitments and contingent liabilities for the period ended March 31, 2007 are as follows:

- Claims against the group not acknowledged as debt: Rs. 4,313.44 lacs
- Unredeemed Bank Guarantees executed in favour of lessor as security for hospital land an building taken on lease: Rs. 139.53 lacs
- Other Contingent Liabilities: Rs. 21.72 lacs

4.2.1.12 Comparison of Results (Standalone)

Financial Year 2007 v/s 2006
During the year 2006-07 the company has reported a growth of Rs. 3,283.28 lacs in the hospital revenue. The Loss after tax for the year ended March 2007 has increased by Rs. 2,073.74 lacs due to further increase in finance cost during the year & additional depreciation on new additions to the fixed assets during the year.

Financial Year 2006 v/s 2005
During the year 2005-06 the company has reported growth of Rs. 3,958.17 lacs in the revenue. The Loss after tax for the year ended March 2006 was increased by Rs. 2,200.38 lacs due to increase in finance cost towards new acquisitions during the year. The acquisitions were funded mainly through debts.

4.2.1.13 Comparison of Results (Consolidated)

Financial Year 2007 v/s 2006
During the year 2006-07 the company has reported growth of Rs. 22,832.24 lacs in the revenue. The Loss after tax for the year ended March 2007 has increased by Rs. 4,918 lacs due to full year impact of finance cost towards debt pertaining to acquisition of companies (additional impact of Rs. 1,300 lacs) and amortization of goodwill & depreciation due to change in accounting period (impact of goodwill amortization Rs. 2,330 lacs & deprecation Rs 1,553 lacs).

Financial Year 2006 v/s 2005 – Not Applicable since consolidated accounts were not prepared for 2005

4.2.1.14 Following are the material litigations involving FHL and its affiliates:

A) FHL

Income Tax

- Regular assessment has been completed by the Deputy Commissioner of Income Tax Circle II(1), New Delhi, through his order dated December 26, 2006, for assessment year 2004-2005 and disallowance of approximately Rs. 8 lacs on account of late payment of provident fund and superannuation fund. FHL has filed an appeal before the Commissioner of Income Tax (Appeals) against the assessment order. The matter is currently pending.

Medical Negligence

- There are 10 complaints relating to medical negligence under the Consumer Protection Act, 1985 filed against FHL by our patients or their representatives, in various consumer redressal forums in India. The aggregate claim against FHL in these complaints is approximately Rs. 230 lacs. Four of these complaints are in relation to the cardiac care specialty, three are in relation to general surgery, one is in relation to both cardiac care and gastroenterology, one is in relation to general medical care and one is in relation to Nuero sciences.

Winding up Petition

- Kay Emm Bio-medicals Private Limited had issued two notices dated July 19, 2006 and September 19, 2006, to FHL, alleging breach of contract on account of delayed payment for the supply of certain goods. Kay Emm Bio-medicals Private Limited has claimed approximately Rs. 3.2 lacs, with interest at the rate of 18%, from the date of the first notice issued by it to FHL. As the FHL disputed this amount, Kay Emm Bio Medicals have filed a winding up petition in the Delhi High Court and is now fixed for March 24, 2008.

Labour matters

- Mr. Binaypreet Singh Narang, a former employee of FHL has sent a demand notice dated February 8, 2007, issued under Sections 2 and 10 of the Industrial Disputes Act, 1947, addressed to the Assistant Reconciliation Commissioner, Mohali, with a copy of the notice to FHL, alleging that FHL has terminated his services without any reason and that the action is arbitrary. He has claimed reinstatement in services with full back wages. Thereafter the matter was fixed for adjudication to before Assistant Reconciliation Commissioner, Mohali for reconciliation however the reconciliation broke down and the matter has been referred to Labour Tribunal for adjudication. The matter is now fixed before Labour Court for February 28, 2008.

B) EHIRCL

- Civil suit filed by Anil Nanda and Goetze India against EHIRCL on the grounds that merger of charitable society into non charitable society and the subsequent conversion of merged society into a company is void, required Delhi Development Authority ("DDA") approval and resulted in making available reserves of the charitable society for commercial purposes. Various reliefs have been prayed for including restoration of Charitable Status. Status Quo order has been passed by the High Court on 30.9.2005 directing EHIRCL (amongst others) not to do anything to dilute and wipe out the corpus of EHIRCL. Vide High Court order dated 4.4.2007, FHL has been impleaded as a party in the suit. Various applications have been filed by the Parties in the matter from time to time. The next date of hearing in the matter is January 21, 2008.

- DDA terminated the Lease Deed of EHIRCL on 6.10.2005 based on (a) violation of 25% free bed condition (b) merger/ conversion resulting in transfer of land without DDA approval. High Court has granted interim stay in favour of EHIRCL on 7.10.05 (in OMP) and on 20.10.05 (in Suit). The next date of hearing in both the matter is March 18, 2008.

- Estate Officer issued show cause notice to EHIRCL dated 09.11.05 for eviction from premises under the Public Premises Act on same grounds raised by DDA. EHIRCL filed a Writ Petition for quashing the DDA termination order and staying the proceeding which was dismissed by Single Judge. Letters Patent Appeal (LPA) was preferred against the order. In the hearing on July 16, 2007, the Division Bench of the Hon'ble High Court heard the arguments in detail and vide its judgment dated 3.9.07 Hon'ble High Court has dismissed the LPA.

- Pursuant to dismissal of LPA, Estate Officer on 08.10.07 issued a notice for resuming the proceedings under Public Premises Act. The next date of hearing before the Estate officer is January 10, 2008.

- EHIRCL has filed an appeal by way of Special Leave Petition (SLP) in Supreme Court against the judgment of LPA. In the hearing on November 16, 2007 Hon'ble Supreme Court was pleased to issue notice. Court further ordered that proceedings before Estate Officer may continue but no final order may be passed.

- EHIRCL along with other 5 hospitals has filed an appeal by way of Special Leave Petition along with an application for Condonation of delay before the Supreme Court, against the Social Jurist Judgment dated March 22, 2007. Hon'ble Supreme Court was pleased to issue notice in the matter.

Customs case

- There are two cases relating to customs duty filed against EHIRCL pending before various authorities in India. The aggregate claim against EHIRCL in these cases was approximately Rs.678.3 lacs, However, in one of the cases the authorities have imposed a demand and fine of Rs. 422 lacs. EHIRCL has filed an appeal against that order which is currently pending and EHIRCL was ordered to deposit a sum of Rs.3.48 crores which has been done.

Sales Tax Cases

- The question as to whether VAT can be levied on the cost of medicines, drugs, stents, consumables and also the diet consumed during the course of treatment of patient by Escorts Heart Institute And Research Centre Ltd. ("EHIRC"), was filed before the Commissioner, VAT at Delhi, who ordered that the hospitals liable to pay tax on the amount received / receivable from the patients for providing the treatment to them, to the extent the same can be attributed towards the cost of medicines, drugs, stents, consumables and also the diet provided to them. Currently the matter has been challenged before the VAT Tribunal as well as Delhi High Court by EHIRCL.

Medical Negligence cases

- There are 52 complaints against EHIRCL relating to medical negligence, reimbursement for medical negligence and reimbursement of medical expenses under the Consumer Protection Act, 1985 and other relevant laws pending before various authorities in India. The aggregate amount claimed against EHIRCL in these complaints is approximately Rs. 410 lacs. two of these matters are petitions that have been filed by certain government servants in the Delhi High Court, against the Union of India and others, including EHIRCL as a pro forma party, claiming entitlement to certain benefits under the Central Government Health Scheme, including reimbursement of medical expenses from the Union of India, on account of the difference between the amount charged for medical treatment by the defendant hospitals, including EHIRCL, and the amount paid by the Union of India under the said scheme. These matters are currently pending.

Income Tax Cases

The tax authorities have re-opened certain tax assessments of the erstwhile Delhi Society and Chandigarh Society which amalgamated before converting into the incorporated entity EHIRCL. There are three sets of cases relating to income tax involving EHIRCL, pending before various authorities in India. The aggregate claim against EHIRCL in these cases is Rs.31,090 lacs. The details of these cases are as follows:

a. Erstwhile Delhi Society

The Assessing Officer has raised a demand for an aggregate amount of Rs.22,538 lacs, for the assessment years 1997-98 to 2001-02, through separate assessment orders issued between July 22, 2005 and August 1, 2006, relating to the income tax returns filed by the erstwhile Delhi Society, alleging that the entire pre- and post-merger income of the Delhi Society is taxable. EHIRCL has filed certain appeals before the Commissioner of Income Tax (Appeals)–II, New Delhi, for the said assessment years which are pending. Further, EHIRCL has filed a writ petition in the High Court of Delhi, seeking directions to quash the show cause notices and orders passed by the Assessing Officer in this matter and to stay any demand arising out of the same in respect of the income of the erstwhile Delhi Society, in the assessment years 1997-98 to 2001-02. The High Court of Delhi has, through its order dated September 20, 2005, issued the following interim orders:

(i) The Assessing Officer shall be free to pass appropriate orders for reassessment pertaining to the assessment years 1998-99, 1999-2000 and 2000-2001;

(ii) The Assessing Officer shall be free to pass appropriate orders for reassessment pertaining to the assessment years 2001-2002 and the assessee will not raise any objections as to the maintainability of the reassessment proceedings;

(iii) The recoveries on the basis of the assessment years 1997-98, 1998-99, 1999-2000 and 2000-2001 shall be stayed until the next date of hearing; and

(iv) The hearing and disposal of any appeal filed by the assessee for the assessment years 1997-98, 1998-99, 1999-2000 and 2000-2001 shall be stayed until the next date of hearing. The matter has been fixed for hearing on February 11, 2008.

The appeals have been filed before the Commissioner of Income-tax (Appeals) for assessment years 1997-98 to 2001-02. The appeals for assessment years 1997-98 to 2000-01 have been stayed by the High Court. The appeal for assessment year 2001-02 is being heard by the Commissioner of Income-tax and the next date of hearing is yet to be communicated.

b. Chandigarh Society

The Assessing Officer reopened the assessment for the assessment year 2001-02 and has raised a demand on account of capital gains tax on the alleged transfer of assets by the erstwhile Chandigarh Society to EHIRCL, a company under Part IX of the Companies Act. The Assessing Officer issued an order of reassessment dated March 28, 2005, raising a demand of Rs.8,148.8 lacs from EHIRCL. EHIRCL has remitted payment of Rs.800 lacs, but has filed an appeal against the order before the Commissioner of Income Tax (Appeals), Chandigarh. The Commissioner of Income Tax (Appeals), Chandigarh, through his order dated February 10, 2006, confirmed the demand raised by the Assessing Officer. EHIRCL has filed an appeal against this order along with a stay application for restraining collection of tax demanded before the Income Tax Appellate Tribunal ("the ITAT"), Chandigarh. The ITAT has issued a stay in the matter and the next date of hearing is yet to be communicated.

c. Limited Company

The Income-tax Department has filed an appeal before the Income-tax Appellate Tribunal, New Delhi against the appellate order passed by the Commissioner of Income-tax (Appeals)II, New Delhi for the assessment year 2003-04 against the allowance of keyman insurance premium amounting to Rs.981.6 lacs and the nature of expenses on software development amounting to Rs.1.2 lacs which is yet pending.

C) EHSSIL

Medical Negligence Cases

- Three separate complaints have been filed by certain persons against EHSSIL before the District Consumer Disputes Redressal Forum, Amritsar, alleging medical negligence by various doctors at EHSSIL. The aggregate amount claimed in this dispute is approximately Rs. 50 lacs.

D) EHRCL

Income Tax Cases

The Assessing Officer has completed the assessment vide order dated 26.12.2006 for assessment year 2004-05 assessing the loss at Rs.629.5 lacs as against Rs.650.6 lacs. The appeal has been filed before the Commissioner of Income-tax (Appeals) which is yet pending. The disallowances have been made on account of repairs & maintenance expenses, maintenance of village dispensaries etc. There is no tax demand outstanding.

Writ Petitions and Civil Suit

There are two writ petitions filed against EHRCL pending before various authorities in India. The aggregate claim against EHRCL cannot be quantified as no specific claim has been made against EHRCL. The details of these writ petitions are as follows:

- Mr. Krishan Lal Gera has filed a writ petition in the High Court of Punjab and Haryana (CWP No. 5019/2000) against the State of Haryana and EHRCL, alleging that the hospital unit being operated in Faridabad was being operated in violation of the terms of the allotment of land to EHRCL in respect of free beds for indigent persons. Mr. Gera sought a direction from the court that EHRCL's operation should be compliant with the said terms of allotment. The High Court of Punjab and Haryana, through its order dated January 24, 2002, directed the State of Haryana to examine EHRCL's scheme of compliance with the terms of the said allotment letter, and to make suitable corrections in operations. EHRCL has filed a special leave petition (CA 7034/2004) in the Supreme Court on March 8, 2002 against the interim order of the High Court of Punjab and Haryana, praying for an ex parte ad interim stay of the operation of the interim order. The Supreme Court has through its order dated October 29, 2005 directed a stay in the proceedings at the High Court of Punjab and Haryana, pending final disposal of the matter.

- Mr. Krishan Lal Gera has filed a writ petition in the High Court of Punjab and Haryana (CWP No. 18845/2004) against the State of Haryana and EHRCL, among others, alleging unauthorised occupation of government land by various persons, including EHRCL. The allegation made in relation to EHRCL is that it has illegally closed the service road leading from EHRCL to Bata Chowk. The matter is currently pending.

- The Municipal Corporation of Faridabad has vide letter dated September 04, 2007 demanded development charges of Rs. 49 lacs from RHRCL. This has been challenged by way of a Civil Suit by EHRCL.

Medical Negligence Cases

- There are 28 complaints pertaining to alleged medical negligence and deficiency of service, filed against EHRCL by certain parties before various consumer redressal forums in India. The total amount of claims in cases aggregates to approximately Rs. 160 lacs. In addition, There is one civil suit pending against EHRCL in which the plaintiff has claimed an amount of Rs. 5 lacs as compensation on account of deficiency in service.

Labour Litigation

- There is one labour matter instituted by certain former employees of EHRCL, where the claims raised against EHRCL pertain to claims for reinstatement in service with full back wages and continuity in service from the date of termination from service.

E) SRL Ranbaxy Limited ("SRL")

Writ Petitions

- There are two writ petitions pending against SRL before various authorities in India. The claims against SRL cannot be quantified as no specific amount has been claimed in the writ petitions. The details of these cases are as follows:

a. Dr. Anil Bansal, the owner of City Med Collection Centre, Agra and a franchisee of SRL filed a complaint against SRL and others, before the City Civil Court, Agra (Complaint No. 590 of 2002) alleging that SRL had sent back drug samples sent by the complainant through a courier agency, without testing the same and also without assigning any reason, with the intention of maligning the image of the complainant. The complainant also alleged that he tried sending other samples through the courier agency, however, the accused told the courier agency not to collect the samples from the complainant. SRL filed a petition (Criminal Misc. No. 4102 of 2006) before the High Court of Uttar Pradesh at Allahabad, praying that this complaint be quashed. The High Court of Uttar Pradesh at Allahabad, through its order dated April 20, 2006 has directed that the proceedings in the City Civil Court, Agra be stayed. The matter is currently pending.

b. Mr. Rajesh Kumar Srivastava, a correspondent with a daily newspaper, filed a suit (Civil Contempt Petition No. 820 of 2002) in the High Court of Uttar Pradesh, alleging that the judgment of the court in an earlier case, D.K. Joshi v. State of Uttar Pradesh, decided on April 25, 2000, were not being complied with. The court had in this matter directed that the concerned state regulatory authorities should take steps to identify unqualified and unregistered medical practitioners operating in the state of Uttar Pradesh, and to initiate legal action against them immediately. The High Court of Uttar Pradesh, through its order dated January 28, 2004, directed all hospitals, nursing homes and pathology labs to provide full details of all the medical facilities and the qualifications of the staff, and to register themselves with the Chief Medical Officer of the District. The High Court had ordered for closure of two collection centres also, but on subsequent applications filed allowed them to operate.

Medical Negligence Cases

- There are 23 complaints pertaining to medical negligence under the Consumer Protection Act, 1985 before various consumer redressal forums in India, which have been filed against SRL by patients or their representatives. The aggregate amount claimed in these complaints is about Rs 320 lacs.

Fortis Operation & Management Hospitals

(A) Fl. Lt. Rajan Dhall Hospital

- Ms. Sudesh Dhall has filed a suit for permanent injunction against FHL for restraining FHL from claiming itself as owner or in possession or dealing in any manner in respect of the immovable property at Vasant Kunj. The next date of hearing in the matter is January 31, 2008. Mrs. Sudesh Dhall has also filed a suit against certain members of the Fl. Lt. Rajan Dhall Charitable Society ("**Dhall Society**") society praying for various reliefs including for restraining the certain members of Dhall society from entering into any management contract with Fortis Group and removal of certain trustees etc. The next date of hearing in the matter is January 18, 2008. Ms. Sudesh Dhall has also filed a Suit [in the Court of the Additional District Judge, against Mr. Anil Sarin and 30 other persons, alleging that Mr. Anil Sarin has assumed himself to be President of the Dhall Society, and that the Dhall Society is being commercialized and mismanaged by its members. The next date of hearing in matter is February 12, 2008.

- DDA has terminated the Lease Deed of Dhall Society on November 30, 2005 on the grounds that the Dhall Society failed to construct the building within the stipulated period and the land has been transferred etc. Delhi High Court has granted interim stay in favour of Dhall Society on December 19, 2005. The next date of hearing in the matter is February 4, 2008.

- The Estate Officer has also issued show cause notice for eviction from premises under the Public Premises Act, which has been challenged by Dhall Society on the basis that the disputed premises are not 'Public Premises'. The next date of hearing before the Estate Officer is January 8, 2008.

(B) Jessa Ram Hospital

- L& DO on 17.08.06 terminated Lease Deed (covering 710 sq. yds.) on the basis that the allotted land is lying vacant and the Hospital has been taken over by Fortis. High Court granted stay vide its order dated August 22 '06 in favour of Jessa Ram Trust. The next date of hearing in the matter is January 18, 2008.

- DDA on 13.2.2007 terminated Lease Deed covering 4839.72 sq. yds. on the basis that the Jessa Ram Trust has entered into an agreement with FHL to run the Hospital as a business /corporate /commercial venture etc. High Court granted stay in favour of Jessa Ram Trust in Feb 26, 07. The next date of hearing in the matter is February 18, 2008.

  Estate Officer issued a show cause notice dated April 26, 2007 for eviction from premises under Public Premises Act (4840 square yards) The matter came up for hearing on June 12, 2007 before the Estate officer and Estate Officer was pleased to adjourn the proceeding Sine die.

(v) *Income-tax Cases*
The Assessing Officer has completed the assessment for assessment year(s) 2003-04 & 2004-05 vide order(s) dated 28.12.2006 and has held that the exemption under Section 11 of the Income-tax Act is not admissible as the Trust is being run for commercial purposes. Being a loss case, there is no tax demand. The appeals have been filed before the Commissioner of Income-tax for assessment year(s) 2003-04 & 2004-05 which are yet pending.

Intellectual Property

- On May 6, 2006 Fortis Financial Service limited , Fortis Healthcare Limited and Religare Enterprises Private Limited (collectively referred as " **Fortis Group**") filed a suit against Fortis N.V., in the High Court of Delhi for seeking injunction, against Fortis N. V from using the word "Fortis" as a part of their corporate name or trading style.

- On August 8, 2006 a suit was filed by Fortis N.V., Fortis S.A./ N.V. and Fortis Bank in the Delhi HC against the Fortis Group for seeking similar relief as were claimed by Fortis Group except for additional relief of taking into account of the income / profits earned by the Fortis group by use mark " FORTIS".

The High Court has clubbed the two matters in view of them being connected matters. The Parties thereafter filed a joint settlement application. Vide order dated November 13, 2007, Hon'ble High Court disposed off the matters in terms of the joint application filed by the parties.

4.2.1.15 The following are the companies promoted / controlled by FHL:

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

All the above companies are the subsidiaries of FHL

For details on IHL – please refer paragraph 4.1.1 and for details of other subsidiaries of FHL – please refer to paragraph 4.4

4.2.1.16 The details of major merger/demerger, spin off involving FHL during the last three years and upto the date of the Public Announcement are as follows:

i. In February 2007, FHL acquired 100% of the paid up equity share capital of Hiranandani Healthcare Private Limited
ii. In March 2006, FHL acquired 100% of the paid up equity share capital of Oscar Bio-Tech Private Limited.
iii. In January 2006, FHL signed an agreement with Sunrise Medicare Private Limited (SMPL) for the operation and management of Fortis La Femme, New Delhi, and acquisition of 5% equity interest in SMPL, with an option to acquire additional equity shares. In April, 2007, FHL acquired 10,00,000 Shares of SMPL thereby increasing its shareholding to 13.49% of the paid up Equity Capital of SMPL.
iv. In October 2005, the High Court approved the Scheme of merger / amalgamation of Fortis Medical Centre Holdings Limited with FHL with the effective date from April 1, 2004.
v. In September 2005, FHL acquired 90% of the equity share capital of Escorts Heart Institute And Research Centre Limited resulting in the acquisition of Escorts Heart Centre Limited, Escorts Heart And Super Speciality Hospital Limited, Escorts Heart And Super Speciality Institute Limited and Escorts Hospital And Research Centre Limited
vi. For details of IHL, please refer to paragraph 4.1.1

4.2.1.17 Name and contact details of Compliance Officer of FHL

Ms Neerja Sharma, Director – Secretarial Affairs & Company Secretary, Fortis Healthcare Limited, Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110 025, Tel: (+91) 11 26825000, Fax: (+91) 11- 41628435, Email: neerja.sharma@fortishealthcare.com

4.2.2 Fortis Healthcare Holdings Limited

4.2.2.1 FHHL was incorporated on December 27, 2001 under the Companies Act, 1956. FHHL received its certificate of commencement of business on April 30, 2002. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi 110 001, Tel: (+ 91) 11 2334 6875, Fax: (+ 91) 11 2334 6876. FHHL is engaged in the business of promoting, acquiring and holding investments in companies and firms engaged in the field of setting up, running, managing, administering hospitals, medicare, health-care, diagnostic, health-aids and research centres.

4.2.2.2 The entire issued and subscribed share capital of FHHL consists of 23,50,000 equity shares of Rs. 10 each aggregating Rs. 235 lacs. FHHL has also issued preference share capital aggregating Rs.3,825 lacs comprising of 3,22,50,000; 12% Non cumulative convertible preference shares of Rs. 10 each and 60,00,000, 12% Non cumulative Redeemable preference shares of Rs 10 each. Further, presently, FHHL has received Rs.3,500 lacs from OIL as share application money.

4.2.2.3 As on August 29, 2007, 49.99% of its share capital was held by Malav Holdings Private Limited, 49.99% was held by Shivi Holdings Private Limited and the remaining 0.0255% is collectively held by Mr. V.M. Bhutani, Mr. S.K. Patawari, Mr. Hemant Dhingra, Mr. V.K. Kaul, Mr. Sanjeev Singhal and Mr. Sunil Godhwani. Malav Holdings Private Limited and Shivi Holdings Private Limited are companies promoted and controlled by Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and their family members.

4.2.2.4 FHHL does not have any pending litigations against it.

4.2.2.5 The Board of Directors of FHHL, as on the date of the Public Announcement, was as follows:

Mr. Malvinder Mohan Singh, Please refer paragraph 4.1.2.6 for details. He was appointed as a Director on September 30, 2002.

Mr. Shivinder Mohan Singh, Please refer paragraph 4.1.2.6 for details. He was appointed as a Director on September 30, 2002.

Mr. Vinay Kaul, Please refer paragraph 4.1.2.6 for details. He was appointed as a Director on September 30, 2002.

Mr. V. M. Bhutani, Please refer paragraph 4.1.1.5 for details. He was appointed as a Director on December 27, 2001.

None of the above directors are on the Board of Directors of the Target Company.

4.2.2.6 The equity shares of FHHL are not listed on any stock exchange. It has not made any public or rights issue in the preceding three years.

4.2.2.7 Brief financials of FHHL are as follows :

INCOME STATEMENT	**Year ended**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
Total Income	**6.48**	**128.40**	**262.67**
Total Expenses	5.47	5.19	8.25
PBIDT	**1.01**	**123.21**	**254.42**
Finance Expenses	2,093.43	466.17	338.38
PBT	**(2,092.42)**	**(342.96)**	**(83.96)**
Provision for Tax	2.20	2.40	0.08
Profit after tax	**(2,094.62)**	**(345.36)**	**(84.04)**

BALANCE SHEET	**As of**		
(Rs. in lacs)	**31-Mar-07**	**31-Mar-06**	**31-Mar-05**
	Audited	**Audited**	**Audited**
SOURCE OF FUNDS			
Share capital			
Equity share capital	235.00	235.00	235.00
Preference share capital	3,825.00	3,825.00	3,825.00
Share Application Money	7,500.00	17,500.00	
Less: Miscellaneous expenditure	-	(4.76)	(9.52)
Less: P&L Account (Debit Balance)	(2,543.69)	(449.06)	(103.70)
Networth (excluding Share Application Money)	**1,516.31**	**3,606.18**	**3,946.78**
Unsecured loans	6,391.70	21,870.00	-
Total	**15,408.01**	**42,976.18**	**3,946.78**

APPLICATION OF FUNDS			
Investments	17,483.68	16,859.18	6,226.86
Net current assets	(2,075.66)	26,117.00	(2,280.08)
Total	**15,408.01**	**42,976.18**	**3,946.78**

OTHER FINANCIAL DATA	**Year ended**		
	31-Mar-07	**31-Mar-06**	**31-Mar-05**
Dividend (% of face value)	-	-	-
Earnings per equity share (Rs.)	(89.13)	(14.70)	(3.58)
Return on Networth (%)	(138.14)%	(9.58)%	(2.13)%
Book Value per equity share (Rs)	(98.24)	(9.31)	5.18

Note:

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding / Par value per equity share

(2) Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding

(3) Return on Networth = Profit after tax / Networth at year-end

(4) Book Value per equity share = Networth as reduced by Preference share capital and share application money / No. of equity shares outstanding at year-end

(5) NM = Not meaningful or not applicable.

(Source: Annual Report & company data)

4.2.2.8 The significant accounting policies of FHHL, as per the stand-alone audited financial statements for the period April 1, 2006 to March 31, 2007 are as follows:

a. *System of Accounting*: The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting practices.

b. *Investments*: Investments are primarily meant to be held over long term period and are thus stated at cost. However provision for diminution if required is made to recognise a decline other than temporary, in the value of invesments. Current Investments are stated at lower of cost or fair value.

c. *Miscellaneous Expenditure*: Miscellaneous Expenditure (Preliminary Expenses) is amortised over a period of five years from the year of commencement of business.

d. General Accounting policies not specifically stated are in consonance with generally accepted accounting practices.

4.2.2.9 As per the Annual Report of FHHL, for the financial year ended March 31, 2007, there are no contingent liabilities.

4.2.2.10 Comparison of Results

Financial Year 2007 v/s 2006

The Loss after tax for the year ended March 2007 increased by Rs. 1,749.26 lacs due to increase in finance cost and decrease in interest income during the year. The interest cost increased due to investment made by the company for Rs. 12,212.31 lacs as equity shares in FHL & for Rs. 26,000 lacs provided as share application money to FHL (against which Non-cummulative redeemable preference shares aggregating Rs. 26,000 lacs were allotted) in the previous year. The loans given by the company were called back for repayment of liabilities which resulted in reduction in interest income.

Financial Year 2006 v/s 2005

The Loss after tax for the year ended March 2006 increased by Rs. 261.32 lacs due to increase in finance cost and decrease in interest income during the year. During the year the company made fresh investments in shares of FHL for Rs.12,212.31 lacs and gave share application for Rs. 26,000 lacs. The source of funds for the said investments was mainly debt funds for Rs. 21,870 lacs & share application money of Rs. 17,500 lacs, Accordingly the interest cost increased on Rs. 21,870 lacs. The interest income decreased due to refund of loans of Rs. 3,952 lacs granted by the company.

4.2.2.11 The companies presently promoted / controlled by FHHL are

a) FHL – please refer to paragraph 4.2.1 for details of FHL,
b) Fortis HealthStaff Limited and
c) Fortis HealthWorld Limited,
d) Medsource Health Care Private Limited

Please refer to paragraph 4.4 for details of the other companies.

4.2.2.12 There are no mergers / demergers / spin offs involving FHHL during last 3 years.

4.3 Relationship between the Acquirers and PACs

The Acquirers and PACs are companies promoted by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh who have varied interest in the pharmaceutical, healthcare industry as well as in financial services.

4.4 Information on other companies presently promoted / controlled by the Acquirers and the PACs

4.4.1 Escorts Heart Institute And Research Centre Limited

- Date of Incorporation: May 30, 2000
- Nature of Business: Promote and conduct research in cardiology, thorasic surgery and other medical fields and to maintain and run necessary infrastructure, including hospitals.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	24,613	23,301	22,650
Profit/(Loss) after tax	1,038	694	1,399
Equity Capital	200	200	200
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	22,290	21,559	20,865
Earnings/(Loss) per equity share (Rs.)	51.90	34.68	69.91
Net Asset value per equity share (Rs.)	1,124.33	1,087.77	1,053.09

The Sick Industrial Companies Act is not applicable to the company.

4.4.2 Escorts Heart And Super Speciality Institute Limited

- Date of Incorporation: December 22, 1998
- Nature of Business: Establishment, maintaining and running of Hospitals, Nursing Homes amongst others.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	2,664	1,837	1,504
Profit/(Loss) after tax	(266)	(447)	(577)
Equity Capital	1,570	1,570	1,570
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(1,771)	(1,509)	(1,072)
Earnings/(Loss) per equity share (Rs.)	(1.70)	(2.85)	(3.67)
Net asset value per equity share (Rs.)	(1.28)	0.39	3.17

The Sick Industrial Companies Act is not applicable to the company.

4.4.3 Escorts Heart Centre Limited

- Date of Incorporation: April 27, 2000
- Nature of Business: Currently has no operations.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	0	34	201
Profit/(Loss) after tax	(0)	(41)	(103)
Equity Capital	197	197	197
Reserves and Surplus(excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(344)	(344)	(303)
Earnings/(Loss) per equity share (Rs.)	(0.02)	(2.08)	(5.21)
Net Asset value per equity share (Rs.)	(7.46)	(7.45)	(5.36)

The Sick Industrial Companies Act is not applicable to the company.

4.4.4 Escorts Hospital And Research Centre Limited

- Date of Incorporation: December 16, 1997
- Nature of Business: Operating of Nursing Homes and Medical centres amongst others.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**

Sales and Other Income	4,879	4,078	3,375
Profit/(Loss) after tax	173	30	(205)
Equity Capital	2,200	2,200	2,200
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	1,876	1,703	1,674
Earnings/(Loss) per share (Rs.)	0.79	0.14	(0.93)
Net Asset value per Share (Rs.)	18.53	17.74	17.61

The Sick Industrial Companies Act is not applicable to the company.

4.4.5 Escorts Heart And Super Speciality Hospital Limited

- Date of Incorporation: April 24, 2003
- Nature of Business: Managing research in cardiology and cardiovascular sciences amongst other medical fields.
- It is not listed on any stock exchange

Key Audited financials

Particulars	**Year ended**		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	-	-	-
Profit/(Loss) after tax	-	-	-
Equity Capital	915	915	915
Share Application money pending allotment	285	285	285
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	-	-	-
Earnings/(Loss) per share (Rs.)	-	-	-
Net Asset value per equity share (Rs.)	10.00	10.00	10.00

The Sick Industrial Companies Act is not applicable to the company.

4.4.6 Oscar Bio-Tech Private Limited

- Date of Incorporation: January 23, 1990
- Nature of Business: Operating hospitals, manufacturing and dealing in diagnostic reagents, surgical equipment, clinical kits/equipment, industrial/technical drugs, amongst others.
- It is not listed on any stock exchange

Key Audited financials

Particulars	**Year ended**		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	370	632	1,100
Profit/(Loss) after tax	(717)	19	121
Equity Capital	4,500	4,500	305
Preference Capital	-	-	900
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(631)	86	67
Earnings/(Loss) per share (Rs.)	(1.59)	0.04	34.43
Net Asset value per equity share (Rs.)	8.60	10.19	(150.76)

Note: For year ended March 31, 2005, earnings per equity share and net asset value per equity share is calculated on re-classified Equity shares into face value of Rs. 10 each

The Sick Industrial Companies Act is not applicable to the company

4.4.7 Hiranandani Healthcare Private Limited

- Date of Incorporation: July 15, 2005
- Nature of Business: Healthcare.
- It is not listed on any stock exchange

Key Audited financials*

Particulars	**Year ended**	
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**

Sales and Other Income	0	-
Profit/(Loss) after tax	(98)	(4)
Equity Capital	100	100
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(102)	(4)
Earnings/(Loss) per share (Rs.)	(9.79)	(0.38)
Net Asset value per equity share (Rs.)	(0.17)	9.62

(*Results for FY 05 not available as it was incorporated during FY 06)

The Sick Industrial Companies Act is not applicable to the company.

4.4.8 Fortis HealthStaff Limited

- Date of Incorporation: January 31, 1984
- Nature of Business: Establishing, promoting and managing the business of providing healthcare staffing and personnel.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	3	8	-
Profit/(Loss) after tax	(578)	7	(0)
Equity Capital	346	15	15
Preference share capital	-	9	9
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(571)	8	0
Earnings/(Loss) per share (Rs.)	(16.71)	4.82	(0.06)
Net Asset value per Share (Rs.)	(6.49)	15.10	10.26

The Sick Industrial Companies Act is not applicable to the company.

4.4.9 Fortis HealthWorld Limited

- Date of Incorporation: April 19, 2006
- Nature of Business: Manufacturing, buying, selling and dealing with all types of pharmaceutical and chemical products of medicaments.
- It is not listed on any stock exchange

Key Audited financials*

Particulars	Year ended
(Rs. in lacs)	**31-Mar 07**
Sales and Other Income	84
Profit/(Loss) after tax	(675)
Equity Capital	729
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(675)
Earnings/(Loss) per share (Rs.)	(9.26)
Net Asset value per Share (Rs.)	0.74

(*Results for FY 06 and FY 05 not available as it was incorporated during FY 07.)

The Sick Industrial Companies Act is not applicable to the company.

4.4.10 Shimal Research Laboratories Ltd

- Date of Incorporation: January 12, 2001
- Nature of Business: Engaged in business of establishing, maintaining and managing clinical reference laboratories and research centers, to provide testing, diagnostic and prognostic monitoring services.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**

Sales and Other Income	163	117	80
Profit/(Loss) after tax	(38)	(59)	(30)
Equity Capital	1889	25	25
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	8,262	(106)	(47)
Earnings/(Loss) per fully paid up share (Rs.)	(0.20)	(23.48)	(11.88)
Earnings/(Loss) per partly paid up share (Rs.)	(0.04)	-	-
Net Asset value per fully paid up Share (Rs.)	53.74	(32.43)	(8.98)
Net Asset value per partly paid up Share (Rs.)	10.75	-	-

Note: Equity capital for the year ended March 31 2007, consists of 1,42,40,000 fully paid up equity shares of Rs. 10 each and ,2,32,50,000 equity shares of Rs. 10 each having Rs. 2 paid up

The Sick Industrial Companies Act is not applicable to the company.

4.4.11 Fortis Clinical Research Limited

- Date of Incorporation: March 29, 2005
- Nature of Business: Scientific & Clinical Research
- It is not listed on any stock exchange

Key Audited financials*

Particulars	**Year ended**	
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**
Sales and Other Income	1,362	264
Profit/(Loss) after tax	305	(232)
Equity Capital	490	490
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	72	(232)
Earnings/(Loss) per share (Rs.)	6.22	(4.74)
Net Asset value per Share (Rs.)	11.47	5.26

(*Results for FY 05 not available as it was incorporated 29th March, 2005)

The Sick Industrial Companies Act is not applicable to the company.

4.4.12 Fortis Financial Services Limited

- Date of Incorporation: March 23, 1994
- Nature of Business: It an investment company and is engaged in business of leasing and hiring movable and immovable properties, acquisition of shares, stock, debentures and other securities. .
- Listed at: BSE

Key Audited financials

Particulars	**Year ended**		
(Rs. in lacs)	**31-Mar 07**	**31-Mar 06**	**31-Mar 05**
Sales and Other Income	396	2,573	868
Profit/(Loss) after tax	(392)	236	41
Equity Capital	2,693	2,586	2,586
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(1,969)	(2,225)	(3,664)
Earnings/(Loss) per share (Rs.)	(1.34)	0.91	0.16
Net Asset value per Share (Rs.)	2.69	1.40	(4.17)

The Sick Industrial Companies Act is not applicable to the company.

4.4.13 Ranbaxy Laboratories Limited

- Date of Incorporation: June 16, 1961
- Nature of Business: Manufacturing and marketing of pharmaceuticals dosage forms, bulk drugs and other intermediaries. .
- Listed at: BSE, NSE, Luxemburg Stock Exchange (GDRs) and Foreign Currency Convertible Bonds (FCCBs) have been listed with the Singapore Exchange Securities Trading Limited.

Key Audited financials (Consolidated)

Particulars	Year ended		
(Rs. in lacs)	**31-Dec 06**	**31-Dec 05**	**31-Dec 04**
Sales and Other Income	6,19,984	5,34,322	5,53,208
Profit/(Loss) after tax and minority interest	51,034	26,171	69,856
Equity Capital	18,634	18,622	18,598
Share Application money pending allotment	88	28	283
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	2,37,970	2,25,000	2,31,112
Earnings/(Loss) per share (Rs.)	13.69	7.03	18.79
Net Asset value per share (Rs.)	68.85	65.41	67.16

Note: For year ended December 31, 2004, earnings per equity share and net asset value is calculated on reclassified equity shares into face value of Rs. 5 each

Ranbaxy is not a sick company under the Sick Industrial Companies Act.

4.4.14 SRL Ranbaxy Limited

- Date of Incorporation: July 7, 1995
- Nature of Business: Establishing, maintaining and managing clinical reference laboratories to provide testing, diagnostic and prognostic monitoring services.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 06**	**31-Mar 05**	**31-Mar 04**
Sales and Other Income	6,262	5,233	5,581
Profit/(Loss) after tax	406	8	800
Equity Capital	1,335	1,335	1,335
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	(1,239)	(1,646)	(1,654)
Earnings/(Loss) per share (Rs.)	3.04	0.06	5.99
Net Asset value per share (Rs.)	0.72	(2.33)	(2.39)

The Sick Industrial Companies Act is not applicable to the company.

4.4.15 Medsource Health Care Private Limited

- Date of Incorporation: July 2, 2002
- Nature of Business: To trade in new/improved healthcare medical hospital equipments, consumables & medicine. To buy, sell, import, export and otherwise deal in all types of medical, hospital and surgical apparatus and equipments drugs medicines and pharmaceuticals.
- It is not listed on any stock exchange

Key Audited financials

Particulars	Year ended		
(Rs. in lacs)	**31-Mar 06**	**31-Mar 05**	**31-Mar 04**
Sales and Other Income	2,555	2.497	1.417
Profit/(Loss) after tax	118	86	65
Equity Capital	50	50	50
Reserves and Surplus (excluding revaluation reserve and adjusted for miscellaneous expenditure, debit balance in profit and loss account)	275	157	70
Earnings/(Loss) per share (Rs.)	23.54	17.29	12.99
Net Asset value per Share (Rs.)	64.92	41.38	24.04

The Sick Industrial Companies Act is not applicable to the company.

Note for all companies covered in section 4.4

Earnings per equity share = Profit after tax as reduced by preference dividend and distribution tax thereon, if any / No. of equity shares outstanding at the year-end

Net asset value per equity share = Equity capital and Reserves as reduced by share application money / No. of equity shares outstanding at year-end

NM = Not meaningful or not applicable.

(Source: Annual / Auditors Report & company data)

4.5 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code

Please refer to paragraph 3.3 of this Letter of Offer.

5 DISCLOSURE IN TERMS OF REGULATION 21

In the event the public shareholding is found to be reduced below the minimum level required as per the listing agreement entered into by the Target Company with the various stock exchanges on which its shares are listed (the "Listing Agreement(s)"), as a result of acquisition of Shares under (i) the Preferential Issue and LSSSPA; and/or (ii) acquisition of shares from open market from persons other than parties to the LSSSPA, if any; and/or (iii) the Offer, the Acquirers and the PACs shall take necessary steps to facilitate compliance of the Target Company with the relevant provisions of the Listing Agreement, within the time period stipulated therein. The Acquirers and the PACs presently do not intend to delist the Shares of the Target Company from the Bombay Stock Exchange Limited, within the next two years.

6 BACKGROUND OF MALAR HOSPITALS LIMITED

6.1 MHL was originally incorporated as Malar Hospitals Private Limited on April 13, 1989 under the Companies Act, 1956 in the State of Tamil Nadu. Subsequently, the name was changed to Malar Hospitals Limited on March 13, 1991. The registered office of MHL is situated at No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020, Tel: (+91) 44 24914023, 24404393, Fax: (+91) 44 24915133. MHL was set up with the intention of running a multi speciality hospital.

6.2 MHL runs a 180 bed multi-speciality hospital in Chennai. The hospital has various departments including intensive care unit, neurology & neuro surgery, nephrology, trauma care & orthopaedic surgery, neonatal unit, obstertrics & gynaecology, endoscopy, radiology & imaging sciences, microbiology, ophthalmalogy, plastic & re-constructive surgery centre, pathology & biochemistry, ENT & oto-laryngology, dental & orthodontic centre along with a heart foundation.

6.3 The Shares of MHL are currently listed on BSE, MSE and ASE. As per the announcement made to BSE in May 2007, the shareholders of MHL have passed a special resolution in the Annual General Meeting held on March 26, 2007 to delist the Shares of MHL from MSE and ASE. Consequently, MHL has applied to MSE and ASE for delisting its Shares. These applications are pending.

6.4 The present subscribed and paid up capital of the Target Company comprises of 1,39,27,593 fully paid up equity shares of Rs.10/- each aggregating Rs.13,92,75,930/-. Post the Preferential Issue, the Fully Expanded Voting Equity Capital of the Target Company as at the end of 15 days after the closure of the Offer, would be Rs.18,59,42,590/- (Rupees Eighteen Crores Fifty Nine Lacs Forty Two Thousand Five Hundred and Ninety only) consisting of 1,85,94,259 equity shares of Rs.10/- each. 30,500 Shares of MHL were forfeited and have not been reissued. As on date, there are no Shares that are locked-in. The forfeited equity shares of MHL have not been included in the subscribed and paid up capital of MHL. The Board of Directors of MHL can re-issue the forfeited shares under the extant regulations. However, the Board of Directors of MHL have passed a resolution on September 7, 2007, that the forfeited shares will not be reissued for a period of upto 30 days from the closing of the Offer. Other than what is stated herein above, as on the date of the PA, there are no partly paid-up equity shares or outstanding convertible instruments in the Target Company.

6.5 The equity share capital structure of MHL, as on the date of the Public Announcement, was as follows:

Particulars	No. of shares	% of Voting Shares
Authorised Equity Shares	2,00,00,000	-
Issued Equity Shares*	1,39,27,593	-
Subscribed and fully paid up Equity Shares	1,39,27,593	100%
Total Voting Rights	1,39,27,593	100%

* does not include the shares that have been forfeited
(Source: Annual Report and information provided by MHL)

6.6 Details of the changes in share capital of the Target Company since incorporation and status of compliance with applicable SEBI regulations / other statutory requirements, are as follows:

Date of Allotment	No of equity shares issued	% of shares issued	Cumulative paid up Equity Share Capital		Mode of Allotment	Identity of Allottees (Promoters Ex-Promoters/ Others)	Status of Compliances
	(Face Value Rs.10/-)		No of equity shares	INR			
18.01.1989	20	0.00%	20	200	Cash at par for	Subscribers to	Complied

Date of Allotment	No of equity shares issued	% of shares issued	Cumulative paid up Equity Share Capital		Mode of Allotment	Identity of Allottees (Promoters Ex-Promoters/ Others)	Status of Compliances
	(Face Value Rs.10/-)		No of equity shares	INR			
					Rs.10/- each	Memorandum of Association	
05.12.1990	90	0.00%	110	1100	Cash at par for Rs.10/- each	Promoters	Complied
13.02.1992	9,45,000	6.79%	9,45,110	94,51,100	Cash at par for Rs.10/- each	Promoter group and others	Complied
19.12.1992	86,30,590	61.97%	95,75,700	9,57,57,000	Cash at par for Rs.10/- each	Public Issue-Promoters & others	Complied
07.06.1995	31,91,900	22.92%	1,27,67,600	12,76,76,000	Cash at par for Rs.10/- each	ICICI-Conversion of loan	Complied
07.06.1995	7,10,800	5.10%	1,34,78,400	13,47,84,000	Cash at par for Rs.10/- each	IDBI-Conversion of loan	Complied
06.09.1995	4,79,693	3.44%	1,39,58,093	13,95,80,930	Cash at par for Rs.10/- each	Rights Issue	Complied
22.08.1996	(30,500)	(0.22%)	1,39,27,593	13,92,75,930	Cash at par for Rs.10/- each	Forfeited but not re-issued	Complied
Total	**1,39,27,593**	**100.00%**					

Note:
An EGM of the shareholders of MHL was held on October 09, 2007 for approving the Preferential Issue.

6.7 The Promoter Group and MHL have complied with the applicable provisions of Chapter II of SEBI Takeover Code except the following:

1. Compliances under Regulation 6

- MHL had not complied with the disclosure requirements under Regulation 6(2) and 6(4) within the prescribed time. MHL has, vide their letter dated March 26, 2003, regularised these non-compliances by making these disclosures under SEBI Regularisation Scheme, 2002 and paying the necessary penalty fees of Rs.20,000.

2. Compliances under Regulation 7

- There is a delay of 10 days in compliance with Regulation 7(3) in response to an intimation received under Regulation 7(1) from a shareholder on crossing the prescribed limit.

3. Compliances under Regulation 8

- For the year 1997-98 to 2001-02, MHL had not filed the requisite disclosures under Regulation 8(3) with the stock exchanges. MHL has, vide their letter dated March 12, 2003, regularised these non-compliances by making these disclosures under SEBI Regularisation Scheme, 2002 and paying the necessary penalty fees of Rs.40,000. In the same letter, MHL had mentioned a note for the disclosures pertaining to 1997-98 that there is no change in the shareholding. Accordingly, no penalty fees were paid by MHL.
- Further, there is a delay of 48 days in compliance with Regulation 8(3) for year 2005-06.
- MHL has reported in its filings that no promoter is holding more than 15% of shareholding / voting rights and hence has mentioned “N.A.” / “Nil” in their filings under Regulation 8(3). The disclosures received from the promoters are combined disclosures under Regulation 8(1) and 8(2) for every year.

For delay(s) in compliance with Chapter II of the SEBI Takeover Code by the Target Company, SEBI may initiate suitable action at a later date.

6.8 MHL, the Promoter Group, the Sellers and directors of MHL have confirmed that no action has been taken against them by SEBI under SEBI Act or any other SEBI regulations.

6.9 The Board of Directors of MHL as on the date of the Public Announcement was as under:

Sr No	Names	Residential Address	Date of Appointment	Designation	Qualification	Experience
1	Dr. Mrs. Nithya Ramamurthy	28, V. Main Road, R. A. Puram,	01/05/2006	Wholetime Director	MBBS, DGO	25 years in medicine

Sr No	Names	Residential Address	Date of Appointment	Designation	Qualification	Experience
		Chennai- 600 028				
2	Mr. M Ramakrishnan	5, Jalan SS, 19/4B, Subang Jaya, 47500, Selangor, W. Malaysia	20/05/1992	Director	Matriculate	More than 22 years of experience in construction activities
3	Padmashree Prof. Dr. S. Kameswaran	5, III Avenue, Indira Nagar, Chennai- 600 020	22/05/1992	Director	MS, FRCS(Ed), FRCS (Glaxgow), DSc. Hons., PhD, MA, FAMS, FACS, DLO	ENT Consultant having more than 55 years experience
4	Mr. Chandrasekharan	Flat No. 2B, Bashyam manor, No.18, Warren Road, Mylapore, Chennai-600 004	17/12/2002	Director	FCA	Practising Chartered Accountant having more than 22 years experience– Senior Partner of M/s V. Chandrasekharan & Associates
5	Mr. R. M. Sockalingam	21/11, Laya Flats, 2B, II Floor, II Main Road, Gandhi Nagar, Adyar, Chennai-600 020	21/05/1992	Director	Under Graduate	More than 60 years of experience in business activities
6	Mr. R Subramanian	28, Menads Street, Purasawalkam, Chennai-600 007	29/12/2005	Director	B.Sc, B.L.	Practicing Advocate having more than 35 years in Civil and Criminal Law

As on the date of the Public Announcement, i.e. September 12, 2007, the Acquirers and the PACs do not have any representatives appointed on the Board.

Note: On the Closing Date (as defined in the LSSSPA), the Sellers shall cause the Target Company to convene a Board meeting which shall amongst others pass resolutions for accepting the resignation of the directors of the Sellers (Mr. M Ramakrishnan, Prof. Dr. S. Kameswaran; Mr. V. Chandrasekharan; Mr. R. M. Sockalingam and Mr. R. Subramanian) and appointment of the persons nominated by IHL as additional directors and record the resignation of the Managing Director of the Target Company.

6.10 The details of the changes in shareholding of the Promoter Group as and when it took place, based on the Regulation 8(3) information, is as follows: -

Financial Year	No. of Shares	Method	Cumulative holding	% on paid up capital of MHL as on the date of the PA i.e. 1,39,27,593 fully paid up equity shares of Rs.10/- each	Status of compliance with Applicable provisions of Takeover Code. Please also see Note (ii)
1989-1997	33,33,840	Subscriber to Memorandum, Private placement to promoters, Public Issue and Rights Issue	33,33,840	23.94%	Please see Note (i)
1998	-	-	33,33,840	23.94%	-
1999	30,000	Acquisition by S. Ramamurthy	33,63,840	24.15%	Complied
2000	1,00,000	Acquisition by S. Ramamurthy	34,63,840	24.87%	Complied
	1,00,000	Acquisition by Divya Malar	35,63,840	25.59%	Complied
2001	2,43,400	Acquisition by S. Ramamurthy	38,07,240	27.34%	Complied
	(30,000)	Sale by Radhi Malar	37,77,240	27.12%	Complied
	40,000	Acquisition by Divya Malar	38,17,240	27.41%	Complied

Financial Year	No. of Shares	Method	Cumulative holding	% on paid up capital of MHL as on the date of the PA i.e. 1,39,27,593 fully paid up equity shares of Rs.10/- each	Status of compliance with Applicable provisions of Takeover Code. Please also see Note (ii)
	-	Transfer from S. Ramakrishnan to S. Ramamurthy 67500 (0.48%)	38,17,240	27.41%	Complied
	(30,000)	Sale by Madhi Malar	37,87,240	27.19%	Complied
	(42,500)	Sale by R. M. Sockalingam	37,44,740	26.89%	Complied
2002	1,80,000	Acquisition by S. Ramamurthy	39,24,740	28.18%	Complied
2003	28,910	Acquisition by S. Ramamurthy	39,53,650	28.39%	Complied
	11,100	Acquisition by Divya Malar	39,64,750	28.47%	Complied
	29,000	Acquisition by Madhi Malar	39,93,750	28.68%	Complied
	11,200	Acquisition by Kumuntha Muniyadi	40,04,950	28.76%	Complied
	22,200	Acquisition by R. Muniyadi	40,27,150	28.91%	Complied
2004	3,000	Acquisition by Radhi Malar	40,30,150	28.94%	Complied
	2,700	Acquisition by Divya Malar	40,32,850	28.96%	Complied
	-	Transfer from S. Ramakrishnan to Madhi Malar & Radhi Malar 136910 (0.98%)	40,32,850	28.96%	Complied
	2,500	Acquisition by Madhi Malar	40,35,350	28.97%	Complied
2005	-	Transmission of shares from S. Ramamurthy to Nithya Ramamurthy 1338030 (9.61%)	40,35,350	28.97%	Complied
	1,02,500	Acquisition by Nithya Ramamurthy	41,37,850	29.71%	Complied
	(10,000)	Sale by Madhi Malar	41,27,850	29.64%	Complied
2006	(30,000)	Sale by S. Ramamurthy	40,97,850	29.42%	Complied
	10,000	Acquisition by Madhi Malar	41,07,850	29.49%	Complied
2007	-	-	41,07,850	29.49%	Complied

Note:

(i) The above table shows the changes in the shareholding of persons constituting the Promoter Group and includes the Shares held by Mr. S. Ramamurthy, the late husband of Dr. Mrs. Nithya Ramamurthy. Transactions of persons who earlier formed part of the Promoter Group but have since completely disposed off their shareholdings are not covered above. The above table also does not include inter se transfers within the Promoter Group. Figures in brackets indicate disposal of Shares during the period. As regards the Promoter Group shareholding for the year 1997, the information submitted to stock exchanges under Regulation 8(3) of the SEBI Takeover Code is taken for the purpose of the above computation.

(ii) The applicable legal provisions, in particular the provisions of the SEBI Takeover Code, as in force at the relevant times were complied with, wherever applicable, by the Promoters, persons acting in concert with them and MHL, at the time of each change in the Promoters' shareholding mentioned above, except for certain instances of non-compliances as disclosed in paragraph 6.7.

6.11 MHL did not have any merger / acquisition /de-merger/spin-off in the last 3 years. MHL does not have any subsidiaries.

6.12 As per the certificated of the statutory auditors of MHL dated February 26, 2007 and included in the Annual Report for 2005-2006, MHL has been complying in all material respect with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s). MHL has in place three committees viz: Audit Committee, Remuneration Committee and Shareholders Committee as required under the provisions of clause 49 of the Listing Agreement. There have been certain instances of delayed compliances / non-compliances with listing agreement(s) involving filing of shareholding pattern, Submission of Secretarial Audit, Corporate Governance report, Board meeting intimation, Quarterly financial results, EDIFAR filings, Intimation of AGM, Intimation of Book Closure, Submission of Annual Report, Submission of quarterly shareholding pattern etc.

MHL has confirmed that no penal action has been initiated for any of the compliance matters by any of the stock exchanges and none of the securities of MHL have been suspended from trading by any of the stock exchanges.

6.13 Following are the pending legal cases and notices issued by MHL / against MHL, as on the date of the PA. Unless specifically stated, the amounts of the claims do not include the interest that may be awarded by a court on these claims.

a) Litigations against the Target Company:

Sr. no.	Details of Litigation	Name of the Court & Place of Litigation	Year of Institution	Reference no. of the case	Principal Parties thereto	Current Status	Claim/relief/ sought for / Implications (if any)
1.	Retrenchment of Staff	High Court (Labour Court) Chennai	2000	435/2000	Mr. V. Rajasekaran, Ex-staff	Pending with High Court (Labour Court)	Asking for re-employment by principal party. Management not considered his request.
2.	Consumer Court dispute	Consumer Court, Chennai	1999	OP 114/99	C. Selvam & Others	Counter filed	Rs.14.50 lacs
3.	Consumer Court dispute	-do-	1999	OP 267/99	V. Srikanth	Counter filed	Rs.10 lacs
4.	Consumer Court dispute	-do-	2001	OP 488/01	Leela Menon	Pending	Rs.2.70 lacs +18% interest from September 2001
5.	Consumer Court dispute	-do-	2004	OP 6/2004	S. U. Samuthiram	Counter filed	Rs.20 lacs plus Rs.20,000/- expenses
6.	Medico Legal Case	-do-	2004	OP 638/04	R. Nallusamy	Counter filed	Rs.15 lacs plus Rs.1,000/- cost of notice
7.	Consumer Court dispute	-do-	2005	OP 214/05	N. D. Manohar	Pending	Rs.7.05 lacs
8.	Consumer Court dispute	-do-	2006	OP 289/06	Rajam Subramanian	Counter filed	Rs.11.09 lacs
9.	Consumer Court dispute	-do-	2006	OP 246/06	M. A. Khan	Counter filed	Rs.20 lacs plus expenses
10.	Consumer Court dispute	-do-	2004	OP 189/04	Gopala Krishnan	Pending	Rs.1 lac with 12% interest. Rs.2 lacs compensative cost.

b) List of Legal Notices received by MHL

SNo	From	Date of notice	Date of reply, if any	Amount claimed (Rs.)	Remarks
1.	A.R. Jagannathan	05.06.2007; 29.08.2007 legal notice served calling upon MHL to pay compensation within 15 days	14.07.2007 from Mr. Rahul Balaji	4,00,000	Notice issued to MHL alleging failure to report callus in scan.
2.	R. Mohanam	19.04.2007	10.06.2007	50,00,000	Loss of job / reputation due to incorrect blood test report.

c) There are no litigations filed by the Target Company.

6.14 Key financials of MHL are as follows:

INCOME STATEMENT	**Nine months ended**	**Year ended**		
(Rs. in lacs)	**30-Jun-07**	**30-Sep-06**	**30-Sep-05**	**30-Jun-04**
	Certified	**Audited**	**Audited**	**Audited**
Income from operations	1,218.64	1,289.81	1,448.77	1,574.50
Other Income	30.83	42.93	133.76	44.32

Unclaimed Credits	-	32.04	3.90	
Total Income	**1,249.47**	**1,364.77**	**1,586.43**	**1,618.82**
Total Expenses	939.11	924.56	1,221.31	1,325.72
PBIDT	**310.36**	**440.21**	**365.13**	**293.10**
Depreciation & Ammortization	124.41	171.64	229.56	186.15
Interest	119.26	166.64	193.92	174.60
PBT	**66.69**	**101.93**	**(58.35)**	**(67.65)**
Prior Period Expenses	-	(0.20)	(0.80)	(0.08)
Prior Period Depreciation written back	-	3.35	-	
Provision for deferred tax	-	(47.00)	2.74	22.95
FBT	2.41	-	-	-
Profit after tax	**64.28**	**58.08**	**(56.41)**	**(220.15)**

BALANCE SHEET	**As of**			
(Rs. in lacs)	**30-Jun-07**	**30-Sep-06**	**30-Sep-05**	**30-Jun-04**
	Certified	**Audited**	**Audited**	**Audited**
SOURCE OF FUNDS				
Share capital				
Equity Share capital	1,392.76	1,392.76	1,392.76	1,392.76
Share Forfeiture	1.53	1.53	1.53	1.53
Reserves and surplus (excluding revaluation reserve)	-	-	-	-
Less: Miscellaneous expenditure	-	-	(1.26)	(2.51)
Less: P&L Account (Debit Balance)	(2,055.39)	(2,119.68)	(2,177.76)	(2,121.35)
Networth	**(661.11)**	**(725.40)**	**(784.73)**	**(729.58)**
Deferred tax liability (net)	-	27.06	-	-
Secured loans	2,341.94	2,334.80	2,329.06	2,720.62
Unsecured loans	259.11	230.08	282.32	375.76
Total	**1,939.94**	**1,866.54**	**1,826.64**	**2,366.80**
APPLICATION OF FUNDS				
Net block of fixed assets (adjusted for revaluation reserve)	1,691.61	1,695.34	1,841.07	2,127.72
Capital work in progress	-	2.52	2.52	2.52
Investments	17.75			
Deferred tax asset (net)	-	-	19.94	17.20
Net current assets	230.58	168.68	(36.88)	219.36
Total	**1,939.94**	**1,866.54**	**1,826.64**	**2,366.80**

OTHER FINANCIAL DATA	**Nine months ended Certified**	**Year ended**		
	30-Jun-07	**30-Sep-06**	**30-Sep-05**	**30-Jun-04**
Dividend (% of face value)	-	-	-	-
Earnings per equity share (Rs.)	0.46	0.42	(0.41)	(1.58)
Return on Networth (%)	NM	(8.01)%	NM	NM
Book Value per equity share (Rs.)	(4.75)	(5.21)	(5.63)	(5.24)

Note
(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding at year-end/ Par value per equity share

(2) Earnings per share = Profit after tax (prior to any adjustments) / No. of equity shares outstanding at the end of the year
(3) Return on Net worth (%) = Profit after tax (prior to any adjustments) / Net worth at year-end
(4) Book Value per equity share = Net worth / No. of equity shares outstanding at year end
(5) The results for the nine months ended June 30, 2007 are as certified by the statutory auditors and are subject to:
  a) Non-provision of gratuity on actuarial valuation for the last quarter
  b) Non-provision of Deferred Tax Asset and Liability for the last quarter

NM = Not meaningful or not applicable
(Source: Annual Report, Company Data & BSE)

6.15 MHL has the following contingent liabilities :

Particulars	As at 30.09.2006 (Rs. In lacs)	As at 30.09.2005 (Rs. In lacs)
a) MHL has applied to the Central Government for approval of reimbursement of Medical Expenditure incurred for the former Chairman and Managing Director, which is under process.	25.00	25.00
b) Certain claims preferred by an outsourced service provider, is being contested by the management for non-compliance of terms and conditions.	could not be quantified	could not be quantified
c) Company has disputed claims made by IFCI Ltd. before the Debt Recovery Tribunal towards its term loans. No additional liability has been provided towards the dues to them and hence the interest due to IFCI Ltd. is not provided for.	could not be quantified	-

(Source: Annual Report for FY2006 & FY2005)

6.16 Comparison of Results

Results for financial year 2006 (12 months) compared to financial year 2005 (15 months):
During the year, net income from operations fell to Rs.1,289.81 lacs as compared to Rs. 1,448.77 lacs in 2004-05.

Results for financial year 2005 (15 months) compared to financial year 2004 (12 months):
During the year, net income from operations fell to Rs.1,448.77 lacs as compared to Rs.1,574.50 lacs in 2003-04.

6.17 The shareholding and voting pattern of MHL prior to and following the proposed acquisition under the LSSSPA, the Preferential Issue and the Offer, is as under:

	Shareholders category	Shareholding & Voting rights as on the date of PA (as on September 12, 2007) (A)	Shares/Voting rights agreed to be acquired which triggered off the SEBI Takeover Code (B)	Indicative Post Preferential Issue Shareholding (C)	Shares/Voting rights to be acquired in the Offer (Assuming full acceptances) (D)	Shareholding/Voting rights after the acquisition under the LSSSPA and the Offer (A)+(B)+(D)=(E)
1	**Promoter Group**					
a	Parties to the LSSSPA	40,41,530 29.02%	(30,75,203) (16.54%)	40,41,530 21.74%	-	Refer Note 3
b	Promoters other than 1a above	66,320 0.48%	-	66,320 0.36%	Refer Note 2	Refer Note 2
	Total 1 (a+b)	**41,07,850 29.49%**	**(3,075,203) (16.54%)**	**41,07,850 22.09%**	**Refer Note 2**	**Refer Note 2 and 3**
2	**Acquirers and PACs**		**Sale Shares**			
a	IHL	-	39,00,000	33,33,333		
		-	20.97%	17.93%		
			Preferential Issue	-	3,718,852	1,22,85,518
			33,33,333			
		-	17.93%	-	20%	66.07%
b	OIL	-	**Sale Shares**	13,33,333		
			Nil	7.17%		
			Preferential Issue			
			13,33,333			
		-	7.17%			
c	FHL	-	-	-		
d	FHHL	-	-	-		
	Total 2 (a+b+c+d)	**NIL**	**85,66,666 46.07%**	**46,66,666 25.10%**	**37,18,852 20%**	**1,22,85,518 66.07%**

3	**Parties to the LSSSPA other than 1(a) and 2**					
a	Hanedea Cosmo Properties SDN BHD	6,07,156 4.36%	(6,07,156) (3.27%)	6,07,156 3.27%	-	-
b	Ms. Madurai Arasi Boopalan	2,17,641 1.56%	(2,17,641) (1.17%)	2,17,641 1.17%	-	-
	Total 3 (a+b)	**8,24,797 5.92%**	**(824,797) (4.44%)**	**824,797 4.44%**	**-**	**-**
4	**Public***					
a	Mutual Funds/UTI	1,85,600 1.33%	-	1,85,900 1.00%		
b	Financial Institutions	100 0.00%	-	100 0.00%	-	-
c	Private Corporate Bodies (Other than Sellers)	33,97,382 24.39%	-	33,97,382 18.27%		
d	Indian Public (Including NRI's/OCB's, other than Sellers)	54,11,864 38.86%	-	54,11,864 29.11%		
	Total 4 (a)+(b)+(c)+(d)	**89,94,946 64.58%**	**-**	**89,94,946 48.37%**	**(37,18,852) (20%)**	**63,08,741 33.93% Refer Note 3**
	Grand Total (1+2+3+4)	**1,39,27,593 100.00%**	**46,66,666 25.10%**	**1,85,94,259 100.00%**	**-**	**1,85,94,259 100.00%**

* Total number of Public shareholders as on September 12, 2007 were 15,201

Note 1: The percentages appearing below the number of Shares in column (A) are calculated with reference to the voting rights of MHL as on the date of the PA. The percentages in all other columns have been calculated with reference to the Fully Expanded Voting Equity Capital.

Note 2: The residual shareholding of the Promoter Group after the Offer would depend on the number of Shares tendered by them in the Offer. The Sellers are not eligible to participate in the Offer. The indicative post Preferential Issue shareholding mentioned in column (C) is based on the Promoter Group shareholding as on September 12, 2007.

Note 3: As mentioned at paragraph 3.1.5, upon completion of the acquisitions under the LSSSPA (including the Preferential Issue) and the Offer, those Acquirers and PACs, which will be holders of MHL shares, shall be classified as the promoters of MHL and the balance holding of the present Promoter Group will be re-classified as part of Public shareholding. Therefore, their shareholding is included in the total public shareholding in column E.

6.18 The compliance officer of MHL is Mr. V. Sridhar, Company Secretary. His contact details are as follows: C/o Malar Hospitals Limited, No. 52, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020; Tel: (+91) 44 24914023, 24404393, Fax: (+91) 44 24915133. E-mail: mhl@md3.vsnl.net.in

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of MHL are listed on BSE, ASE and MSE (the “Stock Exchanges”). The annualised trading turnover during the preceding six months ended August 31, 2007 in each of the stock exchanges on which the Shares are listed is as below:

Name of Stock Exchange	Total number of Shares traded during the preceding six calendar months ended August 31, 2007	Total number of listed Shares	Annualised trading turnover (in terms of % of total listed Shares)	Trading Status in terms of the SEBI Takeover Code
BSE	7,49,370	1,39,27,593	10.76%	Frequently Traded
ASE	Nil	1,39,27,593	Nil	Infrequently Traded
MSE	Nil	1,39,27,593	Nil	Infrequently Traded

(Source: BSE websites, trading details from ASE and MSE)

7.1.2 The Shares are frequently traded on BSE and infrequently traded on ASE and MSE within the meaning of explanation (i) to Regulation 20 (5) of SEBI Takeover Code. The Shares are most frequently traded on BSE.

7.1.3 The Offer Price of Rs. 30 per Share is justified in terms of Regulations 20(4) of the SEBI Takeover Code as it is highest of the following 5 parameters (a through e):

a. Proposed Sale Price payable for Sale Shares: Rs.30 per Share
b. Subscription Price for Preferential Issue: Rs.30 per Share
c. Highest price paid by the Acquirers for acquisition of equity shares of MHL during the 26 weeks period preceding the date of the PA: Not applicable
d. The average of the weekly high and low of the closing prices of the equity shares of MHL during the 26 weeks preceding the PA, on BSE: Rs.21.49. Please see the following table.

Week #	Week Ended	High (Rs.)	Low (Rs.)	Avg (Rs.)	Volume (Shares)
1	Tuesday, March 20, 2007	23.20	22.10	22.65	18,841
2	Monday, March 26, 2007	21.70	20.70	21.20	19,958
3	Tuesday, April 03, 2007	23.85	21.70	22.78	87,198
4	Tuesday, April 10, 2007	22.10	21.15	21.63	47,888
5	Tuesday, April 17, 2007	21.85	20.80	21.33	37,318
6	Tuesday, April 24, 2007	21.75	21.00	21.38	14,740
7	Monday, April 30, 2007	21.70	20.65	21.18	18,933
8	Tuesday, May 08, 2007	21.45	20.85	21.15	7,061
9	Tuesday, May 15, 2007	21.35	20.35	20.85	10,565
10	Tuesday, May 22, 2007	20.50	20.20	20.35	13,335
11	Tuesday, May 29, 2007	20.50	19.75	20.13	17,339
12	Tuesday, June 05, 2007	20.00	18.55	19.28	11,030
13	Tuesday, June 12, 2007	19.45	18.10	18.78	15,153
14	Tuesday, June 19, 2007	18.90	18.05	18.48	13,019
15	Tuesday, June 26, 2007	18.55	18.00	18.28	8,228
16	Tuesday, July 03, 2007	18.35	17.55	17.95	13,994
17	Tuesday, July 10, 2007	18.40	17.70	18.05	22,749
18	Tuesday, July 17, 2007	19.25	17.85	18.55	51,120
19	Tuesday, July 24, 2007	22.30	18.30	20.30	83,634
20	Tuesday, July 31, 2007	23.55	20.40	21.98	44,551
21	Tuesday, August 07, 2007	23.55	22.20	22.88	43,323
22	Tuesday, August 14, 2007	23.75	23.00	23.38	22,365
23	Tuesday, August 21, 2007	23.85	23.50	23.68	33,856
24	Tuesday, August 28, 2007	24.25	23.05	23.65	33,062
25	Tuesday, September 04, 2007	28.40	24.00	26.20	1,088,734
26	Tuesday, September 11, 2007	36.00	29.55	32.78	1,801,511
		26 weeks average		**21.49**	

(Source: www.bseindia.com)

This average for the 26 weeks preceding the date of the board meeting (September 7, 2007) where the Preferential Issue was proposed - Rs.21.14. Please see the following table.

Week #	Week Ended	High (Rs.)	Low (Rs.)	Avg (Rs.)	Volume (Shares)
1	Thursday, March 15, 2007	20.35	23.20	21.78	364,820
2	Thursday, March 22, 2007	21.60	22.50	22.05	416,989
3	Thursday, March 29, 2007	20.70	22.55	21.63	466,580
4	Thursday, April 05, 2007	21.60	23.85	22.73	1,870,935
5	Thursday, April 12, 2007	20.80	21.20	21.00	1,197,600
6	Thursday, April 19, 2007	21.00	21.85	21.43	628,986
7	Thursday, April 26, 2007	20.65	21.75	21.20	511,806
8	Thursday, May 03, 2007	20.85	21.70	21.28	131,631
9	Thursday, May 10, 2007	20.55	21.45	21.00	240,029
10	Thursday, May 17, 2007	20.35	21.25	20.80	254,678
11	Thursday, May 24, 2007	20.20	20.50	20.35	305,524

Week #	Week Ended	High (Rs.)	Low (Rs.)	Avg (Rs.)	Volume (Shares)
12	Thursday, May 31, 2007	19.00	20.00	19.50	205,401
13	Thursday, June 07, 2007	18.55	19.00	18.78	313,571
14	Thursday, June 14, 2007	18.05	19.45	18.75	201,867
15	Thursday, June 21, 2007	18.20	18.90	18.55	220,192
16	Thursday, June 28, 2007	18.00	18.40	18.20	253,819
17	Thursday, July 05, 2007	17.55	18.40	17.98	188,731
18	Thursday, July 12, 2007	17.85	18.30	18.08	624,089
19	Thursday, July 19, 2007	17.95	19.25	18.60	1,147,103
20	Thursday, July 26, 2007	20.40	22.70	21.55	1,638,961
21	Thursday, August 02, 2007	22.20	23.55	22.88	1,154,980
22	Thursday, August 09, 2007	22.40	23.55	22.98	705,704
23	Thursday, August 16, 2007	23.10	23.75	23.43	504,487
24	Thursday, August 23, 2007	23.05	23.85	23.45	869,778
25	Thursday, August 30, 2007	23.20	24.35	23.78	855,012
26	Thursday, September 06, 2007	24.00	31.90	27.95	34,813,442
		26 weeks average		**21.14**	

(Source: www.bseindia.com)

e. The average of the daily high and low of the equity shares of MHL during the 2 weeks preceding the date of PA, on BSE was Rs.27.87. Please see the following table:

Day #	Date	High (Rs.)	Low (Rs.)	Avg (Rs.)	Volume (Shares)
1	Wednesday, August 29, 2007	24.40	19.50	21.95	6,170
2	Thursday, August 30, 2007	26.25	19.60	22.93	10,352
3	Friday, August 31, 2007	24.85	20.00	22.43	1,250
4	Monday, September 03, 2007	28.80	20.30	24.55	1,026,753
5	Tuesday, September 04, 2007	30.00	27.50	28.75	44,209
6	Wednesday, September 05, 2007	30.00	24.30	27.15	168,472
7	Thursday, September 06, 2007	34.00	30.00	32.00	220,857
8	Friday, September 07, 2007	38.25	30.00	34.13	875,098
9	Monday, September 10, 2007	35.50	32.45	33.98	364,493
10	Tuesday, September 11, 2007	32.45	29.30	30.88	172,591
		2 weeks average		**27.87**	

(Source: www.bseindia.com)

This average for 2 weeks preceding the date of the board meeting (September 7, 2007) where the Preferential Issue was proposed - Rs.24.67 (on BSE). Please see the following table:

Day #	Date	High (Rs.)	Low (Rs.)	Avg (Rs.)	Volume (Shares)
1	Friday, August 24, 2007	23.50	19.00	21.25	5,400
2	Monday, August 27, 2007	24.00	20.00	22.00	7,141
3	Tuesday, August 28, 2007	24.30	23.10	23.70	6,738
4	Wednesday, August 29, 2007	24.40	19.50	21.95	6,170
5	Thursday, August 30, 2007	26.25	19.60	22.93	10,352
6	Friday, August 31, 2007	24.85	20.00	22.43	1,250
7	Monday, September 03, 2007	28.80	20.30	24.55	1,026,753
8	Tuesday, September 04, 2007	30.00	27.50	28.75	44,209
9	Wednesday, September 05, 2007	30.00	24.30	27.15	168,472
10	Thursday, September 06, 2007	34.00	30.00	22.43	220,857
		2 weeks average		**24.67**	

f The Target Company's equity shares are deemed to be infrequently traded on ASE and MSE as per explanation to Regulation 20(5) of the SEBI Takeover Code. Therefore, the parameters of Regulation 20(5) of the SEBI Takeover Code have also been considered. The Offer Price of Rs.30 per Share is also justified in terms of Regulation 20(5) of the SEBI Takeover Code based on the following audited financial parameters of MHL:

Period Ended	**September 30, 2006** *(12 months)*	**September 30, 2005** *(15 months)*
- Return on Net Worth	Negative	Negative
- Earnings per Share (Rs.)	0.42	(0.41)
- Book Value per Share (Rs.)	(5.21)	(5.63)
- Offer Price Earnings Ratio (x)	71.43	Not Applicable
- Industry P/E ratio **	24.1	

**Source: Capital Markets Vol. XXII/13 dated Aug 27 – Sep 09, 2007, Industry: Healthcare

7.1.4 No Non-Compete consideration is payable, as per modifications to LSSSPA through the Supplemental Agreement dated December 3, 2007.

7.1.5 In the opinion of the Manager to the Offer and the Acquirers and the PACs, the Offer Price is justified.

7.1.6 If the Acquirers and the PACs acquire Shares after the date of the Public Announcement up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2 Financial Arrangements

7.2.1 The total financial resources required for this Offer, assuming full acceptance at the Offer Price will be Rs. 11,15,65,560 (Rupees Eleven crores Fifteen lacs Sixty Five thousand Five hundred and Sixty only) ("**Maximum Consideration**"). IHL has made firm arrangement for the Maximum Consideration. For acquisition of Shares to be accepted under the Offer IHL has debt funding support from OIL. OIL has provided this funding support through internal accruals and / or borrowings. No other borrowing / loan is proposed to be taken by IHL, for the purposes of meeting its financial obligation under the Offer.

7.2.2 In accordance with Regulation 28 of the SEBI Takeover Code, IHL has created an escrow account by making a cash deposit of Rs. 3,00,00,000 (Rupees Three crores)in a bank account (the "**Escrow Account"**) with Axis Bank Ltd. at their branch located at Statesman House, 148 Barakhamba Road, New Delhi 110 001. The amount placed in the Escrow Account, is more than 25% of the Maximum Consideration assuming full acceptance. The Manager to the Offer has been authorised to realise the value of the Escrow Account in terms of the SEBI Takeover Code.

7.2.3 Walker, Chandiok & Co., Chartered Accountants, [Address: L 41, Connaught Circus, New Delhi 110 001, Tel: (+91) 11 42787070, Fax: (+91) 11 42787071], through Mr. B. P. Singh, Partner, membership number: 070116, email: newdelhi@gt-india.com, have confirmed vide their letter dated September 10, 2007 that IHL has the necessary financial resources, in the form of the loan, to meet its financial obligations arising out of the acquisition and public offer. Based on this certificate from the auditors, the Manager to the Offer confirms that adequate funds are available with the Acquirers through verifiable means to fulfill their financial obligations under the Offer in full.

8 TERMS AND CONDITIONS OF THE OFFER

8.1.1 The Offer is not conditional upon any minimum level of acceptance. During the Offer period, the Acquirers and PACs may purchase additional Shares in accordance with the SEBI Takeover Code.

8.1.2 The Offer is also subject to the approval from Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") for acquisition of equity shares by the Acquirers and PACs from non-resident persons under the Offer.

8.1.3 To the best of knowledge and belief of the Acquirers and the PACs, as of the date of the PA, other than the above, no statutory approvals are required by them to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. In terms of Regulation 27 of the SEBI Takeover Code, the Acquirers and the PACs will not proceed with the Offer in the event that such statutory approvals that are required are refused. The Acquirers and the PACs do not require any approvals from banks/ financial institutions for the Offer.

8.1.4 It may be noted that in case of non-receipt of statutory approvals within a reasonable time, the Securities and Exchange Board of India ("SEBI"), if satisfied that the non receipt of the statutory approvals was not due to willful default or negligence on part of the Acquirers and the PACs, has a power to grant an extension of time to the Acquirers and the PACs for payment of consideration to shareholders and the Acquirers and the PACs shall pay interest for the delay, to the shareholders who have accepted the Offer, at such rates as may be specified by SEBI under Regulation 22(12) of the SEBI Takeover Code. Further, if the delay occurs due to willful default of the Acquirers and the PACs in obtaining the requisite statutory approvals, Regulation 22(13) of the SEBI Takeover Code shall be applicable. The Acquirers and the PACs shall complete all procedures relating to the Offer within a period of 15 days from the Offer Closing Date.

8.1.5 Other terms

8.1.5.1 The Offer is being made to the shareholders of MHL and the Letter of Offer, together with the Form of Acceptance-cum-Acknowledgement (the "Form of Acceptance") and the Form of Withdrawal, will be mailed to the shareholders of MHL (other than parties to LSSSPA), whose names appear on the Register of Members of MHL, and to the beneficial owners of the Shares, whose names appear on the beneficial records of the respective depositories, at the close of business hours on Friday, October 5, 2007 (the "Specified Date").

8.1.5.2 All eligible owners of Shares, registered or unregistered including beneficial owners (other than parties to LSSSPA), can participate in the Offer, at any time before the Offer Closing Date, as per the procedure set out in paragraph 9 below. Eligible Persons for the Offer can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners.

8.1.5.3 Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.

8.1.5.4 Any Shares that are the subject matter of litigation or are held in abeyance due to pending court cases, attachment / restriction from Court/ Forum/ ITO / relevant statutory authorities, etc., wherein the shareholder(s) may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the Court / forum / ITO / relevant statutory authorities etc permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the relevant statutory authorities for further action at their end.

8.1.5.5 The acceptance of the Offer made by the Acquirers and the PACs is entirely at the discretion of the shareholders of the Target Company. The Acquirers and the PACs will not be responsible in any manner for any loss of Share certificate(s) and Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.1.5.6 Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

8.1.5.7 The Acquirers and the PACs will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

8.1.5.8 The instructions and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders of MHL who wish to tender their Shares under this Offer should enclose the following documents duly completed so that the same are received by the Registrar to the Offer at any of their collection centres (as mentioned below) on or before close of business hours on the Offer Closing Date:

9.1.1 For Shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the Share certificates,
- Original Share certificate(s),
- Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with MHL and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a Magistrate/ Notary Public/ Bank Manager under their Official Seal.

In case of non receipt of the aforesaid documents, but receipt of the original Share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein,
- Original Share certificate(s),
- Original broker contract note,
- Valid share transfer deed(s) as received from market. **The details of buyer should be left blank failing which, the same will be invalid under the Offer**. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

The details of the buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for acceptance.

9.1.2 For Shares held in demat form:

Beneficial owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.

- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on Offer Closing Date.

The Registrar to the Offer has opened a special depository account, details of which are as follows:

DP Name	Stock Holding Corporation of India Limited
DP ID	IN301330
Client ID	20167567
Account name	ISRL Malar Open Offer Escrow Account
Depository	National Securities Depository Limited

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. **Beneficial owners having their beneficiary accounts with CDSL have to use inter-depository delivery instruction slip for the purposes of crediting their Shares in favour of the special depository account with NSDL.** In case of non receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted. The Forms of Acceptance of such demat shares not credited in favor of the special depository account, before the Offer Closing Date will be rejected.

9.1.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the Form of Acceptance is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s)
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions)

9.2 The Share certificate(s), share transfer form, Form of Acceptance and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned below. **They should not be sent to the Manager to the Offer or the Acquirers or the PACs or the Target Company.** The above-mentioned documents can be sent to the collection centres (as mentioned in paragraph 9.4 below) by hand delivery on all days except Sundays and public holidays.

9.3 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one Share.

9.4 All owners of Shares, registered or unregistered who wish to avail of and accept the Offer can ‘hand deliver’ the Form of Acceptance along with all the relevant documents at any of the below mentioned collection centres of the Registrar to the Offer in accordance with the procedure as set out in this Letter of Offer. All centres mentioned herein below would be open during the Offer period on all working days (except Sundays and Bank Holidays) during business hours as shown below. Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects; otherwise the same are liable to be rejected.

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1	Mumbai	Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400 078.	Vishwas Attavar	vishwas.attavar@intimespectrum.com	022-25960320	022-25960328 - 329	Hand Delivery & Registered Post
2	Mumbai	Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai - 400 001	Vivek Limaye	vivek.limaye@intimespectrum.com	022-22694127	022-25960328 - 329	Hand Delivery
3	Chennai	c/o Intime Spectrum Registry Limited 7/A Laxman Nagar, East Main Road, Chennai - 600 082	B Srinivas	skystockfinancial@hotmail.com	044-26712611	044-26712611 (Telefax)	Hand Delivery
4	New Delhi	Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II,	Swapan Naskar	delhi@intimespectrum.com	011-41410592/ 93/ 94	011-41410591	Hand Delivery

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
		Near Batra Banquet, New Delhi – 110 028					

Working Hours: Monday to Friday 10 AM to 5 PM; Saturday 10 AM to 1 PM   Holidays: Sundays and Bank Holidays

Shareholders who cannot hand deliver their documents at the collection centres referred to above may send the same by registered post, at their own risk, to the Registrar to the Offer at their office at Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078, and not to any other collection centre so that the same are received before the close of business hours on the Offer Closing Date.

9.5 In case of non-receipt of the Letter of Offer / Form of Acceptance / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may download the same from SEBI's website http://www.sebi.gov.in or obtain a copy of the same by writing to the Registrar to the Offer at the collection centres set out in paragraph above clearly marking the envelope "Malar Hospitals Limited - Open Offer" by providing suitable documentary evidence of the acquisition of the Shares or make the acceptance on plain paper. Shareholders holding Shares in physical form should state their name, address, folio number, number of Shares held, distinctive numbers, number of Shares offered, bank particulars along with original Share Certificate(s), duly signed & witnessed transfer form(s). Beneficial owners should state their name, address, DP name, DP ID, beneficiary account number, number of Shares held, number of Shares offered, bank particulars, photocopy of the delivery instructions in "Off-market" mode or a counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the special depository account mentioned above, as may be relevant, to the collection centres on or before the close of business on the Offer Closing Date. The acceptance should be signed by all the shareholders as per the registration details available with MHL / Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked "Malar Hospitals Limited - Open Offer".

9.6 In case any person has submitted Shares in physical form for dematerialisation and such dematerialisation has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such shareholders should ensure that the process of getting the Shares dematerialised is completed well in time so that the credit of the Shares to the special depository account is completed on or before the close of business hours on the Offer Closing Date, failing which such an acceptance would be rejected. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the Form of Acceptance and other documents were tendered, before the Offer Closing Date.

9.7 In case any person has lodged shares of MHL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in paragraph 9.5 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct MHL and its registrar & transfer agents – GNSA Investor Services (P) Ltd., GR Mansion, 11, Srinivasa Road, Pondy Bazaar, T. Nagar, Chennai - 600017, (R&T Agents of the Target Company) to send the transferred Share certificate(s) directly to the collection centre located at Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078. The person should ensure that the certificate(s) reach the designated collection centre at Mumbai on or before close of business hours on the Offer Closing Date. No indemnity is required from unregistered equity shareholders.

9.8 While tendering Shares under the Offer, NRIs/ OCBs/ foreign and other non resident shareholders will be also required to submit the RBI approvals, if any (specific or general) that they would have obtained for acquiring Shares. In case the RBI approvals are not submitted, the Acquirers and the PACs reserve the right to reject the Shares tendered.

9.9 While tendering Shares under the Offer, shareholders are requested to give their Permanent Account No. ("PAN") and attach a photo copy of the PAN. The Acquirers and the PACs also reserve the right to reject such tenders from shareholders, where the details of PAN and a photo copy of the PAN is not submitted.

9.10 While tendering Shares under the Offer, NRIs/ OCBs/ foreign and other non resident shareholders will be also required to submit the RBI approvals, if any (specific or general) that they would have obtained for acquiring Shares. In case the RBI approvals are not submitted, the Acquirers and the PACs reserve the right to reject the Shares tendered. As per the extant provisions of the Income Tax Act, 1961 ("Income Tax Act"), no deduction of tax at source shall be made before remitting the consideration for Shares tendered under the Offer by Foreign Institutional Investors ("FIIs") as defined in the Income Tax Act for Shares held under "Investment / Capital Account" by FIIs. This exemption is not available for payment of consideration in respect of Shares held by FIIs under their "Trade Accounts". However, while tendering their Shares under the Offer, Non Resident Indians ("NRIs"), Overseas Corporate Bodies ("OCBs") and other non resident shareholders will be required to submit a No Objection Certificate ("NOC") / Tax Clearance Certificate ("TCC") indicating the amount of tax to be deducted by the Acquirers and the PACs before remitting the consideration, from Income Tax authorities under the Income Tax Act. In case the aforesaid NOC / TCC is not submitted, the Acquirers and the PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders, on the entire consideration amount payable to such shareholders. The Acquirers and the PACs also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid NOC / TCC is not submitted.

9.11 If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirers and the PACs shall accept the valid acceptances received on a proportionate basis from each shareholder as per Regulation 21(6) of the SEBI Takeover Code. The Shares are compulsorily traded in dematerialised form and the minimum marketable lot for the purposes of acceptance, for both physical and demat will be one Share.

9.12 Payment of consideration will be made by crossed account payee cheque/demand draft / pay order and sent by Registered Post / Speed Post, to those shareholders/unregistered owners and at their risk, whose Shares/ Share certificates and other documents are found in order and accepted by Acquirers and PACs in part or in full. In case of joint holders cheques/demand drafts will be drawn in the name of the first holder/ unregistered owner. The payment would be made at par to all the shareholders. **It is advised that shareholders provide bank details in the Form of Acceptance, so that same can be incorporated in the cheque/demand draft/pay order.**

9.13 In terms of Regulation 22 (5A) of the SEBI Takeover Code, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted on or before Friday, January 25, 2008.

a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with MHL for shareholders in case of physical holdings/ with the Depository in case of electronic holdings, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted, on or before Friday, January 25, 2008. The signature of the beneficial holders on the Form of Withdrawal should be attested by the Depository Participant.

b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance in case delivered by Registered A.D.

c) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an acceptance on plain paper along with the following details:
   i. In case of physical shares: Name, address, distinctive numbers, folio number and number of Shares tendered, number of Shares withdrawn.
   ii. In case of dematerialised shares: Name, address, number of Shares tendered, number of Shares withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP in favour of the special depository account.

d) Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with MHL and duly witnessed at the appropriate place.

e) The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ special depository account.

f) The intimation of returned Shares to the shareholders will be at the address as per the records of MHL or the Depositories as the case may be.

g) In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from MHL.

h) Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

i) Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

9.14 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in dematerialized form, to the extent not accepted, will be credited back to the beneficial owners’ depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. It will be the responsibility of the equity shareholders to ensure that the unaccepted Shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

9.15 The Registrar to the Offer will hold in trust the Shares/share certificates, Shares lying in credit of the special depository account, Form of Acceptance and the transfer form(s), if any, on behalf of the shareholders who have accepted the Offer, till the Acquirers and the PACs complete the Offer obligations in accordance with the SEBI Takeover Code.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of MHL at the office of the Manager to the Offer at Ambit RSM House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer Closing Date:

1. Copy of the LSSSPA dated September 7, 2007 between the Acquirers, MHL and the Sellers and a copy of the Supplemental Agreement dated December 3, 2007;
2. Copy of the Personal Guarantee of Dr. Nithya Ramamurthy given by her at the time of execution of LSSSPA;
3. Copy of the Sale Share Escrow Agreement dated September 7, 2007;
4. Copy of articles of association of IHL, OIL, FHL and FHHL;
5. Copy of the Certificate of Incorporation, and Memorandum and Articles of Association of the Target Company;
6. Audited financial statements for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 for the Acquirers and the PACs.;
7. Annual reports of the Target Company for the 12 month period ended September 30, 2006, 15 month period ended September 30 2005 and the 12 month period ended June 30, 2004 and certified results for the 9 months period ended September 30, 2007;
8. Copy of the certificate dated September 10, 2007, issued by Walker, Chandiok & Co. confirming the firm arrangements made by IHL for meeting its obligations under the SEBI Takeover Code;
9. Copy of the published Public Announcement, dated September 12, 2007 together with copies of all Corrigenda to the Public Announcement;
10. Copy of the agreement between the escrow bankers, IHL and the Manager to the Offer, authorising the Manager to the Offer to realize the value of the 100% cash deposit, in terms of the SEBI Takeover Code;
11. Letter from Axis Bank Limited, confirming the amount kept in an escrow account;
12. SEBI observation letter no CFD/DCR/MM/TO/12099/07 dated December 28, 2007;
13. Copy of the notice of Extraordinary General Meeting sent to the shareholders of AFL for the Preferential Issue;
14. A copy of the agreement entered into by the Registrar to the Offer with depository participant for opening a special depository account for the purposes of the Offer.

11 DECLARATION BY THE ACQUIRERS AND THE PACS

The Acquirers and the PACs represented by their respective Board of Directors accept responsibility for the information contained in this Letter of Offer (other than information in relation to the Target Company, which has been compiled from publicly available sources or received from the Target Company) and for their obligations under the SEBI Takeover Code. The Acquirers and the PACs are severally and jointly responsible for fulfilment of their obligations in terms of the SEBI Takeover Code.

On behalf of the Acquirers:

For and on behalf of International Hospital Limited
Authorized Signatory
-sd-
Name: Neerja Sharma & Sanjeev Vashishta
Designation: Authorised signatories
Place: New Delhi
Date: January 4, 2008

For and on behalf of Oscar Investments Limited
Authorized Signatory
-sd-
Name: Vinay Kaul
Designation: Director
Place: New Delhi
Date: January 4, 2008

On behalf of the PACs:

For and on behalf of Fortis Healthcare Limited
Authorized Signatory
-sd-
Name: Neerja Sharma & Sanjeev Vashishta
Designation: Authorised signatories
Place: New Delhi
Date: January 4, 2008

For and on behalf of Fortis Healthcare Holdings Limited
Authorized Signatory
-sd-
Name: Vinay Kaul
Designation: Director
Place: New Delhi
Date: January 4, 2008

Encl:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding Shares in physical form