"Fortis Healthcare Limited"

Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Conference Call hosted by Fortis Healthcare and IHH Healthcare Berhad. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Dr. Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare. Thank you, and over to you, sir.

Ashutosh Raghuvanshi: Thank you. Good morning and good afternoon, everyone. Thank you for taking time to join us on this call today. I have along with me our Group CFO, Mr. Vivek Goyal of Fortis Healthcare, as well as Mr. Anurag Kalra and Amit Mahendru from the Investor Relations team. We also have the IHH Group CFO, Mr. Dilip Kadambi, on the call.

And the purpose of speaking with you today jointly is primarily to address any clarifications you might have on the recent developments related to the Delhi High Court order that was released on this Monday. I hope all of you would have had a chance to read our stock exchange announcement on this matter.

The current order, which is a 200-page order by the court, has directed the appointment of forensic auditor and provided a scope to the audit to be undertaken. While we can address any questions you might have, I want to highlight upfront that the current order in no way changes, limits, or impedes any of our strategic or operational plans, including those related to our investment, capex, bed expansion, and our initiatives on the M&A front.

We are currently in deliberation with our legal counsels on the best way forward, but at this point of time, we will fully abide by the directions of Honorable Court in cooperating with the said forensic exercise. Those were my brief opening statements to set the context. We can now move to the question-and-answer session.

Anurag Kalra: Can I please request the moderator to begin the Q&A, please?

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: Yeah. Thanks for taking my question. First question, Dr. Raghuvanshi, on the scope of the forensic audit, would this just be the RHT transaction that Fortis did, or would this also include IHH's investment into Fortis, if you could give us some color on that? And based on our legal counsel, what could be the duration of this forensic audit based on past precedents?

Ashutosh Raghuvanshi: Yes, Neha. The scope of audit covers a few things, as mentioned in the order. One is the reconstruction of complex evolution of FHHPL, which is the promoter entity, the erstwhile promoter entity, which has nothing to do with FHL. Through this entity, they were holding shares in FHL.

So during the period of '18 to '26, they would look at this. This is the main contention of the matter. Wherein, despite assurances being given to the court by the erstwhile promoters that they have adequate assets to cover the arbitral award given to Daiichi, the key assets were their shares in Fortis. So, these shares were eventually divested to other third parties and not to IHH/NTK.

The second part of the forensic audit is the examination of acquisition of controlling stake in FHL by IHH/NTK, including approvals, filing, etc, related to the such acquisition, and the subsequent utilization of investment amounts towards the acquisition of healthcare assets from RHT Health Trust in Singapore.

But as you're aware that, as far as these shares were concerned, these were not bought shares, but this was a primary issuance, which had happened, and so we are surprised that such a thing has been included in the scope.

The third thing which is there in the scope is the examination of any role if any, of FHL and its officers and key managerial personnel in processing and approving the unencumbered share dissipation transaction of the erstwhile promoters. We, again, believe that this is not something in which company was involved in any way or had any role to play because this was between the erstwhile promoters and the concerned banks.

And the last part of this scope is the examination of the role of all 17 banks and financial institutions in dissipation of the said assets. So, that is the large scope which has been ordered. And as far as duration is concerned, it has been written that in 4 weeks the auditor needs to send its questionnaire of the information requisition, followed by 2 weeks to respond, and then 6 months to come up with a report. That's the timeline which has been set by the court.

Neha Manpuria: Okay. And thereafter, this would again be heard by the High Court, or I mean, what would be what could be a potential outcome of these audits? I mean, depending -- I know there are a lot of variables, but just trying to understand the worst case that could come out in your view.

Ashutosh Raghuvanshi: Yeah. So, the audit findings obviously will be presented to the court. But as I have already mentioned, though it would be premature to comment on this stage, but we believe Fortis has been in complete compliance with the law at all the times. And hence, at this juncture, we don't foresee any significant or material adverse results from the audit.

Neha Manpuria: Understood. And my second question is...

Dilip Kadambi: If I may Yeah. And may if I may add there, Neha, this is Dilip here. From an IHH standpoint...

Neha Manpuria: Sorry, sir. Yeah, Dilip.

Dilip Kadambi: From an IHH standpoint, you must recall that we participated in a process that was run by the independent directors appointed by then investors, who were activist investors. And these independent directors ran a process, a fair and transparent process, where there were other bidders as well.

And as part of that, as Dr. Raghuvanshi mentioned, we invested money into the company, so we participated in a primary offering to invest money into the company, and we did not buy any secondary shares at all. So, as Dr. Raghuvanshi mentioned, one of the important scope is in terms of dissipation of shares that was earlier meant for security towards the enforcement.

But since we did not buy those shares, I think we are very comfortable in terms of our position at this point in time.

Neha Manpuria: Fair enough. And, Dilip, just a follow-up question. From an IHH perspective, given that at some point we were looking at Gleneagles and Fortis getting integrated, and you've also mentioned in case Fortis requires growth capital, you could look at in an infusion into Fortis. Is it fair to assume that this order in any way does not restrict us from doing any such corporate actions, in terms of IHH putting in money into Fortis?

Dilip Kadambi: Yeah, so just to kind of rewind back, I would say one of the biggest impediments we had previously was the MTO, which was not done, which we completed last year with the blessing of the SEBI. And we are, at this point in time, even after the order, nothing changes for us. We are fully backing Fortis. Fortis will be our growth engine to grow our India platform. We will continue to look at merging Gleneagles and Fortis at the appropriate time, and we are happy to put capital into Fortis, should the need arise. So, none of that changes.

Neha Manpuria: Understood. That's very helpful. Thank you so much for taking my questions.

Moderator: Thank you. Next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: Hi. Thank you for the opportunity. I just wanted to understand one point. If I recall, you earlier mentioned you have engaged a third-party consultant to look into this transaction on your own, and you have shared the outcome as well to court. So, was that the case, and where did court actually differ in terms of the findings which you might have shared?

Ashutosh Raghuvanshi: Yeah. So, this was well submitted during the Supreme Court hearings, and the Supreme Court had very clearly stated in its order that as far as this transaction is concerned, that they have not really found any kind of thing to probe in that. However, the judge at the High Court level felt that it may be appropriate for a wider inquiry, but the Supreme Court had clearly stated that transaction is clearly in the normal course of business.

Damayanti Kerai: Yeah. Then, I think that raised the question that you appointed forensic auditor and come up with your findings, shared with the court again. So, where I think where we can assume things might settle down, because in the earlier, I think, assessment, understanding was you are done with the findings from your side, so this matter should come to an end soon. But that didn't, I think, work out. So, from recent development, how confident you are that once you are done with the process, we can settle the matter at once?

Ashutosh Raghuvanshi: Yeah. So, we had done the internal exercise, and on basis of that, we have the confidence that at that point of time, there was nothing from the Fortis side which had to be done or which has been done which could be considered as some kind of an abnormal thing. So, that's brings us the confidence.

However, as far as the forensic audit thing was concerned, the Supreme Court had passed the matter to High Court to decide whether forensic audit is required or not. And the High Court in all its wisdom has decided that this forensic audit is required. So, we still maintain our position because we have done this investigation, and we have looked at all the previous records, etc.

As you might recall, that all these events are in the previous management before IHH came in. So, we are pretty sure that whatever papers, records, every information is available with us. We have checked that thoroughly, and we are fairly confident that the outcome of this exercise should be in our favor.

Damayanti Kerai: Sure. And question to IHH team as well. In your assessment, what could be the worst scenario which your team is building in if this matter doesn't go the way the way which you are intending?

Dilip Kadambi: So, look, as Dr. Raghuvanshi said, it's going to be difficult to comment on the assessment of the court. But what I can tell you is, again, just to reiterate the fact that it was a fair and transparent process that was held. And as per our records as well, we are compliant with all the regulations that were required. For example, even the MTO, even though it took almost more than 7 years, we patiently waited for it, completed the MTO.

So, from a regulatory standpoint, we have complied with all regulatory matters that were required. It was a process, again, that was run transparently by the three independent directors, then independent directors of the company. And we participated alongside, you may recall, other parties as well. So, we were not the only bidding party. We had other parties. It was a competitive process. And as part of the competitive process, the bid was awarded to IHH.

And as part of the bid terms, the independent directors, at that point in time, realized the need for infusion of capital into Fortis, and hence, in their wisdom, decided to issue shares to the bidding party, the successful bidder. And hence, we accumulated current holding in Fortis through issuance of primary shares by the company to us, and we haven't from then on, we haven't accumulated any secondary shares. So, I can confirm that these are all primary shares, and IHH has complied with all regulatory requirements.

Damayanti Kerai: Sure. Thank you. Thank you for your response.

Moderator: Thank you. Next question is from the line of Oong Chun Sung from CIMB. Please go ahead.

Chun Sung Oong: Hi. Good afternoon. Can you guys hear me?

Ashutosh Raghuvanshi: Yes, please.

Moderator: Yes, sir. You are audible.

Chun Sung Oong: Okay. Thank you, management, for the call. I have three questions here. What was the reason of the drop in equity stakes from the Singh brothers prior to the sale of 31% shareholdings to IHH back in late 2018? Did the Singh brothers actually dispose of their shares in the open market before IHH purchased the stakes from the open market?

My second question is, can IHH actually confirm that all the shares that they bought are actually being acquired from the open market? And lastly, does IHH necessarily require approval from the India Supreme Court in order to proceed with the MTO? Thank you.

Ashutosh Raghuvanshi: Yeah. So, first question first. As far as the dissipation of the assets of Singh brothers is concerned, they had pledged their shares to the banks, and the banks had sort of attached these shares and liquidated them in the free market. As a result of that, the Singh brothers' holding in the company had come down to negligible by the month of February of 2018.

Whereas the new board of the three independent directors at that time took over the management of the company, and they ran an independent process. At that point of time, the company required capital primarily to buy the assets which were sitting in an RHT Trust, which was a Singapore-based listed trust, a REIT trust, and those assets needed to be bought back because company was in severe financial stress because of the outgoing of the rentals.

As a result of that, the process was run, which was an independent, competitive process, as Mr. Dilip has already pointed out. And post that process, the then independent directors chose IHH as the potential partner, and IHH infused fresh capital through preferential allotments.

To your second question, there were no shares purchased from open market or the erstwhile promoter by IHH investment, and it has no connection whatsoever with the shareholdings of previous promoters. So, we can confirm that to you as well.

And as far as the third question is concerned, as MTO is already over. For the MTO, since there was a proceeding going on in the High Court, the regulator, which is SEBI, did not encourage to complete that process. But post the Supreme Court ruling, IHH did approach the regulator SEBI, and then they were permitted to conduct the MTO process, which was completed last year. I hope that answers your questions.

Chun Sung Oong: Yeah. Thank you so much.

Moderator: Thank you. Next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead with your question.

Shyam Srinivasan: Yeah. Can you hear me now?

Moderator: Yes.

Ashutosh Raghuvanshi: Yes, Shyam.

Shyam Srinivasan: Sorry about the audio thing. Yeah. Sir, just I had one question following the this audit announcement by the High Court, right, from an operational standpoint, have you seen anything from any of your employees or doctors or any of that? Do we need to go back and reassure them that things are fine, or is it something that doesn't require any sort of assuaging of the concerns or allaying concerns?

Do you think that is an exercise we need to do? And also, from a brand perspective, do you foresee anything that we need to kind of be trying to explain to patients, consumers, prescribers? Just a different question, yeah.

Ashutosh Raghuvanshi: Yeah. No, no. It's a good question. And perception is always an important in people's mind, and we're always aware of that. But I think as far as the hospital operations are concerned, as I said in my opening statement, that's an completely independent thing. And patients and our those who use our services, they are not overly concerned as to what the shareholding is or how the legal issues are panning out. They are more concerned about what service we deliver.

So, our teams are completely committed to continue to provide as good a patient experience as possible and the good clinical services. So, we completely focus on that. Our operational team and the medical team are completely focused on that part. Yes, a little bit of communication is always necessary. Whenever there is a public news about an organization, I think the employees not only have a right, but they must be taken into confidence and explained what the situation is.

We are a very transparent organization. We have always stayed with the very high corporate governance standards since the time IHH has taken over, and we are transparent to our investors, our employees, and our patients. So, we will continue to do that.

But you must appreciate that the operations are completely insulated from the goings-on in the legal and shareholding level. And as you said as you heard from Mr. Dilip, that IHH is fully, fully committed and is very bullish about India and the prospects of Fortis and the platform. So, we will continue to do that.

Now as far as operations is concerned, all our plans which we have earlier mentioned about our brownfield expansion, the M&A activity, etc, those will continue to go as it is because we have already stated that it is internal accruals mainly which is going to drive that part of the growth. Major M&A, etc, you have already heard from IHH, they are that they have no impediment in investing into the company. So, I think situation that way is great. The company has shown its resilience in past, and it is again ready to show it.

Shyam Srinivasan: Helpful. Just a second question. I don't know whether you will discuss it, but let me ask it anyway. What are the legal options that we have in front of us? Like, is it we just accept the verdict, and then that audit happens, and then once the audit gets concluded, we get some output, and is that the natural. Sorry, I'm just trying to think what are the options that the company has?

Ashutosh Raghuvanshi: Yeah. So, I can't comment exactly what we are going to do, but currently our legal teams are applying their minds and studying the legal options. We are in discussions and internal discussions, and also discussions with our legal teams, both external consultants as well as internal teams.

And based on that advice, we would do whatever actions are recommended by them over the next couple of weeks. But, of course, if we have to continue with the audit, then we will fully cooperate with that and do whatever is necessary.

Shyam Srinivasan: Thank you. Thank you, and all the best.

Moderator: Thank you. Next question is from the line of Raghavendra Divekar from Nomura Securities. Please go ahead.

Raghavendra Divekar: Hi. Good afternoon, IHH and Fortis teams. I hope you can hear me.

Moderator: Raghavendra, your voice is breaking. Can you come in a better reception area, please?

Raghavendra Divekar: Sure. Is this better?

Moderator: Yes, go ahead.

Ashutosh Raghuvanshi: Yes.

Raghavendra Divekar: Right. Three questions from my side. Firstly, over the last few years, Fortis has been on the receiving end of Daiichi Sankyo's legal challenges in India. We've seen IHH open a legal front in Japan against the company because of these court cases in India, but does Fortis also plan to launch any similar legal proceedings against Daiichi Sankyo in India to stop them from continuing this set of legal cases?

My second question is, has either Fortis or IHH had any discussion with Daiichi Sankyo on a management level to sort of resolve this issue? Or do you do both companies plan to deal with this only in the courts going forward?

And lastly, a question for Dilip. IHH had recently said that you plan to increase your stake in Fortis to about 51% over the next 3 years to 5 years. I understand that this case doesn't really change your long-term plans, but just wanted to understand if there's any impact on the timeline for this. Thank you.

Dilip Kadambi: Maybe I can start with the last question, and then I can hand it over to Dr. Raghuvanshi for the others. But our commitment to take our stake up to, you know, 50%-plus continues. And as I said, in terms of investment into Fortis, we are fully committed.

So, any capex capital expenditure need that Fortis might have, we are happy to infuse money, of course, within the purview of the law, in terms of what we can do on a year-on-year basis. We're happy to do that.

So, we are fully committed to, you know, taking our first of all, our shareholding up to 50%, as outlined by Dr. Prem previously. And we are also happy to infuse money as and when required into the company for their growth needs, so nothing changes for us, really.

Ashutosh Raghuvanshi: Yes. And to the other two questions, the first question you asked about, you know, whether we intend to do any proceedings directly about Daiichi. We would consider, but currently, since the matter is sub judice, we don't think it is appropriate to get into any kind of a counter-litigation.

We would wait for the normal court processes. We have full faith in the legal system of the country. And as far as discussions is concerned, we have not had any discussions whatsoever at the moment.

But I am not sure that when they are wrongly accusing us of wrongdoing when we are neither the judgment debtors nor were we garnishees at any stage, so it is unfair on us. So, definitely, we will consider whatever actions we can take to protect the interest of our company.

Raghavendra Divekar: Thank you.

Moderator: Thank you. Next question is from the line of Nikhil Mathur from HDFC Mutual Fund. Please go ahead.

Nikhil Mathur: Hi. I'm audible?

Moderator: Yes. Go ahead.

Ashutosh Raghuvanshi: Yes.

Nikhil Mathur: Yes. Sure. Sir, thank you for this call. My first question is that are there any financial resources that you need to sideline to take this case to fruition now? I mean, any cash requirements in this year or next year that you would want to provision or keep aside to, I mean, take this legal case forward?

Vivek Goyal: If I can answer this, Vivek this side, Nikhil. So, there is no need for any, you know, provisioning. As you can hear see from the court order, no liability has been fixed. It is just like a fact- finding exercise, which High Court wants to do through forensic auditor.

So, right now, there is no need for any provisioning or anything, no liability has been fixed. As regard any impact on the financials, I think balancing impact is zero. However, because of this legal battle and things like that, there will be some legal expenditure, which anyway we are incurring in last so many years.

So, that will be there. You know, the company is subject to incurring that legal expenses going forward also.

Nikhil Mathur: Okay. Do you mind calling that out? Or what was it last year? And would that continue with the same kind of number?

Vivek Goyal: Yes. It will be, you know, it will depend upon the intensity of the case, of course. So, last year, for example, it was around INR25 crores roughly. So, because last year it was quite intense, the court hearing, and this year it is difficult to predict, but similar amount one can budget.

Nikhil Mathur: Okay. Got it. Another question is, I mean, slightly larger picture. There is a distraction, right? I mean, I don't think that can be set aside.

And this distraction is again at a time when the competitive intensity, whether in North or in other parts of the country, is only going up. So, I understand that IHH is not constrained from infusing capital, if required, you can do.

But doesn't it create some bit of problem in terms of at least retaining doctors or, I mean, pursuing even acquisitions, which might be looking super attractive, but you don't know whether legally you would want to take that risk and go ahead with any acquisitions? So, just trying to understand, I mean, on the operational front, can this create a distraction in terms of retaining doctors or not able to pursue certain assets, which might look pretty attractive in the near term?

Ashutosh Raghuvanshi: Yes. So, Nikhil, as I said earlier, you know, the operations are, in a way, insulated from these issues simply because we have created an environment over the last many years. Since the time IHH has come on board, we have created the team, and we have a fully operational team with a good leadership both at the regional, local, and the central corporate level. So, we do not bother that team with any of these issues.

And as far as the growth, M&A, etc, is concerned, we are actively continuing to pursue those opportunities, and we will continue to do so. As I had earlier mentioned as well, is that it does not constrain any of our plans which we have already disclosed, plus some of the other opportunities which we are pursuing for last few months, and we are going to continue to pursue those opportunities in future as well.

As you said that the competitive intensity has increased, and in that environment, we have to step up our game as well, and we will continue to do so. And you must also appreciate that we have been managing the operational performance improvement over the last 8 years since IHH has come in, and we have taken it from a level to another level. And all this while, there were legal and other issues which were going on.

So, we are fairly sort of, you know, kind of structured in a manner that we can insulate our operations to a large extent. Yes, we have to work harder. We have to engage more both with our internal customers as well as our external stakeholders and our shareholders, etc, but we think that is part of our responsibility, and we are very confident that we can deliver on both sides of this equation.

Nikhil Mathur: Got it. I think very helpful. Thank you so much.

Moderator: Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: Yes. Thanks for the opportunity. Sir, two questions. One, with respect to forensic audit related to banks, does this also need to get completed within 6 months' time frame?

Ashutosh Raghuvanshi: The order suggests so. Yes. But we are not sure whether that is sufficient time, but, yes, the order says so.

Tushar Manudhane: Got it. And secondly, sir, while it was pretty clear and evident in terms of, you know, like the independent directors coming on board and then choosing IHH to drive FHL going forward, any inputs if you can share in terms of still why the judge has gone ahead and, you know, taken the IHH transaction as well into this audit process? Any interpretation which judge has given and if you can share?

Ashutosh Raghuvanshi: Yes. So, there are no clear statements, and there are contradictions in some of those statements. I cannot comment on the order as such, but there was no clarity as to why this has been ordered. As I said earlier, that we were neither a judgment debtor nor garnishee in the proceedings which were going on in the High Court for the execution proceedings which were going on.

So, we have been made a party primarily by Daiichi. I guess they have out of their frustration of not being able to get their dues from the erstwhile promoters, they're trying to see whatever other means they can do. And Fortis appears to be an entity which probably may have deeper pockets, then that's why they are probably attacking us.

But I think as far as, you know, the legalities of the whole process is concerned, it was a fresh capital infusion through preferential allotment. All the necessary public disclosures and regulatory approval, shareholder approval, full public disclosures were done as far as IHH/NTK as well as RHT transaction is concerned. So, we are pretty sure that that is the case, and I think we will have to wait and see what happens next.

Tushar Manudhane: Sure, sir. So, subsequently, while the transaction between RHT and the earlier transactions was, in which case, sort of suggested by Supreme Court that if High Court required, then they can go ahead with the forensic audit, the banks or probably this IHH transaction, in which case, was not included earlier. So, would you also take a step to go to the higher court to challenge the at least the IHH transaction part or currently we are sort of going ahead with forensic audit across?

Ashutosh Raghuvanshi: No. So, as I said, our legal teams are currently reviewing the judgment and consulting with other senior lawyers. We would take the necessary steps based on the legal advice we receive over the next 5, 10 days, and based on that, we will take the necessary action. If necessary, we would go to the right forum for that.

Tushar Manudhane: Thank you, sir. That addressed my question. Thanks a lot.

Moderator: Thank you. Next question is from the line of Bino Pathiparampil from Elara Capital. Please go ahead.

Bino Pathiparampil: Hi. Good afternoon. Two follow-up questions. One, is there an allegation that the money which came from IHH and later went to the trust to buy out the assets in Singapore, the trust in Singapore, I mean that eventually benefited the Singh brothers? And if such an allegation is there, would that be part of this audit?

Ashutosh Raghuvanshi: Yes. So, I mean, we don't know exactly what the scope of the audit will be decided by the auditor. As far as the RHT transaction is concerned, that was also an open transaction. You know that Singapore has a good governance framework. This was a listed entity in Singapore. So, there all the processes were followed and it was a transparent process.

As far as the shareholding of the trust is concerned, there was some shareholding of the Fortis, which money came back to Fortis and the rest of it went to the other shareholders. And that whole process was absolutely transparent. I don't know whether the forensic auditors will put that in their scope or they have the jurisdiction to do that. I am not sure about those matters.

But the Supreme Court had said that as far as the IHH/NTK transaction in primary infusion is concerned, that is clear. That they had not mentioned. So, this is a new thing which the judge has ordered in this. We will have to see how we react to that.

As far as the RHT transaction is concerned, it was definitely for commercial exigencies and the commercial needs of the company, and it was the stated objective when the money was raised for fresh capital infusion from IHH. This was already stated at that time that this is where the funds are going to go. So, I think there was it was full public disclosure, so any allegations about that are misplaced.

Bino Pathiparampil: Got it.

Dilip Kadambi: If I may add if I may add to what Dr. Raghuvanshi said, again, I'd like to reiterate that RHT was a listed entity in Singapore, governed by MAS on SGX as per the SGX regulations. So, they followed the listing regulations here. They also had the shareholder register disclosed from time to time as per the listing regulations here, so it was all above board.

They had lenders from Singapore, who were all big banks, who also got paid out based on buying back of the assets. So, it was a transaction which was well-announced, well-described and have gone through all the regulatory approvals, both from the India side as well as from the Singapore side.

Bino Pathiparampil: Got it. Thank you. The second question is regarding some court comments which I read, which mentioned something like while the sellers were not the company Fortis and neither was the buyers, but at the same time, the Fortis company registry should not have possibly transferred those shares to the new buyers, something to that effect. Now to put it in the legal context was that legally possible at all at the company side?

Ashutosh Raghuvanshi: Absolutely not. The company has no role in share transfer. We are a publicly listed company. The shares are transferred between the parties and it is done through the registrar and company plays no role. The rules at that time did not have any kind of necessity for the compliance officer to give any sort of clearance.

Though the rules now say that if there is a promoter which is transferring shares, they must take a permission from the compliance officer. But at that time, there was no such rule, and hence, there was no permission sought from the company. And the company was not really aware that these kinds of transactions are happening, or they should happen, not happen. The company had no role to play in that whole process.

Bino Pathiparampil: Understood. Thank you very much.

Ashutosh Raghuvanshi: That comment, I think, has to be taken in that light. Yes.

Bino Pathiparampil: Got it. Thank you very much.

Moderator: Thank you. Next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Yes. Hi, sir. Sir, two follow-ups. First is on the quantum of the litigation charge which you talked about, which could be same as last year this year. So, just wanted to understand that who pays for this forensic audit? And secondly, last time, I think when IHH did a forensic audit, if you could share, what was that cost?

Vivek Goyal: Yes. So, this forensic audit thing in the court order itself it was mentioned that it is to be borne by Daiichi, the current forensic order which has been done. And I think earlier what has been incurred, I am not having readily available, but it was not a substantial sum.

Abdulkader Puranwala: Okay. And, sir, just next one. How does this court order have a bearing on your other litigation, specially one which is going on Japan, where you have a hearing next week? Any impact you feel on that other litigation is also getting prolonged because of this order?

Ashutosh Raghuvanshi: I'll request IHH to respond to that.

Dilip Kadambi: Yes. So, again the Japan ruling is sub-judice and is being decided by the court. So, very difficult for us to comment on how the judge would view this. But, again, the facts are in front of you, as Dr. Raghuvanshi has highlighted. I think we've done the right thing in terms of investment into the company, and Daiichi's act of trying to block us has been fairly unfair, and that's also costed us time from an MTO perspective.

So, I think that's been the real issue, and that's what we've gone to Japan for. So, again, cannot comment on what view the judge would take and since it's sub judice, but our view is we've been unfairly blocked over the years, and the MTO, which was delayed, was finally done only last year after almost seven years of waiting. So, I think that's really the impact that it's had on our ability to consolidate Fortis faster.

Abdulkader Puranwala: Sure, sir. Thank you.

Moderator: Thank you. Next question is from the line of Yan Wu from J.P. Morgan. Please go ahead.

Yan Wu: Hi. Good afternoon, IHH management and Fortis. Apologies if this was covered a bit earlier. I just want to make it very simple, right? Assuming no material finding from this forensic audit, what are the real next steps from here? I appreciate your legal team is reviewing a few angles here, but to just simplify it to investors and shareholders, when can we put a big full stop to this thing? Thank you.

Ashutosh Raghuvanshi: That's a very good question. We have been waiting for a meaningful conclusion for very long time and I can understand that everybody's patience is giving up. But at the moment, since the court has fixed the timeline of six months, we expect something to happen in six months, and post that, whatever actions have to be taken should take another few months. So, that's probably going to be the sequence of events, but I would not hazard a guess as to what the outcome is going to be.

Dilip Kadambi: Yes, but irrespective of the outcome Yan.

Yan Wu: Yes?

Dilip Kadambi: I'm saying irrespective of the outcome in terms of what will happen over the next six months, as I stated, right, our commitment to Fortis remains. Because the MTO is done, we have the ability to invest more capital, and Fortis' growth plans are all intact. So, that's something that we'll continue on with. Even within the next, whatever, 6 to 12 months, that doesn't stop us from doing what we have to do.

Yan Wu: So, if I understand it correctly, within the six months, IHH is allowed to do any other corporate actions within the remit of law? Is that right?

Ashutosh Raghuvanshi: Yes, absolutely. Correct.

Yan Wu: Okay. And the second question, given that the six months timeline, the question then is, what are the steps or is there a legal proceeding to say that this is it, no more forensic audit or any kind of claims coming therefore? Timeline is given, but the process that has to be go through to actually say this is the end of the whole process, no more revisiting.

Ashutosh Raghuvanshi: Yes. I think post this audit if it happens, then post this audit, that would be the closure as far as this line of investigation and litigation is concerned. So, this is the last stop unless something new develops.

Yan Wu: Okay. That is clear. Then if I can just quickly squeeze my last question. If we flip to the other side, what would be the worst scenario outcome could potentially happen here?

Ashutosh Raghuvanshi: Worst scenario, it would be premature to comment but since we have been in compliance with law at all times, we don't see at this juncture that there would be any significant material adverse effect from this. So, that is our stand at the moment.

Yan Wu: Okay. That's very clear. Thank you very much.

Ashutosh Raghuvanshi: Thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take that as a last question. I'll now hand the conference over to Mr. Anurag Kalra for closing comments.

Anurag Kalra: Ladies and gentlemen, thank you very much. I hope we've been able to address your clarifications as best possible. If there are any follow-up queries, clarifications, we're always available. Please feel free to reach out to us over telephone or email. Thank you, and have a good day.