



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

Registered Office: Fortis Hospital, Sector 62, Phase – VIII, Mohali, Punjab - 160062

Tel.: 0172-5096001, Fax: 0172-5096221

Email:secretarial@fortishealthcare.com, Website:www.fortishealthcare.com

Dear Shareholders,

Further to the Notice dated April 27, 2018 for the Extra-Ordinary General Meeting (“EGM”) of Fortis Healthcare Limited (“the Company”) Limited scheduled to be held on Tuesday, May 22, 2018 at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110010 to transact the following resolutions:-

1. Appointment of Ms. Suvalaxmi Chakraborty (DIN: 00106054) as an Independent Director of the Company
2. Appointment of Mr. Ravi Rajagopal (DIN: 00067073) as an Independent Director of the Company
3. Appointment of Mr. Indrajit Banerjee (DIN: 01365405) as an Independent Director of the Company
4. Removal of Dr. Brian W. Tempest (DIN: 00101235) as Director of the Company
5. Removal of Mr. Harpal Singh (DIN: 00078224) as Director of the Company
6. Removal of Ms. Sabina Vaisoha (DIN: 00207306) as Director of the Company
7. Removal of Lt. General Tejinder Singh Shergill (DIN: 00940392) as Director of the Company

We are enclosing herewith the Joint Representation dated May 8, 2018 as received from Dr. Brian W. Tempest, Mr. Harpal Singh, Ms. Sabina Vaisoha and Lt. General Tejinder Singh Shergill under Section 169(4) of the Companies Act, 2018 in this behalf.

The aforesaid representation is available on the Company's website at www.fortishealthcare.com/investors, that of BSE at www.bseindia.com, that of NSE at www.nseindia.com and that of Karvy at <https://evoting.karvy.com>.

The aforesaid representation dated May 8, 2018 is available for inspection by the members at the Registered Office of the Company between 10:00 a.m. and 12:00 p.m. on all working days (except Saturday) of the Company, up to the date of the meeting. The said representation shall also be available for inspection at the venue of the meeting, during the EGM.

For Fortis Healthcare Limited

Date: May 8, 2018
Place: Gurugram (erstwhile Gurgaon)

Sd/-
Rahul Ranjan
Company Secretary
M. No. A17035

Joint Representation Note from Dr Brian W. Tempest, Mr. Harpal Singh, Ms. Sabina Vaisoha and Lt. Gen. Tejinder S. Shergill

Dear Stakeholders,

We, the Directors of your esteemed Company i.e. Fortis Healthcare Limited (**FHL or the Company**), pursuant to Section 169 of the Companies Act, 2013, would like to place before you this representation note detailing some of the key points for your consideration before you vote on the resolutions proposed under Section 100(2) of the Act, as highlighted by two of our esteemed shareholders. To begin with, we would like to reproduce the relevant paragraph from the said requisition of shareholders for ease of reference and our responses to the same are aimed towards enlightening with some of the facts relevant for your voting decision :-

*“In light of **the recent developments** involving the Company, in our view the current members of the Board have not satisfactorily exercised their respective **fiduciary duties** towards all shareholders and have failed to maintain expected levels of **corporate governance**. The minority shareholders like us have lost confidence in the **suitability, bona-fides or independence** of the current members of the Board and therefore are seeking their removal. In our opinion, the current members of the Board **do not fairly represent the interest of all shareholders** and the Company, and considering the recent events, their continuance on the Board is untenable.”*

Some of the key words used in the above paragraph have been highlighted and our responses are around the same:

Recent developments:

Some of the key developments in the recent past that we would like to bring to your kind attention are as follows:

- A. Institution of investigation by SEBI and other regulatory bodies on alleged media reports of fraud;
- B. The Promoters of the Company losing a significant legal case and thereby their holding in FHL reducing to less than 1%. Subsequently they resigned from the Board of the Company;
- C. The deterioration in the Company's performance during Q2 and Q3 of FY 2017-18 due to headwinds in the healthcare sector and other issues related to the Group;
- D. Three independent directors resigning from the Company;
- E. Significant downward revisions in the credit rating of the Company thereby reducing the ability of the Company to raise additional funds required for the business;
- F. The Company signing off a transaction with the Manipal / TPG consortium;
- G. Receipt of unsolicited offers from other interested parties - both binding and non-binding;
- H. The Boards decision to evaluate only binding bids and for this purpose the appointment of an independent Expert Advisory Committee (EAC) comprising persons of eminent repute and Standard Chartered Bank, as the financial advisor to assist the Board.

Through this note, we would like you to evaluate some of the key decisions taken by the Board which should be considered while forming a view about the Board and its functioning with regard to its **fiduciary duties towards the shareholders and other points mentioned in the relevant paragraph in the shareholders requisition.**

1. **Investigations:** Soon after the alleged media report came out, and before the formal institution of an investigation by SEBI and other regulatory bodies, the Audit Committee of the Board, which primarily consists of us as members only, initiated an independent enquiry by Luthra & Luthra Law Offices and the mandate agreed with them was also agreed with the statutory auditors of the Company (Deloitte). None of the allegations were against any of the current Board members. Taking the ground of governance and our fiduciary duty, we directed the management to accord all assistance to the investigating agencies, and to make sure that the allegations are thoroughly examined in order to facilitate a complete impartial investigation. None of us have tried to defend anyone and have in fact offered ourselves for questioning or forming a part of any investigation by any agency.
2. **Board Vacancy:** In the last three months, FHL witnessed five resignations from the board. Both the promoter directors - Mr. Malvinder Mohan Singh and Dr. Shivinder Mohan Singh resigned from the board to absolve the Company from any linkages to their litigation with Daiichi Sankyo. Following that there were the resignations of Ms. Joji S. Gill, Dr. P S Joshi and Mr. Pradeep R. Raniga. While Dr Joshi had resigned due to ill health, Ms. Joji resigned as her workplace relocated out of India and she couldn't find enough time for her role as Director. Mr. Raniga also resigned due to his enhanced audit work in Australia. Coincidentally, all these resignations happened in quick succession which may have created a wrong perception though the reality is that the reasons cited by these directors were genuine and can be verified independently.

The Board took note of these resignations and in the best interest of the shareholders, decided not to fill the vacancies of the Promoter Directors. The vacancy caused by the resignation of Ms. Joji (as the only woman director) was considered to be filled immediately as this was mandatory. Ms. Sabina Vaisoha was appointed for this position. Ms. Sabina is a seasoned professional in the area of Media and PR, an area in which Fortis was looking for a suitable Board representation, in view of the fact that FHL has and is constantly in the news. Her appointment was more relevant to guide the management from a branding and PR point of view.

The second vacancy in the area of Finance was filled in by appointing Mr. Rohit Bhasin, a finance expert. Mr. Bhasin has vast experience in the areas **Business Strategy, Investment Advisory, Business Planning & Restructuring and Corporate Finance, including M&As and Valuations.. He is a Chartered Accountant with 34 years of experience in leading organisations such as Standard Chartered Bank, AIG Inc, and PricewaterhouseCoopers (PwC) and was also an Independent Director on Board of GE Capital Services India.** We believe a person of his stature is very important for FHL at this point of time and going forward. The Board also recognised the need to have members on the Board who would have specific expertise and would represent and advise in the areas of Human Resource and Medical Services. For this purpose, FHL mandated AMROP, a global executive search firm to suggest names of potential candidates for selection by the Board. Other members of the Board are also from varied backgrounds and bring with them, a range of expertise. Dr Tempest has a background in medicine, Mr. Harpal Singh has substantial corporate and CSR experience and Lt. Gen. Shergill who re-joined the Board, after five years, has a strong administrative, government and motivational background. The Board believes that a blend of different expertise will help the Company in the best possible way and protect the interest of shareholders.

- 3. Transaction at Fortis and the Process of decision making:** As you are aware, since the last approximately 18 months, the Company has been trying to close a possible transaction and has seen interest from both financial and strategic players. A significant amount of time and effort of the management has been spent with the potential investors involved, along with their financial and legal advisors and consultants in facilitating the due diligence process including site visits , management meetings, etc. The Board wished to end this seemingly unending process in the best interest of the Company and therefore decided to evaluate only the binding bids for following reasons:
- a. The non-binding bids involve considerable uncertainty and merely running a due diligence process does not guarantee a binding bid which the Board had wanted in the best interest of the Company. We infact ended up with no binding bids or bids with lesser value bids than the current binding offers we now have on the table. We would have also run the risk of our current binding offers expiring soon. Accordingly, by opening up the due diligence process, the Board would have taken a significant risk and put the Company once again into an uncertain situation.
 - b. Further, a process where one of the bidders has the 'right to match' would not be fair and may have seen bidders not participating at all knowing that one of the bidders could match their offer in the end.
 - c. Given that there are four binding offers for consideration as on date and considering the need for a certain and quick solution for the company, it was considered prudent that only binding bids should be considered. Further, consequent to such decision of considering only binding bids, the non-binding bids were replaced with the binding ones bringing more certainty and commitment of funds by the respective interested parties.

It is public knowledge (reported by various media houses) that the almost all the bidders who have submitted non-binding / binding bids have been engaged at various points of time over the past 18 months with the Company but have not made any concrete offers. IHH undertook a detailed diligence exercise in mid- 2017 and so did KKR, VPS Healthcare and Bain, amongst others.

For evaluating the binding bids, the Board decided to carry out a due process of evaluation keeping in mind the financing needs of the Company and the need to partner with an investor who would provide a longer term strategic and financial support. The Company given its immediate financing needs has binding offers that could deliver the requisite funds and allow the Company and its management to focus on its business of operating and running hospitals. As members of the current Board and keeping in mind our fiduciary duties, we think it is imperative that the Company does not lose any more time and considers the offers in hand as adequate and substantive. At the same time, we want to ensure transparency and independence in decision-making. Thus, we have formed an independent Expert Advisory Committee(EAC) to advise the Board along with our financial advisor – Standard Chartered Bank with legal representation from our lawyers- Cyril Amarchand Mangaldas.

The expert advisory committee comprises people of impeccable credibility and repute in their respective fields – Mr. Deepak Kapoor, Former Chairman and CEO of Price WaterhouseCoopers, India and Mr. Lalit Bhasin, President, Society of Indian Law Firms & Managing Partner, Bhasin & Co.

We would also like to bring to your attention that the decision taken by us prior to inducting the new independent directors (as requisitioned by shareholders) of considering only binding bids was also supported by the new members when they took into consideration all the factors as explained to them and the current situation of the Company.

The expanded Board with the induction of new members has further added to and strengthened the fairness and transparency in the entire process by appointing a second financial advisor i.e. Arpwood Capital which is a renowned advisory firm with expertise in financial transactions and investment proposals to assist the Board. The entire process as unanimously decided and approved by the expanded Board is briefly outlined as follows :

- (a) The EAC (Expert Advisory Committee) would in an in-person meeting hear from all the parties that have submitted binding bids as to the rationale and justification of their offers.
- (b) Standard Chartered Bank and Arpwood, the two financial advisors would also be present for the aforesaid meetings in order to enable them to form their own independent views.

- (c) Standard Chartered Bank would submit its independent recommendation to the EAC.
- (d) The EAC will form its own independent recommendation basis its own judgment and will subsequently submit its final recommendation to the Board.
- (e) The Board would also in an in-person meeting hear from all the parties that have submitted binding bids as to the rationale and justification of their offers.
- (f) The Board would get an independent recommendation from Arpwood.
- (g) The Board would then basis its own judgment coupled with the independent recommendations from the, SCB, EAC and Arpwood respectively, will recommend to shareholders its final decision regarding the Bid it feels is in the best interest for all shareholders.

It is important to note that the final decision taken by the Board will eventually need to be approved by shareholders, thereby ensuing full transparency and participation by shareholders in the decision-making for their own Company.

4. Equal Representation at the Board:

Currently the Board is not represented by any shareholder except for the fact that Mr. Harpal Singh is related to one of the Ex Promoter Directors. The current holding of the promoters is less than 1% and hence he can in the current context be said to be representing entire shareholders. Also, please kindly note that the appointment of most of the current board members was duly approved by the shareholders with an overwhelming majority and can in all aspects be said to be representatives of all shareholders.

5. On-boarding of new members and continuity:

We believe that the current Board due to its association with the company over a period of time is completely capable of taking the company out of its current issues and is also familiar with the workings of the Company and the skill sets of the management. In spite of the headwinds from the industry, regulatory and otherwise, the fact of the matter is that FHL is still discharging its obligations in as efficient a manner as possible towards its patients, employees and all shareholders. This is primarily only because of a judicious way of working between the management and the Board, one that empowers decision making, delegates responsibility and demands accountability. A complete change of the entire board at this time will certainly add more turbulence and ambiguity for the Company as well as the management. The resolutions are set to be voted by the shareholders on May 22, 2018 and by May 30, 2018 the Company is legally obliged to declare its annual financial results to be duly signed off by the Board. Any delay in the publication of the results is the last thing that we, as members of the Board would want due to any reason. Therefore, there is a need to have a balanced approach in which any new board member is appropriately guided and supported by existing members keeping in mind the interest of all shareholders.

6. New Board Members:

We believe that the three new board members as proposed by our esteemed shareholders, viz Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee are persons of repute and have a rich experience having worked in organisation of repute both in India and overseas. We find no reasons in their profile for not being appointed by any Company including Fortis except for the fact that they represent similar areas of expertise and have been nominated by the same set of shareholders. We believe that their vast experience in the area of finance will be of great use by the Company. The Board, with this view, deliberated on the nominees put forward by the two shareholders and we as current members of the Board in a gesture of good faith and in the larger interest of all shareholders have invited the three members, who were recommended to be appointed as directors, to join the Board of Directors immediately as Additional Non-Executive Independent Directors w.e.f April 27, 2018. Their appointment remains subject to the approval of the majority of the shareholders.

Further, we would like to bring to your notice that, the Board has appointed Lt. Gen. Shergill w.e.f February 12, 2018 for a period of five years as an Independent Director which was subject to the shareholders' approval. The Company, vide its Postal Ballot notice dated March 20, 2018, sought approval of shareholders for the appointment of Lt. Gen. Shergill as an Independent Director and the same was duly approved by the requisite majority of the shareholders. This to us also conveys that the majority of the shareholders are supportive of the current Board and its decisioning.

In light of above facts and updates, we request our shareholders to take an informed decision while voting on aforesaid requisition.

Regards

Sd/-
(Dr Brian W. Tempest)

Sd/-
(Mr. Harpal Singh)

Sd/-
(Ms. Sabina Vaisoha)
Date: May 8, 2018

Sd/-
(Lt Gen. Tejinder S. Shergill)