

FORTIS MALAR HOSPITALS LIMITED

Registered Office : Fortis Hospital Limited, Sector 62, Phase - VIII, Mohali, Punjab, 160062
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CIN : L85110PB1989PLC045948
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TRIBUNAL CONVENED MEETING

OF

THE UNSECURED CREDITORS

TRIBUNAL CONVENED MEETING:

Day	: Wednesday
Date	: April 26, 2017
Time	: 4:30 P.M.
Venue	: Auditorium, Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab – 160062.

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**NATIONAL COMPANY LAW TRIBUNAL,
CHANDIGARH BENCH, CHNADIGARH
CA (CAA)NO. 01(Chd) of 2017**

In the matter of the Composite Scheme of Arrangement and Amalgamation between Fortis Healthcare Limited, SRL Limited, Fortis Malar Hospitals Limited and their respective shareholders and creditors:

BETWEEN

1. **FORTIS HEALTHCARE LIMITED**, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal

...Demerged Company

AND

2. **SRL LIMITED**, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal.

...Amalgamating Company

AND

3. **FORTIS MALAR HOSPITALS LIMITED**, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal.

...Resulting Company / Amalgamated Company

CA (CAA) NO. 01 (Chd) of 2017
Fortis Malar Hospitals Limited (Applicant)
NOTICE CONVENING THE TRIBUNAL CONVENED MEETING OF THE UNSECURED
CREDITORS OF FORTIS MALAR HOSPITALS LIMITED

Notice is hereby given that by an order dated February 21, 2017, the Chandigarh Bench of the National Company Law Tribunal (“NCLT”) has directed a meeting to be held of the unsecured creditors of Fortis Malar Hospitals Limited (“Applicant Company”) (“Order”) for the purpose of considering, and if thought fit, approving with or without modification, the arrangement proposed to be made between the Applicant Company, Fortis Healthcare Limited (“FHL”), SRL Limited (“SRL”) and respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (“Act”) (corresponding to Sections 391-394 of the Companies Act, 1956), read with Section 52 and Section 66 of the Act (corresponding to Sections 100 to 103 of the Companies Act, 1956) and any other applicable provisions of the Act or Companies Act, 1956, as applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the “Scheme” or “Scheme of Arrangement”).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of unsecured creditors of the Applicant Company will be held at the Auditorium, Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab – 160062 on Wednesday, April 26, 2017, at 4:30 p.m. (1630 hours) (“Tribunal Convened Meeting” or “Meeting”), at which place, date and time, the unsecured creditors are requested to attend.

Copies of the said Scheme and of the Explanatory Statement under Section 230 of the Act can be obtained free of charge at the Registered Office of the Applicant Company or at 3rd Floor, Tower A, Unitech Business Park, Block – F, South City – 1, Sector 41, Gurgaon, Haryana – 122001. Persons entitled to attend and vote at the Tribunal Convened Meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company at Fortis Hospital, Sector 62, Phase-VIII, Mohali, Punjab, 160062 not later than 48 hours before the aforesaid Tribunal Convened Meeting.

Forms of proxy can be had at the Registered Office of the Applicant Company.

The Chandigarh Bench of NCLT has appointed Hon’ble Justice (Retired) K.S. Grewal as the Chairperson and failing him, Mr. Rajansh Thukral, Advocate, as the Alternate Chairperson of the said Tribunal Convened Meeting. The above mentioned Scheme of Arrangement, if approved by the Tribunal Convened Meeting, will be subject to the subsequent approval of the Chandigarh Bench of the NCLT.

TAKE NOTICE that the following resolution is proposed under Sections 230(3) of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the Memorandum of Association and Articles of Association of the Applicant Company, for the purpose of considering, and if thought fit, approving with or without modification, the arrangement proposed in the Scheme:

“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, (corresponding to Sections 391-394 of the Companies Act, 1956) and any other applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force) or Companies Act, 1956, as applicable the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable) and other rules, circulars and notifications made thereunder as may be applicable, and relevant provisions of applicable laws, the provisions of the Memorandum of Association and Articles of Association of Fortis Healthcare Limited, and subject to the approval of the Chandigarh Bench of the National Company Law Tribunal and such other approvals, permissions and sanctions of regulatory and other authorities or tribunal, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by the Chandigarh Bench

of the National Company Law Tribunal, or by any regulatory or other authorities or tribunal, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of Fortis Healthcare Limited (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the proposed arrangement embodied in the composite scheme of arrangement and amalgamation between Fortis Healthcare Limited, SRL Limited, Fortis Malar Hospitals Limited and their respective shareholders and creditors (“Scheme of Arrangement”) placed before this meeting and initialed by the Company Secretary for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties that may arise, including passing of such accounting entries and or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications as may be required and/or imposed by the Chandigarh Bench of

the National Company Law Tribunal if and when applicable while sanctioning the arrangement embodied in the Scheme of Arrangement by any tribunal, regulatory or other authorities under law, as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”

A copy of the Explanatory Statement under Section 230(3) of the Act and Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**Merger Rules**”), the Scheme of Arrangement, the Form of Proxy and the Attendance Slip are enclosed.

Dated at this March 12, 2017

Sd/-

Sumit Goel

Company Secretary

**Authorised by a board resolution dated January 4, 2017
on behalf of the Board of Directors**

Registered Office:

Fortis Malar Hospitals Limited

Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062

Notes:

1. The Explanatory Statement pursuant to Section 230(3) of the Act and Rule 6(3) of the Merger Rules is enclosed herewith and forms part of this Notice.
2. An unsecured creditor is entitled to attend and vote at the Meeting is entitled to appoint a proxy(ies) to attend and vote instead of himself/herself and such proxies need not be an unsecured creditor of the Applicant Company. Proxies, to be effective shall be in the prescribed form, duly filed, stamped, signed and deposited by the person entitled to attend and vote at the said Meeting, or by his authorised representative, not less than 48 hours before the commencement of the Meeting at the Registered Office of the Applicant Company.
3. Unsecured creditors / proxies are requested to bring the Attendance Slip/proxy form duly filled in, sent herewith alongwith the notice of the Tribunal Convened Meeting at the Meeting.
4. Corporate unsecured creditors are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Meeting.
5. For security reasons, no article/baggage will be allowed at the venue of the Meeting. The unsecured creditors /

attendees are strictly requested not to bring any article/baggage, etc. at the venue of the Meeting.

6. The Notice, together with the documents accompanying the same, is being sent to all the unsecured creditors by permitted mode whose names appear in the list of unsecured creditors as on January 31, 2017.
7. All documents referred to in the Notice and Explanatory Statement will be available for inspection at the Applicant Company’s Registered Office and/or at 3rd Floor, Tower A, Unitech Business Park, Block – F, South City – 1, Sector 41, Gurgaon, Haryana – 122001 during normal business hours between 10:00 A.M. to 5:00 P.M. on the working days upto the date of the Meeting.
8. The unsecured creditors to whom the notice is sent may vote in the Tribunal Convened Meeting either in person or by proxy(ies).
9. The Notice convening the aforesaid Tribunal Convened Meeting will be published through advertisement in Hindustan Times (English) and Dainik Bhaskar (Hindi) indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme of Arrangement, the Explanatory Statement required to be furnished pursuant to Sections 230 to 232 of the Act and the form of proxy shall be provided free of charge at the Registered Office of the Applicant Company.
10. The Tribunal vide its order dated February 21, 2017 has appointed Mr. Vishal Arora residing at 1081 Sector 8-C Chandigarh- 160009, as the scrutinizer for the Meeting.
11. It may be noted that the polling paper will be provided at the Tribunal Convened Meeting and unsecured creditors attending the Tribunal Convened Meeting shall be entitled to exercise their right at the Tribunal Convened Meeting.
12. The scrutinizer will submit his report to the Chairperson after completion of the scrutiny of the poll papers submitted. The scrutinizer’s decision on the validity of the vote shall be final. The results of the poll will be announced on or before April 29, 2017 at the Registered Office of the Applicant Company situated at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062. The results, together with the scrutinizer’s Report, will be displayed at the Registered Office of the Applicant Company and on the website of the Applicant Company (www.fortismalar.com), besides being communicated to BSE Limited.
13. The Route Map for the Tribunal Convened Meeting of the Company alongwith the Landmark forms part of this Notice.

Encl: As above

EXPLANATORY STATEMENT UNDER 230(3) AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF FORTIS MALAR HOSPITALS LIMITED

1. Pursuant to an order dated February 21, 2017, passed by the Chandigarh Bench of the National Company Law Tribunal (“**NCLT**”) in the abovementioned CA (CAA) NO. 01 (Chd) of 2017 (“**Order**”), a meeting of the unsecured creditors of Fortis Malar Hospitals Limited (the “**Applicant Company**”) is being convened at the Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab – 160062 on Wednesday, April 26, 2017, at 12:00 noon (1200 hours) (“**Tribunal Convened Meeting**” or “**Meeting**”) for the purpose of considering, and if thought fit, approving, the composite scheme of arrangement and amalgamation between the Applicant Company, SRL Limited (“**SRL**”), Fortis Healthcare Limited (“**FHL**”) and their respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (“**Act**”) (corresponding to Sections 391-394 of the Companies Act, 1956), and any other applicable provisions of the Act or Companies Act, 1956, as applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the “**Scheme**” or “**Scheme of Arrangement**”). A copy of the Scheme which has been, *inter alia*, approved by the Audit Committee and the Board of Directors of the Applicant Company at their respective meetings held on August 19, 2016, is enclosed as **Annexure 1**.
2. The Scheme provides for the following: (a) transfer of the hospital business undertaking of the Applicant Company to FHL as a going concern, by way of slump sale, in lieu of payment of a lump sum consideration by FHL to the Applicant Company (“**Slump Sale**”), (b) transfer of the demerged undertaking of the FHL pertaining exclusively to the diagnostics business as identified in the Scheme to Applicant Company by way of a demerger in lieu of issuance of equity shares by Applicant Company to shareholders of the FHL as per approved share entitlement ratio (“**Demerger**”); (c) the amalgamation of SRL into Applicant Company and dissolution of SRL without winding up, and the consequent issue of equity shares by Applicant Company to the shareholders of SRL and the cancellation of equity shares of SRL held by Applicant Company (“**Amalgamation**”), and various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of the Applicant Company and the reorganization of the share capital of the Applicant Company, and change of name of Applicant Company into SRL Limited (or such other name may be decided by the Board of Directors or a committee thereof of the Applicant Company and approved by the concerned Registrar of Companies), pursuant to the provisions of Sections 230 to 232 of the Act (corresponding to Sections 391-394 of the Companies Act, 1956), read with Section 52 and Section 66 of the Act (corresponding to Sections 100 to 103 of the Companies Act, 1956), Section 2(1B) of the Income Tax Act, 1961, and any other applicable provisions of the Act or Companies Act, 1956, as applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force).
3. The proposed Scheme was placed before the Audit Committee of the Applicant Company at its meeting held on August 19, 2016. The Audit Committee of the Applicant Company took into account the valuation reports, dated August 19, 2016, provided by Price Waterhouse & Co LLP for the purposes of the Scheme (“**Valuation Report(s)**”), fairness opinion, dated August 19, 2016, provided by Corporate Capital Ventures, SEBI Registered Category I Merchant Banker (“**Fairness Opinion**”), appointed for this purpose by the Applicant Company. Copy of the Valuation Reports are enclosed as **Annexure 2** and Fairness Opinion is enclosed as **Annexure 3**. On the basis of its evaluation and independent judgment, the Audit Committee has approved and recommended the Scheme to the Board of Directors of the Applicant Company.
4. The Board of Directors of the Applicant Company, at their meeting dated August 19, 2016, took into account the Valuation Reports and the Fairness Opinion and the independent recommendations of the Audit Committee. Based on the aforesaid recommendation and after considering the background, benefits and rationale of the Scheme and on the basis of their independent judgment, the Board of Directors of the Applicant Company had, at its meeting held on August 19, 2016, approved the Scheme. Further, the Board of Directors of the Applicant Company has passed a resolution on January 4, 2017 authorizing Directors, Executive Chairman, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Applicant Company to file the Scheme before National Company Law Tribunal and to form a committee of directors to undertake actions in relation to the Scheme.
5. In terms of the said Order, the quorum for the Tribunal Convened Meeting shall be 30 (thirty) unsecured creditors of the Applicant Company, present in person or 25% in value of the total unsecured debt of the Applicant Company, whichever is higher. In case the quorum as noted above for the Meeting is not present, then the Meeting shall be adjourned by half an hour, and thereafter the persons present and voting shall be deemed to constitute the quorum. Further, in terms of the said Order, the NCLT, has appointed Hon’ble Justice (retired) K.S. Grewal as the Chairperson and failing him, Mr. Rajansh Thukral, Advocate, to be the Alternate Chairperson of the Tribunal Convened Meeting.
6. This statement explaining the terms of the Scheme is being furnished as required under Section 230(3) and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**Merger Rules**”).

7. The Scheme of Arrangement shall be considered approved by the unsecured creditors if the resolutions mentioned in the Notice have been approved by majority of persons representing three-fourth in value of the unsecured creditors, voting in person or by proxy.
- (i) Details of the order of the Tribunal directing the calling, convening and conducting of the Meeting:

Please refer to paragraph no. 1 of this Explanatory Statement for date of the Order, date, time and venue of the Tribunal Convened Meeting.

8. **Details as per Rule 6(3) of the Merger Rules**

- (ii) Details of the Applicant Company, FHL and SRL

S. No.	Particulars	Applicant Company	FHL	SRL
1.	Corporate Identification Number	L85110PB1989PLC045948	L85110PB1996PLC045933	U74899PB1995PLC045956
2.	Permanent Account Number	AAACM6891Q	AAACF0987E	AAACS2809J
3.	Date of Incorporation	April 13, 1989	February 28, 1996	July 7, 1995
4.	Type of the company(ies)	Public limited company	Public limited company	Public limited company
5.	Registered office address and e-mail address	Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab- 160062 secretarial.malar@malarhospitals.in	Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab- 160062 secretarial@fortishealthcare.com	Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab- 160062 secretarial@srl.in
6.	Name of the stock exchange(s) where securities of company(ies) are listed	BSE Limited	BSE Limited and National Stock Exchange of India Limited	Not listed on any stock exchange

- (iii) Other Particulars of the Applicant Company as per Rule 6(3) of the Merger Rules

(a) **Summary of the main objects as per the memorandum of association and main business carried on by the Applicant Company**

The Applicant Company is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar, Chennai; and (ii) the business of providing diagnostics services, i.e., providing pathology services. The Applicant Company is a subsidiary of Fortis Hospitals Limited, a public company incorporated under the Companies Act, 1956 and a subsidiary of FHL. The main objects, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

"III (A) MAIN OBJECTS TO BE PURSUED BY THE APPLICANT COMPANY ON ITS INCORPORATION ARE

1. *To establish hospitals and clinics and to conduct the same to provide comprehensive healthcare for the society in the various branches of medicine such as General Surgery, General Medicine, Pediatrics, Neurology, Cardiology, ENT, Ophthalmology, Radiology, Pathology, Gastro-entriology, Urology, Thoracic Surgery, Plastic surgery, Ortiapaedics and other allied specialties and to provide facilities for post graduate medical education/medical research.*

2. *To buy, sell, manufacture, import, export, treat and deal in any kind of pharmaceuticals, chemicals, medicines and drugs.*
3. *To design, manufacture, import, export, buy and sell, hire out, install, maintain and improve all kinds of equipment and instrumentation for hospitals, dispensaries, clinics, laboratories and health clubs.*
4. *To establish run, promote and make investment in, educational institutions, schools, colleges, technical educational institutes for imparting medical and healthcare education and management training including in the fields of medicine, nursing, physical medicine and rehabilitative medicine, pharmacy and allied medical administration and management of such medical institutions including Health and Hospital Management Training and Development, Pharmaceutical Management, Hospitality, Programmes for skills and competency development, training and certification of professionals."*

- (b) **Details of change of name, registered office and objects of the Applicant Company during the last five years**

Change of Name: The Applicant Company was incorporated as a private limited company on April 13,

1989 under the Companies Act, 1956, in the name of Malar Hospitals Private Limited; vide Certificate of Incorporation bearing no. 18-17232 of 1989 issued by the Registrar of Companies, Tamil Nadu. The name of the Applicant Company was changed from Malar Hospitals Private Limited to Malar Hospitals Limited (public limited company), and the fresh Certificate of Incorporation consequent on change of name dated March 13, 1991, was issued by the Registrar of Companies, Tamil Nadu. Thereafter, the name of the Applicant Company was changed from Malar Hospitals Limited to Fortis Malar Hospitals Limited, and the fresh Certificate of Incorporation consequent upon change of name dated December 23, 2009, was issued by the Registrar of Companies, Tamil Nadu.

Change of Registered Office: The registered office of the Applicant Company was changed from the state of Tamil Nadu to the state of Delhi, and the Certificate of Registration of Regional Director order for change of state dated February 21, 2015 was issued by the Registrar of Companies-Delhi. Thereafter, the registered office of the Applicant Company was changed from the state of Delhi to the state of Punjab, and the Certificate of Registration of Regional Director order for change of state dated December 21, 2016 was issued by the Registrar of Companies-Chandigarh. The present Registered Office of the Applicant Company is situated at Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab-160062, which is within the jurisdiction of the Chandigarh Bench of the NCLT.

Change of objects: The shareholders of the Applicant Company have passed a special resolution under Section 13(1) of the Act, by way of a postal ballot on October 21, 2014 to alter the object clause of the Memorandum of Association of the Applicant Company. The same has been approved by the Assistant Registrar of Companies, Delhi on November 18, 2014.

(c) **Details of the capital structure of the Applicant Company including authorised, issued, subscribed and paid up share capital**

The share capital structure of the Applicant Company, as on January 31, 2017, is as under

A. Authorised Share Capital	Amount in INR
30,000,000 equity shares of face value of INR 10 each	300,000,000
Total	300,000,000

B. Issued and Subscribed Share Capital	Amount in INR
18,664,259 equity shares of face value of INR 10 each	186,642,590
30,500 equity shares of face value of INR 10 each forfeited	305,000
Total	186,947,590

C. Paid-up Share Capital	Amount in INR
18,664,259 equity shares of face value of INR 10 each	186,642,590
30,500 equity shares of face value of INR 10 each forfeited, of which INR 5 has been paid up	152,500
Total	186,795,090

*As of January 31, 2017, the Applicant Company has 1,60,000 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Applicant Company.

Post Capital Structure:

Upon the coming into effect of the Scheme, the expected share capital structure of the Applicant Company would be as under:

A. Authorised Share Capital*	Amount in INR
905530559 equity shares of face value of INR 10 each	9,055,305,590
Total	9,055,305,590

B. Issued Share Capital	Amount in INR
905530559 equity shares of face value of INR 10 each	9,055,305,590
Total	9,055,305,590

*The authorised share capital of the Applicant Company will be increased in accordance with the provisions of the Act, as per the requisite share exchange ratios.

(d) **(d) Details of the Promoters and Directors along with their addresses**

The details of the promoters of the Applicant Company as on January 31, 2017 are as set forth below:

S.No.	Name of the Promoter	Address
1.	PS Trust (through Malvinder Mohan Singh and Shivinder Mohan Singh)	House No.-1 Rajesh Pilot Lane New Delhi 110011.
2.	Fortis Healthcare Holdings Private Limited	54, Janpath, New Delhi Central Delhi -110001.
3.	Oscar Investments Limited	54, Janpath, New Delhi Central Delhi -110001.
4.	Shivi Holdings(p) Limited	54, Janpath, New Delhi Central Delhi -110001.
5.	RHC Finance Private Limited	54, Janpath, New Delhi Central Delhi -110001.
6.	Fortis Hospitals Limited	Escorts Heart Institute And Research Centre Okhla Road New Delhi DL 110025.
7.	Todays Holdings Private Limited	54, Janpath, New Delhi Central Delhi -110001.
8.	Malav Holdings Private Limited	54, Janpath, New Delhi Central Delhi -110001.
9.	RHC Holding Private Limited	54, Janpath, New Delhi Central Delhi -110001.

The Applicant Company has 8 (eight) directors as on January 31, 2017, mentioned as under. The details of such directors are set forth below:

S.No.	Name of Director	Designation	Address
1.	Mr. Daljit Singh	Chairman	B-6/9 DLF, Phase - I, Gurgaon 122001.
2.	Mr. Lakshman Telkchand Nanwani	Non-Executive Independent Director	La, Arihant Castle 72, Landons Road, Kilpauk Chennai 600010.
3.	Mr. Meghraj Arvindrao Gore	Whole Time Director	32,Aradhana, First Floor R. K Puram, Sector-13 New Delhi 110066.
4.	Mr. Murari Pejavar	Non Executive Independent Director	2, Gilchrist Avenue, Harrington Road, Chetpet Chennai 600031.
5.	Dr. Nithya Ramamurthy	Non Executive Non-Independent Director	28, V Main Raja Annamalaipuram 600028.
6.	Mr. Rama Krishna Shetty	Non Executive Independent Director	D-2, 166, Chartered Cottage Langford Road, Bangalore 560025.
7.	Mr. Rakesh Laddha	Non Executive Non-Independent (Additional Director)	Flat No.303, W-111, Kamal Apartment Greater Kailash - li Delhi 110048.
8.	Mr. Ramesh Lakshman Adige	Non Executive Independent Director	C-12, 1st Floor Hauz Khas New Delhi 110016.

- (e) ***The date of the board meeting of the Applicant Company at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not or participate on such resolution:***

Details of Directors of the Applicant Company who voted for/ against the resolution passed on August 19, 2016:

S.No.	Names of the Directors	Votes
1.	Mr. Daljit Singh	Favor
2.	Mr. LT Nanwani	Favor
3.	Mr. Meghraj Arvindrao Gore	Favor*
4.	Dr. Nithya Ramamurthy	Absent
5.	Mr. Raghunath P	Favor
6.	Mr. Ramesh L. Adige	Favor
7.	Mr. R.K. Shetty	Absent
8.	Mr. P Murari	Absent

*Not counted for the purpose of quorum

Details of Directors of the Applicant Company who voted for/ against the resolution passed on January 4, 2017 authorising the Directors, Chairman and/ or Company Secretary to file the Scheme before the NCLT and to form a committee of directors to undertake actions in relation to the Scheme:

S. No.	Names of the Directors	Votes
1.	Mr. Daljit Singh	Favor
2.	Mr. LT Nanwani	Favor
3.	Mr. Meghraj Arvindrao Gore	Favor
4.	Dr. Nithya Ramamurthy	Favor
5.	Mr. Rakesh Laddha	Favor
6.	Mr. Ramesh L. Adige	Favor
7.	Mr. R.K. Shetty	Favor
8.	Mr. P Murari	Favor

- (f) As on January 31, 2017, the Applicant Company has 425 unsecured creditors and amount due to such unsecured creditors is Rs. 84,546,206.

- (g) Disclosure about effect of the Scheme on material interests of directors, key managerial personnel and debenture trustee:

Please refer to point no. (h) below for the effect of the Scheme on material interests of directors, key managerial personnel (KMP) and debenture trustee.

- (h) Disclosure about the effect of the Scheme on the following persons:

S. No.	Persons	Effect of the Scheme
1.	Key Managerial Personnel	Post effectiveness of the Scheme, the core business activity of the Applicant Company shall stand changed to diagnostics. Accordingly, the Board of Directors of the Applicant Company may consider re-appointing KMPs.
2.	Directors	Post effectiveness of the Scheme, the existing Directors shall continue on the Board of the Applicant Company. However, the Board of Directors of the Applicant Company may consider reconstituting the board considering the change in core business activity of the Applicant Company.
3.	Promoters	Since the Scheme involves the companies which are ultimately controlled by the same entity before and after the transaction, the existing promoters i.e. FHsL shall continue to be promoters of the Applicant Company along the promoters of FHL.
4.	Non-Promoter Members	Upon the effectiveness of the Scheme, the Applicant Company will house only the diagnostics business replacing the current hospital business. Though shareholders of the Applicant Company are not entitled to any shares in FHL, however, the shareholders of the Applicant Company are expected to benefit as they will have a direct exposure to the diagnostics business which is a significantly larger business compared to the current Malar hospital operation.
5.	Depositors	Not applicable
6.	Creditors	Upon the coming into effect of the Scheme, all debts (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities of the Transferred Undertaking (as defined in the Scheme), and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and

		the liabilities of any description whatsoever, and howsoever raised or incurred or utilised along with any charge, encumbrance, lien or security thereon of the Applicant Company as on the Appointed Date, pertaining and relating exclusively to the Hospital Business (as defined in the Scheme), both present and future, (" Transferred Liabilities ") shall stand transferred to FHL to the extent that they are outstanding as on the Effective Date (as defined in the Scheme) and shall become the debts, liabilities, loans, obligations and duties of FHL which shall meet, discharge and satisfy the same and the Applicant Company shall in no event be responsible or liable in relation to any such Transferred Liabilities.
7.	Debenture Holders	Not applicable
8.	Deposit Trustee and Debenture Trustee	Not applicable
9.	Employees	Upon the coming into effect of the Scheme, FMHL Transferred Employees (as defined in the Scheme) shall become the employees of FHL with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Applicant Company in the Transferred Undertaking (as defined in the Scheme) and without any interruption of, or break in service as a result of the transfer of the Transferred Undertaking. FHL agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the FMHL Transferred Employees with the Applicant Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

5. To carry on and undertake the business of acting in any capacity as corporate agents for activities such as but not limited to financial services, insurance companies, pension companies and to carry out all incidental & allied activities related thereto to prospective investors, depositors, insurance client, customer, client for any type of financial and saving instruments including fixed deposits, postal savings, bonds, debentures, units and other securities, mutual funds, equity and preference shares and other type of securities of companies, life and non-life insurance products, and other products of similar type and description."

(b) **(b) Details of change of name, registered office and objects of SRL during the last five years**

Change of Name: SRL was incorporated as a private limited company on July 7, 1995 under the Companies Act, 1956, in the name of Specialty-Ranbaxy Private Limited. In terms of Section 43A of the Companies Act, 1956, SRL became a public company, with effect from March 30, 1996, and the name of SRL was changed from Specialty-Ranbaxy Private Limited to Specialty-Ranbaxy Limited. Thereafter, the name of SRL was changed from Specialty-Ranbaxy Limited to SRL Ranbaxy Limited, and the fresh Certificate of Incorporation consequent upon change of name dated December 30, 2002, was issued by the Registrar of Companies-Delhi. The name of SRL was further changed from SRL Ranbaxy Limited to Super Religare Laboratories Limited, and the fresh Certificate of Incorporation consequent upon change of name dated August 28, 2008, was issued by the Registrar of Companies-Delhi. The name of SRL was further changed from Super Religare Laboratories Limited to SRL Limited, and the fresh Certificate of Incorporation consequent upon change of name dated July 6, 2012, was issued by the Registrar of Companies-Delhi.

Change of Registered Office: The registered office of SRL was changed from the state of Delhi to the state of Punjab, and the Certificate of Registration of Regional Director order for change of state dated December 23, 2016 was issued by the Registrar of Companies-Chandigarh. The present registered office of SRL is situated at Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab-160062, which is within the jurisdiction of the Chandigarh Bench of the NCLT.

Change of objects: NIL

(c) **Details of the capital structure of SRL including authorised, issued, subscribed and paid up share capital**

The share capital structure of SRL, as on January 31, 2017, is as under:

A. Authorised Share Capital	Amount in INR
8,90,00,000 equity shares of face value of INR 10 each	89,00,00,000
40,00,000 compulsorily convertible preference shares of face value of INR 20 each	8,00,00,000
Total	9,70,00,000

(iv) **Other Particulars of SRL as per Rule 6(3) of the Merger Rules**

(a) **Summary of the main objects as per the memorandum of association and main business carried on by SRL**

SRL is, *inter alia*, engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. The main objects, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

"III (A) MAIN OBJECTS TO PURSUED BY SRL ON ITS INCORPORATION ARE:

1. To establish, maintain and manage clinical reference laboratories to provide testing, diagnostic and prognostic monitoring services.
2. To establish, provide, maintain and conduct the business of research laboratories and workshops for clinical, diagnostic and prognostic tests.
3. To provide medical and/or surgical methods of treatments for diseases.
4. To manufacture, buy, sell, import, export, hire, let on lease, maintain, repair, service or otherwise deal in any or all kinds of diagnostic aids, machinery, apparatus, equipments, spare parts, instruments or accessories, required for clinical reference laboratories, testing, diagnostic and prognostic monitoring services.

B. Issued, Subscribed and Paid up Share Capital	Amount in INR
7,23,17,399 equity shares of face value of INR 10 each	72,31,73,990
40,00,000 compulsorily convertible preference shares of face value of INR 20 each	8,00,00,000
Total	80,31,73,990

*As of January 31, 2017, SRL has 40,00,000 outstanding compulsorily convertible preference shares ("CCPS"). The CCPS will be converted into equity shares before the Record Date. Pursuant thereto, the conversion of CCPS may result in an increase in the issued and paid-up share capital of SRL.

** As of January 31, 2017, SRL has 18,48,382 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of SRL.

Post Capital Structure:

As per Clause 53 of the Scheme, upon the coming into effect of the Scheme, SRL shall stand dissolved without winding-up.

(d) **Details of the Promoters and Directors along with their addresses**

The details of the promoters of SRL as on January 31, 2017 are as set forth below:

S.No.	Name of the Promoter	Address
1.	Fortis Healthcare Limited	Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab-160062.
2.	Shivi Holdings(P) Limited	54, Janpath, New Delhi – 110 001.
3.	Malav Holdings Private Limited	54, Janpath, New Delhi – 110 001.
4.	RHC Holding Private Limited	54, Janpath, New Delhi – 110 001.

SRL has 11 (eleven) directors as on January 31, 2017, mentioned as under. The details of such directors are set forth below:

S. No.	Name of Director	Designation	Address
1.	Mr. Malvinder Mohan Singh	Executive Chairman	House No. - 1, Rajesh Pilot Lane, New Delhi, 110011.
2.	Dr. Shivinder Mohan Singh	Director	House No. - 1, Rajesh Pilot Lane, New Delhi, 110011.
3.	Mr. Sunil Godhwani	Director	A-2, Inayat Farm, Asola, Fatehpur Beri, Po : Mehrauli, New Delhi 110030.
4.	Mr. Harpal Singh	Director	B-10, Anand Niketan, New Delhi 110021.
5.	Mr. Srinivas Chidambaram	Director	S-283, Ground Floor Greater Kailash - II New Delhi 110048.
6.	Mr. Praneet Singh	Director	5 A Nibbana Annexe, Pali Hill, Bandra (West), Near HDFC Bank Mumbai 400050.

7.	Ms. Archana Prashant Shiroor	Independent Director	B 602, Lodha Bellissimo, N.M. Joshi Marg, Mahalaxmi, Mumbai, 400011.
8.	Lt. Gen. Tejinder Singh Shergill	Independent Director	God's Palm, Village Chauki (Dhauas), Via Ganghora, Dehradun, 248141, Uttarakhand.
9.	Dr. Brian William Tempest	Independent Director	South Park Farm, Grayswood Road, Haslemere Surrey GU272DJ, United Kingdom.
10.	Dr. Preetinder Singh Joshi	Independent Director	Maharaj Sawan Singh, Charitable Hospital, Beas, 143201, Punjab.
11.	Ms. Meenu Handa*	Additional Director (Independent)	T – 24/24, DLF Phase III, Gurgaon -122002.

*appointed with effect from November 8, 2016.

(e) **The date of the board meeting of SRL at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

Details of the Directors who voted for in the resolution passed on August 19, 2016. No director voted against the resolution, and all directors participated in the meeting.

S. No.	Names of the Directors	Votes
1.	Mr. Malvinder Mohan Singh	Favor
2.	Dr. Shivinder Mohan Singh	Favor
3.	Ms. Archana Prashant Shiroor	Favor
4.	Dr. Brian Tempest	Favor
5.	Mr. Harpal Singh	Favor
6.	Dr. Preetinder Singh Joshi	Favor
7.	Mr. Srinivas Chidambaram	Favor
8.	Lt. Gen. Tejinder Singh Shergill	Favor
9.	Mr. Sunil Godhwani	Absent
10.	Mr. Praneet Singh	Absent

Details of the Directors who voted for in the resolution passed on January 4, 2017 authorizing Directors, Executive Chairman, Chief Executive Officer, Chief Financial Officer and Company Secretary of SRL to file the Scheme before National Company Law Tribunal and to form a committee of directors to undertake actions in relation to the Scheme. No director voted against the resolution.

S. No.	Names of the Directors	Votes
1.	Mr. Malvinder Mohan Singh	Favor
2.	Dr. Shivinder Mohan Singh	Favor
3.	Ms. Archana Prashant Shiroor	Favor
4.	Dr. Brian Tempest	Favor
5.	Mr. Harpal Singh	Favor
6.	Ms. Meenu Handa	Favor
7.	Mr. Praneet Singh	Favor
8.	Dr. Preetinder Singh Joshi	Favor
9.	Mr. Srinivas Chidambaram	Favor
10.	Lt. Gen. Tejinder Singh Shergill	Favor
11.	Mr. Sunil Godhwani	Did not participate

(f) As on January 31, 2017, SRL has 2400 unsecured creditors and amount due to such unsecured creditors is Rs. 423,112, 003.

(g) Disclosure about effect of the Scheme on material interests of directors, key managerial personnel (KMP) and debenture trustee:

Please refer to point no. (h) below for the effect of the Scheme on material interests of directors, key managerial personnel (KMP) and debenture trustee.

(h) Disclosure about the effect of the Scheme on the following persons:

S. No.	Persons	Effect of the Scheme
1.	Key Managerial Personnel	Pursuant to Part IV Section 6, Clause 53 of the Scheme, upon coming into effect of the Scheme, SRL shall stand dissolved without winding up, and KMPs of SRL will automatically cease to hold their respective positions.
2.	Directors	Pursuant to Part IV Section 6, Clause 53 of the Scheme, upon coming into effect of the Scheme, SRL shall stand dissolved without winding up. Accordingly, the Board of Directors of SRL will cease to exist.
3.	Promoters	Upon the Scheme coming into effect, the current promoter of SRL i.e. FHL will cease to be the promoters of SRL, and the promoters of FHL will be directly holding securities in the Applicant Company.
4.	Non-Promoter Members	Upon the coming into effect of the Scheme, the shareholders of SRL will be entitled to shares of the Applicant Company in accordance with the Share Exchange Ratio. Since the Applicant Company will be a separate listed entity on the stock exchanges, this would unlock value for the shareholders of SRL.
5.	Depositors	Not applicable
6.	Creditors	Upon the Scheme coming into effect, all Liabilities (as defined in the Scheme) of SRL shall be transferred to the Applicant Company, and the same shall be assumed by the Applicant Company to the extent they are outstanding on the Effective Date (as defined in the Scheme) so as to become as and from the Appointed Date (as defined in the Scheme) (or in case of any Liability incurred on a date after the Appointed Date, with effect from such date) the Liabilities of the Applicant Company on the same terms and conditions as were applicable to SRL, and the Applicant Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen.

7.	Debenture Holders	Not applicable
8.	Deposit Trustee and Debenture Trustee	Not applicable
9.	Employees	Upon the Scheme coming into effect, all SRL Employees (as defined in the Scheme) shall become the employees of the Applicant Company with effect from the Appointed Date (or in case of any SRL Employee engaged by SRL on a date after the Appointed Date, with effect from such date), and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by SRL and without any interruption of or break in service as a result of the Amalgamation of SRL with the Applicant Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such SRL Employees with SRL shall also be taken into account, and paid (as and when payable) by the Applicant Company.
10.	Preference Shareholder	As disclosed under Part I, Clause 3.2(iii) of the Scheme, the Compulsory Convertible Preference Shares issued by SRL shall be converted into equity shares before the Record Date (as defined in the Scheme), and such shares shall rank pari passu with existing equity shareholders of SRL.

(v) Other Particulars of FHL as per Rule 6(3) of the Merger Rules

(a) **Summary of the main objects as per the memorandum of association and main business carried on by FHL**

FHL is primarily engaged in the business of providing integrated healthcare delivery services such as healthcare, diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostics services, including pathology and radiology. The objects, inter alia, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

“III.(A) MAIN OBJECTS TO BE PURSUED BY FHL ON ITS INCORPORATION ARE

1. To purchase, lease or otherwise acquire, establish, maintain, operate, run, manage or administer hospitals, medicare, health care, diagnostic, health aids and research centers.
2. To provide medical relief to the public in all branches of medical schemes by all available means.
3. To carry out medical and clinical research by engaging in the research and development of all medical sciences and therapies.
4. To undertake, promote or engage in all kinds of research including clinical research and development work required to promote, assist or engage in setting up hospitals, health care centres and facilities for manufacturing medical equipments, etc.

5. To provide, encourage, initiate or promote facilities for the discovery, improvement or development of new methods of diagnostic, understanding and prevention and treatment of disease.
6. To establish, run, promote and make investment in educational institutions, schools, colleges, technical educational institutes for imparting medical and healthcare education and management training including in the fields of medicine, nursing, physical medicine and rehabilitative medicine, pharmacy and allied medical administration and management of such medical institutions including Health and Hospital Management Training and Development, Pharmaceutical Management, Hospitality, Programmes for skills and competency development, Training and certification of professionals.”

(b) **(b) Details of change of name, registered office and objects of FHL during the last five years**

Change of Name: FHL was incorporated in the name of Rancare Limited on February 28, 1996 under the Companies Act, 1956. The name of FHL was changed from Rancare Limited to Fortis Healthcare Limited, and the fresh Certificate of Incorporation consequent upon change of name dated June 20, 1996, was issued by the Assistant Registrar of Companies, NCT of Delhi & Haryana. Thereafter, the name of FHL was changed from Fortis Healthcare Limited to Fortis Healthcare (India) Limited, and the fresh Certificate of Incorporation consequent upon change of name dated March 7, 2011, was issued by the Registrar of Companies-Delhi. The name of FHL was further changed from Fortis Healthcare (India) Limited to Fortis Healthcare Limited, and the fresh Certificate of Incorporation consequent upon change of name dated March 6, 2012, was issued by the Registrar of Companies-Delhi.

Change of Registered Office: The Registered Office of FHL was changed from the state of Delhi to the state of Punjab, and the Certificate of Registration of Regional Director order for change of state dated December 15, 2016 was issued by the Registrar of Companies, Chandigarh (“ROC-Chandigarh”). The present registered office of FHL is situated at Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab-160062, which is within the jurisdiction of the Chandigarh Bench of the NCLT.

Change of objects: The shareholders of FHL have passed a special resolution under Section 13(1) of the Act, by way of a postal ballot on December 29, 2014 to alter the object clause of the Memorandum of Association of FHL. The same has been approved by the Assistant Registrar of Companies, Delhi on January 23, 2015.

(c) **Details of the capital structure of FHL including authorised, issued, subscribed and paid up share capital**

The share capital structure of FHL as on January 31, 2017 is as under:

A. Authorised Share Capital	Amount in INR
600,000,000 equity shares of face value of INR 10 each	6,000,000,000
200 Class ‘A’ Non-Cumulative Redeemable Preference Shares of face value of INR 100,000 each	20,000,000
11,498,846 Class ‘B’ Non-Cumulative Redeemable Preference Shares of face value of INR 10 each	114,988,460
64,501,154 Class ‘C’ Non-Cumulative Redeemable Preference Shares of face value of INR 10 each	645,011,540
Total	6,780,000,000

B. Issued, Subscribed and Paid up Share Capital	Amount in INR
517,604,581 equity shares of face value of INR 10 each	517,60,45,810
Total	517,60,45,810

** As of January 31, 2017, FHL has 5,415,000 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of FHL

Post Capital Structure:

Pursuant to the Scheme, there will not be any change in the capital structure of FHL as FHL is not issuing any shares under the Scheme.

(d) **Details of the Promoters and Directors along with their addresses**

The details of the promoters of FHL as on January 31, 2017 are as set forth below:

S.No.	Name of the Promoter	Address
1.	Fortis Healthcare Holdings Private Limited	54, Janpath New Delhi Central Delhi -110001.
2.	Malav Holdings Private Limited	54, Janpath New Delhi Central Delhi -110001.
3.	RHC Holding Private Limited	54, Janpath New Delhi Central Delhi -110001.
4.	Harpal Singh	B-10, Anand Niketan, New Delhi 110021.
5.	Arundhati Singh	98, Shanti Kunj, 2nd Floor behind D3/D4, Vasant Kunj, New Delhi- 110070.
6.	Shivinder Mohan Singh	House No. - 1 Rajesh Pilot Lane New Delhi 110011.
7.	Malvinder Mohan Singh	House No. - 1 Rajesh Pilot Lane New Delhi 110011.
8.	Abhishek Singh	2 Hailey Road, New Delhi-110001.
9.	PS Trust (through Malvinder Mohan Singh and Shivinder Mohan Singh)	House No. - 1 Rajesh Pilot Lane New Delhi 110011.

FHL has 11 (eleven) directors as on January 31, 2017, mentioned as under. The details of such directors are set forth below:

S. No.	Name of Director	Designation	Address
1.	Mr. Malvinder Mohan Singh	Executive Chairman	House No. - 1 Rajesh Pilot Lane New Delhi 110011.
2.	Dr. Shivinder Mohan Singh	Non-Executive Vice Chairman	House No. - 1 Rajesh Pilot Lane New Delhi 110011.
3.	Dr. Brian William Tempest	Non-Executive Independent Director	South Park Farm, Grayswood Road, Haslemere Surrey GU272DJ Great Britain.
4.	Mr. Harpal Singh	Non-Executive Non Independent Director	B-10, Anand Niketan, New Delhi 110021.
5.	Ms. Joji Sekhon Gill	Non-Executive Independent Director	605A, Court Greens Laburnum, Sushant Lok - 1 Gurgaon 122002.
6.	Ms. Lynette Joy Hepburn Brown	Non-Executive Independent Director	953 Wellington Road Wistow 5251 Australia.
7.	Mr. Pradeep Ratilal Raniga	Non-Executive Independent Director	32, Kyora Parade Balwyn North Victoria 003104 Australia.
8.	Dr. Preetinder Singh Joshi	Non-Executive Independent Director	Maharaj Sawan Singh Charitable Hospital Beas 143201 Punjab.
9.	Mr. Ravi Umesh Mehrotra	Non-Executive Non Independent Director	Flt/Rm A Blk 1 Flr 40 Estoril Court 55 Garden Road Mid-Levels Hong Kong 00 Hong Kong.
10.	Ms. Shradha Suri Marwah	Non-Executive Independent Director	E-7, Panchsheel Park New Delhi 110017.
11.	Mr. Sunil Godhwani	Non-Executive Non Independent Director	A-2, Inayat Farm, Asola, Fatehpur Beri, Po : Mehrauli, New Delhi 110030.

- (e) **The date of the board meeting of FHL at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

Details of the Directors who voted for/ against in the resolution passed on August 19, 2016:

S. No.	Names of the Directors	Votes
1.	Mr. Malvinder Mohan Singh	Favour
2.	Dr. Shivinder Mohan Singh	Favour
3.	Dr. Brian William Tempest	Favour
4.	Mr. Harpal Singh	Favour
5.	Ms. Joji Sekhon Gill	Favour
6.	Ms. Lynette Joy Hepburn Brown	Favour*
7.	Mr. Pradeep Ratilal Raniga	Favour*
8.	Dr. Preetinder Singh Joshi	Favour
9.	Mr. Ravi Umesh Mehrotra	Favour*
10.	Ms. Shradha Suri Marwah	Absent
11.	Mr. Sunil Godhwani	Absent

* Not counted for the purpose of the quorum.

Details of the Directors who voted for/ against in the resolution passed on January 3, 2017 authorizing Directors, Executive Chairman, Chief Executive Officer, Chief Financial Officer and Company Secretary of FHL to file the Scheme before the NCLT and to form a committee of directors to undertake actions in relation to the Scheme:

S. No.	Names of the Directors	Votes
1.	Mr. Malvinder Mohan Singh	Favour
2.	Dr. Shivinder Mohan Singh	Favour
3.	Dr. Brian William Tempest	Favour
4.	Mr. Harpal Singh	Favour
5.	Ms. Joji Sekhon Gill	Favour
6.	Ms. Lynette Joy Hepburn Brown	Favour
7.	Mr. Pradeep Ratilal Raniga	Favour
8.	Dr. Preetinder Singh Joshi	Favour
9.	Mr. Ravi Umesh Mehrotra	Favour
10.	Ms. Shradha Suri Marwah	Favour
11.	Mr. Sunil Godhwani	Did not participate

- (f) (As on January 31, 2017, FHL has 1583 unsecured creditors and amount due to such unsecured creditors is Rs. 7,087,243,729.

- (g) Disclosure about effect of the Scheme on material interests of directors, key managerial personnel (KMP) and debenture trustee:

Please refer to point no. (h) below for the effect of the Scheme on material interests of directors, key managerial personnel (KMP) and debenture trustee.

- (h) Disclosure about the effect of the Scheme on the following persons:

S. No.	Persons	Effect of the Scheme
1.	Key Managerial Personnel	Nil; except to the extent of their respective shareholding and the effect thereon is detailed in point no. 4 below in this table.
2.	Directors	Nil; except to the extent of their respective shareholding and the effect thereon is detailed in point no. 3 & 4 below in this table.
3.	Promoters	Upon the Scheme coming into effect, FHL ceases to be the promoter of SRL thereby simplifying the organizational structure wherein FHL will be engaged in the hospital business. Further, the promoters of FHL will become the promoters of the Applicant Company, and the Applicant Company would be engaged in diagnostics business.

4.	Non-Promoter Members	Upon the Scheme coming into effect, the Applicant Company would issue shares to the shareholders of FHL as per the Share Entitlement Ratio. The Scheme is further expected to result in unlocking the value of the diagnostics vertical for the shareholders of FHL depending on the market sentiments. Further, this will help investors to better understand and evaluate both the businesses independently as investment options
5.	Depositors	Not applicable
6.	Creditors	Upon the Scheme coming into effect, Liabilities (as defined in the Scheme) of FHL as on the Appointed Date (as defined in the Scheme) appertaining and relating exclusively to the Diagnostics Business (as defined in the Scheme), whether provided for or not in the books of account or disclosed in the balance sheet of FHL, shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Applicant Company to the extent that they are outstanding as on the Effective Date (as defined in the Scheme) and shall become the Liabilities of the Applicant Company which shall meet, discharge and satisfy the same and FHL shall in no event be responsible or liable in relation to any such Demerged Liabilities (as defined in the Scheme).
7.	Debenture Holders	Not applicable
8.	Deposit Trustee and Debenture Trustee	Not applicable
9.	Employees	Upon the Scheme coming into effect, FHL Transferred Employees (as defined in the Scheme) shall become the employees of the Applicant Company with effect from the Appointed Date, on terms and conditions not less favourable than those on which they are engaged by FHL in the Demerged Undertaking (as defined in the Scheme) and without any interruption of, or break in service as a result of the transfer of the Demerged Undertaking. The Applicant Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the FHL Transferred Employees with FHL shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

(b) **Appointed Date, Effective Date, Record Date and Share Exchange Ratio:**

Appointed Date: Appointed Date: The appointed date for the Scheme is the opening of business on January 1, 2017 or such other date as may be decided by the Board of Directors of the Applicant Company, FHL, and SRL.

Effective Date: The effective date would be the last of the dates on which the conditions and matters referred to in Clause 57 of the Scheme are fulfilled. Please refer to Clause 57 of the Scheme or Paragraph 9(e)(iii) of this Explanatory Statement for details of conditions to effectiveness of the Scheme.

Record Date: The record date means (i) in connection with Demerger, the date to be fixed by the respective Board of Directors of FHL and the Applicant Company for the purpose of determining the shareholders of FHL to whom equity shares of the Applicant Company shall be allotted pursuant to the Demerger under this Scheme; and (ii) in connection with Amalgamation, the date to be fixed by the respective Board of Directors of SRL and the Applicant Company for the purpose of determining the shareholders of SRL to whom equity shares of the Applicant Company shall be allotted pursuant to the Amalgamation under the Scheme.

Consideration, Share Exchange and Share Entitlement Ratio:

Pursuant to the Slump Sale, FHL shall pay a lump sum cash consideration of INR 430,000,000 (Rupees Forty Three Crore only) to the Applicant Company.

Pursuant to the Demerger, the Applicant Company shall issue equity shares to shareholders of FHL (as on the Record Date) in the share entitlement ratio of 98 equity shares in the Applicant Company of face value INR 10 each credited as fully paid up for every 100 equity shares of face value INR 10 each fully paid up held by such member in FHL ("**Share Entitlement Ratio**").

Pursuant to the Amalgamation, the Applicant Company shall issue shares to shareholders of SRL (as on the Record Date) in the share exchange ratio of 108 equity shares of the face value of Rs. 10 each (credited as fully paid up) of the Applicant Company for every 10 equity shares of the face value of Rs. 10 each (credited as fully paid-up) held by such member in SRL ("**Share Exchange Ratio**").

(c) **Summary of the Valuation Report**

The Summary of the Valuation Report is attached as **Annexure 4**.

(d) **Detail of capital restructuring**

There would not be any change in the capital structure of FHL pursuant to the Scheme. Pursuant to the Demerger, the Applicant Company would be issuing shares to the shareholders of FHL and pursuant to the Amalgamation, the Applicant Company would be issuing shares to the shareholders of SRL.

(vi) **Other details regarding the Scheme required as per Rule 6(3) of the Merger Rules**

(a) **Relationship between the Applicant Company, SRL and FMHL:**

SRL is a subsidiary of FHL. FHL is a promoter of SRL and holds 56.4% in SRL. FHL (through its subsidiary Fortis Hospitals Limited) holds 62.97% in the Applicant Company.

(e) **Rationale of the Scheme of Arrangement, and the benefit of the Scheme of Arrangement as perceived by the Board of Directors of the Applicant Company**

Presently, the healthcare delivery services business, i.e., the hospitals and the diagnostics businesses of FHL are housed in various entities, including:

(a) FHL and the Applicant Company, which primarily comprise of the operating and managing of the hospitals, providing diagnosis and treatment related to multiple chronic and non-chronic specialties and diagnostics business; and

(b) SRL, which is engaged in diagnostics business.

Both the hospitals and diagnostics businesses have distinct operating models and given the macro-fundamentals of the healthcare industry, each of these provide a strong growth opportunity in the foreseeable future. Currently these businesses separately encompass a pan-India presence and have since their inception attained a significant size and scale in their respective segments. As both businesses approach their next phase of growth, it would be strategically apt to have them restructured under separate entities to enable them to move forward independently, with greater focus and specialization building further on their respective capabilities and their strong brand presence. The Scheme could benefit both businesses from the potential synergies and incremental operational efficiencies from combining with similar and related businesses under the Applicant Company (in case of the diagnostics business) and under FHL (in case of the hospital business) enabling both businesses to create further value. Additionally, the restructuring would lead to a simplified organization structure assisting shareholders and investors to better understand and evaluate both businesses independently as investment options and potentially lead to a higher value illumination of each of these businesses. Thus the Scheme is sought to be undertaken to consolidate: (i) the Diagnostics Business (*as defined in the Scheme*) under the Applicant Company; and (ii) the business of operating and managing hospitals under FHL, with a view to unlock value and accrue potential synergy benefits for the businesses arising, inter alia, on account of operational efficiencies.

(f) No investigation or proceedings have been instituted or are pending in relation to FHL, SRL and the Applicant Company, under the Act.

(g) **Details of availability of the following documents for obtaining extracts from or making or obtaining copies:**

The following documents will be available for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors of the Applicant Company at its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, India between 10:00 a.m. to 5:00 p.m. on any working day up to the date of the meeting, and copies thereof shall also be made available for inspection in physical or electronic form at the Corporate Office of the Applicant Company:

(i) Certified copy of the orders passed by the Chandigarh Bench of the NCLT in CA (CAA) NO. 01(Chd) of 2017, dated February 21, 2017 directing the Applicant Company, FHL and SRL separately, to convene the Tribunal Convened Meeting;

(ii) Copy of the Scheme;

(iii) Copies of the Memorandum of Association and Articles of Association of the Applicant Company, SRL and FHL;

(iv) Copies of the latest audited financial statements of the Applicant Company, SRL and FHL including consolidated financial statements;

(v) Register of Directors' Shareholding of the Applicant Company, FHL and SRL;

(vi) Copies of the fairness opinion, dated August 19, 2016, provided by Corporate Capital Ventures, SEBI Registered Category I Merchant Banker to the Board of Directors of the Applicant Company, and to the Board of Directors of FHL, separately;

(vii) Copies of the valuation reports dated August 19, 2016, provided by Price Waterhouse & Co LLP;

(viii) Copy of the complaints report, dated October 17, 2016 submitted by the Applicant Company and FHL to BSE Limited and dated October 17, 2016 submitted by FHL to National Stock Exchange of India Limited;

(ix) Copy of the Audit Committee Report dated August 19, 2016 of the Applicant Company, SRL and FHL;

(x) Copies of the resolutions passed by the respective Board of Directors of the Applicant Company, SRL

and FHL dated August 19, 2016 to approve the Scheme, and resolution dated January 3, 2017 passed by the Board of Directors of FHL and dated January 4, 2017 by the Board of Directors of the Applicant Company and SRL authorizing various persons to file the Scheme before NCLT;

- (xi) Copy of the no adverse observations/no-objection letters issued by BSE Limited dated November 11, 2016 to the Applicant Company and FHL and by National Stock Exchange of India Limited dated November 15, 2016, to FHL; and
 - (xii) The certificates issued by Auditors of the Applicant Company, SRL and FHL to the effect that the accounting treatment, if any, proposed in the Scheme of Arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Act.
- (h) **Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities:**
- (i) The equity shares of the Applicant Company are listed on BSE Limited. BSE Limited was appointed as the designated stock exchange by the Applicant Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Circular. The Applicant Company has received observation letter regarding the Scheme from BSE Limited on November 11, 2016. Copy of the observation letter dated November 11, 2016 received from BSE Limited for the Applicant Company is enclosed as **Annexure 5**.
 - (ii) The equity shares of FHL are listed on BSE Limited and National Stock Exchange of India Limited. BSE Limited was appointed as the designated stock exchange by FHL for the purpose of coordinating with the SEBI, pursuant to the SEBI Circular. FHL has received observation letters regarding the Scheme from BSE Limited on November 11, 2016 and from National Stock Exchange of India Limited on November 15, 2016. In terms of the observation letters of BSE Limited and National Stock Exchange of India Limited, dated November 11, 2016 and November 15, 2016 respectively, BSE Limited and National Stock Exchange of India Limited conveyed their no adverse observations/no objection to the Scheme. Copies of the observation letters dated November 11, 2016 received from BSE Limited and dated November 15, 2016 from National Stock Exchange of India Limited are enclosed as **Annexure 6** and **Annexure 7** respectively.

- (iii) As required by the SEBI Circular, the Applicant Company and FHL have filed their Complaints Report with BSE Limited on October 17, 2016. FHL has filed its Complaints Report with National Stock Exchange of India Limited on October 17, 2016. The separate reports filed FHL and the Applicant Company indicate that FHL and the Applicant Company received nil complaints. A copy of the complaints report of BSE Limited dated October 17, 2016 filed by the Applicant Company and FHL and copy of the complaints report dated October 17, 2016 of National Stock Exchange of India Limited filed by FHL is enclosed as **Annexure 8**.
- (iv) The Competition Commission of India vide its letter dated October 14, 2016 informed the Applicant Company, SRL and FHL of its approval to the Scheme and subsequently, the certified true copy of the detailed order dated October 14, 2016 was forwarded by a covering letter dated November 9, 2016, which are enclosed as **Annexure 9**.
- (v) The Scheme was filed by the Applicant Company, SRL and FHL with the Chandigarh Bench of the NLCT on January 31, 2017, and the Chandigarh Bench of NCLT has given directions to convene Meetings(s) vide an Order dated February 21, 2017.
- (vi) The Scheme is subject to the requisite majority of its Public Shareholders (*as defined herein below*) of the Applicant Company and FHL to the Scheme by way of postal ballot and e-voting, as set out under SEBI Circular. For this purpose the term "**Public**" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957 and the term "**Public Shareholders**" shall be construed accordingly. The SEBI Circular provides that "the Scheme of Arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it." Thus, the votes cast by Public Shareholders through postal ballot and e-voting shall also be counted separately for satisfying the requirements under the SEBI Circular.

9. Salient Features of the Scheme

The salient features of the Scheme are as follows:

The capitalised terms used herein below, shall have the meaning ascribed to such terms in the Scheme

- (a) In furtherance of the rationale of the Scheme mentioned in paragraph 8(vi)(e) of this Explanatory Statement, the Scheme provides for the Business Transfer, the Demerger and the Amalgamation and various other matters consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 of the Act (corresponding to Sections 391-394 and other relevant provisions of the Companies Act, 1956 (including the Act as may be applicable) and in compliance with the provisions of the Income Tax Act, 1961. The Business Transfer and the Demerger shall precede the Amalgamation.
- (b) *Business Transfer*
- (i) The Business Transfer shall constitute sale and transfer of an undertaking on a 'slump sale' basis, for a lump sum consideration as contemplated under the provisions of Section 2(42C) read with Section 50B of the Income Tax Act, 1961.
- (ii) Accordingly the Scheme provides for the transfer of the undertakings, business, activities and operations of the Applicant Company pertaining to the Hospital Business including all assets and properties, rights and benefits, contracts, employees, liabilities and obligations, etc., except the investment held by the Applicant Company in Malar Stars Medicare Limited, relating exclusively to the Hospital Business to FHL as a going concern.
- (iii) Upon the coming into effect of the Scheme, all debts, liabilities, loans raised and used, obligations incurred, as regards the Transferred Undertaking, as on the Appointed Date, shall be transferred to FHL to the extent that they are outstanding as on the Effective Date.
- (iv) Upon the coming into effect of the Scheme, all legal, taxation or other proceedings, by or against the Applicant Company and relating to the Transferred Undertaking, shall be continued and enforced by or against FHL after the Effective Date.
- (v) Upon the coming into effect of the Scheme, FMHL Transferred Employees shall become the employees of FHL with effect from the Appointed Date. In respect of the stock options granted by the Applicant Company under the FMHL ESOP Plans, the options as of the Effective Date would continue on the existing terms and conditions, except for such modifications/ adjustments, as may be deemed appropriate by the relevant committee of the board of directors of the Applicant Company.
- (vi) The Applicant Company, with effect from the Appointed Date and up to and including the Effective Date shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking on account of, and in trust for, FHL.
- (vii) In consideration for the transfer of the Transferred Undertaking by the Applicant Company to FHL, the lump sum Consideration as mentioned in paragraph 8(vi)(b) of this Explanatory Statement.
- (c) *Demerger*
- (i) The Demerger is sought to be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961. Accordingly, the Scheme provides for the transfer of the undertakings, business, activities and operations of FHL pertaining to its Diagnostics Business, including all assets and properties, investments in SRL, rights and benefits, contracts, employees, liabilities and obligations, etc., except the arrangements under hospital and medical services agreements entered with the hospital service companies of the Religare Health Trust, relating exclusively to the Diagnostics Business to the Applicant Company as a going concern.
- (ii) Upon the coming into effect of the Scheme, all debts, liabilities, loans raised and used, obligations incurred, as on the Appointed Date, shall be transferred to the Applicant Company to the extent that they are outstanding as on the Effective Date.
- (iii) Upon the coming into effect of the Scheme, all legal, taxation or other proceedings, relating to the Demerged Undertaking, shall be continued and enforced by or against the Applicant Company after the Effective Date.
- (iv) Upon the coming into effect of this Scheme, FHL Transferred Employees shall become the employees of the Applicant Company with effect from the Appointed Date. In respect of the stock options granted by FHL under FHL ESOP Plans to the employees of the Remaining Business, the

- options as of the Effective Date would continue on the existing terms and conditions, except for such modifications/ adjustments, as may be deemed appropriate by the relevant committee of the Board of the Company.
- (v) FHL, with effect from the Appointed Date and up to and including the Effective Date shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking on account of, and in trust for, the Applicant Company.
 - (vi) The Remaining Business shall continue to belong to and be vested in and be managed by FHL subject to the provisions of the Scheme.
 - (vii) In consideration of the transfer of the Demerged Undertaking, the Applicant Company shall issue and allot to each member of FHL, as of the Record Date, equity shares as per the Share Entitlement Ratio mentioned in paragraph 8(vi)(b) of this Explanatory Statement.
 - (viii) Pursuant to the Demerger of the Demerged Undertaking and consequent to the accounting treatment prescribed in the Scheme, the share premium account of FHL shall be adjusted/reduced by an amount equal to the carrying amounts of the Demerged Undertaking as per applicable provisions of law.
 - (ix) The Demerged Liabilities shall not include Foreign Currency Convertible Bonds (FCCBs) issued by the Company. In the event that any Foreign Currency Convertible Bonds (FCCBs) issued by FHL remain outstanding as on the Record Date, the Scheme provides that, the terms of such outstanding FCCBs may be suitably modified as may be deemed appropriate by the Board of the Company.
 - (ix) The Demerged Liabilities shall not include Foreign Currency Convertible Bonds (FCCBs) issued by the Company. In the event that any Foreign Currency Convertible Bonds (FCCBs) issued by the Applicant Company remain outstanding as on the Record Date, the Scheme provides that, the terms of such outstanding FCCBs may be suitably modified as may be deemed appropriate by the Board of the Company.
- (d) *Amalgamation*
- (i) Upon the coming into effect of the Scheme and with effect from the Appointed Date, the entire business and undertaking of SRL (including, inter alia, all the assets and properties, investments, permits, quotas, rights, liabilities, benefits and obligations under the contracts, all books, records, files etc, all the employees) shall stand transferred to the Applicant Company, as a going concern in accordance with Section 2(1B) and other applicable provisions of the Income Tax Act 1961, and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, of the Companies Act, 1956 and/or the Act, as applicable, by virtue of and in the manner provided in the Scheme.
 - (ii) Upon the coming into effect of the Scheme, with effect from the Appointed Date and up to and including the Effective Date, SRL shall be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Applicant Company.
 - (iii) Upon the coming into effect of this Scheme, all SRL Employees shall become the employees of the Applicant Company with effect from the Appointed Date. Upon the effectiveness of the Scheme, the Applicant Company shall issue stock options to SRL Employees holding options under existing SRL ESOP Plans taking into account the Share Exchange Ratio.
 - (iv) In consideration of the Amalgamation, the Applicant Company shall issue and allot to each member of SRL, as of the Record Date, equity shares as per the Share Exchange Ratio mentioned in paragraph 8(vi)(b) of this Explanatory Statement.
 - (v) In accordance with the Scheme, (i) the shareholders of SRL holding compulsorily convertible preference shares (“CCPS”) shall convert their CCPS prior to the Record Date; and (ii) the shareholders of SRL, as of the Record Date, being issued shares of the Applicant Company, shall not be entitled to any special rights vis-a-vis the Applicant Company or the other shareholders of the Applicant Company, on account of such shareholding in SRL and their rights in relation thereto.

- (vi) Subject to applicable law, the equity shares of the Applicant Company issued in terms of the Scheme will be listed and/or admitted to trading on the stock exchanges where the shares of the Applicant Company are listed.
 - (vii) Upon the Scheme coming into effect, all equity shares of SRL held by the Applicant Company (directly and/or through nominees) shall stand cancelled without any further application, act or deed.
 - (viii) Upon the coming into effect of the Scheme, SRL shall stand dissolved without winding-up
- (e) *General Terms and Conditions*
- (i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Applicant Company shall automatically stand increased, without any further act, instrument or deed on the part of the Applicant Company including payment of stamp duty and fees payable to the Registrar of Companies, by an amount equal to the authorised share capital of SRL, such that upon the effectiveness of the Scheme, the authorised share capital of the Applicant Company shall be Rs. 126,00,00,000 (Rupees One Hundred and Twenty Six Crore) comprising of 9,13,33,334 equity shares of Rs. 10 (Rupees Ten) each, 1,00,00,000 Redeemable Preference Shares of Rs 10 (Rupees Ten) each and 12,333,333 Compulsory Convertible Preference Shares of Rs 20 (Rupees Twenty) each, without any further act, deed, resolution, instrument or writing. The capital clause of the Memorandum of Association of the Applicant Company shall, upon the coming into effect of this Scheme and without any further act, deed, instrument, resolution or writing be replaced by the following clause:

“The Authorized Share Capital of the Company is Rs. 126,00,00,000 (Rupees One Hundred and Twenty Six Crore) divided into 9,13,33,334 equity shares of Rs. 10 (Rupees Ten) each, 1,00,00,000 Redeemable Preference Shares of Rs 10 (Rupees Ten) each and 12,333,333 Compulsory Convertible Preference Shares of Rs 20 (Rupees Twenty) each.”
 - (ii) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of the Applicant Company shall stand changed to “**SRL Limited**” or such other name as may be decided by board of directors or a committee thereof of the Applicant Company and approved by the concerned Registrar of Companies.
 - (iii) The effectiveness of the Scheme is conditional upon the fulfillment of actions specifically identified in the Scheme, which include, *inter alia*, (a) the Scheme being agreed to by the respective requisite majorities of the various classes of shareholders and creditors of the Applicant Company, FHL and SRL as required under the Companies Act, 1956, or dispensation having been received from the High Court in this regard; (b) approval from the Competition Commission of India shall have been granted or deemed to have been granted under the Competition Act, 2002; (c) the Scheme being approved by the majority of public shareholders of the Applicant Company and FHL respectively (by way of voting through postal ballot and e-voting) as may be required under the SEBI Scheme Circular; (d) the Scheme being sanctioned by the High Court under the provisions of the Companies Act, 1956; (e) the approval of SEBI in terms of the SEBI Scheme Circular being obtained upon the Scheme being sanctioned by the High Court, if applicable; (f) the certified copies of the court orders referred to in the Scheme being filed with the Registrar of Companies; and (g) such other approvals and sanctions of any governmental authority or contracting party as may be required by law or contract in respect of the Scheme being obtained.
 - (iv) The provisions contained in the Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of each Company.
 - (v) In the event of the Scheme failing to take effect by December 31, 2017 or such later date as may be agreed by the board of directors of respective companies, the Scheme shall stand revoked.

The features set out above being only the salient features of the Scheme, the unsecured creditors are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme

- (d) Supplementary un-audited accounting statement of the Applicant Company for the period ending December 31, 2016, enclosed as **Annexure 11**.

Further, the Scheme of Arrangement has been filed with the Registrar of Companies, Chandigarh.

This statement may be treated as an Explanatory Statement under Section 230(3) and the statement for the purposes of Rule 6(3) of the Merger Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company on all days (except Saturdays, Sundays and public holidays).

10. **Documents required to be circulated for the Meeting under Section 232(2) of the Act:**

As required under Section 232(2) of the Act, the following documents are being circulated with this notice and the explanatory statement:

- (a) Scheme of Arrangement, enclosed as **Annexure 1**;
- (b) Valuation Reports, enclosed as **Annexure 2**;
- (c) Report of the Board of Directors of the Applicant Company, enclosed as **Annexure 10**; and

Dated at this March 12, 2017

**Registered Office:
Fortis Malar Hospitals Limited
Fortis Hospital, Sector 62,
Phase - VIII, Mohali, Punjab, 160062**

**Sd/-
Sumit Goel
Company Secretary**

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

UNDER SECTIONS 391-394 OF THE COMPANIES ACT, 1956
 READ WITH SECTION 52 OF THE COMPANIES ACT, 2013, SECTION 78 AND
 SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956

AMONGST

FORTIS HEALTHCARE LIMITED	...	DEMERGED COMPANY
SRL LIMITED	...	AMALGAMATING COMPANY
FORTIS MALAR HOSPITALS LIMITED	...	RESULTING COMPANY/AMALGAMATED COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I – GENERAL

1. INTRODUCTION

1.1. Fortis Healthcare Limited (“**FHL**” or the “**Demerged Company**”) is a public limited company incorporated under the Act (*as defined hereinafter*), having its registered office at Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab-160062. The equity shares of FHL are listed on the Stock Exchanges (*as defined hereinafter*). FHL has further issued certain foreign currency convertible bonds (“**FCCBs**”), which are listed on the Singapore Exchange Securities Trading Limited and certain FCCBs which are not listed on any stock exchange. FHL is primarily engaged in providing integrated healthcare delivery services such as healthcare, diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostics services, including pathology and radiology. The diagnostics services business owned and carried on by FHL, including that housed in SRL (*as defined hereinafter*) is hereinafter referred to as the “**Diagnostics Business**”.

1.2. SRL Limited (“**SRL**” or the “**Amalgamating Company**”) is a public limited company incorporated under the Act with its registered office at Fortis Hospital, Sector-62, Phase VIII, Mohali, Punjab- 160062. SRL is, *inter alia*, engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. SRL is a subsidiary of FHL.

1.3. Fortis Malar Hospitals Limited (“**FMHL**” or the “**Resulting Company**” or the “**Amalgamated Company**”) is a public limited company incorporated under the Act with its registered office at Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab. The equity shares of FMHL are listed on BSE Limited. FMHL is a subsidiary of Fortis Hospitals Limited (“**FHsL**”), a public company incorporated under the Act, and a wholly owned subsidiary of FHL. FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and

(c) emergency healthcare services, in connection with and pertaining specifically to the hospital named ‘*Fortis Malar Hospital*’, located at Adyar, Chennai (“**Hospital Business**”); and (ii) the business of providing diagnostics services, i.e., providing pathology services.

1.4. Rationale for restructuring:

Presently, the healthcare delivery services business, i.e., the hospitals and the diagnostics businesses of FHL are housed in various entities, including:

(a) FHL and FMHL, which primarily comprise of the operating and managing of the hospitals, providing diagnosis and treatment related to multiple chronic and non-chronic specialties and diagnostics business; and

(b) SRL, which is engaged in diagnostics business.

Both the hospitals and diagnostics businesses have distinct operating models and given the macro-fundamentals of the healthcare industry, each of these provide a strong growth opportunity in the foreseeable future. Currently these businesses separately encompass a pan-India presence and have since their inception attained a significant size and scale in their respective segments. As both businesses approach their next phase of growth, it would be strategically apt to have them restructured under separate entities to enable them to move forward independently, with greater focus and specialization building further on their respective capabilities and their strong brand presence. The Scheme could benefit both businesses from the potential synergies and incremental operational efficiencies from combining with similar and related businesses under FMHL (in case of the diagnostics business) and under FHL (in case of the hospital business) enabling both businesses to create further value. Additionally, the restructuring would lead to a simplified organization structure assisting shareholders and investors to better understand and evaluate both businesses independently as investment options and potentially lead to a higher value illumination of each of these businesses. Thus

the Scheme (*as defined hereinafter*) is sought to be undertaken to consolidate: (i) the Diagnostics Business under FMHL; and (ii) the business of operating and managing hospitals under FHL, with a view to unlock value and accrue potential synergy benefits for the businesses arising, *inter alia*, on account of operational efficiencies.

1.5. **In furtherance of the aforesaid, this Scheme provides for the following:**

- (i) the transfer of the Transferred Undertaking (*as defined hereinafter*), as a going concern, by way of slump sale, from FMHL to FHL, in lieu of payment of Consideration (*as defined hereinafter*) by FHL to FMHL ("**Business Transfer**");
- (ii) the transfer by way of a demerger of the Demerged Undertaking (*as defined hereinafter*) of the Demerged Company to the Resulting Company, and consequent issue of equity shares by the Resulting Company to shareholders of the Demerged Company ("**Demerger**");
- (iii) the amalgamation of the Amalgamating Company with the Amalgamated Company and dissolution of the Amalgamating Company without winding up and the consequent issue of equity shares by Amalgamated Company to the shareholders of the Amalgamating Company and the cancellation of equity shares of Amalgamating Company held by the Amalgamated Company ("**Amalgamation**"); and
- (iv) various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of the Demerged Company and the reorganization of the share capital of the Amalgamated Company;

pursuant to Sections 391-394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) and Section 2(1B) thereof. The Business Transfer and the Demergers shall precede the Amalgamation.

1.6. The Business Transfer shall constitute a sale and transfer of an undertaking on a 'slump sale' basis, for a lump sum consideration as contemplated under the provisions of Section 2(42C) read with Section 50B of the Income Tax Act, 1961.

1.7. The Demerger shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:

- (i) all the properties of the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;

- (ii) all the liabilities relating to the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;

- (iii) the properties and the liabilities relating to the Demerged Company forming part of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;

- (iv) the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis;

- (v) all the shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and

- (vi) the transfer of the Demerged Undertaking shall be on a going concern basis.

1.8. The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961, such that:

- (i) all the properties of the Amalgamating Company, immediately before the Amalgamation, shall become the property of the Amalgamated Company, by virtue of the Amalgamation;

- (ii) all the liabilities of the Amalgamating Company, immediately before the Amalgamation, shall become the liabilities of the Amalgamated Company, by virtue of the Amalgamation; and

- (iii) shareholders holding not less than three-fourths in value of the shares in the Amalgamating Company (other than shares already held therein immediately before the Amalgamation by, or by a nominee for, the Amalgamated Company or its subsidiary), will become shareholders of the Amalgamated Company by virtue of the Amalgamation.

1.9. This Scheme is divided into the following parts:

- (i) **Part I**, which deals with the introduction, definitions and interpretation and share capital;

- (ii) **Part II**, which deals with the Business Transfer;

- (iii) **Part III**, which deals with the Demerger;

- (iv) **Part IV**, which deals with the Amalgamation; and

- (v) **Part V**, which deals with the authorized share capital, amendment to the main objects, change of name of the Resulting Company and the general terms and conditions applicable to the Scheme.

2. **DEFINITIONS AND INTERPRETATION**

2.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

“Act” shall mean the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof;

“Amalgamated Company ESOP Scheme” shall have the meaning ascribed to it in Clause 42.6(a);

“Amalgamated Company Options” shall have the meaning ascribed to it in Clause 42.6(a);

“Amalgamating Undertaking” means all the undertakings and entire business of the Amalgamating Company as a going concern, including, without limitation:

- (a) all the assets and properties (whether movable or immovable, tangible or intangible, present, or future of whatsoever nature) including all lands, buildings and structures, laboratories, offices, and other premise (whether leasehold or freehold), fixed assets, scientific and medical equipment and devices, laboratory equipment, office equipment, furniture, fixtures, computers and accessories, vehicles, air conditioners, stock-in-trade, inventories (including reagents, chemicals and consumables), stores and spares, pharmacy items, patents, trademarks, brands copyrights, designs and all other intellectual property rights (whether owned, licensed or otherwise), tenancies in relation to offices, laboratories or premises, software licenses, computer programs, etc. investments, advances to vendors, trade receivables, and current assets of the Amalgamating Company, in each case, wherever situated;
- (b) all business and commercial rights and benefits including but not limited to trade name, contracts, agreements, licenses, permissions, approvals, consents, all permits, quotas, rights, entitlements, bids, tenders, letters of intent, expressions of interest, memoranda of understanding or similar instruments (whether vested or potential and whether under agreements or otherwise) subsidies, income tax benefits and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law if the amalgamation pursuant to this Scheme had not taken place, all other rights including sales tax deferrals and exemptions and other benefits (in each case including the benefit of any applications made for the same), receivables, and liabilities related thereto, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all arrangements and all other interests in connection with or relating to the Amalgamating Company;

- (c) all the Liabilities of the Amalgamating Company, whether provided for or not in the books of account or disclosed in the balance sheet of the Amalgamating Company;
- (d) all benefits and obligations under the contracts, including franchisee contracts, service agreements, leases or licenses pertaining to lab premises, office premises, godowns, guest houses, deeds, bonds, agreements, schemes, arrangements and other instruments of any nature of the Amalgamating Company;
- (e) all books, records, files, papers, medical records, laboratory reports, scientific report and studies, medical and research data, medical samples, testing protocols, operating manuals, process information and drawings, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Amalgamating Company; and
- (f) all SRL Employees;

“Amalgamation” shall have the meaning set forth in Clause 1.5(iii);

“Appointed Date” shall mean the opening of business on January 1, 2017 or such other date as may be decided by the Board of Directors of the respective Companies;

“Board of Directors” in relation to each of FHL, SRL and FMHL, as the case may be, means the board of directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors;

“Business Transfer” shall have the meaning set forth in Clause 1.5(i);

“Companies” shall mean FHL, SRL and FMHL collectively;

“Consideration” shall mean a lump sum cash consideration of INR 430,000,000 (Forty Three Croreonly);

“Demerged Liabilities” shall have the meaning set forth in Clause 19.1;

“Demerged Undertaking” shall mean the undertaking, business, activities and operations of the Demerged Company, pertaining exclusively to the Diagnostics Business, as a going concern, including, without limitation:

- (a) all the assets and properties (whether movable or immovable, tangible or intangible, present, or future of whatsoever nature), including fixed assets laboratories, scientific and medical equipment and devices, laboratory equipment,

office equipment, furniture, fixtures, computers and accessories, vehicles, air conditioners, stock-in-trade, inventories (including reagents, chemicals and consumables), stores and spares, pharmacy items, patents, copyrights, designs and all other intellectual property rights, tenancies in relation to offices or premises, software licenses, computer programs, etc., investments in SRL, advances to vendors, trade receivables, and current assets, relating exclusively to the Diagnostics Business, in each case, wherever situated;

- (b) all permits, quotas, rights, entitlements and other licenses, bids, tenders, letters of intent, expressions of interest, memoranda of understanding or similar instruments (whether vested or potential and whether under agreements or otherwise), permissions, approvals, consents, subsidies, income tax benefits and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law, if any, all other rights including sales tax deferrals and exemptions and other benefits, (in each case including the benefit of any applications made for the same), advances from customers, receivables, and liabilities related thereto, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements (excluding under hospital and medical services agreements entered with the hospital service companies of the Religare Health Trust) and all other interests in connection with or relating exclusively to the Diagnostics Business;
- (c) the Demerged Liabilities;
- (d) all benefits and obligations under the contracts, including franchisee contracts, service agreements, leases pertaining to lab premises, office premises, godowns, guest houses, deeds, bonds, agreements, schemes, arrangements and other instruments of any nature relating exclusively to the Diagnostics Business;
- (e) all books, records, files, papers, medical records, laboratory reports, scientific report and studies, medical and research data, medical samples, testing protocols, operating manuals, process information and drawings, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, and all other records and documents, whether in physical or electronic form relating exclusively to the business activities and operations of the Diagnostics Business; and
- (f) the FHL Transferred Employees;

“Demerger” shall have the meaning set forth in Clause 1.5(ii);

“Effective Date” shall mean the last of the dates on which the conditions and matters referred to in Clause 57 hereof occur or have been fulfilled or waived and references in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;

“Eligible Employees” shall have the meaning ascribed to it in Clause 42.6(a);

“Employee Benefit Funds” shall mean existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created for employees;

“Encumbrance” or **“Encumber”** shall mean any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use;

“FHL ESOP Plans” shall mean, collectively, the employee stock option schemes named as “Employee Stock Option Plan 2007” and “Employee Stock Option Scheme 2011”, as approved by the Board of Directors and shareholders of FHL;

“FHL Transferred Employees” shall mean all the permanent employees of FHL engaged exclusively in the Demerged Undertaking as on the Effective Date;

“FMHL ESOP Plan” shall mean employee stock option scheme named as “Malar Employee Stock Option Plan 2008”, as approved by the Board of Directors and shareholders of FMHL;

“FMHL Transferred Employees” means all the permanent employees of FMHL engaged exclusively in the Transferred Undertaking as on the Effective Date;

“Governmental Authority” shall mean any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country;

“High Court” means the High Court of Punjab and Haryana and shall include, if applicable, the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court for the purposes of Sections 391 to 394 of the Act or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

“Hospital Business” shall have the meaning ascribed to it in Recital 1.3;

“Law” shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question;

“Liabilities” means all debts (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities, and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever whether present or future, and howsoever raised or incurred or utilised along with any charge, encumbrance, lien or security thereon;

“RecordDate” means, (i) in connection with Demerger, the date to be fixed by the respective Board of Directors of the Demerged Company and the Resulting Company for the purpose of determining the shareholders of the Demerged Company to whom equity shares of the Demerged Company shall be allotted pursuant to the Demerger under this Scheme; and (ii) in connection with Amalgamation, the date to be fixed by the respective Board of Directors of the Amalgamating Company and Amalgamated Company for the purpose of determining the shareholders of the Amalgamating Company to whom equity shares of the Amalgamated Company shall be allotted pursuant to the Amalgamation under this Scheme;

“Remaining Business” shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Demerged Undertaking;

“Resulting Company” shall have the meaning set forth in Clause 1.3 above;

“Scheme” shall mean this composite scheme of arrangement and amalgamation including any modification or amendment hereto, made in accordance with the terms hereof;

“SEBI” means the Securities and Exchange Board of India;

“SEBI Scheme Circular” means Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 on Schemes of Arrangement by Listed Entities, and shall include any statutory modifications, re-enactment or amendments thereof;

“Securities Act” shall have the meaning set forth in Clause 33.8;

“Share Entitlement Ratio” shall have the meaning ascribed to it in Clause 33.1;

“Share Exchange Ratio” shall have the meaning ascribed to it in Clause 50.2;

“SRL Employees” shall mean all the permanent employees of SRL as on the Effective Date;

“SRL ESOP Plans” shall mean, collectively, the employee stock option schemes named as “Super Religare Laboratories Limited Employee Stock Option Plan 2009” and “SRL Limited Employee Stock Option Scheme, 2013” as approved by the Board of Directors and shareholders of SRL;

“Stock Exchanges” means the BSE Limited and the National Stock Exchange of India Limited;

“Transferred Liabilities” shall have the meaning set forth in Clause 6.1; and

“Transferred Undertaking” means the undertaking, business, activities and operations of FMHL pertaining to the Hospital Business, including without limitation:

- (a) all the assets and properties (whether movable or immovable, tangible or intangible, present, or future of whatsoever nature) including fixed assets inventory, medical consumables, drugs, stores, spares, plant and equipment, medical equipment, furniture and fixtures, computers and accessories, office equipment, vehicles (including emergency response vehicles), pharmacy items, medical and non-medical raw materials, medical devices, patents, copyrights, designs and all other intellectual property rights, tenancies in relation to offices or premises, software licenses, computer programs, etc. investments, and current assets of the pertaining exclusively to the Hospital Business, in each case, wherever situated;
- (b) all business and commercial rights and benefits relating exclusively to the Hospital Business, including but not limited to trade name, contracts, agreements, licenses, permissions, approvals, consents, permits, quotas, rights, entitlements, bids, tenders, letters of intent, expressions of interest, memoranda of understanding or similar instruments, (whether vested or potential and whether under agreements or otherwise), subsidies, income tax benefits and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is

available in law if the Business Transfer pursuant to this Scheme had not taken place, all other rights including sales tax deferrals and exemptions and other benefits, (in each case including the benefit of any applications made therefore), receivables, and liabilities related thereto, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all arrangements, insurances and all other interests in connection with or relating exclusively to the Hospital Business;

- (c) the Transferred Liabilities;
- (d) all benefits and obligations under the contracts, leases pertaining to office premises, service agreements, consultant contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of any nature, pertaining exclusively to the Hospital Business;
- (e) all books, records, files, papers, medical records, laboratory reports, scientific report and studies, medical and research data, medical samples, testing protocols, operating manuals, process information and drawings, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, and all other records and documents, whether in physical or electronic form relating exclusively to business activities and operations of the Hospital Business; and
- (f) the FMHL Transferred Employees.

For avoidance of doubt, it is hereby clarified that the investment held by FMHL in Malar Stars Medicare Limited shall not form part of the Transferred Undertaking.

- 2.2. References to "Clauses", "Sections" and "Parts", unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.3. The headings herein shall not affect the construction of this Scheme.
- 2.4. Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.
- 2.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

3. Share Capital

3.1. Demerged Company

- (i) The share capital structure of Demerged Company as on July 31, 2016 is as follows:

A. Authorised Share Capital	Amount in INR
600,000,000 equity shares of face value of INR 10 each	6,000,000,000
200 Class 'A' Non-Cumulative Redeemable Preference Shares of face value of INR 100,000 each	20,000,000
11,498,846 Class 'B' Non- Cumulative Redeemable Preference Shares of face value of INR 10 each	114,988,460
64,501,154 Class 'C' Non- Cumulative Redeemable Preference Shares of face value of INR 10 each	645,011,540
Total	6,780,000,000

B. Issued and Subscribed Share Capital	Amount in INR
463,267,994 equity shares of face value of INR 10 each	4,632,679,940
Total	4,632,679,940

C. Paid-up Share Capital	Amount in INR
463,267,994 equity shares of face value of INR 10 each	4,632,679,940
Total	4,632,679,940

- (ii) As of July 31, 2016, the Demerged Company has outstanding FCCBs aggregating to USD 30,000,000, which are listed on the Singapore Exchange Securities Trading Limited and outstanding FCCBs aggregating to USD 55,000,000, which are not listed on any stock exchange. The conversion of the FCCBs may result in an increase in the issued and paid-up share capital of the Demerged Company.
- (iii) As of July 31, 2016, the Demerged Company has 6,269,950 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

3.2. Amalgamating Company

- (i) The share capital structure of the Amalgamating Company as on July 31, 2016 is as follows:

A. Authorised Share Capital	Amount in INR
61,333,334 equity shares of face value of INR 10 each	613,333,340
10,000,000 non cumulative redeemable preference shares of face value of INR 10 each	100,000,000
12,333,333 compulsorily convertible preference shares of face value of INR 20 each	246,666,660
Total	960,000,000

B. Issued and Subscribed Share Capital	Amount in INR
59,856,988 equity shares of face value of INR 10 each	598,569,880
12,333,333 compulsorily convertible preference shares of face value of INR 20 each	246,666,660
Total	845,236,540

C. Paid-up Share Capital	Amount in INR
59,856,988 equity shares of face value of INR 10 each	598,569,880
12,333,333 compulsorily convertible preference shares of face value of INR 20 each	246,666,660
Total	845,236,540

- (ii) The equity shares of the Amalgamating Company are currently not listed on any stock exchange.
- (iii) As of July 31, 2016, the Amalgamating Company has 12,333,333 outstanding compulsorily convertible preference shares (“CCPS”). The CCPS will be converted into equity shares before the Record Date and pursuant thereto, the conversion of CCPS may result in an increase in the issued and paid-up share capital of the Amalgamating Company.
- (iv) As of July 31, 2016, the Amalgamating Company has 20,38,843 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamating Company.

3.3. Resulting Company

- (i) The share capital structure of the Resulting Company as on July 31, 2016 is as follows:

A. Authorised Share Capital	Amount in INR
30,000,000 equity shares of face value of INR 10 each	300,000,000
Total	300,000,000

B. Issued and Subscribed Share Capital	Amount in INR
18,625,509 equity shares of face value of INR 10 each	186,255,090
30,500 equity shares of face value of INR 10 each forfeited	305,000
Total	186,560,090

C. Paid-up Share Capital	Amount in INR
18,625,509 equity shares of face value of INR 10 each	186,255,090
30,500 equity shares of face value of INR 10 each forfeited, of which INR 5 has been paid up	152,500
Total	186,407,090

- (ii) The equity shares of the Resulting Company are listed on BSE Limited.
- (iii) As of July 31, 2016, the Resulting Company has 198,750 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company.

PART II –BUSINESS TRANSFER

SECTION 1 - TRANSFER AND VESTING OF THE TRANSFERRED UNDERTAKING

4. Transfer of Assets

- 4.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities, including accretions and appurtenances of such Transferred Undertaking) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be transferred to and vested in and be deemed to have been transferred to and vested in FHL as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of FHL, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2. In respect of such of the assets of the Transferred Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by FMHL, respectively, upon the coming into effect of the Scheme, and shall become the property of FHL as an integral part of the Transferred Undertaking with effect from the Appointed Date, pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3. In respect of movables other than those dealt with in Clause 4.2 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi-governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date, stand transferred to and vested in FHL without any notice or other intimation to the debtors (although FHL may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, such that the said debt, loan, advance, balance or deposit stands transferred and vested in FHL).

- 4.4. Without prejudice to the generality of the foregoing, all assets, estate, rights, title, interest and authorities held by FMHL on the Appointed Date, as regards the Transferred Undertaking, not otherwise specified in Clause 4.2 and Clause 4.3 above, shall stand transferred to and vest in FHL upon the coming into effect of this Scheme pursuant to the provisions of Sections 391- 394 of the Act.
- 4.5. All assets, rights, title, interest and investments of FMHL in relation to the Transferred Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in FHL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391- 394 of the Act.
- 4.6. Without prejudice to the generality of the foregoing, upon the effectiveness of the Scheme and with effect from the Appointed Date, FHL will be entitled to all the intellectual property of FMHL in relation to the Transferred Undertaking, if any, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature. FHL may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of FHL.
- 4.7. Any assets, estate, rights, title, interest and authorities acquired by FMHL after the Appointed Date but prior to the Effective Date pertaining exclusively to and for the sole purpose of the Transferred Undertaking shall upon the coming into effect of this Scheme also without any further act, instrument or deed, be and stand transferred to and vested in or be deemed to have been transferred to or vested in FHL upon the coming into effect of this Scheme and with effect from the Appointed Date.
- 4.8. For the avoidance of doubt, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the rights, title, interest and claims of FMHL in any leasehold/licensed properties in relation to the Transferred Undertaking shall, pursuant to Section 394 (2) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in FHL automatically without requirement of any further act or deed.
- 5. Transfer of contracts, deeds, etc.**
- 5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 6, all contracts (including without limitation any service contracts, consultant contracts, contracts with vendors and suppliers, contracts with any Governmental Authority), deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking, to which FMHL is a party or to the benefit of which FMHL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall, without any further act or deed, continue in full force and effect against or in favour, as the case may be, of FHL and may be enforced, without any further act or deed, as fully and effectually as if, instead of FMHL, FHL had been a party or beneficiary or obligee thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 5 of the Scheme.
- 5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, FHL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which FMHL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. FHL shall be deemed to be authorised to execute any such writings on behalf of FMHL and to carry out or perform all such formalities or compliances referred to above on the part of FMHL to be carried out or performed.
- 5.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, including without limitation, any registrations or licenses pertaining to hospital, transplant, testing, blood bank, empanelment or for use and sale of drugs and medical consumables, powers of attorney given by, issued to or executed in favour of FMHL in relation to the Transferred Undertaking, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to FHL as if the same were originally given by, issued to or executed in favour of FHL, and FHL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to FHL. FHL shall make necessary applications/ file relevant forms to any Governmental Authority as may be necessary in this behalf.
- 5.4. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking which FMHL owns or to which FMHL is a party to, cannot be transferred to FHL for any reason whatsoever, FMHL shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FHL, insofar as it is permissible so to do, till such time as the transfer is effected.

6. Transfer of Liabilities

- 6.1. Upon the coming into effect of this Scheme, all debts (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities which arise out of the activities or operations of the Transferred Undertaking, and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever, and howsoever raised or incurred or utilised along with any charge, encumbrance, lien or security thereon of FMHL as on the Appointed Date, pertaining and relatable exclusively to the Hospital Business, both present and future, whether provided for or not in the books of account or disclosed in the balance sheet of FMHL (“**Transferred Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to FHL to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of FHL which shall meet, discharge and satisfy the same and FMHL shall in no event be responsible or liable in relation to any such Transferred Liabilities. The term “**Transferred Liabilities**” shall include:
- (a) the liabilities which arise out of the activities or operations of the Transferred Undertaking;
 - (b) the specific loans or borrowings (including debentures, if any, raised, incurred and utilized solely for the activities or operations of the Transferred Undertaking); and
 - (c) in cases other than those referred to in Clause 6.1(a) or Clause 6.1(b) above, so much of the amounts of general or multipurpose borrowings, if any, of FMHL, as stand in the same proportion which the value of the assets transferred pursuant to the Business Transfer bears to the total value of the assets of FMHL immediately prior to the Effective Date.
- 6.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of FMHL with respect to the Transferred Undertaking as on the Appointed Date deemed to be transferred to FHL have been discharged by FMHL on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of FHL.
- 6.3. Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by FMHL for the operations of the Transferred Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of FHL and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to FHL and shall become the loans, debts, liabilities, duties and obligations of FHL.
- 6.4. In so far as the existing Encumbrances in respect of the Transferred Liabilities are concerned, if any, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Transferred Undertaking which have been Encumbered in respect of the Transferred Liabilities as transferred to FHL pursuant to this Scheme. Provided that if any of the assets comprised in the Transferred Undertaking which are being transferred to FHL pursuant to this Scheme have not been Encumbered in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, FMHL and FHL shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 6.6. Upon the coming into effect of this Scheme, FHL alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and FMHL shall not have any obligations in respect of such Transferred Liabilities.
- 6.7. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the Liabilities transferred to FHL as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.8. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- ## 7. Legal, taxation and other proceedings
- 7.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against FMHL and relating to the Transferred Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against FHL after the Effective Date. FMHL shall in no event be responsible or liable in relation to any such legal or other proceedings against FHL. FHL shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with FMHL.

7.2. If proceedings are taken against FMHL in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of FHL and at the cost of FHL, and the latter shall reimburse and indemnify FMHL against all liabilities and obligations incurred by FMHL in respect thereof.

7.3. FHL undertakes to have all legal or other proceedings initiated by or against FMHL referred to in Clause 7.1 above, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against FHL to the exclusion of FMHL. Both companies shall make relevant applications in that behalf.

8. Employees

8.1. Upon the coming into effect of this Scheme, FMHL Transferred Employees shall become the employees of FHL with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by FMHL in the Transferred Undertaking and without any interruption of, or break in service as a result of the transfer of the Transferred Undertaking. FHL agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the FMHL Transferred Employees with FMHL shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

8.2. In so far as the Employee Benefit Funds created by FMHL *inter alia* for its employees (including FMHL Transferred Employees) are concerned, such proportion of the investments made in the Employee Benefit Funds of FMHL and liabilities which are referable to the FMHL Transferred Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds of FMHL shall, subject to the necessary approvals and permissions and at the discretion of FHL, either be continued as separate funds of FHL for the benefit of the FMHL Transferred Employees or be transferred to and merged with other similar funds of FHL. In the event that FHL does not have its own fund in respect of any of the aforesaid matters, FHL may, subject to necessary approvals and permissions, continue to contribute in respect of the FMHL Transferred Employees to the respective Employee Benefit Funds of FMHL or discharge such liabilities of FMHL, until such time that FHL creates its own fund, at which time the Employee Benefit Funds of FMHL, investments, contributions and liabilities pertaining to the FMHL Transferred Employees shall be transferred to the funds created by FHL.

8.3. In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the employees being transferred to FHL, FHL shall stand substituted for FMHL, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such FMHL Transferred Employees.

8.4. In so far as the existing benefits or funds created by the FMHL for the employees of the remaining business of FMHL are concerned, if any, the same shall continue

and FMHL shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the remaining business of FMHL and FHL shall have no liability in respect thereof.

8.5. In respect of the stock options granted by FMHL under the FMHL ESOP Plans, it is hereby clarified that upon the coming into effect of this Scheme, the options as of the Effective Date would continue on the existing terms and conditions, except for such modifications/ adjustments, as may be deemed appropriate by the relevant committee of the Board of Directors of FMHL, in view of this Scheme and in accordance with the provisions of the FMHL ESOP Plan and applicable Laws.

8.6. Such modifications/ adjustments to the existing options under the FMHL ESOP Plan shall be effected as an integral part of the Scheme and the consent of the shareholders of FMHL to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the FMHL ESOP Plan as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the FMHL ESOP Plans, as may be determined by the relevant committee of the Board of Directors of FMHL. No further approval of the shareholders of FMHL or any other person would be required in this connection.

SECTION 2 – TAXATION MATTERS

9. With effect from the Appointed Date and upon the Scheme becoming effective, income taxes payable by FMHL, including advance taxes and taxes deducted at source, if any, accruing and relating to the operations of the Transferred Undertaking from the Appointed Date onwards, shall, for all purposes, be treated as income tax payments of FHL.

10. The indirect tax payments (including, without limitation, service tax, excise duty, central sales tax, applicable state value added tax, etc.), whether by way of payment of earnest monies, security deposits, provisional payments, payment under protest, or howsoever otherwise, by FMHL, with respect to the Transferred Undertaking, before and after the Appointed Date, shall be deemed to be paid by FHL and shall, in all proceedings, be dealt with accordingly.

11. Obligation for deduction of taxes at source on any payments made by or to be made by FMHL in respect of the Transferred Undertaking, on or after the Appointed Date, shall be made or deemed to have been made and duly complied with by FHL.

SECTION 3 - ACCOUNTING TREATMENT

12. **Accounting Treatment in the books of FHL and FMHL**

12.1 In the books of FHL

On the effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, FHL shall account for the Transferred Undertaking in its books of account in accordance with Appendix C 'Business combinations

of entities under common control' of Indian Accounting Standard (IND AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

- (a) FHL will record the assets, liabilities and reserves of Transferred Undertaking at the carrying amounts as appearing in the books of FMHL at the close of business on the day preceding the Appointed Date.
- (b) The difference between the Consideration paid and of the carrying amounts of assets, liabilities and reserves of the Transferred Undertaking as per Clause 12.1(a) above shall be recorded as capital reserve.

12.2 In the books of FMHL

On effectiveness of the Scheme and with effect from the Appointed Date, FMHL shall account for the Transferred Undertaking in its books of account in accordance with the Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

- (a) The accounts of FMHL will stand reduced by the carrying amounts of assets, liabilities and reserves of the Transferred Undertaking as at the close of business on the day preceding the Appointed Date.
- (b) Any difference between Consideration received and the carrying amounts of assets, liabilities and reserves of the Transferred Undertaking as per Clause 12.2(a) above shall be recorded as capital reserve.

SECTION 4 – CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

13. FMHL, with effect from the Appointed Date and up to and including the Effective Date:
 - 13.1. shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments, in respect thereof, for and on account of, and in trust for, FHL;
 - 13.2. all profits and income accruing to FMHL from the Transferred Undertaking, and losses and expenditure incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Transferred Undertaking, for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of FHL; and

13.3. any of the rights, powers, authorities or privileges attached, related or pertaining to the Transferred Undertaking, exercised by FMHL shall be deemed to have been exercised by FMHL for and on behalf of, and in trust for and as an agent of FHL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Transferred Undertaking that have been undertaken or discharged by FMHL shall be deemed to have been undertaken for and on behalf of and as an agent for FHL.

14. Subject to the terms of the Scheme, the transfer and vesting of the Transferred Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by FMHL on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that FHL accepts and adopts all acts, deeds and things made, done and executed by FMHL, in connection with Transferred Undertaking as acts, deeds and things made, done and executed by or on behalf of FHL.

SECTION 5 – CONSIDERATION

15. In consideration for the transfer of the Transferred Undertaking by FMHL to FHL, pursuant to this Scheme, FHL shall pay FMHL the Consideration upon the effectiveness of the Scheme or on such later date as the respective Board of Directors of FHL and FMHL may mutually agree.
16. The transactions contemplated in this Part II of the Scheme is a purchase and sale of the Transferred Undertaking on a going concern basis and by way of a slump sale, and the Consideration is a lump sum consideration, and no specific part of the Consideration is (nor can it be) allocated to any specific asset, right or the like of FMHL comprised in the Transferred Undertaking. It is further clarified that determination of the value of any asset, right or the like comprised in the Transferred Undertaking for the purpose of payment of stamp duty, registration fees or other similar taxes or fees, shall not be regarded as assignment of values to individual assets, rights or the like.

PART III - DEMERGER

SECTION 1 - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

17. **Transfer of Assets**
 - 17.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of such Demerged Undertaking) shall, subject to the provisions of this Clause 17 in relation to the mode of transfer and vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to

become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- 17.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company, respectively, upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 17.3. In respect of movables other than those dealt with in Clause 17.2 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).
- 17.4. Without prejudice to the generality of the foregoing, all assets, estate, rights, title, interest and authorities held by the Demerged Company on the Appointed Date as regards the Demerged Undertaking, not otherwise specified in Clause 17.2 and Clause 17.3 above, shall stand transferred to and vest in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391-394 of the Act.
- 17.5. All assets, rights, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391-394 of the Act.
- 17.6. Without prejudice to the generality of the foregoing, upon the effectiveness of the Scheme and with effect from the Appointed Date, the Resulting Company will be entitled to all the intellectual property of the Demerged Company exclusively in relation to the Demerged Undertaking, if any, whether registered or unregistered, along with all

rights of commercial nature including attached goodwill, title, interest, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature. The Resulting Company may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of the Resulting Company.

- 17.7. Any assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date but prior to the Effective Date pertaining exclusively to and for the sole purpose of the Demerged Undertaking shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date.
- 17.8. For the avoidance of doubt, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the rights, title, interest and claims of the Demerged Company in any leasehold/licensed properties in relation to the Demerged Undertaking, if any, shall, pursuant to Section 394 (2) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed.
- 18. Transfer of contracts, deeds, etc.**
- 18.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 19, all contracts (including without limitation any service contracts, consultant contracts, contracts with vendors and suppliers), deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall, without any further act or deed, continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced, without any further act or deed, as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 18 of the Scheme.
- 18.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary

in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

18.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make necessary applications/ file relevant forms to any Governmental Authority as may be necessary in this behalf.

18.4. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

19. Transfer of Liabilities

19.1. Upon the coming into effect of this Scheme, Liabilities of the Demerged Company as on the Appointed Date appertaining and relating exclusively to the Diagnostics Business, whether provided for or not in the books of account or disclosed in the balance sheet of the Demerged Company, ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the Liabilities of the Resulting Company which shall meet, discharge and satisfy the same and the Demerged Company shall in no event be responsible or liable in relation to any such Demerged Liabilities. The term "**Demerged Liabilities**" shall include:

- (i) the liabilities which arise out of the activities or operations of the Demerged Undertaking;
- (ii) the specific loans or borrowings (including

debentures, if any, raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and

- (iii) in cases other than those referred to in Clause 19.1(i) or Clause 19.1(ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Effective Date.

It is clarified that the term "**Demerged Liabilities**" shall not include the FCCBs issued by the Demerged Company.

19.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company with respect to the Demerged Undertaking as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

19.3. Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

19.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

19.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or

- deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- 19.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 19.7. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.
- 19.8. It is expressly provided that, save as mentioned in this Clause 19, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 19.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 19 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 20. Legal, taxation and other proceedings**
- 20.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company and relating to the Demerged Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company.
- 20.2. If proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 20.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 20.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 20.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.
- 21. Employees**
- 21.1. Upon the coming into effect of this Scheme, FHL Transferred Employees shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in the Demerged Undertaking and without any interruption of, or break in service as a result of the transfer of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the FHL Transferred Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 21.2. In so far as the Employee Benefit Funds created by the Demerged Company *inter alia* for its employees (including FHL Transferred Employees) are concerned, such proportion of the investments made in the Employee Benefit Funds of FHL and liabilities which are referable to the FHL Transferred Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds of FHL shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the FHL Transferred Employees or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the FHL Transferred Employees to the respective Employee Benefit Funds of FHL or discharge such liabilities of the respective Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds of FHL, investments, contributions and liabilities pertaining to the FHL Transferred Employees shall be transferred to the funds created by the Resulting Company.

- 21.3. In relation to any other funds (including any funds set up by the government for employee benefits) created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such FHL Transferred Employees.
- 21.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Businesses are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Business and the Resulting Company shall have no liability in respect thereof.
- 21.5. In respect of the stock options granted by the Demerged Company under FHL ESOP Plans to the employees of the Remaining Business, it is hereby clarified that upon the coming into effect of this Scheme, the options as of the Effective Date would continue on the existing terms and conditions, except for such modifications/ adjustments, as may be deemed appropriate by the relevant committee of the Board of Directors of FHL, in view of this Scheme and in accordance with the provisions of the FHL ESOP Plans and applicable Laws.
- 21.6. Such adjustments/ modifications to the existing stock options under the FHL ESOP Plans shall be effected as an integral part of the Scheme and the consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the FHL ESOP Plans as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the FHL ESOP Plans, as may be determined by the relevant committee of the Board of Directors of FHL. No further approval of the shareholders of the Demerged Company or any other person would be required in this connection.

SECTION 2 – TAXATION MATTERS

22. All indirect taxes (including, without limitation, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the business before the Appointed Date, pertaining to the Demerged Undertaking, shall be on account of the Resulting Company and, in so far as it relates to the indirect tax payment (including, without limitation, sales tax, excise duty, customs duty, service tax, VAT, etc.) by the Demerged Company in respect of the activities or operation of the business, pertaining to the Demerged Undertaking, with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and, shall, in all proceedings, be dealt with accordingly.
23. With effect from the Appointed Date and upon the Scheme becoming effective, income taxes payable by Demerged Company, including advance taxes and taxes deducted

at source, if any, accruing and relating to the operations of the Demerged Undertaking from the Appointed Date onwards, shall, for all purposes, be treated as income tax payments of the Resulting Company.

24. Obligation for deduction of taxes at source on any payments made by or to be made by the Demerged Company in respect of the Demerged Undertaking on or after the Appointed Date, shall be made or deemed to have been made and duly complied with, by the Resulting Company.

SECTION 3 – CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

25. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
- 25.1. shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Resulting Company;
- 25.2. all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking, for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the Remaining Business; and
- 25.3. any of the rights, powers, authorities or privileges attached, related or pertaining to the Demerged Undertaking, exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
26. Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company, in connection with the Demerged Undertaking, as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.
27. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company and Resulting Company shall

not, except as may be expressly required or permitted under this Scheme or pursuant to the exercise of stock options granted as of the date of filing of this Scheme with the High Court or pursuant to the conversion of the FCCBs, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as *defined hereinafter*), except with the prior approval of the Board of Directors of the Resulting Company and the Demerged Company.

SECTION 4 –REMAINING BUSINESS

28. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
29. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. Subject to the foregoing, the Demerged Company shall in no event be responsible or liable in relation to any other legal or other proceeding against the Resulting Company.
30. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 29 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
31. With effect from the Appointed Date and up to and including the Effective Date:
 - (a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (b) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as

the profits or losses, as the case may be, of the Demerged Company;

- (c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
- (d) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions.

SECTION 5 – REORGANISATION OF CAPITAL OF RESULTING COMPANY

32. The provisions of this Section 5 shall operate notwithstanding anything to the contrary in this Scheme.
33. **Reorganisation**
 - 33.1. Upon the coming into effect of the Scheme and in consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company on the Record Date, or his legal heirs, executors or administrators or (in case of a corporate entity) its successors, equity shares in the Resulting Company in the ratio of 98(Ninety Eight) equity shares in the Resulting Company of face value INR 10 (Rupees Ten only)each credited as fully paid up for every 100 (Hundred) equity shares of face value INR 10 (Rupees Ten only)each fully paid up held by such member in the Demerged Company (the “**Share Entitlement Ratio**”) as on the Record Date. No fractional shares shall be issued by the Resulting Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.
 - 33.2. The ratio in which equity shares of the Resulting Company are to be issued and allotted to the equity shareholders of the Demerged Company is herein referred to as the “**Share Entitlement Ratio**”.
 - 33.3. The shares issued to the members of the Demerged Company by the Resulting Company shall be issued in dematerialized form by the Resulting Company provided that the details of the depository accounts of the members of the Demerged Company are made available to the Resulting Company by the Demerged Company at

- least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Resulting Company, it shall issue shares to the members of the Demerged Company in physical form.
- 33.4. In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Demerged Company, the Board of Directors of the Resulting Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Demerged Company and in relation to the shares issued by the Resulting Company after the effectiveness of the Scheme. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Demerged Company on account of difficulties faced in the transaction period.
- 33.5. Equity shares to be issued by the Resulting Company pursuant to this Scheme in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.
- 33.6. The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari passu in all respects with the then existing equity shares of the Resulting Company. For the avoidance of doubt, it is hereby clarified that the shareholders of the Demerged Company, as of the Record Date, being issued shares of the Resulting Company, shall not be entitled to any special rights vis-à-vis the Resulting Company or the other shareholders of the Resulting Company, on account of such shareholding in the Demerged Company and their rights in relation thereto.
- 33.7. The Resulting Company shall apply to the National Stock Exchange of India Limited for listing and/or trading of its equity shares on the National Stock Exchange of India Limited, subject to applicable Law, the requirements imposed or concessions, if any, and other terms and conditions agreed with the National Stock Exchange of India Limited. Further, subject to applicable Law, the requirements, if any, imposed or concessions, if any, by the Stock Exchanges, and other terms and conditions agreed with the Stock Exchanges, the equity shares of the Resulting Company issued in terms of this Scheme will be listed and/or admitted to trading on the BSE Limited and/or the National Stock Exchange of India Limited, where the equity shares of the Resulting Company and Demerged Company are listed and/or admitted to trading. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the relevant Stock Exchanges.
- 33.8. The equity shares of the Resulting Company issued pursuant to this Scheme have not been, and will not be registered under the United States Securities Act of 1933 (“**Securities Act**”) in reliance upon the exemption from the registration requirements under the Securities Act provided by Section 3(a)(10) of the Securities Act (the “**Section 3(a)(10) Exemption**”). The sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company issued pursuant to this Scheme for the Section 3(a)(10) Exemption. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the Securities Act, each of the Demerged Company, the Amalgamating Company and the Resulting Company undertake that:
- (a) shareholders of each of the Demerged Company and the Amalgamating Company, as against their equity shares in such Companies, shall receive the equity shares of the Resulting Company and shall not receive cash or other consideration; and
 - (b) the Scheme shall become effective only after it has been approved by the High Court following the hearings by the High Court.
- 33.9. In the event that any FCCBs issued by the Demerged Company remain outstanding as on the Record Date, it is hereby clarified that pursuant to the coming into effect of this Scheme, the terms of such outstanding FCCBs may be suitably modified/ adjusted/ waived as may be deemed appropriate by the Board of Directors of the Demerged Company, in accordance with the provisions of the trust deed constituting such FCCBs and subject to the requirements of applicable Laws. Such modifications/ adjustments/ waivers shall be effected as an integral part of the Scheme and the consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the FCCBs, including without limitation, for the purposes of effecting necessary modifications to the trust deed constituting such FCCBs or any other agreements in relation to such FCCBs, making adjustments and all related matters (including obtaining any approvals, consents or waivers), as may be determined by the Board of Directors of the Demerged Company. No further approval of the shareholders of the Demerged Company or any other person would be required in this connection.

SECTION 6 – REDUCTION OF THE SECURITIES PREMIUM ACCOUNT OF THE DEMERGED COMPANY

34. Pursuant to the Demerger of the Demerged Undertaking and vesting of the same in the Resulting Company, and consequent to the accounting treatment prescribed in Clause 36 of the Scheme, the share premium account of the Demerged Company, shall be adjusted/reduced by an amount equal to the carrying amounts of the Demerged Undertaking as per Clause 36.1(a), in accordance with provisions of Sections 391 to 394, Sections 78 and 100 to 103 of the Act and Section 52 of the Companies Act, 2013 and any other applicable provisions of Law.

35. All such adjustments against the securities premium account of the Demerged Company shall be effected in accordance with provisions of Sections 391 to 394 of the Act read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956, and any other applicable provisions of Law. For giving effect to the above provisions, the permission from the shareholders of the Demerged Company shall be deemed to have been received as contemplated by the Act and other related provisions, upon this Scheme being approved by members of the Demerged Company at the court convened meeting or otherwise. The reduction in the securities premium account as aforesaid, if any, of the Demerged Company shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any unpaid share capital and the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act (including corresponding applicable provisions of the Companies Act, 2013) confirming the reduction of securities premium account. Such a reduction shall be deemed to be effective on and from the Appointed Date. The Demerged Company shall not be required to add "and reduced" as a suffix.

SECTION 7 - ACCOUNTING TREATMENT

36. Accounting Treatment in the books of the Demerged Company and the Resulting Company

36.1. In the books of the Demerged Company

On effectiveness of the Scheme and with effect from the Appointed Date, the Demerged Company shall account for Demerger of the Demerged Undertaking in its books of account in accordance with the Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

- (a) The Demerged Company shall reduce the carrying amounts of assets, liabilities and reserves of the Demerged Undertaking as at the close of business on the day immediately preceding the Appointed Date.
- (b) On Demerger of the Demerged Undertaking, FHL shall reduce share premium account equal to the carrying amounts of the Demerged Undertaking as per Clause 36.1(a) above.

36.2. In the books of the Resulting Company

On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Resulting Company shall account for Demerger of the Demerged Undertaking in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (IND AS) 103

for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

- (a) The Resulting Company shall record the assets, liabilities and reserves of the Demerged Undertaking at the carrying amounts as appearing in the books of the Demerged Company at the close of business on the day preceding the Appointed Date.
- (b) The Resulting Company shall credit its share capital account with the aggregate nominal value of the new equity shares issued by it to the shareholders of the Demerged Company.
- (c) The difference between Clause 36.2(a) and 36.2(b) above shall be recorded as capital reserve.

PART IV- AMALGAMATION

SECTION 1: AMALGAMATION OF THE AMALGAMATING COMPANY WITH THE AMALGAMATED COMPANY

The Resulting Company shall be referred to as the "Amalgamated Company", for the purposes of this Part IV.

37. Transfer

Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Amalgamating Undertaking shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in the Amalgamated Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Amalgamated Company by virtue of and in the manner provided in the Scheme.

38. Transfer of Assets

38.1. Without prejudice to the generality of Clause 37 above, upon the coming into effect of the Scheme, all the estate, assets, properties, rights, claims, title, interest and authorities, including all accretions to and appurtenances comprised in the Amalgamating Undertaking, of whatsoever nature and wheresoever situate, whether or not included in the books of the Amalgamating Company, and all assets and properties, which are acquired by the Amalgamating Company, on or after the Appointed Date but prior to the Effective Date, shall, without any further act or deed, be and stand transferred to and vested in the Amalgamated Company, or be deemed to be transferred to and vested in the Amalgamated Company, as a going concern, so as to become, as and from the Appointed Date (or in case of any estate, assets, etc. acquired on a date after the Appointed Date, with effect from such date), the estate, assets, properties, rights, claims, title, interest and authorities of the Amalgamated Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

38.2. Without prejudice to the provisions of Clause 38.1

above, in respect of such of the assets and properties of the Amalgamating Company as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, payment or by endorsement and/or delivery, the effectiveness of the Scheme shall be deemed to constitute delivery or deemed delivery or constructive delivery, as the case may be, of such property and shall, become the assets and property of the Amalgamated Company with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

38.3. All the rights, remedies, claims and rights of action of the Amalgamating Company against third parties shall, pursuant to Sections 391 to 394 of the Act, without any further act or deed, be and deemed to be rights, remedies, claims and rights of action of the Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date.

38.4. All the consents, certificates, clearances, authorities, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Amalgamating Company and all rights and benefits that have accrued or which may accrue to the Amalgamating Company, whether before or after the Appointed Date, income tax benefits and exemptions, all other rights, exemptions and benefits including those acquired by the Amalgamating Company on or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Amalgamated Company, as if the same were originally given or issued to or executed in favour of the Amalgamated Company, so as to become as and from the Appointed Date, consents, certificates, clearances, authorities, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.

39. **Contracts, Deeds etc.**

39.1. Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts including consultant contracts, deeds, bonds, agreements, schemes, arrangements, powers of attorney and other instruments of whatsoever nature, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and

effect on or against or in favour, as the case may be, of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto or thereunder.

39.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Undertaking occurs by virtue of this Scheme itself, the Amalgamated Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme.

40. **Transfer of Liabilities**

40.1. Upon the coming into effect of this Scheme, all Liabilities of the Amalgamating Company, whether or not recorded in its books and records, shall, under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company, and the same shall be assumed by the Amalgamated Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date (or in case of any Liability incurred on a date after the Appointed Date, with effect from such date) the Liabilities of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company and the Amalgamated Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

40.2. **For the avoidance of doubt:**

- (a) all the Liabilities of the Amalgamating Company incurred or which arise or accrue on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the Liabilities of the Amalgamated Company upon the coming into effect of this Scheme;
- (b) where any such Liability of the Amalgamating Company has been discharged by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Amalgamated Company upon the coming into effect of this Scheme; and

- (c) all Liabilities incurred or undertaken by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred or undertaken for and on behalf of the Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company and shall become the Liabilities of the Amalgamated Company.
- 40.3. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a liability including a contingent liability in whatever form), if any, due on the Effective Date between the Amalgamating Company and the Amalgamated Company shall automatically stand discharged and come to an end and there shall be no liability in that behalf on either the Amalgamating Company and the Amalgamated Company and the appropriate effect shall be given in the books of account and records of the Amalgamated Company.
- 41. Encumbrances**
- 41.1. The transfer and vesting of the assets comprised in the Amalgamating Undertaking to and in the Amalgamated Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.
- 41.2. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company have not been Encumbered in respect of the Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of this Clause.
- 41.3. The existing Encumbrances over the other assets and properties of the Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Amalgamating Company transferred to and vested in the Amalgamated Company by virtue of the Scheme.
- 41.4. Any reference to the Amalgamating Company and its assets and properties in any security documents or arrangements to which the Amalgamating Company is a party shall be construed as a reference to the Amalgamated Company and the same assets and properties of the Amalgamating Company shall be transferred to the Amalgamated Company by virtue of the Scheme. Without prejudice to the foregoing provisions, the Amalgamated Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 41.5. Upon the coming into effect of the Scheme, the Amalgamated Company shall be liable to perform all obligations in respect of the Liabilities which have been transferred to it in terms of the Scheme.
- 41.6. Save as herein provided, no other term or condition of the Liabilities transferred to the Amalgamated Company is modified by virtue of the Scheme except to the extent that such amendment is required by necessary implication.
- 41.7. The provisions of this Clause 41 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.
- 42. Employees**
- 42.1. Upon the coming into effect of this Scheme, all SRL Employees shall become the employees of the Amalgamated Company with effect from the Appointed Date (or in case of any SRL Employee engaged by the Amalgamating Company on a date after the Appointed Date, with effect from such date), and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Amalgamating Company and without any interruption of or break in service as a result of the Amalgamation of the Amalgamating Company with the Amalgamated Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such SRL Employees with the Amalgamating Company shall also be taken into account, and paid (as and when payable) by the Amalgamated Company.
- 42.2. It is clarified that save as expressly provided for in the Scheme and subject to Clause 42.1, the SRL Employees who become the employees of the Amalgamated Company by virtue of this Scheme, shall be entitled to such employment policies and shall be entitled to avail of such schemes and benefits, as may be determined by the Amalgamated Company. The Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Amalgamating Company with any union/SRL Employee of the Amalgamating Company.

42.3. Insofar as the Employee Benefit Funds created by the Amalgamating Company or in respect of which the Amalgamating Company makes contributions, for the SRL Employees, all amounts standing to the credit of the Employee Benefit Funds and investments made by the Employee Benefit Funds in relation to the SRL Employees shall be transferred to the Amalgamated Company or the trustees of similar trusts created by the Amalgamated Company and shall be held for the benefit of those SRL Employees who are eligible for benefits under such Employee Benefit Funds prior to the Effective Date. In the event, the Amalgamated Company has its own funds in respect of any of the benefits to be provided to employees as referred to above, all amounts standing to the credit of the Employee Benefit Funds and investments made by the Employee Benefit Funds shall be transferred to the relevant funds of the Amalgamated Company.

42.4. In relation to those SRL Employees who are not covered under the provident fund trust of the Amalgamating Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamating Company is making contributions to the government provident fund, the Amalgamated Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such SRL Employees, such that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such provident fund trust shall become those of the Amalgamated Company.

42.5. In relation to any other fund created or existing for the benefit of the SRL Employees being transferred to the Amalgamated Company, the Amalgamated Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such funds in respect of such SRL Employees, such that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such funds shall become those of the Amalgamated Company.

42.6. Treatment under SRL ESOP Plans

(a) Upon the effectiveness of the Scheme, the Amalgamated Company shall issue stock options ("Amalgamated Company Options") to SRL Employees holding options under SRL ESOP Plans ("Eligible Employees") taking into account the Share Exchange Ratio, i.e., for every 10 (Ten) options held by an Eligible Employee which entitles such eligible employee to acquire 10 (Ten) equity share in the Amalgamating Company, such Eligible Employee will be conferred 108 (One Hundred Eight) Amalgamated Company Options which shall entitle him to acquire 108 (One Hundred Eight) equity shares in the Amalgamated Company. Fractional entitlements, if any, arising pursuant to the applicability of the Share Exchange Ratio as

above shall be rounded off to the nearest higher integer. The terms and conditions applicable to the Amalgamated Company Options shall be no less favourable than those provided under the SRL ESOP Plans. Such Amalgamated Company Options will be issued under any of its existing stock option schemes or a new employee stock option scheme created by the Amalgamated Company *inter alia* for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme ("Amalgamated Company ESOP Scheme").

- (b) The total exercise price payable for options granted by the Amalgamated Company to the Eligible Employees shall be equivalent to the total exercise price payable by such Eligible Employees for the options under the SRL ESOP Plans.
- (c) The consent of the members of the Amalgamating Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the SRL ESOP Plans as described in this Scheme, including for the purpose of modifying the SRL ESOP Plans as may be required in this regard. No further approval of the members of the Amalgamating Company would be required in this connection under the SRL ESOP Plans and/or any other applicable law.
- (d) The grant of options to the Eligible Employees pursuant to Clause 42.6(a) of this Scheme shall be effected as an integral part of the Scheme and the consent of the members of the Amalgamated Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the FMHL ESOP Plans, including without limitation, for the purposes of creating the FMHL ESOP Plans, modifying the existing employee stock option plans, modifying the exercise price of the stock options or any other such adjustments and all related matters. No further approval of the members of the Amalgamated Company would be required in this connection under Section 62 of the Companies Act, 2013 and/or any other applicable Law.
- (e) It is clarified that in relation to the options granted by the Amalgamated Company to the Eligible Employees under the FMHL ESOP Plans, in lieu of options granted to them under the SRL ESOP Plans, the period during which the options granted by the Amalgamating Company were held by or deemed to have been held by the Eligible Employee shall be taken into account for determining the minimum vesting and/or exercise period required for stock options granted under the SRL ESOP Plans under applicable Law.
- (f) The Boards of Directors and the relevant committee of the Board of Directors of the Amalgamating Company and the Amalgamated Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the

provisions of this Clause 42 including by making such modifications/ adjustments in respect of any employees holding options under the SRL ESOP Plans, as may be deemed appropriate by the relevant committee of the respective Board of Directors, in view of this Scheme and in accordance with the provisions of applicable Laws.

43. Legal, Taxation and other Proceedings

- 43.1. Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamating Company, pending on the Effective Date, shall be continued and/or enforced by or against the Amalgamated Company as effectually and in the same manner and to the same extent as if the same had been instituted against the Amalgamated Company.
- 43.2. The Amalgamated Company shall have all legal, taxation or other proceedings initiated by or against the Amalgamating Company referred to in Clause 43.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Amalgamated Company.
- 43.3. Without prejudice to the provisions of Clauses 38 to 43, upon effectiveness of the Scheme and with effect from the Appointed Date, all transactions between the Amalgamating Company and the Amalgamated Company, that have not been completed, shall stand cancelled.

SECTION 2 – TAXATION MATTERS

44. Upon the Scheme coming into effect, all taxes/cess/duties paid, payable, received or receivable by or on behalf of the Amalgamating Company, including all or any refunds, claims or entitlements as to minimum alternate tax credits, taxes paid in advance, and/or taxes deducted at source, including refunds or claims pending with the revenue authorities, if any, shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds, minimum alternate tax paid by the Amalgamated Company, and the resulting entitlements for set-off and credits thereof as being of the Amalgamated Company.
45. All compliances with respect to taxes or any other applicable laws between the Appointed Date and Effective Date, undertaken by the Amalgamating Company, shall, upon the effectiveness of this Scheme, be deemed to have been complied with, by the Amalgamated Company.

SECTION 3 - CONDUCT OF BUSINESS ON ACCOUNT OF THE AMALGAMATED COMPANY

46. Upon the coming into effect of the Scheme, with effect from the Appointed Date and up to and including the Effective Date:
- 46.1. the Amalgamating Company shall be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold

and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Amalgamated Company;

- 46.2. all profits and income accruing or arising to the Amalgamating Company, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Amalgamated Company; and
- 46.3. any of the rights, powers, authorities or privileges exercised by the Amalgamating Company shall be deemed to have been exercised by the Amalgamating Company for and on behalf of, and in trust for and as an agent of the Amalgamated Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Amalgamated Company.
47. Subject to the terms of the Scheme, the transfer and vesting of the Amalgamating Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Amalgamating Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Amalgamated Company accepts and adopts all acts, deeds and things made, done and executed by the Amalgamating Company as acts, deeds and things made, done and executed by or on behalf of the Amalgamated Company.
48. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Amalgamating Company and Amalgamated Company shall not, except as may be expressly required or permitted under this Scheme or pursuant to exercise of stock options granted as of the date of filing of this Scheme with the High Court or pursuant to a conversion of the CCPs, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Exchange Ratio, except with the prior approval of the Board of Directors of the Amalgamating Company and the Amalgamated Company.

SECTION 4 – REORGANISATION OF CAPITAL OF AMALGAMATED COMPANY

49. The provisions of this Section shall operate notwithstanding anything to the contrary in any other instrument, deed or agreement.

50. Reorganization

- 50.1. Upon the coming into effect of the Scheme and in consideration of the transfer and vesting of the Amalgamating Undertaking in the Amalgamated Company in terms of the Scheme, the Amalgamated Company shall, without any further application, act, instrument or deed:
- (a) issue and allot to each member of the Amalgamating Company, other than the Amalgamated Company, whose name is registered in the register of members of the Amalgamating Company on the Record Date or his legal heirs, executors or administrators or (in case of a corporate entity) its successors, equity shares in the Amalgamated Company, in the ratio of 108 (One Hundred Eight) equity shares of the face value of Rs. 10 (Rupees Ten only) each (credited as fully paid up) of the Amalgamated Company for every 10 (Ten) equity shares of the face value of Rs. 10 (Rupees Ten only) each (credited as fully paid-up) held by such member in the Amalgamating Company; and
 - (b) no fractional shares shall be issued by the Amalgamated Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.
- 50.2. The ratio in which equity shares of the Amalgamated Company are to be issued and allotted to the equity shareholders of the Amalgamating Company is herein referred to as the "Share Exchange Ratio".
- 50.3. The shares issued to the members of the Amalgamating Company by the Amalgamated Company shall be issued in dematerialized form by the Amalgamated Company provided that the details of the depository accounts of the members of the Amalgamating Company are made available to the Amalgamated Company by the Amalgamating Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Amalgamated Company, it shall issue shares to the members of the Amalgamating Company in physical form.
- 50.4. In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Amalgamating Company, the Board of Directors of the Amalgamated Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Amalgamating Company and in relation to the shares issued by the Amalgamated Company after the effectiveness of the Scheme. The Board of Directors of the Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Amalgamated Company on account of difficulties faced in the transaction period.
- 50.5. Equity shares to be issued by the Amalgamated Company pursuant to this Scheme in respect of such of the equity shares of the Amalgamating Company which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Amalgamated Company.
- 50.6. The equity shares issued and allotted by the Amalgamated Company in terms of this Scheme shall rank pari passu in all respects with the then existing equity shares of the Amalgamated Company. For the avoidance of doubt, it is hereby clarified that (i) the shareholders of the Amalgamating Company holding CCPS shall convert their CCPS prior to the Record Date; and (ii) the shareholders of the Amalgamating Company, as of the Record Date, being issued shares of the Amalgamated Company, shall not be entitled to any special rights vis-a-vis the Amalgamated Company or the other shareholders of the Amalgamated Company, on account of such shareholding in the Amalgamating Company and their rights in relation thereto.
- 50.7. Subject to applicable Law, the equity shares of the Amalgamated Company issued in terms of this Scheme will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Amalgamated Company are listed and/or admitted to trading. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the relevant Stock Exchanges.
- 50.8. The equity shares of the Amalgamated Company issued pursuant to this Scheme have not been, and will not be registered under the Securities Act in reliance upon the Section 3(a)(10) Exemption. The sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Amalgamated Company issued pursuant to this Scheme for the Section 3(a)(10) Exemption. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the Securities Act, each of the Demerged Company, the Amalgamating Company and the Amalgamated Company undertake that:
- (a) shareholders of each of the Demerged Company and the Amalgamating Company, as against their equity shares in such Companies, shall receive the equity shares of the Amalgamated Company and shall not receive cash or other consideration; and
 - (b) the Scheme shall become effective only after it has been approved by the High Court following the hearings by the High Court.

51. Cancellation

Upon the Scheme coming into effect, all equity shares of the Amalgamating Company held by the Amalgamated Company (directly and/or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash or in kind whatsoever by the Amalgamating Company in lieu of such shares of the Amalgamating Company.

SECTION 5 – ACCOUNTING TREATMENT

52. Accounting Treatment in the books of the Amalgamated Company

52.1. Upon the Scheme becoming effective and with effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Amalgamated Company shall account for Amalgamation of Amalgamating Company in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (IND AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

- (a) The Amalgamated Company will credit its investment in the Amalgamating Company. Correspondingly, it will record the assets, liabilities and reserves at the carrying amounts as appearing in the books of the Amalgamating Company at the close of business on the day immediately preceding the Appointed Date.
- (b) The Amalgamated Company will credit the equity share capital (with nominal value of shares) issued to the non-controlling shareholders of the Amalgamating Company as at the close of business on the day immediately preceding the Appointed Date.
- (c) The difference between Clause 52.1(a) and Clause 52.1(b) above will be recorded as capital reserve.

SECTION 6 – DISSOLUTION OF AMALGAMATING COMPANY

53. Dissolution of Amalgamating Company

Upon the coming into effect of the Scheme, the Amalgamating Company shall stand dissolved without winding-up.

PART V – GENERAL TERMS AND CONDITIONS

The provisions of this Part shall be applicable to Part II, Part III and Part IV of this Scheme.

54. Increase in Authorized Capital of Amalgamated Company

54.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Amalgamated Company shall automatically stand increased, without any further act, instrument or deed on the part of the Amalgamated Company including payment of stamp duty and fees payable to the Registrar of Companies, by an amount equal to the authorised share capital of Amalgamating Company, such that upon the effectiveness of the Scheme, the authorised share capital of the Amalgamated Company shall be Rs. 126,00,00,000 (Rupees One Hundred and Twenty Six Crore) comprising of 9,13,33,334 equity shares of Rs. 10 (Rupees Ten) each, 1,00,00,000 Redeemable Preference Shares of Rs 10 (Rupees Ten) each and 12,333,333 Compulsory Convertible Preference Shares of Rs 20 (Rupees Twenty) each, without any further act, deed, resolution, instrument or writing. The capital clause of the Memorandum of Association of the Amalgamated Company shall, upon the coming into effect of this Scheme and without any further act, deed, instrument, resolution or writing be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

"The Authorized Share Capital of the Company is Rs. 126,00,00,000 (Rupees One Hundred and Twenty Six Crore) divided into 9,13,33,334 equity shares of Rs. 10 (Rupees Ten) each, 1,00,00,000 Redeemable Preference Shares of Rs 10 (Rupees Ten) each and 12,333,333 Compulsory Convertible Preference Shares of Rs 20 (Rupees Twenty) each".

54.2. It is clarified that for the purposes of Clause 54.1 above, the consent of the members of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Amalgamated Company, and no further resolution under Section 13, Section 14, Section 61 or any other applicable provisions of the Companies Act, 2013 would be required to be separately passed. The stamp duties and fees (including registration fee) paid on the authorised share capital of the Amalgamating Company shall be utilized and applied to the increased authorised share capital of the Amalgamated Company and there would be no requirement for any further payment of stamp duty and/or fee by the Amalgamated Company for increase in the authorised share capital to that extent.

54.3. Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Amalgamated Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with this Clause 54. It is clarified that no special resolution under Section 62 of the Companies Act, 2013 shall be required to be passed by the Amalgamated Company separately in a general meeting for issue of equity shares to the members of the Amalgamating Company under this Scheme and for the members of the Amalgamated Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Amalgamated Company to the members of the Amalgamating Company in terms of the Scheme.

55. Amendment of Main Objects of Amalgamated Company

55.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the main objects clause of the Amalgamated Company, i.e., Clause III(A), without any further act, instrument, resolution or deed on the part of the Amalgamated Company, shall stand amended and substituted with the following:

1. *To establish, maintain and manage clinical reference laboratories to provide testing, diagnostic and prognostic monitoring services; to establish, provide, maintain and conduct the business of research laboratories and workshops for clinical, diagnostic and prognostic tests; to provide medical and/or surgical methods of treatments for diseases.*
2. *To manufacture, buy, sell, import, export, hire, let on lease, maintain, repair, service or otherwise deal in any or all kinds of diagnostic aids, machinery, apparatus, equipments, spare parts, instruments or accessories, required for clinical reference laboratories, testing, diagnostic and prognostic monitoring services.*

55.2. It is clarified that for the purposes of this Clause 55, the consent of the members of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment to the main objects clause of the Amalgamated Company, and no further resolution under Section 13, or any other applicable provisions of the Companies Act, 2013 would be required to be separately passed.

56. Change in Name of the Amalgamated Company

56.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of the Amalgamated Company shall stand changed to "SRL Limited" or such other name as may be decided by its Board of Directors or a committee thereof of the Amalgamated Company and approved by the concerned Registrar of Companies. Further, the present name of "Fortis Malar Hospitals Limited" wherever it occurs in its Memorandum and Articles of Association be substituted by such name.

56.2. It is hereby clarified that for the purposes of this Clause 56, the consent of the shareholders of the of the Amalgamated Company to the Scheme shall be deemed to be sufficient for change of name of the of the Amalgamated Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.

56.3. Pursuant to this Scheme, the Amalgamated Company shall file the requisite forms with the Registrar of Companies for such change in name.

57. Scheme conditional on

The Scheme is conditional upon and subject to:

- (a) the Scheme being agreed to by the respective requisite majorities of the various classes of shareholders and creditors of each of the

Companies, as required under the Act, or dispensation having been received from the High Court in relation to obtaining such approval from the members and/or creditors, and the requisite orders of the High Court being obtained in this regard;

- (b) approval from the Competition Commission of India shall have been granted or deemed to have been granted through the expiration of the statutory time periods available for the grant of approval under the Competition Act, 2002 read with the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011;
- (c) the Scheme being approved by the majority of public shareholders of the Demerged Company and the Resulting Company respectively (by way of voting through postal ballot and e-voting) as may be required under the SEBI Scheme Circular, i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (d) the Scheme being sanctioned by the High Court under the provisions of the Act;
- (e) the approval of SEBI in terms of the SEBI Scheme Circulars being obtained upon this Scheme being sanctioned by the High Court, if applicable;
- (f) the certified copies of the orders from the High Court referred to in this Scheme being filed with the Registrar of Companies; and
- (g) such other approvals and sanctions including sanction of any Governmental Authority or contracting party as may be required by law or contract in respect of the Scheme being obtained.

58. Dividends

58.1. The Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

58.2. Prior to the effectiveness of the Scheme, the holders of the shares of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

58.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

59. Applications

The Companies shall make necessary applications before the High Court for the sanction of this Scheme under Sections 391 and 394 of the Act and any other applicable provisions of law.

60. Resolutions

60.1. Upon the coming into effect of the Scheme, the resolutions, if any, of the Amalgamating Company relating to any powers to borrow, make investments, give loans, give guarantees, etc. approved under the provisions of the Act or any other applicable statutory provisions, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Amalgamated Company and the amounts under such resolutions shall be added to the amounts under like resolutions passed by the Amalgamated Company or shall become the amounts available to the Amalgamated Company as if the resolutions were passed by the Amalgamated Company.

60.2. It is clarified that the consent of the members of the Companies to the Scheme shall be deemed to be sufficient for the purposes of effecting the transactions contemplated under the Scheme, and no further resolution under any other applicable provisions of the Companies Act, 2013, including Section 188, would be required to be separately passed.

61. Long Stop Date

In the event of this Scheme failing to take effect by December 31, 2017 or such later date as may be agreed by the respective Boards of Directors, this Scheme shall stand revoked, cancelled and be of no effect, and in that event, no rights and liabilities shall accrue to or be incurred by respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

62. Modifications to the Scheme

62.1. Each Company (acting through its Board of Directors), may, in their full and absolute discretion, jointly and as mutually agreed in writing:

- (a) assent to any alteration(s) or modification(s) to this Scheme which the High Court and/or any other Governmental Authority may deem fit to approve or impose and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
- (b) give such directions (acting jointly) as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to, and of the meaning or interpretation of this Scheme, or implementation thereof, or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under applicable Law);

- (c) jointly modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
- (d) determine jointly whether any asset, liability, legal or other proceedings pertains to the Amalgamating Company and/or the Demerged Undertaking and/or the Transferred Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose; and
- (e) any modification to the Scheme by FMHL, SRL and/or FHL, after receipt of sanction by the High Court, shall be made only with the prior approval of the High Court.

62.2. The Companies shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company and/or Amalgamated Company and/or the Demerged Company may require to carry on the business of the Demerged Undertaking and/or Amalgamating Company and/or the Transferred Undertaking

63. Severability

63.1. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of each Company.

63.2. Subject to Clause 63.1 above, if any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Companies, affect the validity or implementation of the other parts and/or provisions of this Scheme.

64. Upon this scheme becoming effective, the accounts of the Amalgamated Company/Resulting Company/ Demerged Company, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.

65. The Amalgamated Company/Resulting Company/ Demerged Company shall be entitled to file/revise its income tax returns, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income Tax Act, 1961, credit of tax deducted at source, credit of foreign taxes paid/ withheld etc, if any, as may be required consequent to implementation of this Scheme.

66. Costs

Subject to the provisions of Clause 61 of the Scheme, all costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) of /payable by the Companies in relation to or in connection with the Scheme shall be borne and paid by the Companies as may be mutually agreed by the respective Board of Directors.

Price Waterhouse & Co LLP

Chartered Accountants

Private and Confidential

19 August 2016

To,

The Board of Directors
Fortis Healthcare Limited
 Tower A, Unitech Business Park,
 Block-F, South City 1, Sector 41,
 Gurgaon, Haryana 122 001

The Board of Directors
SRL Limited
 GP-26, Maruti Industrial Estate,
 Udyog Vihar, Sector 18, Gurgaon,
 Haryana 122 015

The Board of Directors
Fortis Malar Hospitals Limited
 No. 52, 1st Main Road,
 Gandhi Nagar, Adyar,
 Chennai, Tamil Nadu 600 020

Sub: Recommendation on Share Entitlement Ratio for the proposed demerger of Diagnostics Business of Fortis Healthcare Limited into Fortis Malar Hospitals Limited and Share Exchange Ratio for the proposed merger of SRL Limited into Fortis Malar Hospitals Limited

Dear Sir / Madam,

We refer to our engagement letter dated 11 August 2016 and the subsequent discussions we had with you, to recommend Share Entitlement/Exchange Ratio for the purpose of the proposed transactions referred in Scope and Purposes of this report.

Price Waterhouse & Co LLP is referred to as "PW&Co" or "Valuer" or "we" or "us" in this Share Entitlement/ Exchange Ratio report ("Share Entitlement/ Exchange Ratio Report" or "Report").

SCOPE AND PURPOSE OF THIS REPORT

Fortis Healthcare Limited ("FHL") is engaged in providing integrated healthcare delivery services such as healthcare and diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostic services including pathology and radiology. The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary¹ - SRL Limited ("SRL") is referred as "Diagnostics Business". The equity shares of FHL are listed on BSE Limited and NSE Limited.

SRL is engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. As per the management of SRL, it has 329 laboratories (including 10 radiology and 4 reference laboratories) and 7406 collection points as on 31 July 2016.

Fortis Malar Hospitals Limited ("FMHL") is a subsidiary of Fortis Hospitals Limited (a wholly owned subsidiary of FHL). FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar Chennai ("Hospital Business"); and (ii) the business of providing diagnostic services, i.e. providing pathology services ("Remaining Business"). The equity shares of FMHL are listed on BSE Limited. Further, FMHL has wholly owned subsidiary, Malar Stars Medicare Limited ("Malar Stars").

We understand that the management of FHL, SRL and FMHL (together referred as "Management") is contemplating a three step restructuring of business through a composite Scheme of Arrangement and

¹ We understand that FHL holds 56.4% equity stake in SRL on a fully diluted basis (hereinafter referred as "FHL's equity interest in SRL").

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Price Waterhouse & Co (a Partnership Firm) converted into Price Waterhouse & Co LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-2731) with effect from April 24, 2014. Post its conversion to Price Waterhouse & Co LLP, its ICAI registration number is 016844/N/000015 (ICAI registration number before conversion was 016844N)

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Amalgamation ("Scheme") to be implemented under the provision of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act 2013, wherein:

- Step 1: Slump sale of Hospital Business of FMHL to FHL ("Transaction 1");
- Step 2: Demerger of Diagnostics Business of FHL into FMHL ("Transaction 2"); and
- Step 3: Merger of SRL into FMHL ("Transaction 3").

Transaction 1, 2 and 3 together are referred to as "Transactions".

The Appointed Date as per the Scheme means the opening of business as on 1 January 2017.

FHL, SRL and FMHL are together referred to as "Companies".

As per the Scheme, FMHL shall get consideration for Transaction 1 in cash. As consideration for Transaction 2, equity shareholders of FHL would be issued equity shares of FMHL and for Transaction 3, equity shareholders of SRL would be issued equity shares of FMHL.²

Share Entitlement Ratio for this Report refers to number of equity shares of face value of INR 10/- each of FMHL, which would be issued to shareholders of FHL, as consideration for Transaction 2.

Share Exchange Ratio for this Report refers to number of equity shares of face value of INR 10/- each of FMHL, which would be issued to shareholders of SRL, as consideration for Transaction 3.

For the aforesaid purpose, the Companies have appointed us to submit a Report

- recommending Share Entitlement Ratio for the proposed demerger in Transaction 2; and
- recommending Share Exchange Ratio for the proposed merger in Transaction 3

to be placed before the Audit Committees/ Board of Directors of the Companies.

For recommending the Share Entitlement Ratio and Share Exchange Ratio we have carried out a relative valuation of equity share of SRL, valuation of FHL's equity interest in the Diagnostics Business and valuation of equity shares of FMHL in accordance with generally accepted professional standards.

We have been provided with historical financial information for the Companies and carved out financials of diagnostics services business directly undertaken by FHL upto 31 March 2016. We have considered the same in our analysis and made adjustments for additional facts made known (past or future) to us till the date of our Report. The current valuation does not factor impact of any event which is unusual or not in normal course of business. We have relied on the above while arriving at the Share Entitlement Ratio for Transaction 2 and Share Exchange Ratio for the Transaction 3.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information about the Companies received from the Management and/or gathered from public domain:

²Post Transaction 2, FMHL will hold 56.4% equity shares in SRL. As per the Scheme, upon merger of SRL into FMHL, (Transaction 3), such equity shares held by FMHL in SRL shall get cancelled and the remaining shareholders will be allotted shares in FMHL based on the Share Exchange Ratio decided by the respective Board of Directors.



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- Consolidated audited financial statements of FMHL for the last three financial years ended 31 March 2016;
- Consolidated audited financial statements of SRL for the last four financial years ended 31 March 2016;
- Unaudited carved out income statement of FHL Diagnostics for the year ended 31 March 2016;
- Summarised consolidated projected financial statements of FMHL for the next six years (FY17 to FY22);
- Consolidated projected financial statements of SRL for the next six years (FY17 to FY22);
- Projected financial statements of FHL Diagnostics for the next five years (FY17 to FY21);
- The number of equity shares/ shareholding pattern (including outstanding Employee Stock Options, Compulsorily Convertible Preference Shares issued by SRL and Foreign Currency Convertible Bonds issued by FHL) of FHL, SRL and FMHL as at 31 July 2016;
- Reading of Draft Scheme of Arrangement and Amalgamation between FHL, SRL, and FMHL dated 18 August 2016;
- Our Report on Valuation of Hospital Business of FMHL of even date;
- Interviews and correspondence with the Management;
- Secondary research and market data on comparable companies and information on recent transactions in the Hospital/ healthcare and diagnostics space in the recent past, to the extent readily available; and
- Such other analyses, reviews and inquiries, as we considered necessary.

The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement/ Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, financial/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the financial statements of the Companies as at 31 March 2016, and (iv) financial projections and other information provided by the Managements. The Managements have represented that the business activities of FHL, SRL and FMHL, including their subsidiaries, joint ventures and associates, as applicable, have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 31 March 2016 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an equity share. This concept is also recognised in judicial decisions.



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The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of Share Entitlement/ Exchange Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single share exchange ratio. While we have provided our recommendation of the Share Entitlement/ Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for decision of the Share Entitlement/ Exchange Ratio at which the proposed demerger/ merger shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Transactions and inputs of other advisors.

In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.

We must emphasize that the projected financial information has been prepared by the management of the respective companies and provided to us for the purpose of our analysis. The fact that we have considered the projected financial information in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the projected financial information relates to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies/ its key operating subsidiaries and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which we could base the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies. Our conclusion assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.



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We are not advisors with respect to legal tax and regulatory matters for the Transactions. No investigation of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

This Report does not look into the business/ commercial reasons behind the restructuring proposed under the Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed under the Scheme as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the outcome of the Transactions.

We owe responsibility to only the Boards of Directors of the Companies that have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of the Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of the Report. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following the announcement and we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction 2 and Transaction 3.

SHAREHOLDING PATTERN OF COMPANIES

Fortis Healthcare Limited

The issued and subscribed equity share capital of FHL as at 31 July 2016 was ~INR 4,633 million comprising 463,267,994 equity shares of face value of INR 10 each.

For our analysis, the total number of equity shares of FHL (on a fully diluted basis) is considered as 523,299,481 of face value INR 10 each. Following is the shareholding pattern of FHL as on 31 July 2016:

Particulars	No of Shares	% holding
Promoter	330,141,948	63.1%
Other shareholders	133,126,046	25.4%
Upon conversion of FCCBs*	53,761,537	10.3%
Outstanding ESOPs**	6,269,950	1.2%
Total Equity Shares (on a fully diluted basis)	523,299,481	100.0%

* Outstanding Foreign Currency convertible bonds ("FCCBs") of USD 85 million (issued in 2013). We understand that the conversion of these FCCBs will result in 53,761,537 additional equity shares of face value INR 10 each.



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**6,269,950 outstanding Employee Stock Options ("ESOPs") at a total exercise price of INR 906 million.

SRL Limited

The issued and subscribed equity share capital of SRL Limited as at 31 July 2016 was ~INR 599 million consisting 59,856,988 equity shares of face value INR 10 each.

For our analysis, the total number of equity shares (on a fully diluted basis) of SRL for the purpose of our analysis is considered as 80,255,096 of face value INR 10 each. Following is the shareholding pattern of SRL as on 31 July 2016:

Particulars	No of shares	% holding
FHL	45,236,779	56.4%
Promoter (other than FHL)	4,300,000	5.4%
Other shareholders	10,320,209	12.9%
CCPs#	18,407,959	22.9%
Outstanding ESOPs ##	1,990,149	2.5%
Total Equity Shares (on a fully diluted basis)	80,255,096	100.0%

#12,333,333 Compulsorily Convertible Preference Shares ("CCPs") of face value of INR 20 each. Based on information provided by Management, we understand that the conversion of these CCPS will result in 18,407,959 additional equity shares of face value INR 10 each.

1,990,149 ESOPs outstanding (adjusted for 6% cancelled ESOPs) at a total exercise price of INR 498.23 million.

Fortis Malar Hospitals Limited

The issued and subscribed equity share capital of FMHL as at 31 July 2016 was ~INR 186 million consisting of 18,625,509 equity shares of face value of INR 10 each.

For our analysis, the total number of equity shares (on a diluted basis) of FMHL for the purpose of our analysis (in Transaction 2) is considered as 18,824,259 of face value INR 10 each.

Following is the shareholding pattern of FMHL as on 31 July 2016:

Particulars	No of shares	% holding
Fortis Hospitals Limited	11,753,202	62.4%
Other shareholders	6,872,307	36.5%
Outstanding ESOPs^	198,750	1.1%
Total Equity Shares (on a fully diluted basis)	18,824,259	100.0%

^ 198,750 ESOPs outstanding at a total exercise price of INR 5.21 million.

For Transaction 3, the total number of equity shares of FMHL is considered including the number of additional equity shares to be issued to the shareholders of FHL based on the Share Entitlement Ratio recommended in this Report for Transaction 2.



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APPROACH & METHODOLOGY OF SHARE EXCHANGE/ ENTITLEMENT RATIO

Approaches

There are several commonly used and accepted methods, as discussed below, for determining the value of equity shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

- Market Price method;
- Comparable Companies' Quoted Multiple ("CCM")/ Comparable Transaction Multiple ("CTM") method;
- Discounted Cash Flows method; and
- Net Asset Value method

Market Price (MP) Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Comparable Companies' Quoted Multiple ("CCM")/ Comparable Transaction Multiple ("CTM") method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Under CTM method value of the equity shares of a company/ business is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm/ the equity shareholders are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the firm/ equity.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital.



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Appropriate discount rate to be applied to cash flows:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the capital providers/ equity capital providers (namely shareholders). The opportunity cost equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of our analysis, we have considered free cash flows to the firm in DCF method based on projected financials as provided by the Management. The free cash flows to the firm is discounted using weighted average cost of capital. To the values so obtained from DCF analysis, adjustment, as appropriate, are made for borrowings, surplus assets and other matters to arrive at the equity value. The equity value is then divided by the total number of equity shares to arrive at value per equity share

While carrying out this engagement, we have relied on historical information made available to us by the management of the Companies and the respective projected financials for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the financial projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

Net Asset Value (NAV) Methodology

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the companies merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of greater importance to the basis of merger, with the values arrived at on the net asset basis being of limited relevance.

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Methodology

TRANSACTION 2: SHARE ENTITLEMENT RATIO

The proposed Scheme contemplates the demerger of Diagnostics Business into FMHL post Transaction 1. Arriving at the Share Entitlement Ratio for the proposed demerger would require determining the value per equity share of FHL's equity interest in the Diagnostics Business and value per equity share of FMHL post Transaction 1.



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Value per equity share for FHL's equity interest in the Diagnostics Business

We have used a 'sum of parts approach' to assess the value of FHL's equity interest in the Diagnostics Business as detailed below:

a) Value of FHL Diagnostics

- The value of FHL Diagnostics has been assessed considering DCF method based on the projected financial information provided by the Management of FHL. There are no listed companies strictly comparable to diagnostics business owned and carried on by FHL i.e. diagnostics centres co-located with hospitals. Accordingly, for our analysis we have not considered the CCM method.

b) Value of FHL's equity interest in SRL:

- Equity Value of SRL has been assessed considering DCF Method (based on the projected financial information provided to us by the Management of FHL) and CCM method (based on listed diagnostic companies in India). Appropriate weights have been assigned to values arrived under the above methods.

Value of FHL's equity interest in the Diagnostic Business is arrived at by adding value of FHL's 56.4% equity stake in SRL and the value of FHL Diagnostics. The total value of the Diagnostics Business has then been divided by the number of equity shares after considering dilution on account of FCCBs conversion and ESOPs of FHL to arrive at the value per equity share attributable to Diagnostics Business.

Value per equity share of Fortis Malar Hospitals Limited

We have assessed the Equity Value of FMHL taking into account Transaction 1 and considering DCF value of the Remaining Business. Also, we have considered the Market Price Method.

The equity shares of FMHL are listed on BSE and there is regular trading in its equity shares with adequate volumes. We have considered 60 days and 6 months volume weighted average price as on 3 August 2016 to arrive at value per equity share under Market Price Method.

The equity value of FMHL is then divided by the diluted number of equity shares (considering ESOPs) to arrive at the value per equity share.

TRANSACTION 3: SHARE EXCHANGE RATIO

The proposed Scheme contemplates the merger of SRL into FMHL post Transaction 2. Arriving at the Share Exchange Ratio for the proposed merger would require determining the value per equity share of SRL and value per equity share of FMHL, post Transaction 2.

Value per equity share of SRL Limited

The equity value of SRL as assessed for the purposes of Transaction 2 has been considered for Transaction 3.

Value per equity share of Fortis Malar Hospitals Limited

FMHL shall issue fresh equity shares to the shareholders of FHL as consideration for demerger of Diagnostics Business into FMHL in Transaction 2. The Value of FMHL, including Diagnostics Business is then divided by the diluted equity shares (i.e. considering additional equity shares issued taking into



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account Transaction 2) to arrive at the value per equity share of FMHL for determining Share Exchange Ratio in Transaction 3.

For the purpose of our analysis the outstanding ESOPs of FHL, SRL and FMHL have been factored to assess the diluted number of equity shares and the respective cash infusions from ESOPs of SRL and FMHL have been considered to assess the value per equity share of the respective Companies.

BASIS OF SHARE ENTITLEMENT/ EXCHANGE RATIO

The basis of Share Entitlement Ratio for the demerger of Diagnostics Business into FMHL and of Share Exchange Ratio for the merger of SRL into FMHL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies for value per share of FHL's equity interest in Diagnostics Business, value per share of FMHL and value per equity share of SRL, for the purposes of recommending a Share Entitlement/ Exchange Ratio of equity share, it is necessary to consider a single value. However, it is important to note that we are not attempting to arrive at the absolute equity values of the Companies but at their relative values to facilitate the determination of a Share Entitlement/ Exchange Ratio.

Share Entitlement/ Exchange Ratio has been arrived at on the basis of the equity valuation of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. Accordingly, to arrive at the Share Entitlement/ Exchange Ratio for the proposed demerger/ merger, suitable averaging and rounding off in the values has been done.

In view of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend:

Share Entitlement Ratio for the demerger of Diagnostics Business into Fortis Malar Hospitals Limited:

98 equity shares of Fortis Malar Hospitals Limited of INR 10 each fully paid up,

for

100 equity shares of Fortis Healthcare Limited of INR 10 each fully paid up.

And

Share Exchange Ratio for the merger of SRL into Fortis Malar Hospitals Limited:

108 equity shares of Fortis Malar Hospitals Limited of INR 10 each fully paid up,

for

10 equity shares of SRL Limited of INR 10 each fully paid up.

Respectfully submitted,
Price Waterhouse & Co LLP
Chartered Accountants
ICAI FRN: 016844N/ N500015



Rajan Wadhawan

Partner

Membership No: 090172

Date: 19 August 2016

Price Waterhouse & Co LLP

Chartered Accountants

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19 August 2016

The Board of Directors Fortis Healthcare Limited

Tower A, Unitech Business Park,
Block-F, South City 1, Sector 41,
Gurgaon, Haryana 122 001

The Board of Directors SRL Limited

GP-26, Maruti Industrial
Estate, Udyog Vihar, Sector
18, Gurgaon, Haryana 122 015

The Board of Directors Fortis Malar Hospitals Limited

No. 52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai, Tamil Nadu 600 020

Dear Sirs,

1 CONTEXT AND PURPOSE

1.1 We refer to our engagement letter dated 11 August 2016 ("Engagement Letter") and the subsequent discussions we had with you, to carry out a valuation of diagnostic services business owned and carried on by Fortis Healthcare Limited including that housed in its subsidiary SRL Limited for the purposes of the proposed transactions referred in Section 2 – Background.

1.1 Price Waterhouse & Co LLP is referred to as "PW & Co" or "Valuer" or "we" or "us" in this valuation report ("Valuation Report" or "Report").

2 BACKGROUND¹

2.1 Fortis Healthcare Limited ("FHL") is engaged in providing integrated healthcare delivery services such as healthcare and diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostic services including pathology and radiology. The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary² - SRL Limited ("SRL") is referred as "Diagnostics Business". The equity shares of FHL are listed on BSE Limited and NSE Limited.

2.2 SRL is engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. As per the management of SRL, it has 329 laboratories (including 10 radiology and 4 reference laboratories) and 7406 collection points as on 31 July 2016.

2.3 Fortis Malar Hospitals Limited ("FMHL") is a subsidiary of Fortis Hospitals Limited (a wholly owned subsidiary of FHL). FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar Chennai ("Hospital Business"); and (ii) the business of providing diagnostic services, i.e. providing pathology services ("Remaining Business"). The equity shares of FMHL are listed on BSE Limited. Further, FMHL has wholly owned subsidiary, Malar Stars Medicare Limited ("Malar Stars").

2.4 We understand that the management of FHL, SRL and FMHL (together referred as "Management") is contemplating a three step restructuring of business through a composite Scheme of Arrangement and Amalgamation ("Scheme") to be implemented under the provision of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act 2013, wherein:

¹ Based on information provided to us by the management of FHL, SRL, and FMHL.

² We understand that FHL holds 56.4% equity stake in SRL on a fully diluted basis (hereinafter referred as "FHL's equity interest in SRL").

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T: +91 (124) 3306000, F: +91 (124) 3306999

Registered office and Head office: Sucheta Bhawan, 11-A, Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse & Co (a Partnership Firm) converted into Price Waterhouse & Co LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-2731) with effect from April 24, 2014. Post its conversion to Price Waterhouse & Co LLP, its ICAI registration number is 016B44NN4-500015 (ICAI registration number before conversion was 016B44NN)

- Step 1: Slump sale of Hospital Business of FMHL to FHL (“Transaction 1”);
- Step 2: Demerger of Diagnostics Business into FMHL post Transaction 1 (“Transaction 2”); and
- Step 3: Merger of SRL into FMHL (“Transaction 3”).

Transactions 1, 2 and 3 together are referred to as “Transactions”.

The Appointed Date as per the Scheme means the opening of business as on 1 January 2017.

- 2.5 In context of the above, FHL, SRL and FMHL (together referred to as “Companies”) have requested PW & Co to estimate the value of FHL’s equity interest in Diagnostics Business.
- 2.6 We have carried out valuation of Diagnostics Business and our approach and methodology are detailed in this report. This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

3 PROCEDURES

- 3.1 The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:
- Considered the consolidated audited financial statements of SRL for the last four years ended 31 March 2016;
 - Considered the consolidated financial projections of SRL (including subsidiaries³ and proportionate interest in joint venture companies) along with the underlying assumptions for the period 1 April 2016 to 31 March 2022;
 - Unaudited carved out income statement of FHL Diagnostics for the year ended 31 March 2016;
 - Projected financial statements of FHL Diagnostics for the next five years (FY17 to FY21) (referred to as the “Financial Projections”);
 - Capital structure including issued and paid up equity shares of FHL and SRL, outstanding Employee Stock Options or “ESOPs” in SRL and FHL Foreign Currency Convertible Bonds (“FCCBs”) in FHL and Compulsorily Convertible Preference Shares (“CCPs”) in FHL and SRL as on 31 July 2016;
 - Reading of Draft Scheme of Arrangement and Amalgamation between FHL, SRL and FMHL dated 18 August 2016;
 - Our Report on Valuation of SRL dated 19 August 2016;
 - Interviews and discussions with the Management to augment our knowledge of the operations of SRL. Other information, explanations and representations that were required and provided by the Management;
 - Analysis of information available in public domain in respect of the comparable companies/ transactions, as may be relevant under the circumstances; and
 - Such other analysis, reviews and inquiries, as we considered necessary.

The Companies have been provided with the opportunity to review the draft report (excluding our value conclusions) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

- 3.2 During discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

³ The subsidiaries include SRL Diagnostics Private Limited, SRL Ranch Limited and Super Religare Laboratories International FZ-L.L.C. Dubai. The Joint Ventures of SRL are SRL Diagnostics (Nepal) Private Limited and DDRC SRL Diagnostics Private Limited.



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4 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 4.1 Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, financial/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 4.2 This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the carved out financial statements of FHL Diagnostics as at 31 March 2016, and (iv) financial projections and other information provided by the Management. The Management has represented that the business activities of FHL Diagnostics have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 31 March 2016 and the Report date.
- 4.3 An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.4 Management represented that the Financial Projections represents their best estimate of the expected performance considering inter-alia existing and projected operations and market conditions.
- 4.5 We must emphasize that realizations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the Management of FHL and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 4.6 In performing our analysis, we were provided with assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Management. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, and other factors which generally influence the valuation..
- 4.7 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an equity share. This concept is also recognized in judicial decisions.
- 4.8 The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Management of FHL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.



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- 4.9 In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.
- 4.10 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Management. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from FHL, we have been given to understand by the Management that they have not omitted any relevant and material factors about Diagnostics Business and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of FHL. The Management of FHL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation results. Accordingly, we assume no responsibility for any errors in the information furnished by FHL and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which we could base the report. Also, we assume no responsibility for technical information (if any) furnished by FHL.
- 4.11 The Report assumes that FHL complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that FHL will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the carved out Balance Sheet of FHL Diagnostics and consolidated Balance Sheet of SRL as at 31 March 2016. Our conclusion assumes that the assets and liabilities of FHL Diagnostics and SRL, reflected in the latest balance sheet remain intact as of the Report date.
- 4.12 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we normally express our analysis as falling within a likely range. While we have provided our conclusion based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Valuation conclusion. You acknowledge and agree that you have the final responsibility for the determination of and arriving at the final valuation conclusion depending on factors other than PW & Co's Valuation Report and these will include your own assessment and may include inputs of other professional advisors. In addition to our report you will naturally take into account matters outside the scope of our work of which you are aware.
- 4.13 This Report does not look into the business/ commercial reasons behind the restructuring proposed under the Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available
- 4.14 The fee for this engagement is not contingent upon the outcome of the Transactions.
- 4.15 We owe responsibility to only the Boards of Directors of the respective companies that have appointed us under the terms of Engagement Letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisors to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors,



5.4 The issued and subscribed equity share capital of FHL as at 31 July 2016 was ~INR 4,633 million comprising of 463,267,994 equity shares of face value INR 10 each.

For our analysis, the total number of equity shares of FHL (on a fully diluted basis) is considered as 523,299,481 equity shares of face value INR 10 each. Following is the shareholding pattern of FHL as on 31 July 2016:

Particulars	No of Shares	% holding
Promoter	330,141,948	63.1%
Other shareholders	133,126,046	25.4%
Upon conversion of FCCBs*	53,761,537	10.3%
Outstanding ESOPs**	6,269,950	1.2%
Total Equity Shares (on a fully diluted basis)	523,299,481	100.0%

* Outstanding Foreign Currency Convertible bonds ("FCCBs") of USD 85 million (issued in 2013). We understand that the conversion of these FCCBs will result in 53,761,537 additional equity shares of face value INR 10 each.

** 6,269,950 outstanding Employee Stock Options ("ESOPs") at a total exercise price of INR 906 million.

6 VALUATION APPROACH AND METHODOLOGY

6.1 Valuation Approaches

There are several commonly used and accepted methods for determining the equity value of a company/business, namely:

- Income Approach - Discounted Cash Flow method
- Market Approach
 - Comparable Companies Multiple method
 - Share Price Method
- Asset Approach - Net Asset Value method

6.1.1 Income Approach - Discounted Cash Flow ("DCF") Method

- Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method (FCFF).
- Under the FCFF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. The FCFF involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total



capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, adjustment, as appropriate, are made for borrowings, surplus assets, contingent liabilities and other matters to arrive at the equity value. The equity value is then divided by the total number of equity shares to arrive at value per equity share.

6.1.2 Market Approach

- **Comparable Companies Multiple (“CCM”) Method**
 - Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifested through stock market valuations of listed companies and transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- **Share Price Method**
 - The market price of an equity share as quoted on a stock exchange is normally considered as the value of equity shares of that company where such quotations are arising from the shares which are regularly and freely traded.

6.1.3 Asset Approach - Net Asset Value (“NAV”) Method

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the asset base dominates the earnings capability or the firm is to be liquidated i.e. it does not meet the “going concern” criteria. A scheme of restructuring would normally be proceeded with the assumption that the restructured businesses would continue to operate as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

6.1.4 It should be noted that the application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

6.2 Methodology

6.2.1 For the purpose of this exercise, we have adopted the sum-of-parts approach to value the Diagnostics Business i.e. the valuation of Diagnostics Business is an aggregate of the value of FHL Diagnostics and value of FHL’s 56.4% equity interest in SRL.

6.2.2 Our approach and methodology for valuation of SRL are detailed in the SRL valuation report dated 19 August 2016 (“SRL Valuation Report”). Please refer SRL Valuation Report for details.

6.2.3 FHL Diagnostics has been valued using Free Cash Flow to Firm (FCFF) method of the Income Approach. There are no listed companies strictly comparable to diagnostics business owned and carried on by FHL i.e. diagnostics centres co-located with hospitals. Accordingly, for our analysis we have not considered the CCM method.



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19 August 2016

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7 CONCLUSION

- 7.1 Based on consideration of the relevant factors and circumstances as discussed and outlined in this report, the valuation of Diagnostics Business is arrived at by adding value of FHL's 56.4% equity interest in SRL and the value of FHL Diagnostics. Accordingly, the Value of FHL's equity interest in the Diagnostics Business is assessed in the Range of

INR 28,868 million to INR 31,871 million

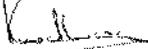
And the per share value of FHL's equity interest in Diagnostics Business of face value of INR 10 each is assessed as:

INR 55 per share to INR 61 per share

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

Respectfully submitted,

Price Waterhouse & Co LLP
Chartered Accountants
ICAI FRN: 016844N/ N500015



Rajan Wadhawan
Partner

Membership No: 090172

Date: 19 August 2016

Price Waterhouse & Co LLP

Chartered Accountants

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19 August 2016

**The Board of Directors
Fortis Healthcare Limited**
Tower A, Unitech Business Park,
Block-F, South City 1, Sector 41,
Gurgaon, Haryana 122 001

**The Board of Directors
SRL Limited**
GP-26, Maruti Industrial Estate,
Udyog Vihar, Sector 18, Gurgaon,
Haryana 122 015

**The Board of Directors
Fortis Malar Hospitals Limited**
No. 52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai, Tamil Nadu 600 020

Dear Sirs,

1 CONTEXT AND PURPOSE

- 1.1 We refer to our engagement letter dated 11 August 2016 and the subsequent discussions we had with you, to carry out valuation of the hospital business of Fortis Malar Hospitals Limited located at Adyar, Chennai for the purposes of the proposed transactions referred in Section 2 - Background.
- 1.1 Price Waterhouse & Co LLP is referred to as "PW & Co" or "Valuer" or "we" or "us" in this Valuation report ("Valuation Report" or "Report").

2 BACKGROUND¹

- 2.1 Fortis Healthcare Limited ("FHL") is engaged in providing integrated healthcare delivery services such as healthcare and diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostic services including pathology and radiology. The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary² - SRL Limited ("SRL") is referred as "Diagnostics Business". The equity shares of FHL are listed on BSE Limited and NSE Limited.
- 2.2 SRL is engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. As per the management of SRL, it has 329 laboratories (including 10 radiology and 4 reference laboratories) and 7406 collection points as on 31 July 2016.
- 2.3 Fortis Malar Hospitals Limited ("FMHL") is a subsidiary of Fortis Hospitals Limited (a wholly owned subsidiary of FHL). FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar Chennai ("Hospital Business"); and (ii) the business of providing diagnostic services, i.e. providing pathology services ("Remaining Business"). The equity shares of FMHL are listed on BSE Limited. Further, FMHL has wholly owned subsidiary, Malar Stars Medicare Limited ("Malar Stars").
- 2.4 We understand that the management of FHL, SRL and FMHL (together referred as "Management") is contemplating a three step restructuring of business through a composite Scheme of Arrangement and Amalgamation ("Scheme") to be implemented under the provision of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act 2013, wherein:
- Step 1: Slump sale of Hospital Business of FMHL to FHL ("Transaction 1");
 - Step 2: Demerger of Diagnostics Business into FMHL post Transaction 1 ("Transaction 2"); and
 - Step 3: Merger of SRL into FMHL ("Transaction 3").
- Transactions 1, 2 and 3 together are referred to as "Transactions".

¹ Based on information provided to us by the management of FHL, SRL and FMHL.

² We understand that FHL holds 56.4% equity stake in SRL on a fully diluted basis (hereinafter referred as "FHL's equity interest in SRL").

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The Appointed Date as per the Scheme means the opening of business as on 1 January 2017.

2.5 In context of the above, FHL, SRL and FMHL (together referred to as "Companies") have requested PW & Co to estimate the value of the Hospital Business.

2.6 We have carried out Valuation of the Hospital Business and our approach and methodology are detailed in this report. This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

3 PROCEDURES

3.1 The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Considered the standalone financial statements of FMHL for the year ended 31 March 2016;
- Considered the financial projections of the Hospital Business along with the underlying assumptions for the period 1 April 2016 to 31 March 2022 (referred to as the "Financial Projections");
- Reading of Draft Scheme of Arrangement and Amalgamation between FHL, SRL and FMHL dated 18 August 2016;
- Interviews and discussions with the Management to augment our knowledge of the operations of the Hospital Business. Other information, explanations and representations that were required and provided by the Management;
- Analysis of information available in public domain in respect of the comparable companies/ transactions, as may be relevant under the circumstances; and
- Such other analysis, reviews and inquiries, as we considered necessary.

3.2 The Companies have been provided with the opportunity to review the draft report (excluding our value conclusions) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

3.3 During discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

4 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

4.1 Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, financial/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

4.2 This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the financial statements of FMHL as at 31 March 2016, and (iv) financial projections and other information provided by the Management. The Management has represented that the business activities of Hospital Business have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their operations and financial position between 31 March 2016 and the Report date.

4.3 An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the



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assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

- 4.4 Management represented that the Financial Projections represents their best estimate of the expected performance considering inter-alia existing and projected operations and market conditions.
- 4.5 We must emphasize that realizations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the Management of FMHL and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 4.6 In performing our analysis, we were provided with assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Management. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, and other factors which generally influence the valuation.
- 4.7 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an equity share. This concept is also recognized in judicial decisions.
- 4.8 The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Management of FMHL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.
- 4.9 In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.
- 4.10 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Management. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from FMHL, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Hospital Business and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of FMHL. The Management of FMHL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation results. Accordingly, we assume no responsibility for any errors in the information furnished by FMHL and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford



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reasonable grounds upon which we could base the report. Also, we assume no responsibility for technical information (if any) furnished by FMHL.

- 4.11 The Report assumes that the Hospital Business complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Hospital Business will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of FMHL. Our conclusion assumes that the assets and liabilities of FMHL, reflected in the latest balance sheet remain intact as of the Report date.
- 4.12 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we normally express our analysis as falling within a likely range. While we have provided our conclusion based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Valuation conclusion. You acknowledge and agree that you have the final responsibility for the determination of and arriving at the final valuation conclusion depending on factors other than PW & Co's Valuation Report and these will include your own assessment and may include inputs of other professional advisors. In addition to our report you will naturally take into account matters outside the scope of our work of which you are aware.
- 4.13 This Valuation Report does not address the relative merits of Transaction 1 as compared with any other alternative business transactions, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 4.14 This Report does not look into the business/ commercial reasons behind the restructuring proposed under the Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available
- 4.15 The fee for this engagement is not contingent upon the outcome of the Transactions.
- 4.16 We owe responsibility to only the Boards of Directors of the respective Companies that have appointed us under the terms of Engagement Letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisors to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of the Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to us in respect of the fees charged by it for these services.
- 4.17 We do not accept any liability to any third party in relation to the issue of this Report. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. This Report is subject to the laws of India.
- 4.18 Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, loan agreement or other agreement. Further, it cannot be used for purposes other than in connection with the Transactions, without our prior written consent. In addition, this Valuation Report does not in any manner address the prices at which equity shares of FHL and FMHL will trade following consummation of the Transactions.



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5 BACKGROUND

5.1 Fortis Malar Hospitals Limited

5.1.1 FMHL was incorporated in the year 1989 to setup, manage and operate a multi-specialty hospital and commenced operations in Adyar, Chennai in 1992. In addition to the Hospital Business, FMHL also provides medical diagnostics services.

5.1.2 Currently, FMHL has ~180 beds including ~60 ICU beds, 4 operation theaters, dialysis unit and other facilities. FMHL has more than 160 consultants and 650 employees. FMHL operates on the land and buildings owned by RHT Health Trust and pays a clinical establishment fee towards the use of these assets.

5.1.3 We understand that the historical performance of the Hospital Business has been as follows:

Financial year ending March 31,	
INR Million	2016
Income Statement	
Operating Revenue	1,261
EBITDA	50

Source: Management Information

6 VALUATION APPROACH AND METHODOLOGY

6.1 Valuation Approaches

There are several commonly used and accepted methods for determining the equity value of a company/business, namely:

- Income Approach - Discounted Cash Flow method
- Market Approach
 - Comparable Companies' Multiple method
 - Share Price Method
- Asset Approach - Net Asset Value method

6.1.1 Income Approach – Discounted Cash Flow (“DCF”) Method

- Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method (FCFF).
- Under the FCFF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. The FCFF involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total



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capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, adjustment, as appropriate, are made for borrowings, surplus assets, contingent liabilities and other matters to arrive at the equity value.

6.1.2 Market Approach

- Comparable Companies' Multiple ("CCM") Method
 - Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifested through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Share Price Method
 - The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares which are regularly and freely traded.

6.1.3 Asset Approach - Net Asset Value ("NAV") Method

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the asset base dominates the earnings capability or the firm is to be liquidated i.e. it does not meet the "going concern" criteria. A scheme of restructuring would normally be proceeded with the assumption that the restructured business would continue to operate as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

6.1.4 It should be noted that the application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

6.2 Methodology

6.2.1 For valuation of Hospital Business we have relied on only the Income Approach.



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6.2.2 Income Approach

- 6.2.2.1 Hospital Business has been valued using Free Cash Flow to Firm (FCFF) method of the Income Approach. There are no listed companies strictly comparable to the Hospital Business i.e. a standalone super-speciality hospital of comparable size located in Chennai where land and building is not owned by the hospital. Accordingly, for our analysis we have not considered CCM method for valuation of Hospital Business. Also, since the equity shares of FMHL are listed on BSE Limited, we have considered the share price of FMHL to corroborate the overall equity value of FMHL.
- 6.2.2.2 For the purpose of the DCF analysis, the free cash flow forecast for Hospital Business is based on the Financial Projections as provided by the Management.
- 6.2.2.3 While carrying out the Valuation of the Hospital Business, we have determined the Enterprise Value of Hospital Business. The Enterprise Value is adjusted for debt and debt like items, cash and cash equivalents and other surplus assets, as deemed appropriate to arrive at the valuation of Hospital Business.

7 CONCLUSION

- 7.1 Based on consideration of the relevant factors and circumstances as discussed and outlined in this Report, the valuation of Hospital Business is assessed in the Range of

INR 426 million to INR 435 million

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

Respectfully submitted,
Price Waterhouse & Co LLP
Chartered Accountants
[CA] FRN: 016844N/ N500015


Rajan Wadhawan

Partner

Membership No: 090172

Date: 19 August 2016

Price Waterhouse & Co LLP

Chartered Accountants

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19 August 2016

**The Board of Directors
Fortis Healthcare Limited**
Tower A, Unitech Business Park,
Block-F, South City 1, Sector 41,
Gurgaon, Haryana 122 001

**The Board of Directors
SRL Limited**
GP-26, Maruti Industrial Estate,
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Gurgaon, Haryana 122 0015

**The Board of Directors
Fortis Malar Hospitals Limited**
No. 52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai, Tamil Nadu 600 020

Dear Sirs,

1 CONTEXT AND PURPOSE

- 1.1 We refer to our engagement letter dated 11 August 2016 and the subsequent discussions we had with you, to carry out equity valuation of Fortis Malar Hospitals Limited (hereinafter called "FMHL") for the purpose of the proposed transactions referred in Section 2 - Background.
- 1.1 Price Waterhouse & Co LLP is referred to as "PW & Co" or "Valuer" or "we" or "us" in this Valuation report ("Valuation Report" or "Report").

2 BACKGROUND¹

- 2.1 Fortis Healthcare Limited ("FHL") is engaged in providing integrated healthcare delivery services such as healthcare and diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostic services including pathology and radiology. The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary² - SRL Limited ("SRL") is referred as "Diagnostics Business". The equity shares of FHL are listed on BSE Limited and NSE Limited.
- 2.2 SRL is engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. As per the management of SRL, it has 329 laboratories (including 10 radiology and 4 reference labs) and 7406 collection points as on 31 July 2016.
- 2.3 Fortis Malar Hospitals Limited ("FMHL") is a subsidiary of Fortis Hospitals Limited (a wholly owned subsidiary of FHL). FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar Chennai ("Hospital Business"); and (ii) the business of providing diagnostic services, i.e. providing pathology services ("Remaining Business"). The equity shares of FMHL are listed on BSE Limited. Further, FMHL has wholly owned subsidiary, Malar Stars Medicare Limited ("Malar Stars").

¹ Based on information provided to us by the management of FHL, SRL and FMHL.

² We understand that FHL holds 56.4% equity stake in SRL on a fully diluted basis (hereinafter referred as "FHL's equity interest in SRL").

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2.4 We understand that the management of FHL, SRL and FMHL (together referred as "Management") is contemplating a three step restructuring of business through a composite Scheme of Arrangement and Amalgamation ("Scheme") to be implemented under the provision of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act 2013, wherein:

- Step 1: Slump sale of Hospital Business of FMHL to FHL ("Transaction 1");
- Step 2: Demerger of Diagnostics Business into FMHL post Transaction 1 ("Transaction 2"); and
- Step 3: Merger of SRL into FMHL ("Transaction 3").

Transactions 1, 2 and 3 together are referred to as "Transactions".

The Appointed Date as per the Scheme means the opening of business as on 1 January 2017.

2.5 In context of the above, FHL, SRL and FMHL (together referred to as "Companies") have requested PW & Co to estimate the Equity value of FMHL and the resulting per share equity value of FMHL.

2.6 We have carried out Valuation of FMHL and our approach and methodology are detailed in this Report. This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

3 PROCEDURES

3.1 The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Considered the consolidated financial statements of FMHL (including its wholly owned subsidiary Malar Stars Medicare Limited) for the year ended 31 March 2016;
- Considered the financial projections of FMHL³ along with the underlying assumptions for the period 1 April 2016 to 31 March 2022 (referred to as the "Financial Projections");
- Capital structure of FMHL including issued and paid up equity shares and outstanding Employee Stock Options ("ESOPs") of FMHL as on 31 July 2016;
- Reading of Draft Scheme of Arrangement and Amalgamation between FHL, SRL and FMHL dated 18 August 2016;
- Our Report on Valuation of Hospital Business dated 19 August 2016;
- Interviews and discussions with the Management to augment our knowledge of the operations of FMHL. Other information, explanations and representations that were required and provided by the Management;
- Analysis of information available in public domain in respect of the comparable companies/ transactions, as may be relevant under the circumstances; and
- Such other analysis, reviews and inquiries, as we considered necessary.

3.2 The Companies have been provided with the opportunity to review the draft report (excluding our value conclusions) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

3.3 During discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

³ Management has provided the Financial Projections for FMHL's overall business and the Remaining Business.



- 4 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**
- 4.1 Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, financial/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 4.2 This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the financial statements of FMHL as at 31 March 2016, and (iv) financial projections and other information provided by the Management. The Management has represented that the business activities of FMHL have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their operations and financial position between 31 March 2016 and the Report date.
- 4.3 An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.4 Management represented that the Financial Projections represents their best estimate of the expected performance considering inter-alia existing and projected operations and market conditions.
- 4.5 We must emphasize that realizations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the Management of FMHL and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 4.6 In performing our analysis, we were provided with assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Management. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, and other factors which generally influence the valuation.
- 4.7 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an equity share. This concept is also recognized in judicial decisions.
- 4.8 The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Management of FMHL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.



- 4.9 In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.
- 4.10 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Management. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from FMHL, we have been given to understand by the Management that they have not omitted any relevant and material factors about FMHL and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of FMHL. The Management of FMHL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation results. Accordingly, we assume no responsibility for any errors in the information furnished by FMHL and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which we could base the report. Also, we assume no responsibility for technical information (if any) furnished by FMHL.
- 4.11 The Report assumes that FMHL complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that FMHL will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of FMHL. Our conclusion assumes that the assets and liabilities of FMHL, reflected in the latest balance sheet remain intact as of the Report date.
- 4.12 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we normally express our analysis as falling within a likely range. While we have provided our conclusion based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Valuation conclusion. You acknowledge and agree that you have the final responsibility for the determination of and arriving at the final valuation conclusion depending on factors other than PW & Co's Valuation Report and these will include your own assessment and may include inputs of other professional advisors. In addition to our report you will naturally take into account matters outside the scope of our work of which you are aware.
- 4.13 This Report does not look into the business/ commercial reasons behind the restructuring proposed under the Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available
- 4.14 The fee for this engagement is not contingent upon the outcome of the Transactions.
- 4.15 We owe responsibility to only the Boards of Directors of the respective companies that have appointed us under the terms of engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisors to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from



5.1.6 We understand that the historical performance of FMHL has been as follows:

INR Million	Financial year ending March 31,	
	2015	2016
Income Statement		
Operating Revenue	1,179	1,296
EBITDA*	73	61

Source: Management Information

* EBITDA adjusted for provision made by FMHL for additional bonus of INR 2.7 million in FY15 and INR 2.4 million in FY16. Further, FY16 EBITDA has been adjusted for INR 3.0 million on account of loss on sale of fixed assets.

6 VALUATION APPROACH AND METHODOLOGY

6.1 Valuation Approaches

There are several commonly used and accepted methods for determining the equity value of a company/business, namely:

- Income Approach - Discounted Cash Flow method
- Market Approach
 - Comparable Companies" Multiple method
 - Market Price Method
- Asset Approach - Net Asset Value method

6.1.1 Income Approach – Discounted Cash Flow (“DCF”) Method

- Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method (FCFF).
- Under the FCFF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. The FCFF involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, adjustment, as appropriate, are made for borrowings, surplus assets, contingent liabilities and other matters to arrive at the equity value. The equity value is then divided by the total number of equity shares to arrive at value per equity share.



6.1.2 Market Approach

- Comparable Companies' Multiple ("CCM") Method
 - Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifested through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Market Price Method
 - The market price of an equity share as quoted on a stock exchange is normally considered as the value of equity shares of that company where such quotations are arising from the shares which are regularly and freely traded.

6.1.3 Asset Approach - Net Asset Value ("NAV") Method

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the asset base dominates the earnings capability or the firm is to be liquidated i.e. it does not meet the "going concern" criteria. A scheme of restructuring would normally be proceeded with the assumption that the restructured businesses would continue to operate as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

6.1.4 It should be noted that the application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

6.2 Methodology

6.2.1 For the purpose of this exercise, FMHL has been valued taking into account Transaction I (refer our Report dated 19 August 2016 on valuation of Hospital Business) and considering the value of the Remaining Business. For valuation of the Remaining Business, we have relied on the Income Approach. We have also considered Market Approach (Market Price Method) to value FMHL. However, there are no listed companies strictly comparable to Fortis Malar Hospitals Limited i.e. a standalone super-speciality hospital along with diagnostics located in Chennai where land and building is not owned by the hospital. Accordingly, for our analysis we have not considered CCM method for valuation of FMHL.

6.2.2 For the purpose of DCF analysis, the free cash flow forecast for Remaining Business is based on the Financial Projections as provided by the Management.

6.2.3 While carrying out the Valuation of FMHL, we have determined the Enterprise Value of the Remaining Business. The Enterprise Value is adjusted for debt and debt like items and other surplus assets as deemed appropriate to arrive at the value of the Remaining Business. Taking into account Transaction I and the value of the Remaining Business as assessed above, the Equity Value of FMHL is calculated.



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- 6.2.4 The equity shares of FMHL are listed on BSE. We have considered the equity share price and volume data of FMHL's equity shares for the last 60 days and 6 months till 3 August 2016 (Market Price Method) for the purpose of valuation of FMHL.

7 CONCLUSION

- 7.1 Based on consideration of the relevant factors and circumstances as discussed and outlined in this report, the valuation of FMHL is assessed in the Range of

INR 1,101 million to INR 1,132 million

And the value per equity share of face value of INR 10 each for FMHL is assessed as:

INR 59 per share to INR 60 per share

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

Respectfully submitted,

Price Waterhouse & Co LLP
Chartered Accountants
ICAI FRN: 016844N/ N500015


Rajan Wadhawan

Partner

Membership No: 090172

Date: 19 August 2016

Price Waterhouse & Co LLP

Chartered Accountants

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19 August 2016

**The Board of Directors
Fortis Healthcare Limited**
Tower A, Unitech Business Park,
Block-F, South City I, Sector 41,
Gurgaon, Haryana 122 001

**The Board of Directors
SRL Limited**
GP-26, Maruti Industrial Estate,
Udyog Vihar, Sector 18, Gurgaon,
Haryana 122 015

**The Board of Directors
Fortis Malar Hospitals Limited**
No. 52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai, Tamil Nadu 600 020

Dear Sirs,

1 CONTEXT AND PURPOSE

- 1.1 We refer to our engagement letter dated 11 August 2016 ("Engagement Letter") and the subsequent discussions we had with you, to carry out equity valuation of SRL Limited for the purposes of the proposed transactions referred in Section 2 – Background.
- 1.1 Price Waterhouse & Co LLP is referred to as "PW & Co" or "Valuer" or "we" or "us" in this Valuation report ("Valuation Report" or "Report").

2 BACKGROUND¹

- 2.1 Fortis Healthcare Limited ("FHL") is engaged in providing integrated healthcare delivery services such as healthcare and diagnostics and its businesses include that of managing and operating a network of multi-speciality hospitals and providing preventive healthcare and diagnostic services including pathology and radiology. The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary² - SRL Limited ("SRL") is referred as "Diagnostics Business". The equity shares of FHL are listed on BSE Limited and NSE Limited.
- 2.2 SRL is engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services. As per the management of SRL, it has 329 laboratories (including 10 radiology and 4 reference laboratories) and 7406 collection points as on 31 July 2016.
- 2.3 Fortis Malar Hospitals Limited ("FMHL") is a subsidiary of Fortis Hospitals Limited (a wholly owned subsidiary of FHL). FMHL is engaged in (i) the business of running and operating hospitals, comprising of (a) hospital operation and management; (b) in-patient healthcare services; and (c) emergency healthcare services, in connection with and pertaining specifically to the hospital named 'Fortis Malar Hospital', located at Adyar Chennai ("Hospital Business"); and (ii) the business of providing diagnostic services, i.e. providing pathology services ("Remaining Business"). The equity shares of FMHL are listed on BSE Limited. Further, FMHL has wholly owned subsidiary, Malar Stars Medicare Limited ("Malar Stars").
- 2.4 We understand that the management of FHL, SRL and FMHL (together referred as "Management") is contemplating a three step restructuring of business through a composite Scheme of Arrangement and Amalgamation ("Scheme") to be implemented under the provision of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act 2013, wherein :

¹ Based on information provided to us by the management of FHL, SRL and FMHL.

² We understand that FHL holds 56.4% equity stake in SRL on a fully diluted basis (hereinafter referred as "FHL's equity interest in SRL").

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T: +91 (124) 3306000, F: +91 (124) 3306999

Registered office and Head office: Sucheta Bhawan, 11-A, Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse & Co (a Partnership Firm) converted into Price Waterhouse & Co LLP (a Limited Liability Partnership with LLP identity no: LLPIN/AAC-2731) with effect from April 24, 2014. Post its conversion to Price Waterhouse & Co LLP, its ICAI registration number is 016841NN-500015 (ICAI registration number before conversion was 016844N)

- Step 1: Slump sale of Hospital Business of FMHL to FHL (“Transaction 1”);
- Step 2: Demerger of Diagnostics Business into FMHL post Transaction 1 (“Transaction 2”); and
- Step 3: Merger of SRL into FMHL (“Transaction 3”).

Transactions 1, 2 and 3 together are referred to as “Transactions”.

The Appointed Date as per the Scheme means the opening of business as on 1 January 2017.

- 2.5 In context of the above, FHL, SRL and FMHL (together referred to as “Companies”) have requested PW & Co to estimate the Equity value of SRL and the resulting per share equity value of SRL.
- 2.6 We have carried out Valuation of SRL and our approach and methodology are detailed in this Report. This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

3 PROCEDURES

- 3.1 The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:
- Considered the consolidated audited financial statements of SRL for four years ended 31 March 2016;
 - Considered the consolidated financial projections of SRL (including subsidiaries³ and proportionate interest in joint venture companies⁴) along with the underlying assumptions for the period 1 April 2016 to 31 March 2022 (referred to as the “Financial Projections”);
 - Capital structure of SRL including the number of issued and paid up equity shares, outstanding Employee Stock Options (“ESOPs”) and Compulsorily Convertible Preference Shares as on 31 July 2016.
 - Reading of Draft Scheme of Arrangement and Amalgamation between FHL, SRL and FMHL dated 18 August 2016;
 - Interviews and discussions with the Management to augment our knowledge of the operations of SRL. Other information, explanations and representations that were required and provided by the Management;
 - Analysis of information available in public domain in respect of the comparable companies/ transactions, as may be relevant under the circumstances; and
 - Such other analysis, reviews and inquiries, as we considered necessary.

The Companies have been provided with the opportunity to review the draft report (excluding our value conclusions) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

- 3.2 During discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

³ Subsidiaries i.e. SRL Diagnostics Private Limited, SRL Reach Limited and Super Religare laboratories International WZ-LJC, Dubai.

⁴ Joint Venture companies i.e. SRL Diagnostics (Nepal) Private Limited and DDRC SRL Diagnostics Private Limited.



- 4 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**
- 4.1 Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, financial/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 4.2 This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the financial statements of SRL as at 31 March 2016, and (iv) financial projections and other information provided by the Management. The Management has represented that the business activities of SRL have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their operations and financial position between 31 March 2016 and the Report date.
- 4.3 An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.4 Management represented that the Financial Projections represents their best estimate of the expected performance considering inter-alia existing and projected operations and market conditions.
- 4.5 We must emphasize that realizations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the Management of SRL and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 4.6 In performing our analysis, we were provided with assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of Management. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, and other factors which generally influence the valuation.
- 4.7 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an equity share. This concept is also recognized in judicial decisions.
- 4.8 The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Management of SRL (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.
- 4.9 In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.



- 4.10 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Management. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from SRL, we have been given to understand by the Management that they have not omitted any relevant and material factors about SRL and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of SRL. The Management of SRL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation results. Accordingly, we assume no responsibility for any errors in the information furnished by SRL and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which we could base the report. Also, we assume no responsibility for technical information (if any) furnished by SRL.
- 4.11 The Report assumes that SRL complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that SRL will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of SRL as at 31 March 2016. Our conclusion assumes that the assets and liabilities of SRL, reflected in the latest balance sheet remain intact as of the Report date.
- 4.12 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we normally express our analysis as falling within a likely range. While we have provided our conclusion based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Valuation conclusion. You acknowledge and agree that you have the final responsibility for the determination of and arriving at the final valuation conclusion depending on factors other than PW & Co's Valuation Report and these will include your own assessment and may include inputs of other professional advisors. In addition to our report you will naturally take into account matters outside the scope of our work of which you are aware.
- 4.13 This Report does not look into the business/ commercial reasons behind the restructuring proposed under the Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available
- 4.14 The fee for this engagement is not contingent upon the outcome of the Transactions.
- 4.15 We owe responsibility to only the Boards of Directors of the respective companies that have appointed us under the terms of Engagement Letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisors to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of the Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to us in respect of the fees charged by it for these services.
- 4.16 We do not accept any liability to any third party in relation to the issue of this Report. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. This Report is not



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a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. This Report is subject to the laws of India.

- 4.17 Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, loan agreement or other agreement. Further, it cannot be used for purposes other than in connection with the Transactions, without our prior written consent. In addition, this Valuation Report does not in any manner address the prices at which equity shares of FHL or FMHL will trade following consummation of the Transactions.

5 BACKGROUND

5.1 SRL

- 5.1.1 SRL is a diagnostic company providing primarily pathology and radiology services in India, Dubai, Sri Lanka and Nepal. SRL has 329 laboratories (including 10 radiology centres and 4 reference labs) and 7406 collection points as on 31 July 2016. The company also has 66 collection points in various countries outside India. Its 38 labs are National Accreditation Board for Testing and Calibration Laboratories ("NABL") accredited, 2 labs are National Accreditation Board for Hospital ("NABH") accredited and 4 labs are College of American Pathologists ("CAP") accredited. SRL performs 3500 varieties of diagnostics test on the human body.
- 5.1.2 SRL has three wholly owned subsidiaries i.e. SRL Diagnostics Private Limited, SRL Reach Limited and Super Religare laboratories International FZ-LLC, Dubai and has joint venture interest in SRL Diagnostics (Nepal) Private Limited and DDRC SRL Diagnostics Private Limited. The subsidiaries and joint venture companies are also in the business of operating pathology laboratories and radiology centres.
- 5.1.3 The issued and subscribed equity share capital of SRL Limited as at 31 July 2016 was ~INR \$99 million consisting of 59,856,988 equity shares of face value of INR 10 each.
- 5.1.4 For our analysis, the total number of equity shares (on a fully diluted basis) of SRL are considered as 80,255,096 equity shares of face value of INR 10 each. Following is the shareholding pattern of SRL as on 31 July 2016:

Particulars	No of shares	% holding
FHL	45,236,779	56.4%
Promoter (other than FHL)	4,300,000	5.4%
Other shareholders	10,320,209	12.9%
CCPs#	18,407,959	22.9%
Outstanding ESOPs ##	1,990,149	2.5%
Total Equity Shares (on a fully diluted basis)	80,255,096	100.0%

#12,333,333 Compulsorily Convertible Preference Shares ("CCPs") of face value of INR 20 each. Based on information provided by Management, we understand that the conversion of these CCPS will result in 18,407,959 additional equity shares of face value INR 10 each.

1,990,149 ESOPs outstanding (adjusted for 6% cancelled ESOPs) at a total exercise price of INR 498.23 million.



5.1.5 We understand that the historical performance of SRL has been as follows:

INR Million	Financial year ended 31 March	
	2015	2016
Income Statement		
Operating Revenue*	7,908	8,929
EBITDA*	1,584	1,838

* Revenue and EBITDA from continuing laboratories.

Source: Management Information

6 VALUATION APPROACH AND METHODOLOGY

6.1 Valuation Approaches

There are several commonly used and accepted methods for determining the equity value of a company/business, namely:

- Income Approach - Discounted Cash Flow method
- Market Approach
 - Comparable Companies Multiple method
 - Share Price Method
- Asset Approach - Net Asset Value method

6.1.1 Income Approach - Discounted Cash Flow ("DCF") Method

- Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method (FCFF).
- Under the FCFF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. The FCFF involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, adjustment, as appropriate, are made for borrowings, surplus assets, contingent liabilities and other matters to arrive at the equity value. The equity value is then divided by the total number of equity shares to arrive at value per equity share.



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6.1.2 Market Approach

- Comparable Companies Multiple (“CCM”) Method
 - Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifested through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Share Price Method
 - The market price of an equity share as quoted on a stock exchange is normally considered as the value of equity shares of that company where such quotations are arising from the shares which are regularly and freely traded.

6.1.3 Asset Approach - Net Asset Value (“NAV”) Method

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the asset base dominates the earnings capability or the firm is to be liquidated i.e. it does not meet the “going concern” criteria. A scheme of restructuring would normally be proceeded with the assumption that the restructured businesses would continue to operate as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

6.1.4 It should be noted that the application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

6.2 Methodology

- 6.2.1 For valuation of SRL we have relied on the Income Approach and Market Approach (Comparable Companies Multiple Method). Appropriate weights have been assigned to values arrived under Income and Market Approach.
- 6.2.2 For the purpose of the DCF analysis, the free cash flow forecast for SRL is based on the Financial Projections as provided by the Management.
- 6.2.3 While carrying out the Valuation of SRL, we have determined the Enterprise Value of SRL. The Enterprise Value is adjusted for debt and debt like items, cash and cash equivalents, other surplus assets and cash infusion on account of ESOPs, as deemed appropriate to arrive at the Equity Value of SRL.
- 6.2.4 Under the CCM method, we have considered Enterprise Value /Earnings Before Interest Tax Depreciation and Amortisation (“EV/EBITDA”) multiples of select comparable companies listed on the Indian Stock Exchanges (s) (also referred to as “Comparable Companies”) which are engaged in the business of medical diagnostics in India. For our analysis, the above market multiples are adjusted as appropriate to account for difference in clinical laboratories utilization, size, growth and cost structure between Comparable Companies and SRL. The adjusted multiple is applied to SRL financial for arriving at the Enterprise Value of SRL. The Enterprise Value is then adjusted for debt and debt like items, cash and cash equivalents,



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other surplus assets and cash infusion on account of ESOPs to arrive at the equity value on minority basis, which has been adjusted for control.

6.2.5 In the present case, since the equity shares of SRL are not listed on any stock exchange, the Share Price Method has not been adopted.

7 CONCLUSION

7.1 Based on consideration of the relevant factors and circumstances as discussed and outlined in this Report, the equity valuation of SRL is assessed in the Range of

INR 48,888 million to INR 54,058 million

And the value per equity share of face value of INR 10 each for SRL is assessed as:

INR 609 per share to INR 674 per share

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

Respectfully submitted,

Price Waterhouse & Co LLP
Chartered Accountants
ICAI FRN: 016844N/ N500015



Rajan Wadhawan
Partner

Membership No: 090172

Date: 19 August 2016



Corporate Capital Ventures
(SEBI Registered Category I Merchant Bankers)

Date: August 19, 2016

Board of Directors

Fortis Malar Hospitals Limited

Escorts Heart Institute And Research Centre,
Okhla Road, New Delhi- 110025

Dear Sirs,

Sub: Fairness Opinion on

- i. Slump sale of hospital business from Fortis Malar Hospitals Limited (FMHL) to Fortis Healthcare Limited (FHL)
- ii. Share Entitlement Ratio for the proposed demerger of diagnostics business owned and carried on by Fortis Healthcare Limited including that housed in its subsidiary SRL Limited to Fortis Malar Hospitals Limited
- iii. Share Exchange Ratio for the proposed merger of SRL Limited (SRL) into Fortis Malar Hospitals Limited

Introduction

We, M/s Corporate Capital Ventures Private Limited (hereinafter referred to as 'CCV'), SEBI registered Merchant Bankers, having license no. INM000012276 have been approached by you to provide a fairness opinion on the valuation done by Price Waterhouse & Co. LLP, having their office at Building No. 10, 17th Floor, Tower C, DLF Cyber City, Gurgaon, Haryana 122002, who were the appointed Valuer for the purpose of carrying out valuation of hospital business to be transferred from Fortis Malar Hospitals Limited to Fortis Healthcare Limited, the Share Entitlement Ratio for the proposed demerger of diagnostics business owned and carried on by Fortis Healthcare Limited including that housed in its subsidiary SRL Limited to Fortis Malar Hospitals Limited and the Share Exchange Ratio for the proposed merger of SRL Limited into Fortis Malar Hospitals Limited.



1 | Page

Corporate Capital Ventures Pvt. Ltd.

CIN: U74140DL2009PTC194657

160, LGF, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024

Tel: +91 11 4170 4066, Website: ccvindia.com, Email: ccvindiamb@gmail.com / info@ccvindia.com

Since the Report on Valuation, pursuant to the Composite Scheme of Arrangement and Amalgamation under Sections 391-394 of The Companies Act, 1956 read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 amongst Fortis Healthcare Limited (Demerged Company), SRL Limited (Amalgamating Company) and Fortis Malar Hospitals Limited (Resulting Company/Amalgamated Company) and their respective Shareholders and Creditors (hereinafter referred as the "Scheme") is common for all the above mentioned Companies, we deem it imperative to issue a fairness opinion in relation to the said reports.

Scope and Purpose of Fairness Opinion

The Management of the Company in terms of the Engagement Letter, has requested Corporate Capital Ventures Private Limited, to submit an independent opinion to the Board of Directors and Audit Committee of the Company on the fairness of the valuation of hospital business, share entitlement ratio and share exchange ratio (the "Fairness Opinion") recommended by the Valuer. The scope of this Fairness Opinion includes commenting on the fairness of the valuation of hospital business, share entitlement ratio and share exchange ratio recommended by the Valuer and not on the fairness or economic rationale of the proposed composite scheme of arrangement and amalgamation between FHL, FMHL and SRL.

The purpose of this Fairness Opinion is to be submitted to the Stock Exchange by, the Company, in compliance with Regulation 11, Regulation 37 and Regulation 94 of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015. This opinion is restricted to meet the above mentioned purpose only and may not be used for any other purpose whatsoever or to meet the requirement of any other laws, rules, regulations and statutes.



Sources of the Information

We have received the following information from the management of the Company or Valuer:

1. Proposed Composite Scheme of Arrangement and Amalgamation under Sections 391-394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 amongst Fortis Healthcare Limited (Demerged Company), SRL Limited (Amalgamating Company) and Fortis Malar Hospitals Limited (Resulting Company/Amalgamated Company) and their respective Shareholders and Creditors.
2. Draft Valuation Report (along with supporting working papers) issued by Price Waterhouse & Co. LLP, the appointed Valuer.
3. Final Valuation Report issued by Price Waterhouse & Co. LLP, dated August 19, 2016.

Approach followed for valuation

The valuation of hospital business, the Share Entitlement Ratio and the Share Exchange Ratio calculated in the valuation report has been arrived at by the adoption of

1. Market Price method,
2. Comparable Companies' Quoted Multiple/ Comparable Transaction Multiple,
3. Discounted Cash Flows Method and
4. Net Asset Value method

which is commonly used and accepted method for determining the fair value of the equity shares of a company, to the extent relevant and applicable.



Fairness Opinion

We do hereby certify that:

1. Value of Hospital Business to be transferred from **Fortis Malar Hospitals Limited to Fortis Healthcare Limited is valued between Rs. 42.6 Crores to Rs. 43.5 Crores**
2. The share entitlement ratio of **98 Equity shares of Fortis Malar Hospitals Limited of INR 10 each fully paid up for 100 equity shares of Fortis Healthcare Limited of INR 10 each fully paid up**
3. The share exchange ratio of **108 Equity shares of Fortis Malar Hospitals Limited of INR 10 each fully paid up for 10 equity shares of SRL Limited of INR 10 each fully paid up**

is fair and reasonable.

Disclaimer:

Our scope of work did not include the following:-

- An audit of the financial statements of any of the Companies discussed in this opinion.
- Carrying out a market survey / financial feasibility for the Business of any of the Companies discussed in this opinion.
- Financial and Legal due diligence of any of the Companies discussed in this opinion.
- It may be noted that in carrying out our work we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.
- We assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of the Company /valuer.

- We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents other than those stated above.
- The opinion must not be made available or copied in whole or in part to any other person without our express written permission save and except for the limited purpose of this opinion.
- We understand that the management of the Company/ valuer during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our opinion. In this opinion we have included all such information and matters as was received by us from management of the Company/valuer.
- The management of the Company or their related parties is prohibited from using this opinion other than for its sole limited purpose and not to make a copy of this opinion available to any party other than those required by statute for carrying out the limited purpose of this opinion. This opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.
- In rendering the opinion, CCV has not provided legal, regulatory, tax, accounting, actuarial or investment advise and accordingly we do not assume any responsibility in respect thereof. Further we have assumed that the Scheme will be implemented on the terms and conditions as set out in the draft scheme without any material change to or waiver of its terms and conditions.
- We hereby declare that we do not have any direct or indirect interest in the Company/assets valued.
- The report is issued on the understanding that it is solely for the use of the person to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any other person other than those to whom it is addressed.

- In no event, will CCV, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

Thanking You

For **Corporate Capital Ventures Private Limited**




(KULBHUSHAN PARASHAR)
Director

Place: New Delhi

Price Waterhouse & Co LLP

Chartered Accountants

Private and Confidential

30 August 2016

To

Fortis Healthcare Limited
Tower A, Unitech Business Park,
Block-F, South City 1, Sector 41,
Gurgaon, Haryana 122 001

SRL Limited
GP-26, Maruti Industrial Estate,
Udyog Vihar, Sector 18,
Gurgaon, Haryana 122 015

Fortis Malar Hospitals Limited
No. 52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai, Tamil Nadu 600 020

Dear Sirs,

We refer to our engagement letter whereby, Fortis Healthcare Limited ('FHIL'), SRL Limited ('SRL') and Fortis Malar Hospitals Limited ('FMHL') have requested Price Waterhouse & Co LLP ('PW&Co') for the following:

- Recommendation of the Share Entitlement Ratio on the proposed demerger of Diagnostics Business of Fortis Healthcare Limited into Fortis Malar Hospitals Limited;
- and
- Recommendation of the Share Exchange Ratio for the proposed merger of SRL Limited into Fortis Malar Hospitals Limited.

As you will appreciate, we are a firm of Chartered Accountants governed by the code of ethics laid down by the Institute of Chartered Accountants of India as per which we are bound to keep the data provided by our client confidential. May we submit here that the valuation workings may contain information that may not be available in public domain.

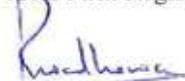
May we humbly also state that the submission of such information could make such data part of public record, especially having regard to the provisions of the Right To Information Act, 2005 ("RTIA"). Questions may, therefore, arise if any hypothetical applicant under RTIA can enforce sharing such data which, apart from being prejudicial to the interest of a public listed company (and, therefore, all its stakeholders), may not serve any public interest.

Having said this, however, since we have received a specific request from you based on the requirement of stock exchanges in India, we are forwarding the summary workings which formed the basis for determining the exchange ratio referred to in our said report.

For Price Waterhouse & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 016844N/N500015



Rajan Wadhawan
Partner

Membership No: 090172

Price Waterhouse & Co. LLP, Building No. 8, 7th & 8th Floor, Tower B, DLF Cyber City, Gurgaon - 122 002, Haryana
T: +91 (124) 4620 000, +91 (124) 3060 000, F: +91 (124) 4620 620

Registered Office: Sucheta Bhawan, 11-A, Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse & Co. LLP (LLP No. AAC-2731) is registered as a Limited Liability Partnership. Price Waterhouse & Co has converted from Partnership Firm into a Limited Liability Partnership effective April 24, 2014. Its registration number with ICAI after said conversion as LLP is 016844/N500015. (Registration number before conversion is 016844N)

Price Waterhouse & Co LLP

Chartered Accountants

Exchange Ratio Report dated 19 August 2016 by Price Waterhouse & Co LLP

Summary workings of Price Waterhouse & Co LLP

Share Entitlement Ratio for demerger of Diagnostics Business* of Fortis Healthcare into Fortis Malar Hospitals

Company	Value per Share	Reference
Fortis Healthcare Limited's (FHL) Equity Interest in Diagnostics Business	58.03	Annexure I
Fortis Malar Hospitals Limited (FMHL)	59.32	Annexure II
Entitlement Ratio (rounded off)	0.98	

Entitlement Ratio : 98 equity shares of FMHL of face value INR 10/- each for every 100 equity shares of FHL of face value INR 10/- each.

Share Exchange Ratio for merger of SRL Limited into Fortis Malar Hospitals Limited

Company	Value per Share	Reference
SRL Limited (SRL)	641.33	Annexure III
Fortis Malar Hospitals Limited post Transaction 2**	59.22	Annexure IV
Exchange Ratio (rounded off)	10.80	

Exchange Ratio : 108 equity shares of FMHL, of face value INR 10/- each, for every 10 equity shares of SRL of face value INR 10/- each.

Notes:

*The diagnostic services business owned and carried on by FHL ("FHL Diagnostics") including that housed in its subsidiary - SRL Limited is referred as "Diagnostics Business".

** Demerger of Diagnostics Business into FMHL ("Transaction 2").



Price Waterhouse & Co LLP

Chartered Accountants

Summary workings of Price Waterhouse & Co LLP (contd.)

Annexure I : FHL's Equity Interest in Diagnostics Business

Particulars	INR in Crores	Notes
Value of FHL's equity interest in SRL Limited (56.37%)	2,901.36	1
Value of FHL Diagnostics	135.60	2
FHL's Equity Interest in Diagnostics Business	3,036.96	
Number of Equity Shares (diluted) (INR 10/- each fully paid up)	523,299,481	3
Value per share (INR) (rounded off)	58.03	

Notes:

1. Valued using Discounted Cash Flows Method and Comparable Companies Multiple Method.
2. Valued using Discounted Cash Flows Method.
3. Number of equity shares after considering dilution on account of Foreign Currency convertible bonds (FCCBs) and ESOPs of FHL .



Price Waterhouse & Co LLP

Chartered Accountants

Summary workings of Price Waterhouse & Co LLP (contd.)

Annexure II: Fortis Malar Hospitals Limited (FMHL)

Particulars	Weights	INR in Crores	References/ Notes
Discounted Cash Flows Method	50%	110.13	Annexure IIA
Market Price Method	50%	113.21	Annexure IIB
Equity Value of FMHL	100%	111.67	
Number of Shares (diluted) (INR 10/- each fully paid up)		18,824,259	1
Value per share (INR)		59.32	

Notes:

1. Diluted number of equity shares considering outstanding ESOPs.

Annexure IIA: Discounted Cash Flows Method

Particulars	INR in Crores	Notes
Proceeds from transfer of Hospital Business	43.04	2
Value of Remaining Business	67.09	2
Equity Value	110.13	

Notes:

2. Equal to value of Hospital Business. Hospital Business valued using Discounted Cash Flows Method and adjusted for cash, surplus assets, debt and debt like items and cash infusion from ESOPs.

Annexure IIB: Market Price Method

Particulars	INR in Crores	Notes
Share Price	60.50	3
Number of Outstanding Shares	18,625,509	
Value	112.68	
Add: Other adjustments	0.52	4
Equity Value	113.21	

Notes:

3. Average of Volume Weighted Average share Price ("VWAP") for last 60 days and 6 months as of 03 August 2016.

4. On account of cash infusion from ESOPs.



Price Waterhouse & Co LLP

Chartered Accountants

Summary workings of Price Waterhouse & Co LLP (contd.)

Annexure III: SRL Limited

Particulars	Weights	INR in Crores	Notes
Discounted Cash Flows Method	50%	5,162.00	
Comparable Companies Multiple Method	50%	5,132.00	
Equity Value	100%	5,147.00	
Number of Shares (diluted) (INR 10/- each fully paid up)		80,255,096	1
Value per share (INR)		641.33	

Notes

1. Number of equity shares after considering dilution on account of Compulsorily Convertible Preference Shares (CCPs) and ESOPs.



Price Waterhouse & Co LLP

Chartered Accountants

Summary workings of Price Waterhouse & Co LLP (contd.)

Annexure IV: Fortis Malar Hospitals Limited post Transaction 2

Particulars	INR in Crores	Notes
Value of FMHL prior to Transaction 2	111.67	1
Value of Diagnostics Business	3,036.96	2
Equity Value of FMHL post Transaction 2	3,148.63	
Number of Shares (diluted) (INR 10/- each fully paid up)	531,657,750	3
Value per share (INR) (rounded off)	59.22	

Notes:

1. Valued using Discounted Cash Flows Method and Market Price Method.
2. Valued using Discounted Cash Flows Method and Comparable Companies Multiple Method.
3. Diluted equity shares (i.e. considering additional equity shares issued taking into account Transaction 2).





DCS/AMAL/AC/24(f)/607/2016-17
November 11, 2016

The Company Secretary
Fortis Malar Hospitals Limited
Escorts Heart Institute and Research Centre,
Okhla Road, New Delhi, Delhi, 110025.

Sir/Madam,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Fortis Healthcare Limited, Fortis Malar Hospitals Limited and SRL Limited.

We are in receipt of Draft Scheme of Arrangement between Fortis Healthcare Limited, Fortis Malar Hospitals Limited and SRL Limited.

As required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated November 10, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- ***"Company shall duly comply with various provisions of the Circulars."***

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

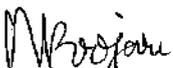
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : Floor 25, P J Towers, Dalel Street, Mumbai 400 001 India
T: +91 22 2272 1234/33 E: corp.comm@bseindia.com www.bseindia.com
Corporate Identity Number : U67120MH2005PL0155188



DCS/AMAL/AC/24(F)/606/2016-17
November 11, 2016

The Company Secretary
Fortis Healthcare Limited
Escorts Heart Institute and Research Centre,
Okhla Road, New Delhi, Delhi, 110025.

Sir/Madam,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Fortis Healthcare Limited, Fortis Malar Hospitals Limited and SRL Limited.

We are in receipt of Draft Scheme of Arrangement between Fortis Healthcare Limited, Fortis Malar Hospitals Limited and SRL Limited.

As required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated November 10, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall duly comply with various provisions of the Circulars."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

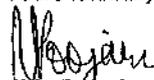
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager



BSE Limited (Formerly Bombay Stock Exchange Ltd)
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234/33 E: corp.com@bseindia.com www.bseindia.com
Corporate Identity Number : U67120MH2005PLC155188



Ref: NSE/LIST/93738

November 15, 2016

The Company Secretary
 Fortis Healthcare Limited
 Escorts Heart Institute and Research Centre,
 Okhla Road,
 New Delhi – 110025

Kind Attn.: Mr. Rahul Ranjan

Dear Sir,

Sub: Observation letter for draft Scheme of Arrangement and Amalgamation amongst Fortis Healthcare Limited (Demerged Company), SRL limited (Amalgamating Company), Fortis Malar Hospitals Limited (Resulting Company) and their Respective Shareholders and Creditors

This has reference to draft Scheme of Arrangement and Amalgamation amongst Fortis Healthcare Limited (Demerged Company), SRL limited (Amalgamating Company), Fortis Malar Hospitals Limited (Resulting Company) and their Respective Shareholders and Creditors submitted to NSE vide your letter dated September 09, 2016.

Based on our letter reference no Ref: NSE/LIST/91724 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CDM/16/2015 dated November 30, 2015, SEBI has vide letter dated November 10, 2016, has given following comments on the draft Scheme of Arrangement:

“a) The company shall duly comply with various provisions of the Circular.”

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our “No-objection” in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon’ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (LODR) Regulations 2015, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from November 15, 2016, within which the Scheme shall be submitted to the Hon’ble High Court. Further pursuant to the above cited SEBI circular upon sanction of the Scheme by the Hon’ble High Court, you shall submit to NSE the following:



- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per SEBI Circular No. CIR/CFD/CDM/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Kautuk Upadhyay
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed

Signer : Kautuk Rohit Upadhyay
Date: Tue, Nov 15, 2016 18:52:06 GMT+05:30
Location: NSE





Fortis Malar Hospital

52, First Main Road, Gandhi Nagar, Adyar
Chennai, Tamil Nadu - 600 020

Tel : +91 44 4289 2222

Fax : +91 44 4289 2293

E-mail : secretarial.malar@malarhospitals.in

Website : www.fortismalar.com

October 17, 2016

The BSE Limited
Listing Operations
P.J. Towers
Dalal Street
Mumbai- 400 001

Kind Attn: Arpi Chheda

Dear Sirs/Mesdames,

Re: Submission of Complaints Report as required under SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015

This is with reference our application dated September 9, 2016, submitted under Clause 37(1) of the SEBI Regulations for your Observation Letter or No-objection letter in relation to a composite scheme of arrangement and amalgamation between Fortis Healthcare Limited ("FHL"), Fortis Malar Hospitals Limited ("FMHL") and SRL Limited ("SRL") and their respective shareholders and creditors under Section 391-394 of the Companies Act, 1956, read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 ("Scheme").

Pursuant to SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, please find enclosed Complaints Report in the prescribed format.

Trust you will find the above in order.

Yours faithfully,

For Fortis Malar Hospitals Limited,


Sumit Goel
Company Secretary
F6661

Annexure A

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	Nil	Nil

For Fortis Malar Hospitals Limited,



Sumit Goel
Company Secretary
F6661



Fortis Healthcare Limited
Support Office:
Tower A, Unitech Business Park,
Block - F, South City 1, Sector - 41,
Gurgaon, Haryana - 122001 (India)
Tel : 0124 492 1021
Fax : 0124 492 1041
Ambulance : 105010
E-mail : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

October 17, 2016

The BSE Limited
Listing Operations
P.J. Towers
Dalal Street
Mumbai- 400 001

Dear Sirs/Mesdames,

Re: Submission of Complaints Report as required under SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015

This is with reference our application dated September 9, 2016, submitted under Clause 37(1) of the SEBI Regulations for your Observation Letter or No-objection letter in relation to a composite scheme of arrangement and amalgamation between Fortis Healthcare Limited ("FHL"), Fortis Malar Hospitals Limited ("FMHL") and SRL Limited ("SRL") and their respective shareholders and creditors under Section 391-394 of the Companies Act, 1956, read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 ("Scheme").

Pursuant to SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, please find enclosed Complaints Report in the prescribed format.

Trust you will find the above in order.

Yours faithfully,

For Fortis Healthcare Limited,

Rahul Ranjan
Company Secretary
A17035



FORTIS HEALTHCARE LIMITED

Regd. Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi - 110 025 (India)
Tel: +91-11-2682 5000, Fax: +91-11-4162 8435, CIN: L85110DL1996PLC076704

Annexure A

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	Nil	Nil

For Fortis Healthcare Limited



Rahul Ranjan
 Company Secretary
 A17035



FORTIS HEALTHCARE LIMITED

Regd. Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi - 110 025 (India)
 Tel: +91-11-2682 5000, Fax: +91-11-4162 8435, CIN: L85110DL1996PLC076704



Fortis Healthcare Limited
Support Office:
Tower A, Unitech Business Park,
Block - F, South City 1, Sector - 41,
Gurgaon, Haryana - 122001 (India)
Tel : 0124 492 1021
Fax : 0124 492 1041
Ambulance : 105010
E-mail : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (East)
Mumbai- 400 051

October 17, 2016

Dear Sirs/Mesdames,

Re: Submission of Complaints Report as required under SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015

This is with reference our application dated September 9, 2016, submitted under Clause 37(1) of the SEBI Regulations for your Observation Letter or No-objection letter in relation to a composite scheme of arrangement and amalgamation between Fortis Healthcare Limited ("FHL"), Fortis Malar Hospitals Limited ("FMHL") and SRL Limited ("SRL") and their respective shareholders and creditors under Section 391-394 of the Companies Act, 1956, read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956 ("Scheme").

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Trust you will find the above in order.

Yours faithfully,

For Fortis Healthcare Limited,

Rahul Ranjan
Company Secretary
A17035



FORTIS HEALTHCARE LIMITED

Regd. Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi - 110 025 (India)
Tel: +91-11-2682 5000, Fax: +91-11-4162 8435, CIN: LR5110DL1996PLC076704



Fortis Healthcare Limited
Support Office:
Tower A, Unitech Business Park,
Block - F, South City 1, Sector - 41,
Gurgaon, Haryana - 122001 (India)
Tel : 0124 492 1021
Fax : 0124 492 1041
Ambulance : 105010
E-mail : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

Annexure A

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	Nil	Nil

For Fortis Healthcare Limited

Rahul Ranjan
Company Secretary
A17035



FORTIS HEALTHCARE LIMITED

Regd. Office: Escorts Heart Institute and Research Centre, Okhla Road, New Delhi - 110 025 (India)
Tel. +91-11-2682 5000, Fax: +91-11-4162 8435, CIN: L85110DL1996PLC076704



भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

By e-mail and speed post

Comb. Reg. No.: C-2016/09/433

9th November 2016

To

- 1) Mr. Rahul Ranjan, Company Secretary,
Fortis Healthcare Limited,
Escorts Heart Institute and Research Centre Okhla Road,
New Delhi – 110025.
- 2) Mr. Sumit Goel, Company Secretary,
Fortis Malar Hospitals Limited,
Escorts Heart Institute and Research Centre Okhla Road,
New Delhi – 110025.
- 3) Mr. Ravi Batra,
Chief Risk Officer and Company Secretary,
SRL Limited,
Plot No. D-3, A Wing, 2nd Floor,
District Centre, Saket, New Delhi – 110017.

Subject: Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 (bearing registration No. C-2016/09/433).

1. The Commission has passed an order with respect to the notice filed under sub-section (2) of Section 6 of the Competition Act, 2002.
2. Certified copy is enclosed herewith for your information.
3. Please acknowledge receipt of the Order.

Encl: As above.


(Smita Jhingran)
Secretary

Cc:

Mr. M.M. Sharma / Mr. Danish Khan,
Vaish Associates, Advocates,
9th Floor, Mohan Dev Building,
Tolstoy Marg, New Delhi – 110001.



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/09/433)

14th October 2016

Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 bearing registration no. C-2016/09/433, jointly by Fortis Healthcare Limited, Fortis Malar Hospital Limited and SRL Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S. L. Bunker
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representative: Vaish Associates Advocates

Order under sub-section (1) of Section 31 of the Act

1. On 15th September 2016, the Competition Commission of India ("Commission") received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ("Act") jointly given by Fortis Healthcare Limited ("FHL"), Fortis Malar Hospital Limited ("FMHL"), and SRL Limited ("SRL"). Hereinafter, FHL, FMHL and SRL are together referred to as the "Parties". The notice has been filed pursuant to the approval of the Board of Directors of the Parties *vide* respective board resolutions each dated 19th August 2016.
2. The proposed combination contemplates a series of interconnected steps, as follows: (i) FMHL to sell its healthcare business to FHL under slump sale route as a going concern ("Business Transfer"); (ii) FHL to de-merge its diagnostics business undertaking and its investment /





shareholding in SRL to FMHL (“De-Merger”); and (iii) SRL to be amalgamated into FMHL, consequent to which the name of FMHL would be changed to “SRL Limited” (“Amalgamation”).

3. FHL, incorporated under the Companies Act, 1956, is listed on BSE and NSE. The Parties have submitted that FHL is controlled by the Fortis group. FHL is primarily engaged in providing integrated healthcare services such as medicare, healthcare and diagnostics through a network of multi-specialty hospitals. FHL also undertakes its diagnostics services business through SRL.
4. FMHL, incorporated under the Companies Act, 1956, is listed on BSE. FMHL is a subsidiary of Fortis Hospitals Limited (“FHsL”), a public company incorporated under the Companies Act, 1956 and a wholly owned subsidiary of FHL. The Parties have submitted that FMHL belongs to the Fortis group. FMHL is engaged in the business of operating hospitals and providing diagnostics services through SRL in Fortis Malar Hospital, Chennai.
5. SRL, a public limited company, is incorporated under the Companies Act, 1956. The Parties have submitted that SRL is controlled by the Fortis group. It is, *inter alia*, engaged in establishing, maintaining and managing clinical reference laboratories and other laboratories for providing testing and diagnostic services.
6. It has been submitted in the notice that the proposed combination is an internal restructuring within the Fortis group (controlled by Mr Malvinder Mohan Singh & Dr Shivinder Mohan Singh), to consolidate the hospitals and diagnostics business of Fortis group under separate verticals.
7. As per the submission, the Parties are engaged in the business of providing healthcare and diagnostics services in India. However, as aforementioned, it has been submitted by the Parties that the 3 entities involved in the proposed combination, namely, FHL, FMHL and SRL, are controlled by the Fortis group and that post-combination the control of FHL, FMHL and SRL





shall remain with the Fortis group. Accordingly, delineation of the relevant product and relevant geographical market may be left open.

8. Considering the facts on record and details provided in the notice given under sub-section (2) of Section 6 of the Act, assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.
9. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
10. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
11. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

[Handwritten Signature]
9/11/16

ANIL KUMAR VASHISHT
Assistant Director
Competition Commission of India
New Delhi

CERTIFIED COPY OF THE

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF FORTIS MALAR HOSPITALS LIMITED
IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013****1. Background**

The proposed composite scheme of arrangement and amalgamation between Fortis Healthcare Limited (“FHL”), SRL Limited (“SRL”) and Fortis Malar Hospitals Limited (the “**Company**”) involving (a) transfer of the hospital business undertaking of the Company to FHL, as a going concern, by way of slump sale, in lieu of payment of a lump sum consideration by FHL to the Company, (b) transfer of the demerged undertaking of FHL pertaining exclusively to the diagnostics business as identified in the Scheme to the Company by way of a demerger in lieu of issuance of equity shares by the Company to shareholders of FHL as per the approved share entitlement ratio; (c) the amalgamation of SRL into the Company and dissolution of SRL without winding up, and the consequent issue of equity shares by the Company to the shareholders of SRL and the cancellation of equity shares of SRL held by the Company, and various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of FHL and the reorganization of the share capital of the Company pursuant to Sections 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided therein and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) and Section 2(1B) thereof (“**Scheme of Arrangement**” or “**Scheme**”) was approved by the Board of Directors of the Company *vide* resolution dated August 19, 2016. Subsequently, provisions of Sections 230 to 232 of the Companies Act, 2013 *inter alia* governing compromises, arrangements and amalgamations have become operative with effect from December 15, 2016. Subsequently, the Board of Directors of the Company have passed a resolution on January 4, 2017 authorizing Directors, Chairman and/ or Company Secretary of the Company to file the Scheme before National Company Law Tribunal (“NCLT”) and to form a committee of directors to undertake actions in relation to the Scheme.

Thereafter, the Scheme was filed with the Chandigarh Bench of the NCLT. The Chandigarh Bench of the NCLT by an order dated February 21, 2017 has directed a meeting of the unsecured creditors of the Company to be held on April 26, 2017 at 4:30 p.m. and a meeting of the equity shareholders of the Company to be held on April 27, 2017 at 2:30 p.m., for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties is required to be circulated for the meeting. Having regard to the applicability of the aforesaid provisions, this report is being circulated to the directors.

2. Rationale for the Scheme

Presently, the healthcare delivery services business, i.e., the hospitals and the diagnostics businesses of FHL are housed in various entities, including:

- (a) FHL and the Company, which primarily comprise of the operating and managing of the hospitals, providing diagnosis and treatment related to multiple chronic and non-chronic specialties and diagnostics business; and
- (b) SRL, which is engaged in diagnostics business.

Both the hospitals and diagnostics businesses have distinct operating models and given the macro-fundamentals of the healthcare industry, each of these provide a strong growth opportunity in the foreseeable future. Currently these businesses separately encompass a pan-India presence and have since their inception attained a significant size and scale in their respective segments. As both businesses approach their next phase of growth, it would be strategically apt to have them restructured under separate entities to enable them to move forward independently, with greater focus and specialization building further on their respective capabilities and their strong brand presence. The Scheme could benefit both businesses from the potential synergies and incremental operational efficiencies from combining with similar and related businesses under the Company (in case of the diagnostics business) and under FHL (in case of the hospital business) enabling both businesses to create further value. Additionally, the restructuring would lead to a simplified organization structure assisting shareholders and investors to better understand and evaluate both businesses independently as investment options and potentially lead to a higher value illumination of each of these businesses. Thus the Scheme is sought to be undertaken to consolidate: (i) the diagnostics business under the Company; and (ii) the business of operating and managing hospitals under FHL, with a view to unlock value and accrue potential synergy benefits for the businesses arising, inter alia, on account of operational efficiencies.

3. Consideration, Share Entitlement and Share Exchange Ratios

The Board of Directors had approved the following consideration amount, share entitlement ratio and share exchange ratio under the Scheme:

- (a) A lump sum cash consideration of 430,000,000 (Forty Three Crore only) to be paid by FHL to the Company, for acquisition of the hospitals business by way of slump sale (“**Consideration**”);
- (b) Issue of equity shares by the Company to shareholders of FHL in the share entitlement ratio of 98 equity shares in the Company of INR 10 each fully paid up for 100 equity shares of FHL of INR 10 each fully paid up, for the demerger of the diagnostics business undertaking of FHL into the Company (“**Share Entitlement Ratio**”); and
- (c) Issue of equity shares by the Company to shareholders of SRL in the share exchange ratio of 108 equity shares of the Company for INR 10 each fully paid up

for 10 equity shares of SRL of INR 10 each fully paid up, for merger of SRL into the Company (“**Share Exchange Ratio**”).

The Valuation Report dated August 19, 2016 obtained from Price Waterhouse & Co LLP recommending the Consideration, Share Entitlement Ratio and Share Exchange Ratio and the fairness opinion dated August 19, 2016 on (a) slump sale of hospital business from the Company to FHL, (b) Share Entitlement Ratio for the proposed demerger of diagnostics business owned and carried on by FHL including that housed in its subsidiary SRL to the Company, and (c) the Share Exchange Ratio for the proposed merger of SRL into the Company, issued by Corporate Capital Ventures, SEBI Registered Category I Merchant Bankers, was considered by the Board of Directors while passing the resolution dated August 19, 2016, for approving the Scheme.

The scope of work, valuation approach and limitations forms part of the Valuation Report dated August 19, 2016, and except that no specific difficulty was observed in preparing the Valuation Report.

Effect of the Scheme on stakeholders

In the management’s view, the Scheme will effect the persons specified in the following manner:

S. No.	EFFECT OF THE SCHEME ON	
1.	Key Managerial Personnel of the Company	Post effectiveness of the Scheme, the core business activity of the Company shall stand changed to diagnostics. Accordingly, the Board of Directors of the Company may consider re-appointing KMPs.
2.	Directors	Post effectiveness of the Scheme, the existing Directors shall continue on the Board of the Company. However, the Board of Directors of the Company may consider reconstituting the board considering the change in core business activity of the Company.
3.	Equity shareholders: Promoters of the Company	Since the Scheme involves the companies which are ultimately controlled by the same entity before and after the transaction, the existing promoters i.e. FHsL shall continue to be promoters of the Company along the promoters of FHL.
4.	Equity shareholders: Non-	Upon the effectiveness of the Scheme,

	Promoter Shareholders of the Company	the Company will house only the diagnostics business replacing the current hospital business in Fortis Malar. Though shareholders of the Company are not entitlement to any shares in FHL, however, the shareholders of the Company are expected to benefit as they will have a direct exposure to the diagnostics business which is a significantly larger business compared to the current Malar hospital operation.
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5. Adoption of the Report by the Board of Directors

The Board of Directors have adopted this report after noting and considering the information set forth in this report.

Date:- March 12, 2017

Sd/-
Sumit Goel
Company Secretary

Fortis Malar Hospitals Limited
Balance Sheet as at December 31, 2016

As at
December 31, 2016

I. Equity and Liabilities

Shareholders' funds

Share capital	186,795,090
Reserves and surplus	793,067,763
	979,862,853

Current liabilities

Trade payables	142,609,523
Other current liabilities	166,077,634
Short-term provisions	77,854,413
	386,541,570

TOTAL

1,366,404,423

II. Assets

Non-current assets

Fixed Assets	
Tangible assets	241,028,202
Intangible assets	2,058,864
Intangible assets under development	5,964,490
Non-current investments	500,000
Deferred tax assets (net)	2,879,885
Long term loans and advances	85,808,360
Other non-current assets	-
	338,239,801

Current assets

Inventories	29,042,509
Trade receivables	86,466,932
Cash and bank balances	179,809,028
Short term loans and advances	675,772,543
Other current assets	57,073,610
	1,028,164,622

TOTAL

1,366,404,423

Fortis Malar Hospitals Limited**Statement of Profit and Loss for the period ended December 31, 2016**

	For the period ended December 31, 2016
Income	
Revenue from operations	1,060,741,123
Other income	53,298,980
Total revenue	<u>1,114,040,103</u>
Expenditure	
Purchase of medical consumables and drugs	191,037,563
Changes in inventories of medical consumables and drugs	26,114,509
Employee benefits expense	144,319,185
Other expenses	680,585,867
Total expenses	<u>1,042,057,124</u>
Earnings before interest, tax, depreciation and amortization (EBITDA)	<u>71,982,979</u>
Finance costs	4,495,120
Depreciation and amortisation expense	29,460,640
Profit before tax	<u>38,027,219</u>
Tax expense	
Current tax	18,238,642
Deferred tax charge/(credit)	(6,187,092)
Profit for the year	<u>25,975,669</u>
Other Comprehensive Income ('OCI')	(3,215,000)
Total comprehensive income	<u>22,760,669</u>

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FORTIS MALAR HOSPITALS LIMITED

CIN: L85110PB1989PLC045948

Registered Office: Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062

Ph.: +91-172-5096001, Fax: +91-172-5096002

Email Id : secretarial.malar@malarhospitals.in Website: www.fortismalar.com



**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, CHANDIGARH
CA (CAA) NO.01(Chd) OF 2017**

In the matter of the Composite Scheme of Arrangement and Amalgamation between Fortis Healthcare Limited, SRL Limited, Fortis Malar Hospitals Limited and their respective shareholders and creditors:

BETWEEN

FORTIS HEALTHCARE LIMITED, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal **...Demerged Company**

AND

SRL Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal. **...Amalgamating Company**

AND

FORTIS MALAR HOSPITALS LIMITED, a company incorporated under the Companies Act, 1956 and having its Registered Office at Fortis Hospital, Sector 62, Phase - VIII, Mohali, Punjab, 160062, within the jurisdiction of this Hon'ble Tribunal. **...Resulting Company / Amalgamated Company**

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Unsecured Creditor(s):.....

Registered address :

E-mail ID :

I/We, being the Unsecured Creditor(s) of the above named Company, hereby appoint:

- 1) Name _____, Address _____ having e-mail id _____ or failing him/her
- 2) Name _____, Address _____ having e-mail id _____ or failing him/her
- 3) Name _____, Address _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the meeting of Unsecured Creditor(s) of the Company, to be held, at **Auditorium Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062 on April 26, 2017 at 04:30 P.M.** and at any adjournment thereof in respect of such resolution as indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolution	For	Against
1	Approval of Composite Scheme of Arrangements and Amalgamations between Fortis Healthcare Limited, SRL Limited, Fortis malar Hospitals Limited and their respective shareholders and creditors.		

* Applicable for investors holding shares in electronic form.

Signed this..... day of.....2017 **Signature of Unsecured Creditor(s)**_____

Affix
Re. 1/-
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Note:

1. This is only optional. Please put a '✓' in the appropriate column indicated in the Box. If you leave the 'For' or 'Against' column blank against the resolution, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. **A CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY(IES) NEED NOT BE A CREDITOR OF THE COMPANY.** Proxies, to be effective shall be duly filled, stamped, signed and deposited, not less than 48 hours before the commencement of the Meeting at the Registered Office i.e. Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062 of the Company.
3. Please affix revenue stamp before putting signature.
4. The proxy need not be a Creditor of the Company.
5. All alterations made in the Proxy Form should be initialed.
6. Bodies Corporate would be required to deposit a certified copy of resolution under Section 113 of the Companies Act, 2013 of its Board of Directors or other governing body authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the registered office of the Company at least 48 hours before the time for holding the meeting.
7. In case of multiple proxies, the proxy later in time shall be accepted.
8. Appointing a proxy does not prevent a Creditor from attending the meeting in person and voting at the meeting if he so wishes.

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FORTIS MALAR HOSPITALS LIMITED

CIN: L85110PB1989PLC045948

Registered Office: Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062

Ph.: +91-172-5096001, Fax: +91-172-5096002

Email Id : secretarial.malar@malarhospitals.in Website: www.fortismalar.com



ATTENDANCE SLIP

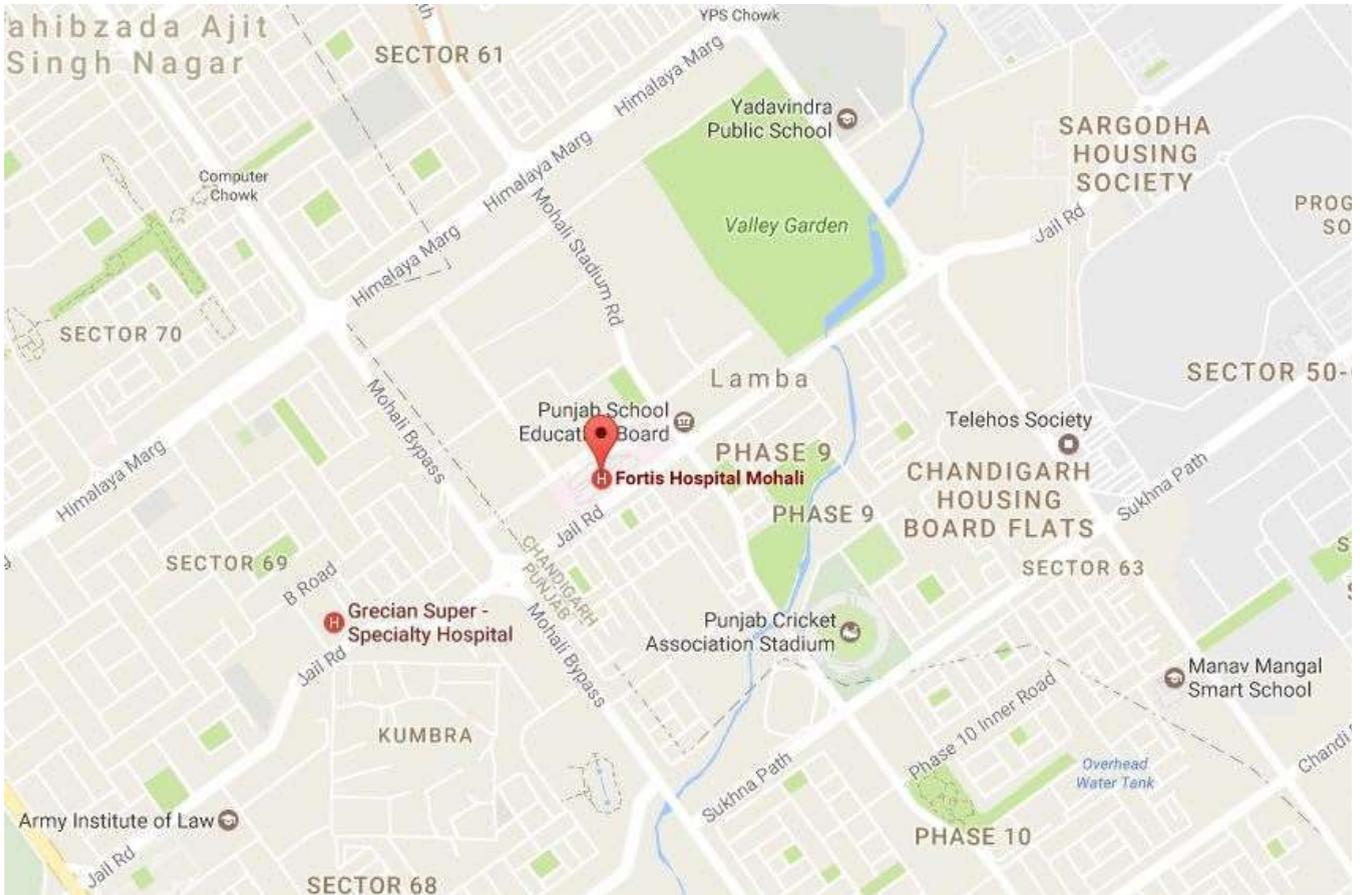
PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS OF THE UNSECURED CREDITORS/PROXY

I/We hereby record my/our presence at the **Meeting of the Unsecured Creditors** of the Company, convened pursuant to the Order dated February 21, 2017, of the Hon'ble National Company Law Tribunal, Chandigarh Bench at Chandigarh, at **Fortis Hospital, Sector 62, Phase VIII, Mohali, Punjab - 160062 on April 26, 2017 at 04:30 P.M.**

Signature of Unsecured Creditor proxy

ROUTE MAP FOR THE VENUE OF THE MEETING



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