

# FORTIS HEALTHCARE LIMITED

Regd. Office: Escorts Heart Institute And Research Centre, Okhla Road, New Delhi – 110 025

## NOTICE OF POSTAL BALLOT TO THE SHAREHOLDERS

(Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011)

Dear Shareholder(s),

The Indian Healthcare Sector is expected to derive benefits from strong growth fundamentals in the foreseeable future due to, amongst others, favourable demographic composition of the population, improvement in life expectancy and increased awareness regarding quality of healthcare services. With more than a decade of experience in operating a large healthcare system focussed on quality and efficiency, your Company is favourably positioned to benefit from these growth prospects. However, this would involve a large capital outlay, and hence, require your Company to find new business and healthcare delivery models, and to align the business with internationally emerging trends. Globally, healthcare delivery models are evolving towards innovative and cost effective methods, such as transformation to asset light models. Aligning the Company's business with such international trends would assist your Company to grow faster and enable it to provide state of the art medical and healthcare services.

In furtherance of the above objectives, your Company had been continuously evaluating various business and ownership strategies regarding your Company and its subsidiaries (the "**Fortis Group**"), and various models for raising long-term financial resources by capitalising upon the expertise of the Fortis Group. Consequently, your Company is undergoing an internal corporate restructuring, whereby the business of certain identified hospitals of the Fortis Group will be divided into the following two separate business verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

- (i). One of the business divisions (the "**Clinical Establishments Division**") will own, maintain and operate clinical establishments (being fully air-conditioned institutions established, and specifically customised and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals) (the "**Clinical Establishments**"), along with providing out-patient and day care medical and healthcare services and radio-diagnostic services (hereinafter together referred to as the "**Clinical Establishment Services**").
- (ii). The other business division will undertake the business of running the hospital, and providing medical services, including in-patient services and emergency services ("**Medical Services**").

Your Company is undertaking this internal corporate restructuring for certain identified hospitals only.

Upon completion of the ongoing internal corporate restructuring the ownership of Clinical Establishments Division for the identified hospitals shall vest in the following subsidiaries of your Company:

- (i). Escorts Hospital and Research Centre Limited,
- (ii). Escorts Heart and Super Speciality Hospital Limited,
- (iii). Escorts Heart and Super Speciality Institute Limited,
- (iv). Fortis Health Management Limited ("**FHML**"),
- (v). Fortis Hospotel Limited,
- (vi). Hospitalia Eastern Private Limited,
- (vii). International Hospital Limited, and
- (viii). Kanishka Healthcare Limited ("**KHL**", and collectively the "**Hospital Services Companies**").

Please see the attached explanatory statement for additional details in this regard.

Additionally, your Company considered various options for raising long-term financial resources, including through listing of the Clinical Establishments Division on a suitable stock exchange. After evaluating various commercially feasible options, your Company has proposed an initial public offer of units in a business trust, which would, through its trustee-manager on behalf of the business trust, indirectly own the Clinical Establishments Division, on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). To facilitate this listing, your Company identified Religare Health Trust ("**RHT**"), which is a business trust established in Singapore. The trustee-manager of RHT is Religare Health Trust Trustee Manager Pte. Ltd. ("**RHTTM**") and subject to regulatory approvals, RHTTM shall be owned by RGAM Corporation Private Limited ("**RGAM India**"). RHT has an investment mandate to principally invest in medical and healthcare assets and services, in Asia, Australasia and emerging markets in the rest of the world. RHT may also develop medical and healthcare assets. Your Company's wholly-owned subsidiary, Fortis Healthcare International Limited, is currently the sole beneficiary of RHT, holding 100% of the issued units in RHT.

Currently your Company, through its shareholding in FHML and KHL and 100% unit-holding in RHT remains the 100% beneficial owner of the Hospital Services Companies. However, pursuant to the proposed initial public offer of the units in RHT (the "**Proposed IPO**"), your Company's ownership of units in RHT, and consequently the Hospital Services Companies, would stand diluted by up to a maximum of 74%.

Accordingly, whilst an approval under Section 293(1)(a) of the Companies Act, 1956 may not be required, however in the interest of good corporate governance your Company is seeking your approval for dilution of your Company's beneficial interest in RHT and consequently, the Hospital Services Companies, due to the Proposed IPO. Your Company, therefore, seeks your consent for approving the proposals as contained in the draft resolution set forth below. An explanatory statement pertaining to each such resolution setting out all material facts and the reasons for proposing such draft resolution is also annexed hereto.

To facilitate wider participation in the approval process by shareholders residing at different locations, your Company is seeking approval of the Shareholders through postal ballot instead of convening a general meeting of the shareholders. In terms of Section 192A of the Companies Act, 1956, as amended (the "**Companies Act**"), read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended (the "**Postal Ballot Rules**"), a listed company may propose any resolution to be passed through postal ballot in accordance with the provisions contained therein.

For the above purpose, the BT Issue Committee had passed a resolution on June 01, 2012 and has appointed Mr. Mukesh Manglik, Company Secretary in whole time practice, as the Scrutinizer to conduct the postal ballot process in a fair and transparent manner. This notice is being sent to all the shareholders whose name appears in the Register of Members of the Company as on June 01, 2012.

You are requested to carefully read the instructions printed in the Form attached hereto, fill up the Form, give your assent or dissent on the resolution at the end of the Form and return the duly completed and signed Form (no other form or photocopy thereof is permitted) in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours (i.e. 6.00 p.m. IST) on July 12, 2012.

The Scrutinizer will submit his final report and the Result of the Postal Ballot will be announced by any Director of your Company on July 13, 2012 at the Registered Office of your Company at 4.00 p.m. The result of the postal ballot will also be displayed at the Registered Office of your Company and communicated to the stock exchanges where your Company's shares are listed and intimated through a press release in newspapers. The result will also be put on the Company's website i.e. www.fortishealthcare.com. The resolution, if approved, will be taken as passed effectively on the date of declaration of result.

Pursuant to Section 192A of the Companies Act read with the Postal Ballot Rules, the following Ordinary Resolution, is proposed to be passed by way of Postal Ballot:

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 192A of the Companies Act, 1956 (the "**Companies Act**") read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended and other applicable provisions, if any, of the Companies Act, Memorandum and Articles of Association of the Company and subject to other approvals and permissions as may be required for the purpose, consent of the Company be and is hereby accorded, including confirmation of actions taken hitherto, to the Board of Directors of the Company (the "**Board**", which term shall be deemed to include any duly constituted Committee thereof) for:

- (i). the transfer of the Company's balance shareholding in Kanishka Healthcare Limited and Fortis Health Management Limited, directly and indirectly, to Religare Health Trust Trustee Manager Pte. Ltd. ("**RHTTM**") (acting in its capacity as trustee-manager of Religare Health Trust ("**RHT**")), whereupon RHTTM (in its capacity as trustee-manager of RHT) would become, directly or indirectly, the 100% shareholder of Escorts Hospital and Research Centre Limited, Escorts Heart and Super Speciality Hospital Limited, Escorts Heart and Super Speciality Institute Limited, Fortis Health Management Limited, Hospitalia Eastern Private Limited, International Hospital Limited, and Kanishka Healthcare Limited, and 49% shareholder of Fortis Hospotel Limited (the companies being hereinafter referred to as the "**Hospital Services Companies**"); and
- (ii). reduction, from 100% to not less than 26%, of the Company's beneficial stake in RHT, and consequently the Hospital Services Companies, as a result of the proposed Initial Public Offer of units in RHT."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, execute, deliver and perform such agreements, contracts, deeds and other documents, and deal with any matters, take necessary steps in the matter as the Board may, in its absolute discretion, deem necessary, desirable or expedient to give effect to the aforesaid resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Executive Director or any other Officer(s)/ Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

**"RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) and 192A OF THE COMPANIES ACT, 1956

As you are aware, your Company has made substantial progress, over the last decade, towards establishing itself as a leading player in the healthcare market. With more than a decade of experience in operating a large healthcare system, your Company is favourably positioned to benefit from the anticipated growth in the healthcare sector. However, this would involve a large capital outlay. Your Company is, therefore, aligning itself to internationally emerging trends, such as transformation to an asset light model. Aligning the Company's business with such international trends would assist your Company to grow faster and enable it to provide state of the art medical and healthcare services.

Your Company had been continuously evaluating various business and ownership strategies regarding your Company and its subsidiaries (the "**Fortis Group**"), and various models for raising long-term financial resources by capitalising upon the expertise of the Fortis Group. Consequently, your Company is undergoing an internal corporate restructuring ("**Internal Restructuring**"), whereby the business of certain identified hospitals of your Company will be divided into the following two separate business verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

- (i). One of your Company's business divisions (the "**Clinical Establishments Division**") will own, maintain and operate clinical establishments (being fully air-conditioned institutions established, and specifically customised and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals) (the "**Clinical Establishments**"), along with providing out-patient and day care medical and healthcare services and radio-diagnostic services (hereinafter together referred to as the "**Clinical Establishment Services**").
- (ii). The other business division will undertake the business of running the hospital, and providing medical services, including in-patient services and emergency services ("**Medical Services**").

Your Company is undertaking the Internal Restructuring for certain identified hospitals only. The Internal Restructuring would allow your Company and its subsidiaries to concentrate on their core business of providing Medical Services. Upon completion of the Internal Restructuring, the ownership of Clinical Establishments Division for the identified hospitals shall vest in the following subsidiaries of your Company:

- (i). Escorts Hospital and Research Centre Limited ("**EHRCL**"),
  - (ii). Escorts Heart and Super Speciality Hospital Limited ("**EHSSHL**"),
  - (iii). Escorts Heart and Super Speciality Institute Limited ("**EHSSIL**"),
  - (iv). Fortis Health Management Limited ("**FHML**"),
  - (v). Fortis Hospotel Limited ("**FHTL**"),
  - (vi). Hospitalia Eastern Private Limited ("**HEPL**"),
  - (vii). International Hospital Limited ("**IHL**"), and
  - (viii). Kanishka Healthcare Limited ("**KHL**")
- (collectively, the "**Hospital Services Companies**").

Upon completion of such Internal Restructuring:

- (a) the hospitals at Amritsar (*under EHSSIL*), Faridabad (*under EHRCL*), Gurgaon (*under FHTL*), Shalimar Bagh (*under FHTL*), Jaipur (*under EHSSHL*) and Noida (*under IHL*) will be run by Fortis Health Management (North) Limited;
- (b) the hospitals at Kalyan<sup>1</sup> (*under IHL*), Bannerghatta Road<sup>1</sup> (*under KHL*), Anandpur<sup>1</sup> (*under IHL*) and Mulund<sup>2</sup> (*under KHL*) shall be run by Fortis Hospitals Limited.
- (c) The hospital at Sheshadripuram<sup>1</sup> (*under IHL*) shall be run by Lalitha Healthcare Private Limited;
- (d) The hospital at Adyar<sup>1</sup> (*under FHML*) shall be run by Fortis Malar Hospitals Limited.
- (e) The hospitals proposed to be developed at Ludhiana<sup>3</sup>, Chennai<sup>3</sup> and Hyderabad<sup>3</sup> (*each owned by HEPL*) and Greater Noida<sup>4</sup> (*under IHL*) are currently under development.
- (f) The hospitals at Rajajinagar and Nagarbhavi shall be run, operated and maintained by KHL and FHML respectively with no arrangement with the Fortis Group.

(Notes:)

<sup>1</sup>Internal Restructuring for this Hospital is yet to be completed. Hence ownership of this Clinical Establishment has not yet been vested with Hospital Services Companies.

<sup>2</sup>Internal Restructuring for this Hospital is yet to be completed. Hence ownership of this Clinical Establishment has not yet been vested with Hospital Services Companies. Further, the transfer is subject to regulatory approvals.

<sup>3</sup>This is currently in the initial stages of construction.

<sup>4</sup>This is currently an existing plot of land. Construction not yet commenced.)

Fortis Health Management (North) Limited, Fortis Hospitals Limited, Lalitha Healthcare Private Limited and Fortis Malar Hospitals Limited which will run the respective hospitals as mentioned above are subsidiaries of your Company. However, your Company may, due to operational considerations, run the above hospitals either directly or through any other entities owned/controlled by it.

It was further proposed that in order to raise long-term financial resources through the expertise of the Fortis Group, your Company has proposed an Initial Public Offer of units in a business trust constituted in Singapore, which business trust would, through its trustee-manager on behalf of the business trust, indirectly own the Clinical Establishments Division, on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). To facilitate this listing, your Company identified Religare Health Trust (“**RHT**”), which is a business trust established in Singapore with an investment mandate to principally invest in medical and healthcare assets and services, in Asia, Australasia and emerging markets in the rest of the world. RHT may also develop medical and healthcare assets. RHT has, through letter dated May 24, 2012 issued by SGX-ST, received a conditional eligibility to list its units on SGX-ST.

For effectuating the above, your Company’s subsidiary Fortis Global Healthcare Infrastructure Pte. Ltd. (“**FGHIPL**”) subscribed to the equity shares of Kanishka Healthcare Limited (“**KHL**”) and Fortis Health Management Limited (“**FHML**”). FGHIPL was held by your Company, through its wholly owned subsidiary Fortis Healthcare International Limited (“**FHIL**”). Subsequently, your Company transferred the entire issued and paid-up capital of FGHIPL to Religare Health Trust Trustee Manager Pte. Ltd. (acting in its capacity as trustee-manager of RHT) and received units in RHT as consideration for the said transfer. Accordingly, your Company (through its wholly owned subsidiary-FHIL) became the 100% unitholder of RHT. Your Company is also the “*Sponsor*” of RHT for the purposes of the proposed listing of RHT on the SGX-ST.

Your Company, has also, directly or through its subsidiaries, undertaken certain transfers such that your Company’s subsidiary FHML was vested with the ownership of Fortis Hospotel Limited (*to the extent of 49%*), International Hospital Limited, Escorts Hospital and Research Centre Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and Escorts Heart and Super Speciality Institute Limited. Your Company further proposes to transfer (directly or indirectly) its balance 52% shareholding and interest in **KHL** and **FHML**, directly or indirectly, to RHT. Please note that in relation to FHTL, your Company shall continue to be the legal and beneficial owner of the balance 51% shares of FHTL, though your Company has agreed to assign, amongst others, the entire dividends receivable by it on such shares in favour of FHML.

Presently your Company, through its shareholding in FHML and KHL and 100% unitholding in RHT, is the 100% beneficial owner of the Hospital Services Companies. However, pursuant to the proposed Initial Public Offer of the units in RHT (the “**Proposed IPO**”), your Company’s ownership of units in RHT, and consequently the Hospital Services Companies, would stand diluted by up to a maximum of 74%, such that it holds not less than 26% of the units in RHT.

It is expected that the Proposed IPO shall allow RHT to raise between S\$ 400 Million (Singapore Dollars Four Hundred Million) to S\$ 550 Million (Singapore Dollars Five Hundred and Fifty Million). It is also proposed that the proceeds from such Proposed IPO shall be primarily used by RHT/the Hospital Services Companies for, amongst others, (i) the repayment of the Hospital Services Companies’ outstanding loans, including the loans owed to your Company and its subsidiaries (including, amongst others, loans taken by the Hospital Services Companies for the purposes of giving effect to the Internal Restructuring); (ii) the payment of the consideration payable to your Company and its subsidiaries as consideration for transfer of your Company’s balance 52% shareholding and interest in KHL and FHML, directly or indirectly, to RHT / Hospital Services Companies; and (iii) meeting the expenses for such Proposed IPO.

Further, de-consolidation of the Hospital Services Companies through the Proposed IPO shall enable your Company and its subsidiaries providing Medical Services to maximize the benefits of the Internal Restructuring and transcend to an asset light model, which shall help in expanding the reach of the Fortis Group and elevate the medical programme, while at the same time, allow the Company and its subsidiaries to focus on its fast growing Medical Services business. Additionally such de-consolidation of the Hospital Services Companies through the Proposed IPO shall also reduce the overall debts of the Fortis Group.

Your Company is the “*Sponsor*” of RHT for the Proposed IPO. Accordingly, in connection with the Proposed IPO and the transfer of the Clinical Establishments Division, your Company may be required to comply with certain lock-in, provide various indemnities or other similar covenants/ undertakings as may be required in accordance with applicable laws, regulations and/ or requirements of any regulatory authority.

The Board recommends the resolution as set out in the accompanying Notice for the approval of the shareholders by way of Ordinary Resolution. Your approval is sought by voting by Postal Ballot in terms of provisions of Section 192A of the Companies Act, read with provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. The voting shall not be conducted through electronic mode.

All the documents relevant to the resolution specified are open for inspection by the Shareholders of the Company at the Registered Office of your Company between 11.00 A.M. until 1.00 P.M. on all working days (i.e., except Saturdays, Sundays and public holidays) till the last date for receiving the Postal Ballot Form.

None of the directors of the your Company are interested in the above resolution except to the extent of their shareholding/ directorship, if any.

By Order of the Board  
For Fortis Healthcare Limited

Rahul Ranjan  
Company Secretary

Date : June 01, 2012  
Place : New Delhi