

**Fortis Healthcare Limited**

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

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Email : secretarial@fortishealthcare.com

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FHL/SEC/2019-20

November 28, 2019

**The National Stock Exchange of India Ltd.
Corporate Communications Department
“Exchange Plaza”, 5th Floor, Bandra-Kurla
Complex, Bandra (East), Mumbai – 400051
Scrip Symbol: FORTIS**

**BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code:532843**

Sub: Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015- Withdrawal of rating(s) assigned to the Bank facilities of the Company and its subsidiary

Dear Sir(s),

In compliance of Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this is to inform you that at the request of the Company, CARE Rating Limited has withdrawn “CARE BBB- / CARE A3, Credit watch with developing implications” (“CARE Ratings”) in respect of the Company’s long term bank facilities and short term facilities and “CARE BBB- Credit watch with developing implications” in respect of its Subsidiary (Escorts Heart Institute & Research Centre Limited) for short term bank facilities.

Please also note that the Company has in place credit rating for similar instruments from “ICRA Limited” and the same is rated as “BBB+ / A2, watch with developing implications” for long term bank facilities and short term bank facilities.

The relevant papers received from CARE Rating Limited are attached herewith.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **Fortis Healthcare Limited**

**Sumit Goel
Company Secretary
M. No. – F6661**

FORTIS HEALTHCARE LIMITED

Regd. Office : Fortis Hospital, Sector 62, Phase – VIII, Mohali – 160062

Tel : 0172-5096001, Fax : 0172-5096221, CIN : L85110PB1996PLC045933

No. CARE/DRO/RL/2019-20/2735

Mr. Vivek Kumar Goyal
Chief Financial Officer
Fortis Healthcare Limited
3rd Floor, Tower A, Unitech Business Park
Block-F, South City 1, Sector 41
Gurgaon, Haryana, 122001

November 27, 2019

Confidential

Dear Sir,

Withdrawal of rating(s) assigned to the Bank facilities of Fortis Healthcare Ltd

At the request of the company vide email dated November 26, 2019 along with 'No Objection certificate' and 'No Dues certificate' for withdrawal of ratings dated October 03, 2019 from Yes Bank and June 27, 2019 from HDFC Bank, we hereby withdraw the outstanding rating of 'CARE BBB- (Triple B Minus) (Credit watch with Developing Implications) and CARE A3 (A Three) (Credit watch with Developing Implications) assigned to the bank facilities of your company with immediate effect.

2. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press Release, a copy of which is enclosed. **Meanwhile, please ensure that ratings are not used hereafter, for any purpose whatsoever.**

3. In case of any future rating requirements, we will be happy to offer our services.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,



Rohit Chawla
Deputy Manager
rohit.chawla@careratings.com

Yours faithfully,



Nitesh Ranjan
Senior Manager
nitesh.ranjan@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability for the investor. CARE's ratings do not constitute an

audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

**Annexure
Press Release
Fortis Healthcare Limited**

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|--------------------------------------|--------------------|---------------------|---|
| Long term Bank Facility | - | - | Reaffirmed at CARE BBB- (Triple B Minus) (Credit watch with Developing Implications) and Withdrawn* |
| ST Facilities-Fund Based (Overdraft) | - | - | Reaffirmed at CARE A3 (A Three) (Credit watch with Developing Implications) and Withdrawn* |

Details of facilities in Annexure-1

At the request of the company vide email dated November 26, 2019 along with 'No Objection Certificate' dated October 03, 2019 for part of the facilities and No Dues Certificate dated June 27, 2019 for the remaining facilities, we hereby withdraw the outstanding rating of 'CARE BBB- (Triple B Minus) (Credit watch with Developing Implications) and CARE A3 (A Three) (Credit watch with Developing Implications) assigned to the bank facilities of the company with immediate effect.

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers
CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB- (Triple B Minus) (Credit watch with Developing Implications)/ CARE A3 (A Three) (Credit watch with Developing Implications)' assigned to the bank facilities of Fortis Healthcare Limited (FHL) with immediate effect. The above action has been taken at the request of FHL and 'No Objection Certificate/ No Dues certificate' received from the bank(s) that have extended the facilities rated by CARE.

Analytical approach: Not Applicable

Applicable Criteria

Policy on Withdrawal of ratings

About the Company

FHL, incorporated in 1996, is a leading healthcare player with presence in multiple verticals spanning diagnostics, primary care, day care specialty and hospitals. The group operates 43 healthcare facilities with approximately 4,100 operational beds. FHL also operates one of the largest private diagnostic centres in India through its subsidiary SRL Ltd. Its network comprised of 368 laboratories, more than 1,000 collection centres with over 5,000 direct clients. In November 2018, IHH, through its subsidiary - Northern TK Ventures

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Pte Ltd had infused equity in FHL leading to holding of ~31.1%. A brief of the consolidated results have been shown below:

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) |
|-------------------------------------|-----------------|-----------------|
| Total operating income | 4717 | 4562 |
| PBILD | 441 | 323 |
| PAT | -934 | -224 |
| Overall gearing (times) | 0.62 | 0.59 |
| Interest coverage (times) | 1.71 | 0.96 |

A: Audited

Figures are rounded off to the nearest decimal place

About IHH:

IHH has vast experience in healthcare sector in Malaysia, Singapore, Brunei, China, Turkey and UAE. The majority shareholder of IHH is Khazanah Nasional Berhad, the sovereign wealth fund of Malaysia. Through its operating subsidiaries, the group has more than 10,000 licensed beds in 50 hospitals across 9 countries. The group offers the full spectrum of integrated healthcare services like primary care, secondary and tertiary care, quaternary care and medical education.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

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Analyst Contact

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's

CARE Ratings Limited
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rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--------------------------------|------------------|-------------|---------------|-------------------------------|---|
| Term Loan-Long Term | - | - | - | - | Withdrawn |
| Fund-based - ST-Bank Overdraft | - | - | - | - | Withdrawn |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|--------|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Term Loan-Long Term | LT | - | - | 1)CARE BBB- (Under Credit watch with Developing Implications) (04-Apr-19) | 1)CARE C (11-Apr-18) | 1)CARE BBB+ (Under Credit watch with Negative Implications) (06-Mar-18) 2)CARE A- (Under Credit watch with Negative Implications) (13-Feb-18) 3)CARE A+ (Under Credit watch with Developing Implications) (24-Nov-17) 4)CARE A+ (Under Credit watch with Developing Implications) (09-Nov-17) 5)CARE A+ | 1)CARE A+ (04-May-16) |

| | | | | | | | | |
|----|--------------------------------|----|---|---|---|--|---|------------------------|
| | | | | | | | (Under Credit watch with Developing Implications) (27-Jul-17) 6)CARE A+; Stable (20-Apr-17) | |
| 2. | Fund-based - ST-Bank Overdraft | ST | - | - | 1)CARE A3 (Under Credit watch with Developing Implications) (04-Apr-19) | 1)CARE A4 (11-Apr-18) | 1)CARE A2 (Under Credit watch with Negative Implications) (06-Mar-18) 2)CARE A2+ (Under Credit watch with Negative Implications) (13-Feb-18) 3)CARE A1+ (Under Credit watch with Developing Implications) (24-Nov-17) 4)CARE A1+ (Under Credit watch with Developing Implications) (09-Nov-17) 5)CARE A1+ (Under Credit watch with Developing Implications) (27-Jul-17) 6)CARE A1+ (20-Apr-17) | 1)CARE A1+ (04-May-16) |
| 3. | Commercial Paper | ST | - | - | - | 1)Withdrawn (29-Mar-19) 2)CARE A4 (11-Apr-18) | 1)CARE A2 (Under Credit watch with Negative Implications) (06-Mar-18) 2)CARE A2+ (Under Credit watch with Negative Implications) | - |

| | | | | | | | | |
|--|--|--|--|--|--|--|---|--|
| | | | | | | | (13-Feb-18) 3)CARE A1+ (Under Credit watch with Developing Implications) (24-Nov-17) 4)CARE A1+ (Under Credit watch with Developing Implications) (09-Nov-17) | |
|--|--|--|--|--|--|--|---|--|

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

No. CARE/DRO/RL/2019-20/2729

Mr. Vivek Kumar Goyal
Chief Financial Officer
Escorts Heart Institute and Research centre Limited
3rd Floor, Tower – A, Unitech Business Park,
Block – F, South City 1, Sector – 41
Gurgaon, Haryana - 122001

November 27, 2019

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY19 (A) and H1FY20 (UA), and in view of the developments regarding the Ongoing investigations and litigations against the group and the possible impact of the same on the credit profile of FHL, our Rating Committee has reviewed the following ratings:

| Facilities | Amount (Rs. crore) | Rating ¹ | Remarks |
|----------------------------|--|--|--|
| Long-term Bank Facilities | 15 (reduced from Rs.28 crore) | CARE BBB- (Triple B Minus) (Credit watch with developing implications) | Continues on credit watch with developing implications |
| Short Term Bank facilities | - | - | Withdrawn |
| Total facilities | 15 (Rs. Fifteen crore only) | | |

At the request of the company vide email dated November 26, 2019 along with 'No dues certificate' for withdrawal of ratings dated September 20, 2019 from the HDFC Bank, we hereby withdraw the outstanding rating of 'CARE A3 (A Three) (Credit watch with Developing Implications) assigned to the bank facility of the company with immediate effect.

- Refer **Annexure 1** for details of rated facilities.
- CARE will take a view on the ratings once the exact implications of the above event on the credit risk profile of the company are clear.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.
CARE Ratings Ltd.

4. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 27, 2019, we will proceed on the basis that you have no any comments to offer.
5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

10. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Rohit Chawla
Deputy Manager
rohit.chawla@careratings.com



Nitesh Ranjan
Senior Manager
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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Term loan

| Sr. No. | Lender | Rated Amount (Rs. Crore) | Remarks | Debt Repayment Terms |
|----------------|---------------|---------------------------------|----------------|--------------------------------|
| 1. | Yes Bank | 15.00 | | Structured repayment till FY24 |

Total long-term facilities: Rs. 15 crore

**Annexure 2
Press Release**

Escorts Heart Institute and Research Centre Limited

November 27, 2019

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Remarks |
|----------------------------|--|--|--|
| Long-term Bank Facilities | 15 (reduced from Rs.28 crore) | CARE BBB- (Triple B Minus) (Credit watch with developing implications) | Continues on credit watch with developing implications |
| Short Term Bank facilities | - | - | Withdrawn |
| Total facilities | 15 (Rs. Fifteen crore only) | | |

Details of instruments/facilities in Annexure-1

At the request of the company vide email dated November 26, 2019 along with 'No dues certificate' for withdrawal of ratings dated September 20, 2019 from the Bank, we hereby withdraw the outstanding rating of 'CARE A3 (A Three) (Credit watch with Developing Implications) assigned to the bank facility of the company with immediate effect.

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of EHIRCL continues to take comfort from strong operational synergies and linkage with its parent i.e FHL. IHH Healthcare Berhad's (IHH, through its 100% stepdown subsidiary – Northern TK Ventures Limited) has become the largest shareholder in FHL. IHH owns & operates one of the largest hospital networks globally with an established track record in healthcare sector across multiple countries. Furthermore, CARE notes the improvement in financial risk profile of the group following equity infusion of ~Rs. 4,000 crore and subsequent acquisition of RHT Health Trust's (RHT) assets. The ratings factor in the brand strength of FHL with pan-India presence, its superior infrastructure facility and favorable healthcare market dynamics in India.

The ratings are, however, constrained by pending investigation/ litigations against the group including the show cause notice issued by the Supreme Court, significant losses booked on account of allowances on group advances/ investments as well as goodwill impairment, the committed buyback of the private equity investments in one of its subsidiaries (SRL Limited) for which the recognized liability in balance sheet aggregates Rs. 1180 crore.

The rating of FHL is placed under "credit watch with developing implications" in view of the developments regarding the ongoing investigations and litigations against the group and the possible impact of the same on the credit profile of FHL. CARE will continue to monitor the developments in this regards and take rating action once greater clarity emerges.)

Rating Sensitivities

Positive Factors

- Favorable outcome of ongoing investigations and litigations
- Improvement in operational performance backed by consistent occupancy of over 70%.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Negative Factors

- Any adverse regulatory restrictions which can have an adverse impact on the financials of the company

Detailed description of the key rating drivers

Key Rating Strengths

Improvement in financial risk profile through IHH's equity infusion

IHH had become the single largest shareholder in FHL (holding ~31.1% share) through infusion of ~Rs. 4,000 crore via preferential allotment on November 13, 2018. Subsequently, FHL acquired a portfolio of clinical establishments (CE) for ~Rs. 4,666 crore, owned by the subsidiaries of RHT in January 2019. The said acquisition by FHL has saved significant business trust fee and interest cost being previously being paid to RHT for utilization its assets. Furthermore, this resulted in operating margins improving to ~15% in H1FY20 from ~5% in H1FY19.

Introduction of new promoter having global experience in healthcare industry

IHH (currently classified as promoter shareholder of FHL) is one of the largest private hospital operators in South-Asia. IHH has a long track record of acquisition and turning around large healthcare assets globally. FHL is expected to derive significant operational support from IHH through global industry best practices access, exchange of world class resources, better governance and internal control and other synergies through centralized procurement. FHL is expected to leverage IHH's strong credit risk profile to save interest cost. IHH's further equity commitment in FHL is demonstrated through placement of ~Rs. 3,349 crore in escrow account to acquire additional 26% stake via open offer (subject to Supreme Court's order). Also, IHH's strong representation in board (five out of the nine directors) is expected to lead to better strategic decision and quicker turnaround in FHL.

Long track record of operation and established brand with pan-India presence

FHL has established its presence across India under 'Fortis' brand in the healthcare segment and 'SRL' brand in the diagnostics segment. From its first hospital at Mohali, Punjab, in 2001, FHL had expanded its network of hospitals via organic and inorganic routes to become a leading healthcare player with presence in multiple verticals spanning diagnostics, primary care, day care specialty and hospitals. FHL also operates one of the largest private diagnostic centres in India through its subsidiary SRL Ltd.

Superior asset quality

Several hospitals of FHL have NABH or JCI accreditation and have tertiary/ quaternary care facilities. The presence of such specialized consultative resource drives high ARPOB for FHL.

Favorable industry scenario

The growth in population, increase in lifestyle-related diseases, increase in insurance cover, rising purchasing power of the middle class and higher awareness of chronic illnesses will be the key growth drivers for the sector. The healthcare need in India is expected to increase once the population stabilizes and the median age increases rapidly in the next decade. Although there is increasing competition in the sector; however, comfort is drawn from the sizeable presence and established position of FHL.

Key Rating Weaknesses

Pending investigation/ litigations against the group

The Group is facing various investigations pertaining to the ICDs advanced by Fortis Hospitals Limited initiated by regulators such as SEBI, Serious Fraud Investigation Office (SFIO) etc. Its self-conducted independent investigation on the said matter revealed systemic lapses/ control overrides. FHL is making efforts to recover dues from its erstwhile promoters and their related companies. Also, in various forums, the hospitals operated by the Group are under litigations against by government authorities including DDA, NMMC, etc. Recently, As part of the Vinay Prakash Singh v. Sameer Gehlaut & Ors order, the SC has issued a notice to FHL and has provided time till February 03, 2020, to show cause why it should not be punished for contempt. As per the press release on BSE, the

Company has clarified that the IHH transaction was done through preferential allotment of shares of the company. The subscription price was Rs 170/share at the premium of 20% to market price. The transaction was consummated on November 13, 2018 which was before the status quo order passed by the Supreme Court (Dec 14, 2018). At no point, IHH acquire any shareholding in the company from any market participant including erstwhile promoters.

The group also has various statutory liabilities under dispute which are pending resolution in various forums. Outcome of these investigations/ litigations will be a key monitor able given the magnitude and potential implication.

Significant losses on account of allowances on group advances/ investments as well as goodwill impairment in FY18 and FY19

The company reported consolidated loss of Rs. ~935 crore in FY18 and loss of Rs. ~224 crore in FY19 on account of write-off of advances extended to related parties, write-off of investment in certain subsidiaries and on account goodwill impairment. Furthermore, the company has recognized liability aggregating Rs. 1180 crore on its FY19 balance sheet for providing the exit to the private equity investors in SRL.

Liquidity : Adequate

The liquidity position of the company is adequate. The cash and cash equivalents stood around Rs. 295 crore as of September 30, 2019. As the new management has taken over along with equity infusion by IHH, the PBILD has witnessed an improvement. Furthermore, the GCA and operating cash flows has improved in H1FY20 and expected to stabilize in FY20. Moreover, financial flexibility has improved, given IHH's parentage. The company is working towards liquidation of its non-core assets and has already sold its stake in one of its overseas investments (The Medical and Surgical Centre, Mauritius) for approximately Rs. 75 crore in July 2019.

Analytical approach: Consolidated approach factoring in the operational and financial support from its promoter i.e IHH Healthcare Bhd. Entities considered for consolidation are listed below:-

| Subsidiaries | Associates | Joint Ventures |
|---|--|--|
| <ul style="list-style-type: none"> • Hiranandani Healthcare Private Limited (HHPL) • Fortis Hospotel Limited (FHTL) • Fortis Lafemme Limited (FLFL) • Fortis Health Management (East) Limited (FHM(E)L) • Fortis Cancer Care Limited (FCCL) • Fortis Healthcare International Limited (FHIL) • Escorts Heart Institute & Research Centre Ltd (EHIRCL) • Fortis Malar Hospitals Limited (FMHL) • Fortis Hospitals Limited (FHsL) • Fortis Global Healthcare (Mauritius) Limited (FGHL) • Malar Stars Medicare Limited (MSML) • Fortis Asia Healthcare Pte. Limited (FAHPL) • Birdie & Birdie Realtors Private Limited • Fortis Emergency Services Limited (FESL) • Stellant Capital Advisory Services Private Limited • RHT Health Trust Manager Pte Limited • Fortis Health Staff Limited • SRL Limited • SRL Diagnostics Private Limited • SRL Reach Limited • SRL Diagnostics FZ-LLC • Fortis Healthcare International Pte Limited (FHIPL) • Mena Healthcare Investment Company Limited • Medical Management Company Limited • SRL Middle East LLC | <ul style="list-style-type: none"> • Medical and Surgical Centre Limited • Lanka Hospitals Corporation Plc • International Hospital Limited (IHL) • Escorts Heart and Super Speciality Hospital Limited (EHSSHL) • Hospitalia Eastern Private Limited (HEPL) • RHT Health Trust (RHT) • Fortis Health Management Limited (FHML) | <ul style="list-style-type: none"> • Fortis Cauvery • Fortis C-Doc Healthcare Limited (C-Doc) • DDRC SRL Diagnostics Services Private Limited (DDRC) • Super Religare Reference Laboratories (Nepal) Private Limited (SRRPL) |

Applicable Criteria

[Criteria on assigning Outlook and credit watch to Credit Ratings](#)

[Policy on Withdrawal of ratings](#)

[CARE's methodology for service companies](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios: Non-Financial Sector](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

About the Company

EHIRCL was incorporated in 2000 as a company engaged in research in cardiology and other medical fields. In 2005, FHL acquired a majority stake in EHIRCL via a share purchase agreement. Over the years, FHL has increased its stake in EHIRCL to 100%. EHIRCL owns a specialty hospital with 340 beds in Delhi providing advanced cardiac care facilities and operates a hospital in Raipur.

About FHL:

FHL, incorporated in 1996, is a leading healthcare player with presence in multiple verticals spanning diagnostics, primary care, day care specialty and hospitals. The group operates 43 healthcare facilities with approximately 4,100 operational beds. FHL also operates one of the largest private diagnostic centres in India through its subsidiary SRL Ltd. Its network comprised of 368 laboratories, more than 1,000 collection centres with over 5,000 direct clients. In November 2018, IHH, through its subsidiary - Northern TK Ventures Pte Ltd had infused equity in FHL leading to holding of ~31.1%. A brief of the consolidated results have been shown below:

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) |
|------------------------------|----------|----------|
| Total operating income | 4717 | 4562 |
| PBILDT | 441 | 323 |
| PAT | -934 | -224 |
| Overall gearing (times) | 0.62 | 0.59 |
| Interest coverage (times) | 1.71 | 0.96 |

A: Audited

Figures are rounded off to the nearest decimal place

About IHH:

IHH has vast experience in healthcare sector in Malaysia, Singapore, Brunei, China, Turkey and UAE. The majority shareholder of IHH is Khazanah Nasional Berhad, the sovereign wealth fund of Malaysia. Through its operating subsidiaries, the group has more than 10,000 licensed beds in 50 hospitals across 9 countries. The group offers the full spectrum of integrated healthcare services like primary care, secondary and tertiary care, quaternary care and medical education.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--------------------------------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - ST-Bank Overdraft | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Term Loan | - | - | FY24 | 15.00 | CARE BBB- (Under Credit watch with Developing Implications) |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Fund-based - ST-Bank Overdraft | ST | - | - | 1)CARE A3 (Under Credit watch with Developing Implications) (04-Apr-19) | 1)CARE A4 (11-Apr-18) | 1)CARE A2 (Under Credit watch with Negative Implications) (06-Mar-18) 2)CARE A2+ (Under Credit watch with Negative Implications) (13-Feb-18) 3)CARE A1+ (Under Credit watch with Developing Implications) (24-Nov-17) 4)CARE A1+ (Under Credit watch with Developing Implications) (09-Nov-17) 5)CARE A1+ (Under Credit watch with Developing Implications) (31-Jul-17) 6)CARE A1+ (20-Apr-17) | 1)CARE A1+ (04-May-16) |
| 2. | Fund-based - LT-Term Loan | LT | 15.00 | CARE BBB- (Under Credit watch with Developing Implications) | 1)CARE BBB- (Under Credit watch with Developing Implications) (04-Apr-19) | 1)CARE C (11-Apr-18) | 1)CARE BBB+ (Under Credit watch with Negative Implications) (06-Mar-18) 2)CARE A- (Under Credit watch with Negative Implications) | 1)CARE A+ (04-May-16) |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | (13-Feb-18) 3)CARE A+ (Under Credit watch with Developing Implications) (24-Nov-17) 4)CARE A+ (Under Credit watch with Developing Implications) (09-Nov-17) 5)CARE A+ (Under Credit watch with Developing Implications) (31-Jul-17) 6)CARE A+; Stable (20-Apr-17) | |
|--|--|--|--|--|--|--|--|--|

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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