



May 2011



Fortis Healthcare

Annual Investor Presentation – FY2011



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Discussion Points

➤ Highlights for the quarter

➤ Year in retrospect at a glance

➤ Snapshot – Financial and Operational Performance

➤ Hospital wise performance

➤ Update on projects

➤ SRL Acquisition

Highlights for the quarter

➤ Operational Highlights

- ➡ All network hospitals continue to post robust performance, overall growth at 12% over the trailing quarter and 26% over the corresponding quarter
- ➡ 12th consecutive quarter of growth; both on base revenue and profitability

➤ New Medical Programmes:

- ➡ Commenced **liver transplant** and **Gastro-Intestinal** surgical programme in the NCR region
- ➡ **Fortis Clinique Darne**, Mauritius further expanded its medical programme by inaugurating a **renal transplant programme**
- ➡ **Fortis Hospital Vashi** continued on its growth path with the launch of the electrophysiology, interventional pathology and antibiotic stewardship programmes

➤ Significant Developments

- ➡ Acquired strategic stake in **Super Religare Laboratories (SRL)** in line with our strategy to venture into new healthcare services verticals and integrate under one umbrella to drive synergies, improve quality and enhance reach
- ➡ Company added ~350 more beds to its network by adding four hospitals at Alwar, Dehradun, Pondicherry and Mysore

Highlights for the quarter...

- ➔ The Free Standing **Dialysis Units (FSDU)** and **Fortis Centers for Diabetology and metabolic disorders (Fortis C-DOC)** are in advance stage of commissioning.
 - ➔ The blood bank at **Fortis Mohali** received the prestigious NABH accreditation. Such accreditations are a routine occurrence in the network hospitals.
 - ➔ Launched a new clinical scorecard on **Medical Operating System (MOS)** to improve quality, patient safety and outcomes across the network
 - ➔ Fortis Clinicians continue to carry our landmark and rare surgeries –widely covered amongst medical and print press
-
- **Corporate Social Responsibility (CSR)**
 - ➔ “Nanhi Chhaan” – a programme to create awareness around female foeticide and environmental protection, was organised at 15 facilities, Community Hospital in Amethi and Corporate Office
 - ➔ Under the programme ‘UMEED’, surgeries of a number of under privileged children were supported during the quarter

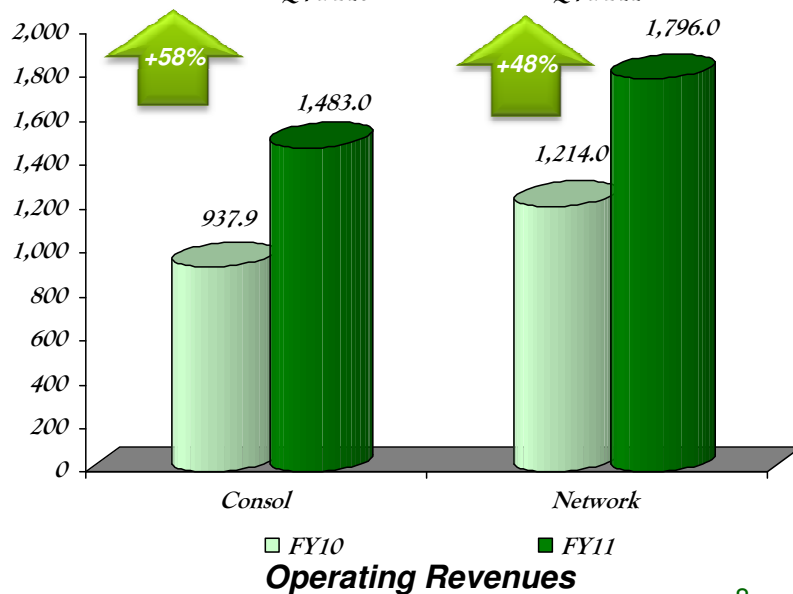
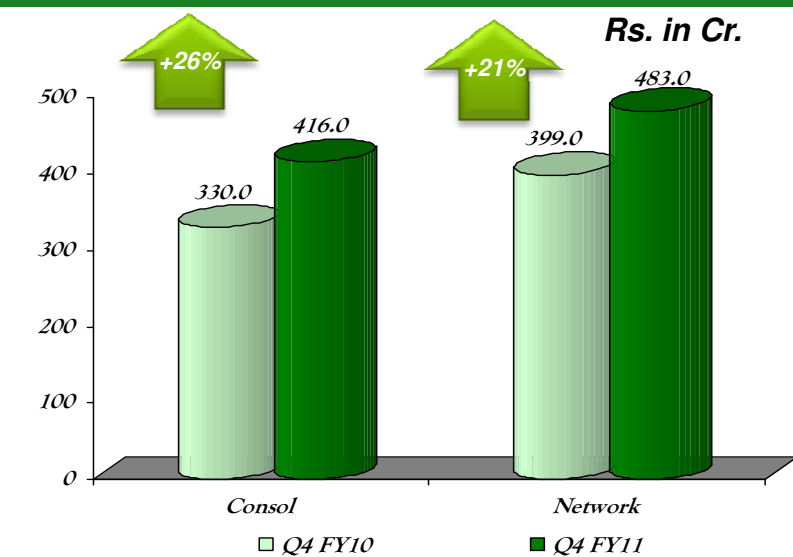
Year in Retrospect at a glance

- Sharpened focus on Medical Quality; improved and standardized quality of Nursing and equipped hospitals with relevant technology ; as we continue to add size and expand reach
- Continuously elevated and strengthened Medical Programs and offerings :
 - First Ever Heart Transplant (Malar)
 - Launch of Stem cell therapy across key hospitals
 - Started Bone Marrow Transplant (Noida)
 - Custom fit Knee program launched at BG Road and Mohali
 - IVF program at Mohali and Vashi launched; Robotic Surgery at FEHI
 - Renal Transplant program launched in Mohali, Amritsar and Malar
- Invested in high end diagnostic and surgical capabilities :
 - 1.5 T MRI at Jaipur and 64 slice CT Scan in Malar
 - Neuro cathlab, 64 Slice CT Scan and Neuro Navigation system in Noida
 - New Cathlabs at FEHI, Faridabad and CG Road
 - Revamp of Radio diagnosis infrastructure at Faridabad
- NABH Accreditation for Amritsar and La Femme and blood bank at Jaipur

Year in Retrospect at a glance...

- Enhancing competence, capability and skill sets of Nursing staff
 - Standardized Nursing Induction module and Nursing Quality dashboard implemented
 - **Nursing Quality Improvement Program**(NQIP) tool for competence assessment, identifying training needs and evaluations
 - Nursing Acuity tool for optimal nurse deployment
- Improving employee engagement and managing talent
 - Second batch of **Leadership Development Initiative** graduated
 - An '**Organization Health Index**' survey was undertaken with the help of Mckinsey
- Added ~1,000 beds to the capacity through expansion in tier II and tier III cities of Raigarh, Moradabad, Alwar, Pondicherry, Dehradun
- Operationalized ~900 beds with launch of Greenfield facilities viz. Shalimar Bagh , Anandpur and Mulund Phase II (including Oncology)
- Successful brand transition and integration of Wockhardt Hospitals

Snapshot – Financial Performance



↑ Q4FY 11 – Consolidated

↑ Operating Revenue - Rs. 415.6 Cr ↑ 26%

↑ Operating EBITDA* - Rs. 56.0 Cr ↑ 19%

↑ Net Profit - Rs. 29.4 Cr ↑ 8%

↑ Q4FY11 – Network Revenue - Rs. 482.8 Cr. ↑ 21%

Statutory	FY10	FY11
Occupancy	74%	72%
ARPOB (Annualized - Rs. Lacs)	83	81
ALOS (Days)	4.1	3.7

↑ FY11 – Consolidated

↑ Operating Revenue - Rs. 1483 Cr. ↑ 58%

↑ Operating EBITDA* - Rs. 209.0 Cr. ↑ 48%

↑ Net Profit - Rs. 124.4 Cr. ↑ 79%

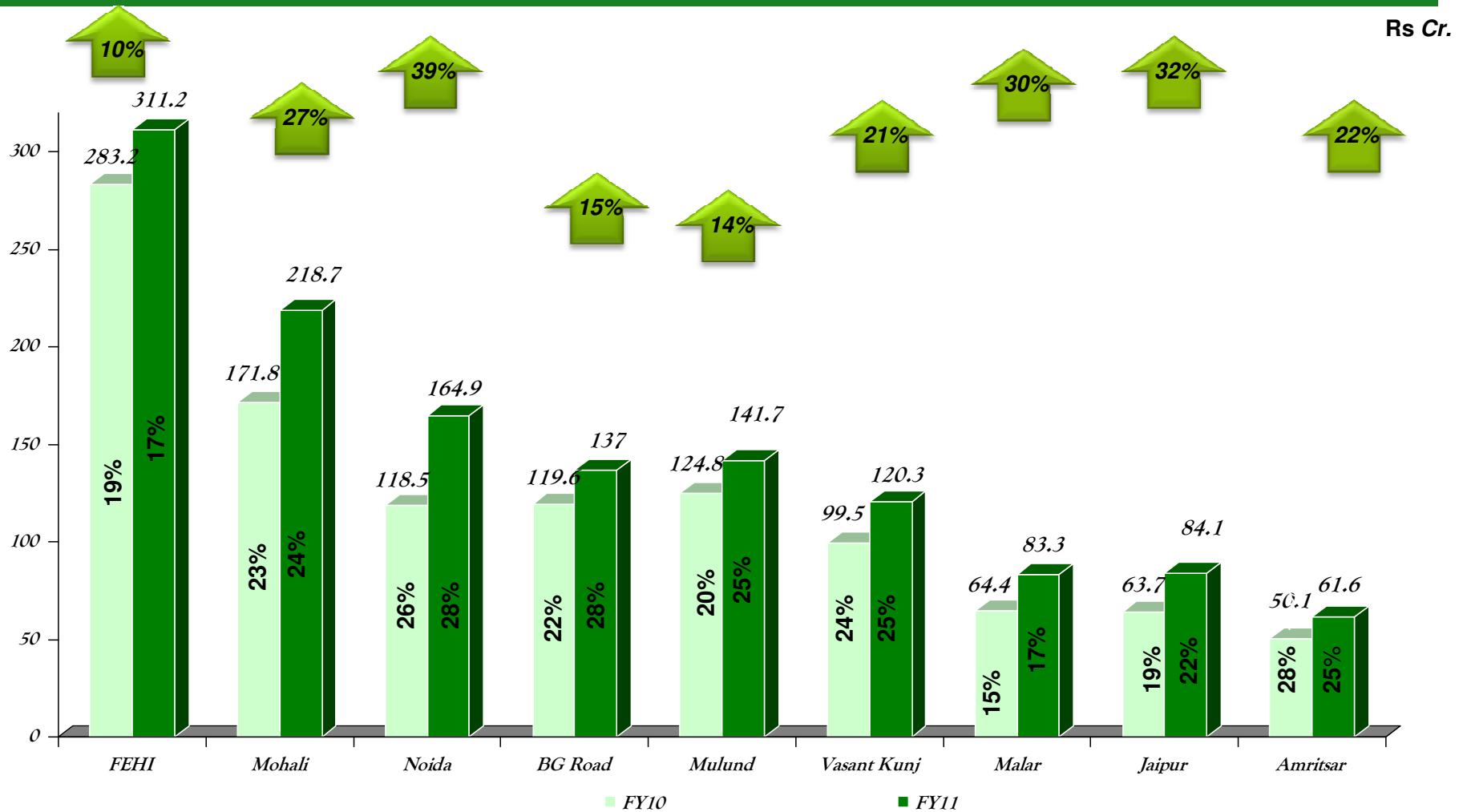
↑ FY11 - Network Revenue - Rs.1,796.0 Cr. ↑ 48%

*From base business excluding Other Incomes

Financial Highlights of the quarter

- Network revenue at Rs 483 Cr. This includes revenue from International Patients - Rs 31.7 Cr (+61% q-o-q; +18% q-o-tq) (6.6% of Network revenues)
- Q4 Consolidated operating revenue of Rs 416 Cr include Rs 115 Cr from Fortis Hospitals (FHsL) (consisting of newly acquired hospitals). The organic growth stood at 23% Y-o-Y.
- Operating margins were impacted by 130 bps due to initial start up losses at the newly commissioned Greenfield facilities launched in September 2010
- Newly commissioned hospitals performed well and clocked revenue of ~Rs 20 Cr
- Noida (+23%), Mohali (+17%), Malar (+27%), Jaipur (+34%), La Femme (+19%) and Vasant Kunj (+21%) led the growth
- On a like to like basis, revenue from Cardiac, Orthopaedics, Neuro sciences, Renal Sciences, Pulmonology, Oncology, Gastroenterology and other Multi-Specialities grew by 27%, 34%, 71%, 43%, 49%, 154%, 47% and 35% respectively
- Net profit, on a like to like basis, stood at Rs 38.8 Cr, +43% q-o-q.
- Net Cash Surplus – Rs 854 Cr

Hospital wise Revenue & Operating margins – FY11



The above chart depicts revenue of hospitals managed by Fortis healthcare and its subsidiaries.

Maturity-wise Performance – FY 11: Main Hospitals

Maturity	Revenue Contribution	EBITDA Contribution	Average EBITDA margin *	Average Occupancy	Average ARPOB (Rs Cr)
5 Years and Above (Four hospitals)	24%	34%	26.0%	80%	1.00
3 years to 5 Years (Nine Hospitals)	58%	62%	20.0%	78%	0.83
One to three Years (Eight Hospitals)	13%	9%	13.9%	57%	0.63
Upto one year (Three Hospitals)	5%	(5)%	(18.4)%	37%	0.34
Average	-	-	18.8%	72%	0.81

14% of operating beds aged 5 years and above contributes 24% to revenue

51% of operating beds are 3 to 5 years of age and contributes 58% to revenue

16% of operating beds are 1 to 3 years of age and contributes 13% to revenue

18% of operating beds are up to 1 year of age and contributes just 5% to revenue

* Average EBITDA margin has been calculated on Unit basis

Summary : Consolidated Profit and Loss – FY 2010-11

Particulars	FY11			
	Base operations (Rs Cr.)	%	Parkway (Rs Cr.)	Total (Rs Cr.)
Operating Revenue	1,482.8	94.1%	-	1,482.8
Other Income *	92.3	5.9%	366.6	458.9
Total Income	1,575.1	100.0%	366.6	1,941.7
Direct Costs	393.0	24.9%	-	393.0
Employee Costs	273.1	17.3%	-	273.1
Other Costs	607.6	38.5%	161.0	768.6
EBITDA	301.4	19.1%	205.6	507.0
Finance Costs	69.6	4.4%	180.4	250.0
Depreciation & Amortization	104.5	6.6%	-	104.5
PAT after minority interest and share in associates	106.4	6.8%	18.0	124.4

Operating EBITDA

209.1

14.1%

• Rs 85 Cr of the Other Income constitutes interest & such income from deployment of surplus funds
Note : The nos. have been restated and realigned to reflect profit from base operations separately

Q4FY11 Comparative Financials: Base Operations

Particulars	Q4FY11 (Rs Cr.)	%	Q4FY10 (Rs Cr.)	%	Growth (%)
Operating Revenue	415.6	100.0%	329.5	100.0%	26.1%
Direct Costs	108.0	26.0%	90.8	27.6%	19.0%
Employee Costs	77.6	18.7%	62.3	18.9%	24.5%
Other Costs	174.0	41.9%	129.5	39.3%	34.4%
Operating EBITDA*	56.0	13.5%	46.9	14.2%	19.4%
Other Income	35.8	9.1%	34.7	10.5%	9.4%
Finance Costs	22.7	5.5%	32.3	9.8%	-29.7%
Depreciation & Amortization	32.8	7.9%	23.0	7.0%	42.6%
PAT after minority interest and share in associates	29.4	7.1%	27.2	8.3%	8.1%

*Decline in EBITDA margin is due to start up cost of newly commenced greenfield facilities in Sep.'10,. On a like to like basis **Operating EBITDA** stood at **14.8%**. Further, **Net Profit on comparable basis** stood at **Rs 38.4 Cr**

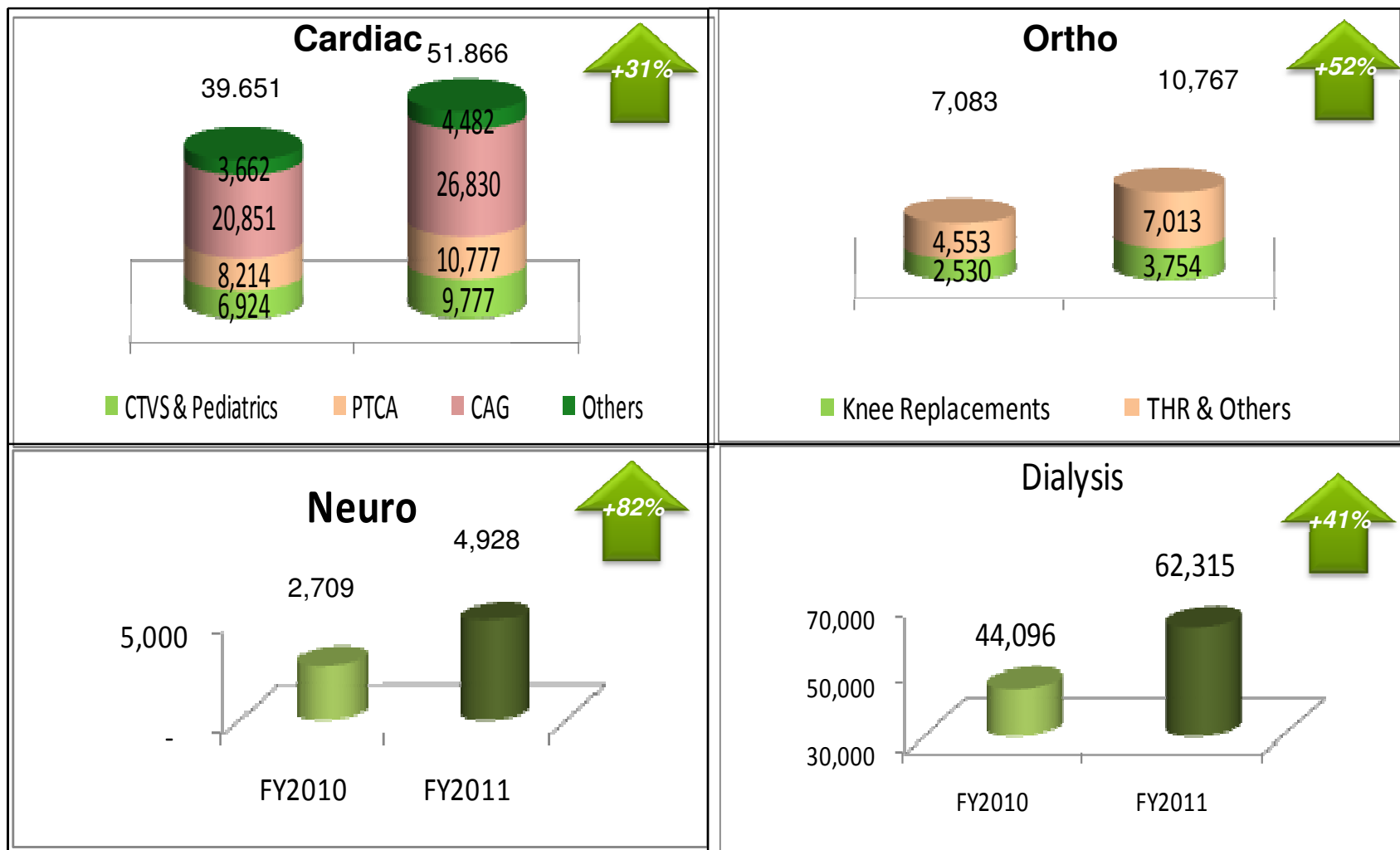
FY11 Comparative Financials – Base Operations

Particulars	FY11 (Rs Cr.)	%	FY10 (Rs Cr.)	%	Growth (%)
Operating Revenue	1,482.8	100.0%	937.9	100.0%	58.1%
Direct Costs	393.0	26.5%	262.7	28.0%	49.6%
Employee Costs	273.1	18.4%	195.0	20.8%	40.1%
Other Costs *	607.6	41.0%	339.8	36.2%	78.8%
Operating EBITDA	209.1	14.1%	140.4	15.0%	48.9%
Other Income	92.3	6.2%	50.1	5.3%	84.2%
Finance Costs	69.6	4.7%	57.3	6.1%	21.4%
Depreciation & Amortization	104.5	7.0%	59.9	6.4%	74.4%
PAT after minority interest and share in associates	106.4	7.0%	69.5	7.4%	53.1%
EPS for the period** (Rs)	3.23		2.61		

*Increase in other costs is primarily due to doctor engagement model at newly acquired hospitals.

**EPS calculated on reported consolidate net profits for the relevant year

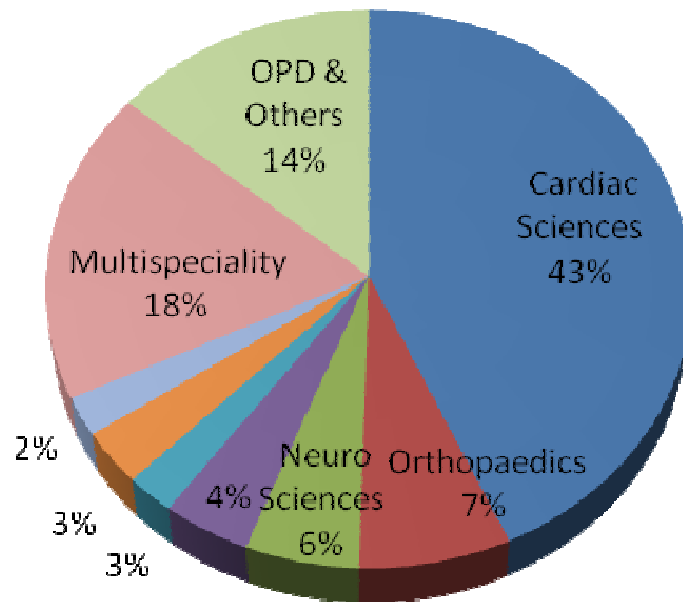
No. of Major Procedures – FY11



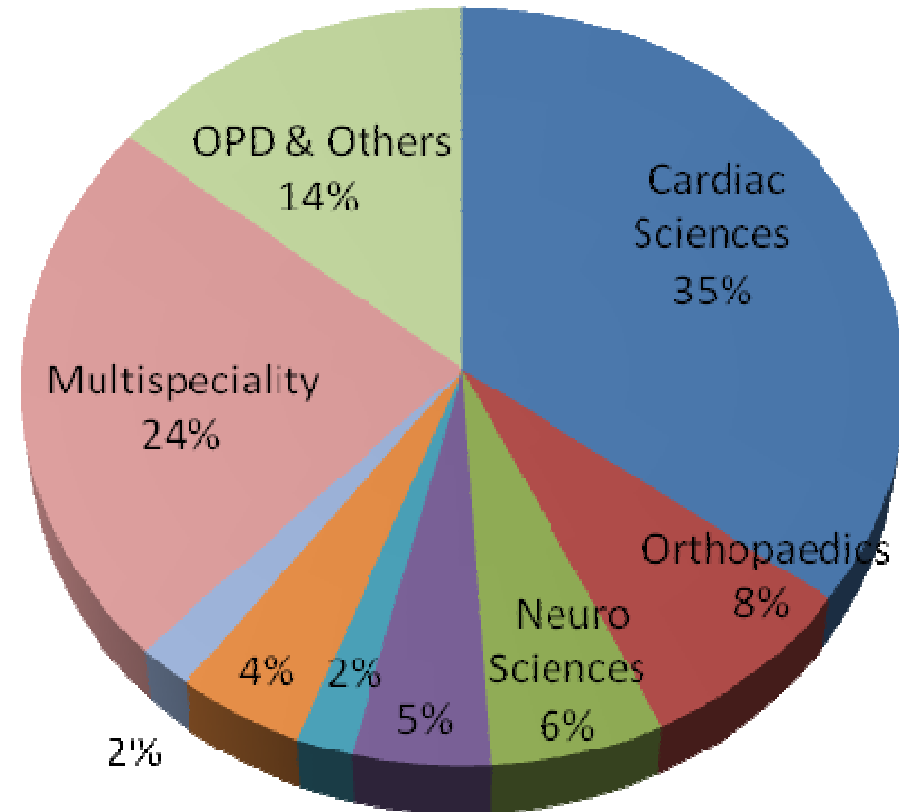
*The data shown above is on Network Hospitals excluding the numbers of Clinique Darne - Mauritius

Revenue Split : Network Revenue

2009-10



2010-11



Renal Sciences
 Pulmonology
 Oncology
 Gastroenterology

Wockhardt Acquisition has broad based the revenue streams

Balance Sheet as at March 31, 2011

Balance Sheet	Rs Crore
Shareholder's Equity*	3,313
Foreign Currency Convertible Bonds (FCCB's)	446
Debt	642
Total Capital Employed	4,401
Goodwill	885
Net Fixed Assets (including CWIP of Rs 270 Crore)	1,910
Investments	
- in Associates	28
- Deposits (including Inter-Corporate Deposits)	1,348
- Liquid and Mutual Funds	62
Cash and Bank Balances	86
Net Current Assets**	82
Total Fixed Assets	4,401
Net Cash Surplus***	854

* Shareholder's Equity is inclusive of Revaluation Reserve and Minority Interest

** Net Current Assets includes Deferred Tax Assets

*** Net Cash Surplus excludes FCCB's



Upcoming Greenfield Hospitals

No.	Location	Beds	Area & Land Ownership	Date of Commencement	Estimated Capex (INR Cr)	Status
1.	Kangra	100	37,000 sq. ft., B. Lease	Q2 FY12	24	<ul style="list-style-type: none"> Civil and interior work completed Medical equipment have been ordered Facility being handed over to operations
2.	Dehradun	50	27,000 sq.ft, Public Private Partnership	Q3FY12	15	<ul style="list-style-type: none"> Civil construction work of the hospital building is complete Some delays in handing over premises Equipment ordered
3.	Gurgaon	450**	11 Acres, Owned	Q4 FY12	325	<ul style="list-style-type: none"> Work on interiors is on Medical equipment ordered Rs 235 Cr has been spent till March'11.
4.	Ludhiana – 1	200	1,55,000 sq. ft., B. Lease	Q2 FY13	50	<ul style="list-style-type: none"> Construction in full swing. Casting of columns in progress Project on schedule
5.	Peenya, Bangalore	120	~70,000 Sq ft; B. Lease	FY13	18	<ul style="list-style-type: none"> Building construction work is delayed by landlord
6.	Ludhiana – 2	75	60,000 sq ft. B. Lease	FY 13	20	<ul style="list-style-type: none"> Approval from govt. authorities received; design work underway
7.	Gwalior	200	2.5 Acres, L. Lease	FY14	72	<ul style="list-style-type: none"> CLU permission awaited from authorities
8.	Ahmedabad	200	1,55,000 sq. ft., B. Lease	FY14	50	<ul style="list-style-type: none"> Approval from govt. authorities awaited
	Total	1,395			574	

** Only for Phase – 1, total size of the project is 1000 beds

Acquisition of strategic stake in SRL

SRL Acquisition & Rationale

- Acquisition of strategic stake in SRL – India's leading diagnostic company
 - Acquired 42.7 million equity shares representing 82.2% of the paid up capital as on April 14, 2011
 - Post PE investment (AVIGO and Sabre), it would represent 71.4% of expanded capital
- Total purchase price of ~Rs 803.7 Crore on cash basis; valuation based on arm length price paid by AVIGO for minority stake of 8.9% and lower than 4.2% by Sabre capital
- Fortis-SRL deal valued at 2.2x Sales and 12x EBITDA (FY12E); compares favourably to SRL - PDSPL deal and Dr Lal Pathlab – TA Associate deal
- To become an integrated healthcare player with presence in all major verticals
- To participate in high growth segment of healthcare industry with huge potential
- SRL offers a strong fit due to:
 - Geographical Complementarities
 - Pan India presence
 - Strong talent pool
 - Well established brand and strong logistics network
 - Synergistic with the hospital business

Two-way Synergies

Patient footfalls in Unified Fortis Network

- Increased opportunity from repeat customers of Fortis and SRL
- 25 % of the Path and Radiology testing is followed by hospital accessions – OPD/IPD conversions

Geographical Complementarities

- Favorable demographic and macroeconomic trend
- Fortis to leverage on SRL's presence and leadership in 400 cities for its tier II and tier III expansion plan

Quality Improvement

- Highly skilled talent pool to help take the hospital diagnostic excellence to the next level
- To result in enhanced Patient safety and better Clinical outcome

In-house Radiology & Pathology

- Fortis and SRL to cross leverage on SRL's comprehensive offering of ~3,300 tests and its strong all-modality experience and expertise in radiology for better managing in-hospital diagnostics.

Large Database for CRM, Research and Reach

- Combined entities will access the large unified customer/patient/doctor database and significantly increase their ability serve the nationwide patient population.

Established and Wide Geographical Presence

Geographical Presence

- Present in ~400 cities in India
- Has won FICCI's award for **Operational Excellence** (2010), Frost & Sullivan Award for **Excellence in Diagnostics** (2008 , 2009) and **rated the most innovative diagnostic company** by Business Today

	India	International	Total
Reference Labs	6	2 ⁽¹⁾	8
Pathology Labs	164	-	164 ⁽²⁾
Radiology Labs	17	-	17
Wellness Centers	15 ⁽³⁾	-	15
Collection Centers	865	23	888 ⁽²⁾

Source: Company

1 – Includes 1 reference lab in Nepal and a service agreement for a reference lab in Dubai Healthcare City.

2 – Includes 25 pathology labs run through franchisees and 875 collection centers run through franchisee.

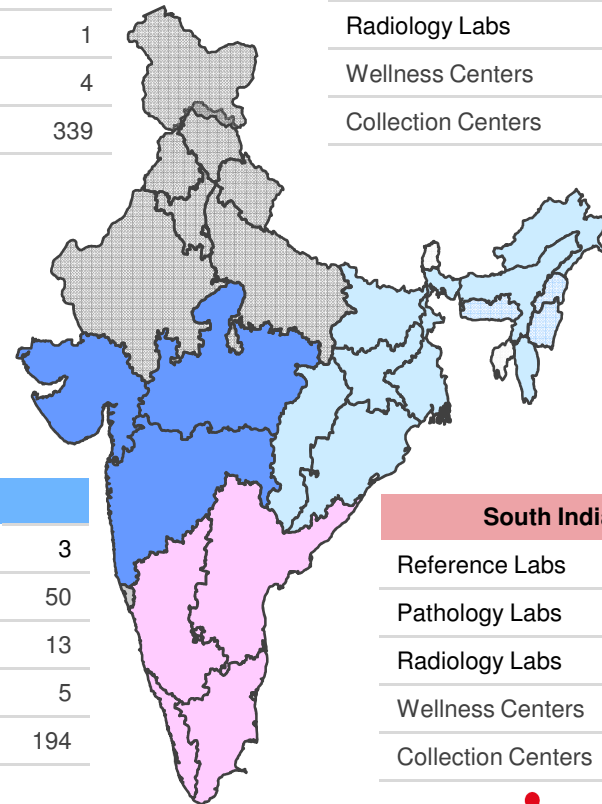
3 – 12 Wellness Centers are in existing labs.

North India	
Reference Labs	1
Pathology Labs	27
Radiology Labs	1
Wellness Centers	4
Collection Centers	339

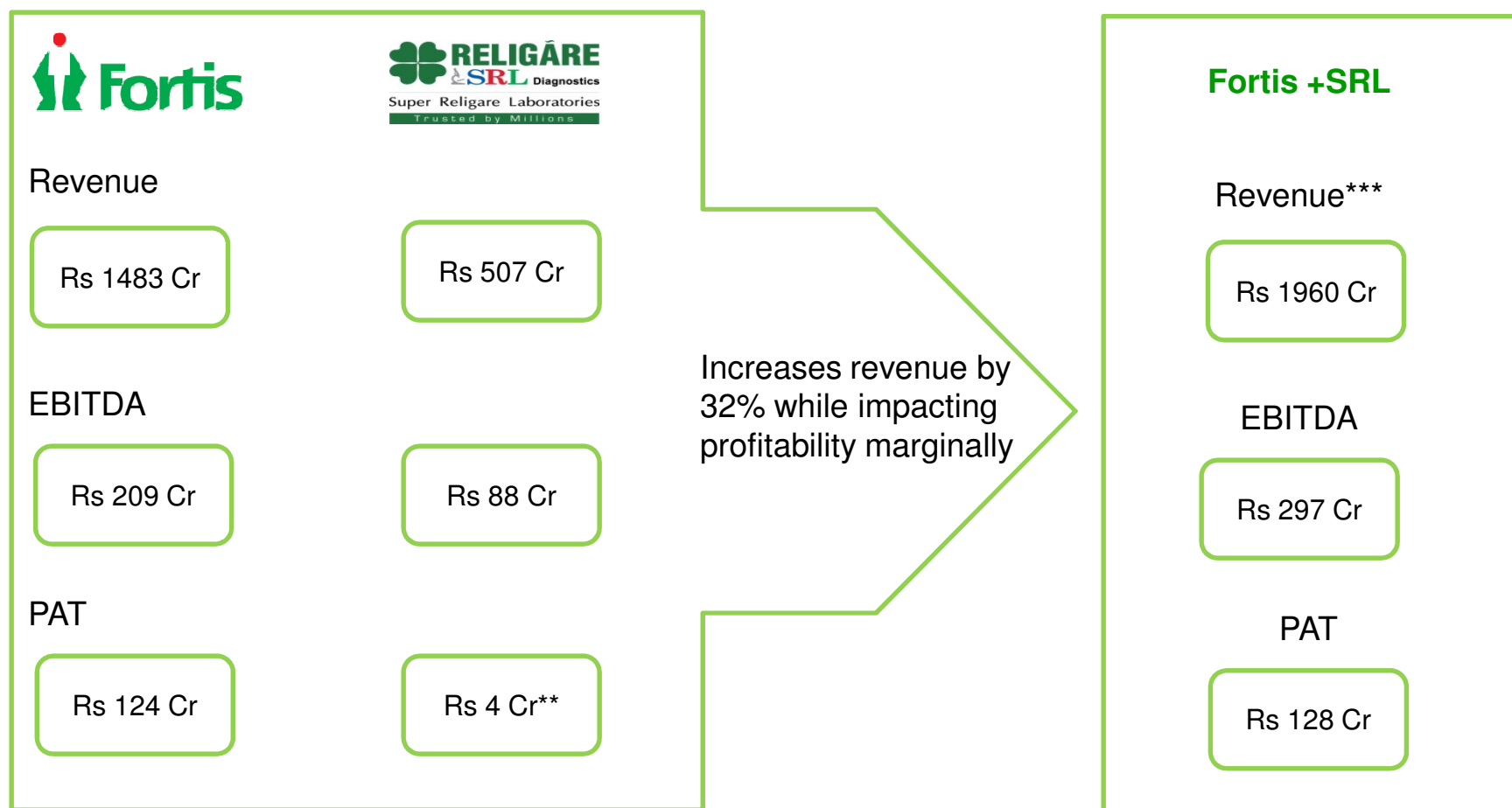
East India	
Reference Labs	1
Pathology Labs	18
Radiology Labs	-
Wellness Centers	1
Collection Centers	218

West India	
Reference Labs	3
Pathology Labs	50
Radiology Labs	13
Wellness Centers	5
Collection Centers	194

South India	
Reference Labs	1
Pathology Labs	69
Radiology Labs	3
Wellness Centers	5
Collection Centers	114



Financials: 2010-11 (Scenario)*



*Financials have been annualized based on Q4FY11 for SRL and include FY11 for Fortis
 **PAT for SRL is after Interest costs of ~ Rs 45 Cr , which will substantially go down post IPO
 ***Net of inter-company revenue

Thank You...