

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.

In the matter of Fortis Healthcare Limited

In respect of:

Sr. No.	NOTICEE(S)	PAN
1.	Fortis Healthcare Limited	AAACF0987E
2.	Fortis Hospitals Limited	AABCF3718N
3.	RHC Holding Private Limited	AAKCS7686P
4.	Shivi Holdings Private Limited	AAACO2664H
5.	Malav Holdings Private Limited	AADCM1170B
6.	Malvinder Mohan Singh	AABPS2552G
7.	Shivinder Mohan Singh	AAKPS4318M
8.	Religare Finvest Limited	AAFCS6801H
9.	Best Healthcare Private Limited	AADCB1811A
10.	Fern Healthcare Private Limited	AACCR3509E
11.	Modland Wears Private Limited	AAACM0216F

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**BACKGROUND:**

- Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), pending investigation in the matter of Fortis Healthcare Limited had passed an ad-interim *ex-parte* order dated October 17, 2018 (Interim Order) against the above named Noticees, viz. Fortis Healthcare Limited (FHL), Fortis Hospitals Limited (FHsL), RHC Holding Pvt. Ltd. (RHC), Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Malvinder Mohan Singh, Shivinder Mohan Singh, Religare Finvest Limited, Best Healthcare Pvt. Ltd. (Best), Fern Healthcare Pvt. Ltd. (Fern) and Modland Wears Pvt. Ltd. (Modland), directing *inter alia* the following:

- (a) FHL (i.e. Noticee no. 1) shall take all necessary steps to recover the abovementioned amount of Rs.403 crore (approx.) along with due interest from Noticee nos. 2 to 11 (viz. FHsL, RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland), within three months of date of this order.
- (b) The Noticee nos. 2 to 11 (viz. FHsL, RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland) shall, jointly and severally, repay the abovementioned amount of Rs.403 crores (approx.) along with due interest to FHL, within three months of this order.
- (c) The Noticee nos. 2 to 11 (viz. FHsL, RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland) shall, pending completion of the investigation and till further order, not dispose of or alienate any of their assets or divert any funds, except for the purposes as mentioned under para 15(b) and for meeting expenses of day-to-day business operations, without the prior permission of SEBI.
- (d) The Noticee nos. 6 and 7 (viz. Shri Malvinder Mohan Singh and Shri Shivinder Mohan Singh) shall not associate themselves with the affairs of FHL in any manner whatsoever, till further directions.

2. FHL and FHsL vide their letters dated October 26, 2018, December 17, 2018 and during the personal hearing granted to them on December 18, 2018 have submitted *inter alia* the following:

- (a) The outstanding amount of Rs.403 crores (approx.) (Outstanding Amount), as referred to in the Interim Order, had been advanced by FHsL itself to Best, Fern and Modland. As such, the Outstanding Amount is required to be returned to FHsL itself. Since the loan of Outstanding Amount had been made solely by FHsL, on its own account, upon recovery of the Outstanding Amount by FHsL, there would not be any consequent requirement upon FHsL to pay the same to FHL. Consequently, FHsL and not FHL would be the relevant entity which would be required to take steps for the recovery of the Outstanding Amount from the Noticee nos. 3 to 11. The same is at variance with the directions issued in the Interim Order where FHL has been required to recover the outstanding amount instead of FHsL.
- (b) FHsL is a 100% wholly owned subsidiary of FHL, which has also been noted in the Interim Order. In such a scenario, a literal interpretation of the Interim Order would

- consequently lead to a situation where recovery of Outstanding Amount by FHL from its own subsidiary would lead to a discharge of the liabilities of the Noticee nos. 3 to 11.
- (c) The recovery of Outstanding Amount should be carried out by FHsL instead of FHL from Noticee nos. 3 to 11, which would ensure that such sums are actually recovered and reflected in the balance sheet of FHL.
  - (d) Since it was FHsL which had advanced monies to the borrower entities, it should be entitled to recover the same from Noticee nos. 3 to 11, under the terms of the Interim Order. Further, FHsL itself cannot be the subject matter of any injunction / restraint as specified in para 15 (c) of the Interim Order.
  - (e) FHL and FHsL have taken steps to recover the Outstanding Amount along with due interest from Noticee nos. 3 to 11. Further, FHL and FHsL have taken other steps against erstwhile promoter entities (i.e. Malvinder Mohan Singh and Shivinder Mohan Singh).
  - (f) FHL is now being run by completely re-constituted Board of Directors appointed by its shareholders which is not under any influence of erstwhile promoter entities.
3. The Noticees, citing the abovementioned grounds, have requested for modification of the directions issued vide the Interim Order. The Noticee nos. 1 and 2 have also submitted copies of notices issued by FHL to Noticee nos. 3 to 11 for recovery of the Outstanding Amount along with proof of dispatch thereof.
4. I have considered the submissions made by the Noticee nos. 1 and 2 and the documents submitted by them. I find that while the investigations are still continuing, the Noticee nos. 1 and 2 have cited reasons and grounds which are *prima facie* sufficient for modifying the directions issued vide the interim order. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market and in the interest of justice, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4) and 11B of the SEBI Act, 1992, hereby direct that the directions issued under para 15 of the Interim Order shall stand modified as provided hereunder:

- (a) FHL and FHsL (i.e. Noticee nos. 1 & 2) shall take all necessary steps to recover the abovementioned amount of Rs.403 crore (approx.) along with due interest from Noticee nos. 3 to 11 (viz. RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland), within three months from the date of the Interim Order.
- (b) The Noticee nos. 3 to 11 (viz. RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland) shall, jointly and severally, repay the abovementioned amount of Rs.403 crores (approx.) along with due interest to FHsL, within three months from the date of the Interim Order.
- (c) The Noticee nos. 3 to 11 (viz. RHC, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland) shall, pending completion of the investigation and till further order, not dispose of or alienate any of their assets or divert any funds, except for the purposes as mentioned under para 4 (b) of this order and for meeting expenses of day-to-day business operations, without the prior permission of SEBI.
- (d) The Noticee nos. 6 and 7 (viz. Shri Malvinder Mohan Singh and Shri Shivinder Mohan Singh) shall not associate themselves with the affairs of FHL and FHsL in any manner whatsoever, till further directions.
5. This order is being issued for the limited purpose of modifying the directions issued vide the Interim Order, as mentioned above and shall come into force with immediate effect and shall remain in force till further directions.
6. A copy of this order shall also be served upon the Exchanges and the Depositories.

**Place: Mumbai**  
**Date: December 21, 2018**

**G. MAHALINGAM**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**