Fortis Healthcare Limited
Tower-A, Unitech Business Park, Block-F,
South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)
Tel : 0124 492 1033
Fax : 0124 492 1041
Emergency : 105010
Email : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

FHL/SEC/2020-21 **February 5, 2021**

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: Outcome of the Board Meeting and disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. February 5, 2021, *inter-alia*, considered and approved standalone and consolidated un-audited financial results of the Company for the period ended on December 31, 2020 along with limited review report thereon.

Accordingly, please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for period ended on December 31, 2020. Further, a copy of the press release and investor presentation being issued in this regard is also enclosed.

Further, the Board of Directors of the Company also accorded its consent to SRL Limited, a material subsidiary to acquire balance 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited', subject to approval of the shareholders of the Company pursuant to Regulation 26 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The detailed disclosures as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **'Annexure- A'**

The meeting concluded at 1935 Hours IST.

This is for your information and records please.

Thanking you,
Yours faithfully,
For **Fortis Healthcare Limited**

SUMIT GOEL Digitally signed by SUMIT GOEL Date: 2021.02.05 19:37:03 +05'30'

Sumit Goel
Company Secretary
ICSI Membership: F6661

Fortis Healthcare Limited
Tower-A, Unitech Business Park, Block-F,
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Annexure A
Disclosures as required under Regulation 30
of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

S. No	Particulars	Description
1	Name of the target entity, details in brief such as size, turnover etc.	DDRC SRL Diagnostics Private Limited Paid up capital- Rs. 50,00,000 (5,00,000 Equity Shares of Rs. 10 each). The Company is engaged in rendering diagnostic services. Turnover of Company for FY 2019-20:- Rs. 160 Crores
2	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length"	50% shares of DDRC are held by the JV Partners Dr. Ajith K Joy and Mrs Elsy Joseph. Promoter of Fortis Healthcare Limited i.e. Northern TK Ventures Pte Limited' do not have any interest in the entity being acquired.
3	Industry to which the entity being acquired belongs	Diagnostics
4	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	Present acquisition is being made by SRL Limited ('a material subsidiary') of Fortis Healthcare Limited ('the Company') which is in the same line of business as that of entity being acquired. Acquisition provides SRL Limited an opportunity to consolidate its leadership position in Kerala. Further complements its strategy of growing the B2C business segment and expanding the product portfolio (lifestyle diseases, specialized tests and preventive packages).
5	Brief details of any governmental or regulatory approvals required for the acquisition	None. The transaction will be subject to approval of the shareholders of the Company through postal ballot.
6	Indicative time period for completion of the acquisition	Closing date by 31st March 2021 subject to approvals.
7	Nature of consideration - whether cash consideration or share swap and details of the same	Cash consideration.
8	Cost of acquisition or the price at which the shares are acquired	Rs. 350 Crores equity valuation for 50% stake along with ownership of DDRC brand (out of which 25 crores will be paid over the course of one year from the date of entering into definitive agreements)
9	Percentage of shareholding / control acquired and / or number of shares acquired	Number of Shares Acquired- 2,50,000 Equity Shares of Rs. 10 each Percentage of Shareholding- 50%
10	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	DDRC SRL Diagnostics Private Limited was incorporated under the provisions of Companies Act, 1956 on April 28, 2006 having its registered office at 4th Floor, Prime Square, Plot No.1 Gaiwadi Industrial Estate, S.V. Road, Goregaon (West) Mumbai, Maharashtra 400062 and has chain of Diagnostic centers in Kerala. **Turnover of Company for last 3 years:-** FY 2019-20:- Rs. (160 cr) FY 2018-19:-Rs. (143 cr) FY 2017-18:- Rs. (128 cr)

B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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Limited review report on unaudited quarterly standalone financial results of Fortis Healthcare Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of **Fortis Healthcare Limited**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited ("the Company") for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020 ("the Statement").

2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. As explained in Note 6 of the Statement, pursuant to certain events/transactions which relate to or which originated prior to take over of control by the present Board of Directors in the year ended 31 March 2018, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/improper payments/override of internal controls in the Company and its subsidiaries. As a result of such investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 6 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; resulting in certain qualifications and disclaimers including completeness of related party transactions, propriety of certain payments etc. In view of this, additional procedures/ Enquiries were performed by the management in the recent period through independent experts to address these limitations, qualifications and disclaimers. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020. The additional procedures/ enquiries have revealed certain further instances of payments made to the erstwhile promoters including erstwhile promoter group entity which were potentially improper as fully explained in Note 6(A) to 6(D) of the Statement. These primarily include improper related party transactions including indirect loans, direct or indirect transactions allegedly for the benefit of the erstwhile promoters, payments potentially not related to activities of the companies in the Group, improper managerial remuneration, etc. However, all the amounts identified in the additional procedures/enquiries have been previously provided for or expensed off in the books of accounts of the Company or its subsidiaries.

As explained in Note 6(C)(vi) of the Statement, during the year ended 31 March 2018, the Company concluded that amount aggregating to Rs. 2,002 lacs had been paid to the erstwhile Executive Chairman (Erstwhile Promoter) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Further, as explained in the said Note, as a result of the additional procedures/ enquiries, the Company has identified certain potentially improper payments amounting to Rs. 872 lacs to the erstwhile promoter and erstwhile promoter group entity. These payments are/ may accordingly be in non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for these amounts has also been recorded in the books of accounts.

The Company has also filed a complaint with the Economic Offences Wing ('EOW') against the erstwhile promoters/ erstwhile promoter group companies based on the findings of additional procedures/ enquiries.

Further, as explained in Note 7 of the Statement, pursuant to certain events/transactions in earlier years, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations/ proceedings, which are currently ongoing.

As also mentioned in the Note 7, vide its order dated 12 November 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings be substituted with adjudication proceedings. The order clarified that the Company and Fortis Hospitals Limited (FHsL) were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. Subsequently, a Show-Cause Notice (SCN) was issued by SEBI to various entities including the Company and FHsL on 20 November 2020, which alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on 28 December 2020 praying for quashing of the SCN on various grounds as highlighted by the Company in above mentioned note, after which oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on 20 January 2021 and a written synopsis of the same was also filed thereafter. The Company is awaiting the outcome of the hearing before SEBI.

In view of the above, and notwithstanding the legal action initiated by the Company, we are unable to comment on the impact, if any, that may result from the assessment of legal compliances in respect of the above matters and from the conclusion of regulatory investigations/ proceedings on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 31 December 2020.

The matters stated above were also subject matter of qualification in our audit opinion on the standalone financial statements for the year ended 31 March 2020 and review report on unaudited standalone financial results for the quarter ended 30 September 2020 and quarter ended 31 December 2019.

5. We draw attention to Note 14 of the Statement, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income

from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company has written another letter to RBI with a request to confirm that no such registration as a NBFC is required. Till date no response has been received from the RBI on either of the letters.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020.

The matter stated above was also subject matter of qualification in our review report on the unaudited standalone financial results for the quarter ended 30 September 2020.

6. Based on our review conducted as above, except for the effects/ possible effects of the matters described in paragraph 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. We draw attention to Note 5 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement.

   Our conclusion on the Statement is not modified in respect of this matter.

8. As explained in Note 4 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

   Our conclusion on the Statement is not modified in respect of this matter.

9. We draw attention to Note 16 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Company.

Our conclusion on the Statement is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 21076124AAAAAM7276

Place: Gurugram
Date: 5 February 2021

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	18,436	15,313	17,386	43,805	53,406	70,185
2. Other income	5,655	5,450	5,810	16,460	88,202	93,834
3. Total income (1+2)	**24,091**	**20,763**	**23,196**	**60,265**	**141,608**	**164,019**
4. Expenses						
(a) Cost of materials consumed	4,460	3,693	3,717	10,439	11,248	14,747
(b) Employee benefits expense	3,944	3,372	3,990	10,776	11,607	15,544
(c) Finance costs	3,582	3,612	3,662	10,729	11,836	16,017
(d) Hospital service fee expense	1,299	1,058	1,227	3,117	3,790	4,980
(e) Professional charges to doctors	3,003	2,331	3,458	7,330	9,551	12,641
(f) Depreciation and amortisation expense	2,810	2,759	2,396	8,285	7,215	9,681
(g) Other expenses	3,020	3,367	3,679	9,007	11,232	15,478
Total expenses	**22,118**	**20,192**	**22,129**	**59,683**	**66,479**	**89,088**
5. Net profit from continuing operation before exceptional items and tax (3-4)	**1,973**	**571**	**1,067**	**582**	**75,129**	**74,931**
6. Exceptional gain / (loss) (refer note 3)	1,268	-	-	6,340	(13,501)	(12,863)
7. Profit before tax from continuing operations (5-6)	**3,241**	**571**	**1,067**	**6,922**	**61,628**	**62,068**
8. Tax expense / (credit)	1,116	156	(3,573)	2,392	11,107	10,735
9. Net profit for the period from continuing operations (7-8)	**2,125**	**415**	**4,640**	**4,530**	**50,521**	**51,333**
10. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-	-
12. Net profit / (loss) for the period from discontinued operations (10-11)	-	-	-	-	-	-
13. Net profit for the period (9+12)	**2,125**	**415**	**4,640**	**4,530**	**50,521**	**51,333**
14. Other Comprehensive Income / (loss) (after tax)	(26)	92	-	11	(4)	(12)
15. Total comprehensive income for the period (13+14)	**2,099**	**507**	**4,640**	**4,541**	**50,517**	**51,321**
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet						812,151

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings per share - In Rupees	0.28	0.06	0.61	0.60	6.69	6.80
Diluted earnings per share - In Rupees	0.28	0.06	0.61	0.60	6.69	6.80
19. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings per share - In Rupees	-	-	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-	-	-
20. Earnings per equity share from continuing and discontinued operations (not annualised)						
Basic earnings per share - In Rupees	0.28	0.06	0.61	0.60	6.69	6.80
Diluted earnings per share - In Rupees	0.28	0.06	0.61	0.60	6.69	6.80
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	8,365	6,942	7,125	19,596	94,180	100,629

Notes to the results

1. The above Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 04, 2021 and February 05, 2021 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on standalone results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. The Company has presented Earnings before finance costs, tax, depreciation and amortization (EBITDA) additionally in the financial results. In its measurement, the Company includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.

Fortis Healthcare Limited

3. Exceptional gain / (loss) included in the above Unaudited Standalone Financial Results include:

(Rupees in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	-	-	-	-	(13,501)	(12,863)
b) Concession received due to COVID-19 (refer note 16)	1,268	-	-	6,340	-	-
Net exceptional gain/(loss)	**1,268**	**-**	**-**	**6,340**	**(13,501)**	**(12,863)**

4. A party (to whom the ICD's were assigned) ("Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a Third Party, the Company is liable for claims owed by the Plaintiff to the Third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. A Third Party has sought to be impleaded as a Plaintiff in the District Court proceedings.

   The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Third Party. The matter is pending adjudication before District Court, Delhi. The Third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This Third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said Third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

   In addition to the above, the Company has also received four notices from the Plaintiff claiming (i) Rupees 1,800 lacs as per notices dated May 30, 2018 and June 1, 2018 (ii) Rupees 21,582 lacs as per notice dated June 4, 2018; and (iii) Rupees 1,962 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

   Separately, the Third Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

   Allegations made by the Third party have been duly responded to by the Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever.

   Based on external legal advice, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these unaudited Standalone Financial Results with respect to these claims.

5. The Board of Directors, after seeking inputs from reputed investment bankers, had approved an equity infusion of Rupees 400,000 lacs at a price of Rupees 170 per equity share into the Company

by Northern TK Venture Pte Ltd Singapore (NTK) ("Acquirer"), a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals which constituted 31.1% share capital of the Company. The shareholders of the Company approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The Acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, had appointed 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare Limited to Malaysian IHH Healthcare Berhad be maintained, the Mandatory Open offer was kept in abeyance and continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

The Company has filed a detailed reply to the show cause notice issued in the suo- moto contempt, praying inter alia, that the suo- moto contempt proceedings be dropped and ex- parte status quo order dated December 14, 2018 be modified/ vacated such that Open Offer may proceed.

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. NTK has also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

While the matter is currently *sub-judice* and we await the orders/ directions of the Hon'ble Supreme Court in this regard, in view of the legal positions/claim(s) made and defence(s) raised by the Company, basis external legal advice, the management believes that it has a strong case on merits. It is the view of the Company these transactions were, at all times, conducted in a fair and transparent manner after obtaining all relevant regulatory and shareholders approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the unaudited Standalone Financial Results.

Further during the previous quarter, the Company filed an application before Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo.

6. Investigation initiated by the erstwhile Audit and Risk Management Committee:

A. Background

(i) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020, during the year ended March 31 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter- corporate loans given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company decided to carry out an independent investigation through an external legal firm on this matter. The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 ; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party ; (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) ; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31, 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. It was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions could be drawn in this regard.

(ii) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, additional procedures/ enquiries were initiated as below.

B. Additional procedures/enquiries by the reconstituted Board

(i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/ enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to

September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. . The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.

(ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoter or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.

(iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

C. Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts

(I) Fortis Hospitals Limited (FHsL), a wholly owned subsidiary of the Company, had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414 lacs on July 1, 2017 for a term of 90 days. Further, FHsL received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018. subsequent to which the shareholding of the erstwhile Promoter Group in the Company was reduced to 0.77%. In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party. Such assignment was subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a duly registered charge on the present and future assets of the Borrowers. ICDs aggregating to Rupees 44,503 lacs including interest accrued thereon of Rupees 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the outstanding amount was fully provided during the year ended March 31, 2018.

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 7 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto.

(ii) The Company had paid security deposits and advances aggregating to Rupees 2,173 lacs in the financial year 2013-14 to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement / MOUs were either terminated by the Company or expired during the financial year 2017-18. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to Rupees 2,173 lacs. Additionally, expenditure aggregating to Rupees 2,570 lacs was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which has not yet yielded any results. Further, Company has filed claim before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rupees 4,743 lacs in the Standalone Financial Results for the year ended March 31, 2018

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter.

(iii) FHsL, a wholly owned subsidiary of the Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of Rupees 10,000 lacs, balance of Rupees 2,375 lacs was outstanding to be received back. Post-dated cheques received from the entity were dishonoured, and FHsL initiated legal proceedings in this regard. FHsL had accrued for the interest amounting to Rupees 174 lacs up to March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity. However, in line with applicable accounting norms, interest thereon for the period subsequent to March 31, 2018 was not accrued considering the uncertainties around ultimate realization of the amounts.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018

One of the directors of the entity, post summoning in the legal proceedings initiated by the Company has settled disputes for himself and the entity by paying Rupees 2,300 lacs during the year ended March 31, 2020 towards full and final settlement.

Considering full and final settlement already done and the transaction having been legally concluded no further action is being taken.

(iv) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), purchased further 71% equity interest in Fortis Healthstaff Limited("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, EHIRCL advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. EHIRCL also could not directly takeover the loan, as EHIRCL (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies(71% shareholders) to avoid making payment for its share, and place EHIRCL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by EHIRCL to Healthstaff was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter.

(v) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, FHsL advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, FESL was not in a position to repay loan to the erstwhile promoter group company. FHsL also could not directly takeover the loan, as FHsL (holding 49%) could not have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company(51% shareholders) to avoid making payment for its share, and place FHsL in a situation where it would find it hard to recover from its own now wholly owned subsidiary Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter.

(vi) Remuneration to ex-chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Since the LoA was treated as non-est, the Company received legal advice from its counsels that the amount paid under the aforesaid LOA (amounting to Rupees 1,768 lacs) appears to be an arrangement designed to circumvent the managerial remuneration limits under Section 197 of the Companies Act, 2013 read with relevant Central Government approvals and thus was wrongfully paid. Thus, as per the legal advice, the payments made to him under this LoA for the role of 'Lead: Strategic Initiatives' ought to be considered and characterized as payments which are in the nature of managerial remuneration, as regulated and governed in section 197 of the Companies Act, 2013. An amount of Rupees 234 lacs that was reimbursed in relation to expenses incurred was in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013.Accordingly, the Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him over and above the managerial remuneration limit, as specified under the Companies Act, 2013 read with the relevant government approvals in this regard. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company replied to the same through its legal counsel denying any liability and stated that the demand was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before EOW. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs was recognized as recoverable in the Standalone Financial Results of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts, a provision of Rupees 2,002 lacs was made in the Standalone Financial Results for the year ended March 31, 2018. The Company has filed a complaint against the erstwhile Executive Chairman before EOW on account of both of the above payments and EOW is investigating the matter.

An addendum to the complaint already filed with the EOW has been filed in November 2020 with the EOW including certain other findings during Additional Procedures/Enquiries by independent experts as below:

(a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.

(b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex- promoter entity under this agreement.

(vii) During the financial year 2014-15, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), acquired 100% stake in Birdie & Birdie Realtors Pvt; Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter.

(viii) The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. It was observed in the earlier investigation that there were significant fluctuations in the NAV of the investments during a short span of time. Further, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%.

There is no further finding in additional procedures/enquiries by independent experts on this matter. Further, the investigation by the external legal firm done also mentioned that it appeared that GDOF was not related to Fortis based on the procedures performed by them. Accordingly no further action is being taken.

(ix) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.

D. Based on investigation carried by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, as identified in the notes to results, on certain aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

Therefore, with this conclusion, the investigation initiated by the erstwhile ARMC, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board had initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement for which the assessment work was done and corrective action plans were implemented.

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Accordingly, the Board has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years. The Company would fully co-operate with the regulatory authorities in this regard.

7. **Matters in relation to Regulatory Authorities**:

(a) In the above backdrop, during financial year 2017-18 the Company received a communication from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries furnished requisite information and documents requested by SEBI.

In furtherance of the above, subsequently on October 17, 2018 SEBI passed an *ex-parte* Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim directions that *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters were also directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHsL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHsL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019, ("Confirmatary Order") SEBI confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

Company and FHsL had filed necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, Company and FHsL may take necessary steps to comply with SEBI's direction. Accordingly, FHsL has filed a civil suit for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the parties, named in the orders passed by SEBI.

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN, it has inter-alia been alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN by inter alia reiterating that the Company and FHsL, were in fact victims of the schemes of the Erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN relate to the period when the Erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Company and FHsL. The Erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the Erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare until a new promoter, invested and took control of the Company, till such time as the new promoters of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer which was triggered by such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the Erstwhile Promoters and significant steps to recover the diverted amounts. Oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and a written synopsis of the same has been being filed.

The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has also been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities on a going forward basis.

(b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.

(c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Company, its subsidiaries, joint ventures and associates. The Company has submitted requisite information in this regard with SFIO, as requested from time to time.

(d) The Investigation Report of the external legal firm was submitted by the Company to the SEBI, and SFIO on June 12, 2018. Further, the Company has submitted a copy of the complaint filed with the EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known

8. Corporate Social Responsibility (CSR) activities of the company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF)(erstwhile promoter entity) with whom dealings have been stopped.

Amounts were paid by the Company and its subsidiaries to FCF for CSR activities. FCF was required to utilize the money so received strictly in various CSR programs.

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However, there are unutilized amounts lying with FCF which have not been spent and neither refunded by FCF despite several reminders and notices. Accordingly, civil recovery action has been initiated for recovery of unuitilized amount of Rupees 61 lacs.

9. During the previous year ended March 31, 2020, the Company received (gross of tax) dividend of Rupees 70,456 lacs from its wholly owned subsidiary, Fortis Healthcare International Limited (FHIL), Mauritius.

10. During the year ended March 31, 2020, the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care (Mauritius) Limited (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders.

11. Tax expense for the year ended March 31, 2020 includes the recognition of deferred tax asset (DTA) of Rupees 3,579 lacs due to change in management assessment of DTA recoverability based on projections of future taxable profits. The management continues to reassess the DTA recoverability at each period end.

12. Previous period figures have been regrouped/ reclassified wherever necessary to conform to current period classification.

13. The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108-'Operating Segments'.

14. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the previous year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the previous year was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)"Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business,, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. Till date no response has been received from the RBI on either of the letters to RBI.

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15. During the current quarter both the operational performance and cash flows of the company have improved substantially as compared to earlier period during the year which was due to impact of COVID-19 (as explained in Note 16). As at December 31, 2020, the Company has funds available of Rupees 255 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 11,282 lacs. As at December 31, 2020, the Company's current liabilities are higher than its current assets by Rupees 5,421 lacs. Further, the exercise period for cash put option has been extended till March 31, 2021.In addition to this the PE investors have also agreed to keep the put option in abeyance till 31st March 2024, documentation for the same is in execution stage. This will be followed with the necessary Board and Shareholder's approval. The Company along with its wholly owned subsidiaries has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. Additionally, as explained in note 5, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Company to carry out planned restructuring activities which could further strengthen the financial position of the Company.

Considering the above factors, continuous improved business performance and expected positive cash flows in foreseeable future periods, the management believes that the going concern assumption in these unaudited standalone financial results is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these unaudited standalone financial results on a going concern basis.

16. During the earlier part of the current year, the COVID – 19 pandemic impacted the revenues and profitability of the Company with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The Company took various initiatives to support operations and optimize the cost. With a slew of these measures, the Company has been able to significantly reduce the negative impact on business.

The Company has a well- capitalized Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and external funding.

During the current quarter, the Company has further witness improvement in business. It is gradually moving towards normalization of business during the course of the current financial year. The Company has considered internal and external information while finalizing various estimates in relation to these financial results. Going forward, the actual impact of the COVID-19 pandemic may still be different from that what has been estimated, as the COVID-19 situation further evolves in India and globally. However, the Company is and will continue to closely monitor any material changes to future economic conditions.

As a part of its strategy to counter the impact of COVID-19 pandemic, with cost saving measures the Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain subsidiaries under the Hospital & Medical Service Agreements (HMSA) entered with the said subsidiaries for at least two quarters (April-June 2020 and July-Sep 2020) assuming that the hospital operations, occupancy and footfall will return to normalcy by October 2020.However, if the business did not recover to normal levels by October 2020, then the waiver period could be extended until business becomes normal with the consent of both the company and its subsidiaries. Accordingly 50% waiver of fixed service fee for the third quarter (Oct-Dec 2020) was approved by the subsidiaries keeping in view the exceptional and unforeseen circumstances. In line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 1,268 lacs and Rupees 6,340 lacs for the quarter and nine months ended December 31, 2020 respectively. The Company is reviewing its next course of action on this matter.

17. Management's response to comments of the statutory auditors in the Audit / Limited Review Report

(a) With regard to the comments of the statutory auditors in paragraph 4 of Limited Review Report, pertaining to the independent investigation carried out by the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company through external legal firm and

Fortis Healthcare Limited

subsequently the additional procedures/enquiries performed by the management in the recent period through independent experts to address the limitations, qualifications and disclaimers of the investigation carried out, it is submitted that, based on the reports of the independent investigation carried out through the external legal firm and additional procedures/enquiries through independent experts ,SEBI Interim orders dated October 17, 2018 , December 21, 2018 and confirmed vide order dated March 19, 2019, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report and the additional procedures/enquiries, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which the assessment work was done and corrective action plans were implemented. The company continues to assess the legal compliances on all matters stated in the report of external legal firm and report of independent experts. Further, various regulatory authorities are currently undertaking their own investigation. In respect of the Show-Cause Notice (SCN) issued by SEBI to various entities including the Company and its subsidiary on November 20, 2020 a joint representation/reply was filed by the Company and its subsidiary on December 28, 2020 praying for quashing of the SCN on various grounds. Any further adjustments/ disclosures, if required, would be made in the books of account, as and when the results of the various regulatory investigations are known. For more details, please refer to note 6 and 7.

(b) With regard to the comments of the statutory auditors in paragraph 4 of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman. Further, as a result of the additional procedures/ enquiries, the Company identified certain other payments made to the erstwhile executive chairman/ ex-promoter entity.The company has taken suitable legal measures to recover the said payments made as well as the Company's assets in his possession. For more details, please refer to note 6(C)(vi).

(c) With regard to the comments of the statutory auditors in paragraph 5 of Limited review report, pertaining to NBFC registration, it has been explained in Note 14 of the financial results, as per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 14 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

Fortis Healthcare Limited *

The Company also has made a representation to the RBI in November 2019, i.e. more than a year ago, that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31st March 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business,, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. Till date no response has been received from the RBI on either of the letters to RBI.

Date: February 05, 2021

Place: Gurugram

For and on behalf of the Board of Directors

Fortis Healthcare Limited

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

B S R & Co. LLP

Chartered Accountants

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Limited review report on unaudited quarterly consolidated financial results of Fortis Healthcare Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of **Fortis Healthcare Limited**

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Fortis Healthcare Limited ("the Company" or "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/ loss after tax and total comprehensive income of its associates and joint ventures for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

   Parent:

   (i) Fortis Healthcare Limited

   Subsidiaries:

   (i) Escorts Heart Institute and Research Centre Limited ("EHIRCL")
   (ii) Fortis Hospitals Limited
   (iii) Fortis Asia Healthcare Pte Limited
   (iv) Fortis Healthcare International Limited
   (v) Fortis Global Healthcare (Mauritius) Limited
   (vi) Fortis Malar Hospitals Limited

(vii) Malar Stars Medicare Limited
(viii) Fortis HealthStaff Limited
(ix) Fortis Cancer Care Limited
(x) Fortis La Femme Limited
(xi) Fortis Health Management (East) Limited
(xii) Hiranandani Healthcare Private Limited
(xiii) SRL Limited
(xiv) SRL Diagnostics Private Limited
(xv) SRL Reach Limited
(xvi) SRL Diagnostics FZ-LLC
(xvii) Fortis Healthcare International Pte Limited (FHIPL)
(xviii) Birdie and Birdie Realtors Private Limited
(xix) Stellant Capital Advisory Services Private Limited
(xx) RHT Health Trust Manager Pte Limited
(xxi) Fortis Emergency Services Limited
(xxii) Fortis Hospotel Limited
(xxiii) Escort Heart and Super Speciality Hospital Limited
(xxiv) International Hospital Limited
(xxv) Hospitalia Eastern Private Limited
(xxvi) Fortis Health Management Limited
(xxvii) Medical Management Company Limited
(xxviii) Mena Healthcare Investment Company Limited

Joint ventures:

(i) Fortis Cauvery
(ii) Fortis C-Doc Healthcare Limited
(iii) DDRC SRL Diagnostics Private Limited
(iv) SRL Diagnostics (Nepal) Private Limited

Associates:

(i) Sunrise Medicare Private Limited
(ii) Lanka Hospitals Corporate Plc
(iii) THR Infrastructure Pte Ltd (formerly known as Fortis Global Healthcare Infrastructure Pte. Limited)
(iv) RHT Health Trust

5. As explained in Note 5 of the Statement, pursuant to certain events/transactions which relate to or which originated prior to take over of control by the present Board of Directors in the year ended 31 March 2018, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/improper payments/override of internal controls in the Company and its subsidiaries. As a result of such investigation/ special audits, the Group recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 5 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; resulting in certain qualifications and disclaimers including completeness of related party transactions, propriety of certain payments etc. In view of this, additional procedures/ enquiries were performed by the management in the recent period through independent experts to address these limitations, qualifications and disclaimers. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020. The additional procedures/ enquiries have revealed certain further instances of payments made to the erstwhile promoters including erstwhile promoter group

entity which were potentially improper as fully explained in Note 5(A) to 5(D) of the Statement. These primarily include improper related party transactions including indirect loans, direct or indirect transactions allegedly for the benefit of the erstwhile promoters, payments potentially not related to activities of the companies in the Group, improper managerial remuneration, etc. However, all the amounts identified in the additional procedures/enquiries have been previously provided for or expensed off in the books of accounts of the Company or its subsidiaries.

As explained in Note 5(C)(vi) of the Statement, during the year ended 31 March 2018, the Company concluded that amount aggregating to Rs. 2,002 lacs had been paid to the erstwhile Executive Chairman (Erstwhile Promoter) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Further, as explained in the said Note, as a result of the additional procedures/ enquiries, the Company has identified certain potentially improper payments amounting to Rs. 872 lacs to the erstwhile promoter and erstwhile promoter group entity. These payments are/ may accordingly be in non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for these amounts has also been recorded in the books of accounts.

The Company has also filed a complaint with the Economic Offences Wing ('EOW') against the erstwhile promoters/ erstwhile promoter group companies based on the findings of additional procedures/ enquiries.

Further, as explained in Note 6 of the Statement, pursuant to certain events/transactions in earlier years, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations/ proceedings, which are currently ongoing.

As also mentioned in the Note 6, vide its order dated 12 November 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings be substituted with adjudication proceedings. The order clarified that the Company and Fortis Hospitals Limited (FHsL) were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. Subsequently, a Show-Cause Notice (SCN) was issued by SEBI to various entities including the Company and FHsL on 20 November 2020, which alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on 28 December 2020 praying for quashing of the SCN on various grounds as highlighted by the Company in above mentioned note, after which oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on 20 January 2021 and a written synopsis of the same was also filed thereafter. The Company is awaiting the outcome of the hearing before SEBI.

In view of the above, and notwithstanding the legal action initiated by the Company, we are unable to comment on the impact, if any, that may result from the assessment of legal compliances in respect of the above matters and from the conclusion of regulatory investigations/ proceedings on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 31 December 2020.

The matters stated above were also subject matter of qualification in our audit opinion on the consolidated financial statements for the year ended 31 March 2020 and review report on unaudited consolidated financial results for the quarter ended 30 September 2020 and quarter ended 31 December 2019.

6. We draw attention to Note 15 of the Statement, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269

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dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company has written another letter to RBI with a request to confirm that no such registration as a NBFC is required. Till date no response has been received from the RBI on either of the letters.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 31 December 2020.

The matter stated above was also subject matter of qualification in our review report on the unaudited consolidated financial results for the quarter ended 30 September 2020.

7. Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the effects/ possible effects of the matters described in paragraph 5 and 6, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

8. We draw attention to the following Notes in the Statement:

   a) Note 7(a) and 7(c) relating to the outcome of the civil suit/arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.
   b) Note 8 regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation (NMMC) vide order dated 18 January 2017.

   Based on the advice given by external legal counsels, the management believes that outflow in the above litigations is not likely and accordingly no provision/adjustment has been considered necessary with respect to the above matters in the Statement.

   Our conclusion on the Statement is not modified in respect of the above matters.

9. We draw attention to Note 11 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the

current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement.

Our conclusion on the Statement is not modified in respect of this matter.

10. As explained in Note 10 of the Statement, a Civil Suit claiming Rs. 25.344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

    Our conclusion on the Statement is not modified in respect of this matter.

11. We draw attention to Note 17 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Group.

    Our conclusion on the Statement is not modified in respect of this matter.

12. We did not review the interim financial information of one subsidiary included in the Statement, whose interim financial information (before intercompany-elimination and consolidation adjustments) reflect total revenue of Rs. 351.49 lacs and Rs. 1,048.96 lacs, total net loss after tax of Rs. 275.86 lacs and Rs. 869.41 lacs and total comprehensive loss of Rs. 275.86 lacs and Rs. 869.41 lacs, for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also include the Group's share of net profit after tax of Rs. 1,586.31 lacs and Rs. 2,727.64 lacs and total comprehensive income of Rs. 1,586.31 lacs and Rs. 2,721.76 lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement, in respect of one joint venture, whose interim financial information has not been reviewed by us. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

    Of the above entities, one subsidiary is located outside India whose financial information has been prepared in accordance with accounting principles generally accepted in its respective country and which has been reviewed by other auditor under generally accepted review standards applicable in its respective country. The Company's management has converted the financial information of such subsidiary located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and reviewed by us.

    Our conclusion on the Statement is not modified in respect of the above matter.

13. The Statement includes the interim financial information of thirteen subsidiaries, which have not been reviewed, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total revenues of Rs. 191.11 lacs and Rs. 473.99 lacs, total net loss after tax of Rs. 1,900.15 lacs and Rs. 5,626.62 lacs and total comprehensive loss of Rs. 789.80 lacs and Rs. 1,012.81 lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement. The Statement also include the Group's share of net profit after tax of Rs. 185.77 lacs and Rs. 155.03 lacs and total comprehensive income of Rs. 255.32 lacs and

Rs. 324.29 lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the consolidated unaudited financial results, in respect of four associates and three joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 21076124AAAAAN3733

Place: Gurugram
Date: 5 February 2021

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Nine months ended		Year
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	117,703	99,470	116,892	277,768	351,940	463,232
2. Other income	1,017	2,560	492	4,022	3,423	5,264
3. Total income (1+2)	**118,720**	**102,030**	**117,384**	**281,790**	**355,363**	**468,496**
4. Expenses						
(a) Cost of materials consumed	28,544	24,630	23,991	67,962	73,017	96,385
(b) Employee benefits expenses	22,531	19,792	23,436	62,945	69,733	91,603
(c) Finance costs	4,210	4,208	4,796	12,526	14,811	20,506
(d) Professional charges to doctors	22,068	18,467	24,973	56,869	73,617	97,589
(e)Depreciation and amortisation expense	7,311	7,433	6,994	21,909	21,165	29,173
(f) Other expenses	25,515	24,581	28,796	69,276	87,199	116,703
Total expenses	**110,179**	**99,111**	**112,986**	**291,487**	**339,542**	**451,959**
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	**8,541**	**2,919**	**4,398**	**(9,697)**	**15,821**	**16,537**
6. Add:Share in profit of associate companies and joint ventures	1,772	825	416	2,883	1,014	1,216
7. Net profit / (loss) before exceptional items and tax (5+6)	**10,313**	**3,744**	**4,814**	**(6,814)**	**16,835**	**17,753**
8. Exceptional gain (refer note 4)	-	61	-	106	6,183	6,183
9. Profit / (loss) before tax from continuing operations (7+8)	**10,313**	**3,805**	**4,814**	**(6,708)**	**23,018**	**23,936**
10. Tax expense	4,925	2,258	11,746	5,145	9,745	14,787
11. Net profit / (loss) for the period from continuing operations (9-10)	**5,388**	**1,547**	**(6,932)**	**(11,853)**	**13,273**	**9,149**
12. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-
14. Net profit / (loss) for the period from discontinued operations (12-13)	-	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	**5,388**	**1,547**	**(6,932)**	**(11,853)**	**13,273**	**9,149**
16. Profit / (loss) from continuing operations attributable to:						
Owners of the Company	2,990	(391)	(7,634)	(15,293)	10,245	5,794
Non-Controlling Interest	2,398	1,938	702	3,440	3,028	3,355
17. Profit / (loss) from discontinuing operations attributable to:						
Owners of the Company	-	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-	-

Fortis Healthcare Limited *

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Nine months ended		Year
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
18. Other Comprehensive Income (including OCI relating to associates and joint venture) (after tax)	611	896	1,792	1,882	1,532	11
19. Other comprehensive Income/(Loss) attributable to:						
Owners of the Company	616	835	1,783	1,865	1,491	153
Non Controlling interest	(5)	61	9	17	41	(142)
20. Total comprehensive Income/(Loss) (15+18)	**5,999**	**2,443**	**(5,140)**	**(9,971)**	**14,805**	**9,160**
21. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	3,606	444	(5,851)	(13,428)	11,736	5,947
Non-Controlling interest	2,393	1,999	711	3,457	3,069	3,213
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet						590,613
24. Earnings per equity share for continuing operations (not annualised)						
Basic earnings per share - In Rupees	0.40	(0.05)	(1.01)	(2.03)	1.36	0.77
Diluted earnings per share - In Rupees	0.40	(0.05)	(1.01)	(2.03)	1.36	0.77
25. Earnings per equity share for discontinued operations (not						
Basic earnings per share - In Rupees	-	-	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued						
Basic earnings per share - In Rupees	0.40	(0.05)	(1.01)	(2.03)	1.36	0.77
Diluted earnings per share - In Rupees	0.40	(0.05)	(1.01)	(2.03)	1.36	0.77
27. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (Refer note 3)	20,062	14,560	16,188	24,738	51,797	66,216

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

Notes to the results

1. The above unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 4, 2021 and February 5, 2021 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. **Segment Reporting**

The Group has presented healthcare and diagnostics as two separate reportable segments in accordance with Ind AS 108 – "Operating segments". Consequently numbers for all periods presented in the unaudited Consolidated Financial Results conform to current period presentation.

(Rupees in lacs)

S.No	Particulars	Quarter ended			Nine Month ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment value of sales and services (revenue)**						
	- Healthcare	90,682	74,636	95,428	214,157	283,982	375,320
	-Diagnostics	30,618	28,238	24,939	72,891	78,445	101,633
	Gross value of sales and services	**121,300**	**102,874**	**120,367**	**287,048**	**362,427**	**476,953**
	Less : inter segment sales and services	(3,597)	(3,404)	(3,475)	(9,280)	(10,487)	(13,721)
	Revenue from operations	**117,703**	**99,470**	**116,892**	**277,768**	**351,940**	**463,232**
2	**Segment results**						
	- Healthcare	6,432	(494)	6,666	(8,630)	16,319	19,840
	-Diagnostics	5,303	5,061	2,036	7,438	10,890	11,938
	Total segment profit / (loss) before interest and tax	**11,735**	**4,567**	**8,702**	**(1,192)**	**27,209**	**31,778**
	(i) Finance cost	(4,210)	(4,208)	(4,796)	(12,526)	(14,811)	(20,506)
	(ii) Exceptional gain and unallocable income (net of unallocable expenditure)	1,016	2,621	492	4,127	9,606	11,448
	(iii) Share of profit of associates and joint ventures (net)	1,772	825	416	2,883	1,014	1,216
	Profit / (loss) before tax	**10,313**	**3,805**	**4,814**	**(6,708)**	**23,018**	**23,936**
3	**Segment assets**						
	- Healthcare	878,594	876,933	891,859	878,594	891,859	881,319
	-Diagnostics	114,673	113,767	114,198	114,673	114,198	113,268
	-Unallocable assets	136,508	136,436	152,165	136,508	152,165	157,260

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rupees in lacs)

S.No	Particulars	Quarter ended			Nine Month ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Total assets	1,129,775	1,127,136	1,158,222	1,129,775	1,158,222	1,151,847
	Less : inter segment assets	(16,059)	(15,918)	(18,307)	(16,059)	(18,307)	(17,065)
	Total segment assets	**1,113,716**	**1,111,218**	**1,139,915**	**1,113,716**	**1,139,915**	**1,134,782**
4	**Segment liabilities**						
	- Healthcare	248,783	225,260	219,429	248,783	219,429	238,297
	-Diagnostics	26,593	25,923	17,852	26,593	17,852	25,619
	-Unallocable liabilities	166,091	171,442	194,751	166,091	194,751	167,372
	Total liabilities	441,467	422,625	432,032	441,467	432,032	431,288
	Less : inter segment liabilities	(16,059)	(15,918)	(18,307)	(16,059)	(18,307)	(17,065)
	Total segment liabilities	**425,408**	**406,707**	**413,725**	**425,408**	**413,725**	**414,223**

3. The Group has presented Earnings before finance costs, tax, depreciation and amortisation expense (EBITDA) additionally in the financial results. In its measurement, the Group includes other income, but does not include depreciation and amortisation expense, finance costs, exceptional items, tasx expense and share in profit / (loss) of associates and joint ventures.

4. Exceptional gain included in the above unaudited Consolidated Financial Results include:

(Rupees in lacs)

S. No.	Particulars	Quarter Ended			Nine Month Ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Gain on disposal of an associate (refer note 12)	-	-	-	-	3,857	3,857
(b)	Reversal of allowance for loan given to body corporate (refer note 5 (c) (iii))	-	-	-	-	2,276	2,276
(c)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	-	-	-	-	50	50
(d)	Concession received due to Covid-19	-	61	-	106	-	-
	Exceptional gain	**-**	**61**	**-**	**106**	**6,183**	**6,183**

Fortis Healthcare Limited

5. Investigation initiated by the erstwhile Audit and Risk Management Committee:

A. Background

(i) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020, during the year ended March 31 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter- corporate loans given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company decided to carry out an independent investigation through an external legal firm on this matter. The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party ; (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) ; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. It was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions could be drawn in this regard.

(ii) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, additional procedures/ enquiries were initiated as below.

B. Additional procedures/enquiries by the reconstituted Board

(i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial

Fortis Healthcare Limited

statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.

(ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoters or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.

(iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

C. Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts

(I) Fortis Hospitals Limited (FHsL), a wholly owned subsidiary of the Company, had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414 lacs on July 1, 2017 for a term of 90 days. Further, FHsL received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018. subsequent to which the shareholding of the erstwhile Promoter Group in the Company was reduced to 0.77%. In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party. Such assignment was subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a duly registered charge on the present and future assets of the Borrowers. ICDs aggregating to Rupees 44,503 lacs including interest accrued thereon of Rupees 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the outstanding amount was fully provided during the year ended March 31, 2018.

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 6 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto.

(ii) The Company and its subsidiary SRL Limited ('SRL') had paid security deposits and advances aggregating to Rupees 2,676 lacs in the financial year 2013 14 and 2017 18 respectively, to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were either terminated by the Company or expired during the financial year 2017-18. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. Additionally, expenditure aggregating to Rupees 2,843 lacs was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the private company under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives were directed to appear before District Court. The Hon'ble District Court has directed the Directors of Lessor to deposit 20% of the cheque amount. SRL has also initiated arbitration proceeding against the Lessor for recovery of Rupees 460 lacs paid towards Security Deposit and Rupees 304 lacs incurred pertaining to the office space. Vide order dated February 20, 2019 Hon'ble Delhi High Court appointed an arbitrator before whom SRL has filed its claim. Further, Company and SRL have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 5,333 lacs in the Consolidated Financial Results for the year ended March 31, 2018 and a further provision of Rupees 186 lacs was made in respect of expenditure accrued during the quarter ended June 30, 2018.

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters, in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter.

(iii) FHsL, a wholly owned subsidiary of the Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of Rupees 10,000 lacs, balance of Rupees 2,375 lacs was outstanding to be received back. Post-dated cheques received from the entity were dishonoured, and FHsL initiated legal proceedings in this regard. FHsL had accrued for the interest amounting to Rupees 174 lacs up to March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity. However, in line with applicable accounting norms, interest thereon for the period subsequent to March 31, 2018 was not accrued considering the uncertainties around ultimate realization of the amounts.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018

One of the directors of the entity, post summoning in the legal proceedings initiated by the Company has settled disputes for himself and the entity by paying Rupees 2,300 lacs during the year ended March 31, 2020 towards full and final settlement.

Considering full and final settlement already done and the transaction having been legally concluded no further action is being taken.

(iv) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), purchased further 71% equity interest in Fortis Healthstaff Limited("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, EHIRCL advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. EHIRCL also could not directly takeover the loan, as EHIRCL (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies(71% shareholders) to avoid making payment for its share, and place EHIRCL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by EHIRCL to Healthstaff was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

Fortis Healthcare Limited *

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter.

(v) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, FHsL advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, FESL was not in a position to repay loan to the erstwhile promoter group company. FHsL also could not directly takeover the loan, as FHsL (holding 49%) could not have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company(51% shareholders) to avoid making payment for its share, and place FHsL in a situation where it would find it hard to recover from its own now wholly owned subsidiary Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter.

(vi) Remuneration to ex-chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Since the LoA was treated as non-est, the Company received legal advice from its counsels that the amount paid under the aforesaid LOA (amounting to INR 1,768 lacs) appears to be an arrangement designed to circumvent the managerial remuneration limits under Section 197 of the Companies Act, 2013 read with relevant Central Government approvals and thus was wrongfully paid. Thus, as per the legal advice , the payments made to him under this LoA for the role of 'Lead: Strategic Initiatives' ought to be considered and characterized as payments which are in the nature of managerial remuneration, as regulated and governed in section 197 of the Companies Act, 2013. An amount of Rupees 234 lacs that was reimbursed in relation to expenses incurred was in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Accordingly, the Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him over and above the managerial remuneration limit, as specified under the Companies Act, 2013 read with the relevant government approvals in this regard. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company replied to the same through its legal counsel denying any liability and stated that the demand was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before EOW. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs was recognised as recoverable in the Consolidated Financial Results of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts, a provision of Rupees 2,002 lacs was made in the Consolidated Financial Results for the year ended March 31, 2018. The Company has filed a complaint against the erstwhile Executive Chairman before EOW on account of both of the above payments and EOW is investigating the matter.

An addendum to the complaint already filed with the EOW has been filed in November 2020 with the EOW including certain other findings during Additional Procedures/Enquiries by independent experts as below:

(a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent ~ Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent ~ Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to ~ Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of ~ Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.

(b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent ~ Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex- promoter entity under this agreement.

(vii) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661 lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter.

(viii) The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. It was observed in the earlier investigation that there were significant fluctuations in the NAV of the investments during a short span of time. Further, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investments in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in the Consolidated Financial Results for the year ended March 31, 2018.

There is no further finding in additional procedures/enquiries by independent experts on this matter. Further, the investigation by the external legal firm done also mentioned that it appeared that GDOF was not related to Fortis based on the procedures performed by them. Accordingly no further action is being taken.

(ix) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.

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D. Based on investigation carried by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, as identified in the notes to results, on certain aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

Therefore, with this conclusion, the investigation initiated by the erstwhile ARMC, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board had initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years.The Company would fully co-operate with the regulatory authorities in this regard.

6. Matters in relation to Regulatory Authorities:

(a) In the above backdrop, during financial year 2017-18 the Company received a communication from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries furnished requisite information and documents requested by SEBI.

In furtherance of the above, subsequently on October 17, 2018 SEBI passed an *ex-parte* Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim directions that *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters were also directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

Fortis Healthcare Limited

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHsL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHsL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019, ("Confirmatary Order") SEBI confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

Company and FHsL had filed necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and varisous other entities to the Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, Company and FHsL may take necessary steps to comply with SEBI's direction. Accordingly, FHsL has filed a civil suit for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the parties, named in the orders passed by SEBI.

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. -A Show-Cause Notice (SCN) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN, it has inter-alia been alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN by inter alia reiterating that the Company and FHsL, were in fact victims of the schemes of the Erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN relate to the period when the Erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Company and FHsL. The Erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the Erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare until a new promoter, invested and took control of the Company, till such time as the new promoters of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer which was triggered by such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the Erstwhile Promoters and significant steps to recover the diverted amounts. Oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and a written synopsis of the same has been filed.

The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has also been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities on a going forward basis.

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(b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.

(c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Company, its subsidiaries, joint ventures and associates. The Company has submitted requisite information in this regard with SFIO, as requested from time to time.

(d) The Investigation Report of the external legal firm was submitted by the Company to the SEBI, and SFIO on June 12, 2018. Further, the Company has submitted a copy of the complaint filed with the EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known.

7. In case of one of the subsidiaries ("Escorts Heart Institute and Research Centre Limited") ('EHIRCL'), that was formed after amalgamation of Escorts Heart Institute and Research Centre ('EHIRC'), Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as a company:

a) Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. The matter is currently pending before the Hon'ble High Court of Delhi. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. The eviction proceedings initiated before the Estate Officer were challenged before the Hon'ble Supreme Court. Supreme Court vide its order dated November 14, 2019 has quashed the Show Cause Notice for eviction proceedings. Based on the external legal counsel advice, the Company is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the unaudited Consolidated Financial Results.

b) Further, there was tax demand in EHIRCL of Rupees 7,209 lacs [(after adjusting Rupees 15,760 lacs as at Dec 31, 2020) {As at March 31, 2020 Rupees 7,759 lacs (after adjustment Rupees 15,210 lacs as at March 31, 2020)} of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL] for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,403 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before Income Tax Appellate Tribunal (ITAT) and during the year ended March 31, 2020, ITAT decided the case in favour of EHIRCL.

Income Tax Department has contested the decision of ITAT before the Hon'ble High Court of Delhi.

c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to patients of economic weaker section, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS gave an intimation basis the calculation of the appointed Firm, which as per their method of calculations was Rupees 73,266 lacs for the period 1984-85 to 2011-12 and sought hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and raised objections to the said calculations. During the year ended

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March 31, 2016, EHIRCL received another notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006-2007, against which EHIRCL again responded explaining errors and raised objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 set aside the demand and disposed off the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing a demand of Rupees 50,336 lacs. This order was challenged by EHIRCL before the Delhi High Court and the Court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of Rupees 500 lacs before the concerned authority. EHIRCL deposited Rupees 500 lacs on June 20, 2018. Matter is sub judice before Delhi High Court. Based on its internal assessment and advice from its counsels on the basis of the documents available, the Company believes that EHIRCL is in compliance of conditions of free treatment and free beds to the patients of economic weaker section and expects the demand to be set aside. Accordingly no adjustment is required to the unaudited Consolidated Financial Results.

8. In case of one of the subsidiaries ("Hiranandani Healthcare Private Limited") ('HHPL'):

Navi Mumbai Municipal Corporation ('NMMC') terminated the Hospital lease agreement with HHPL vide order dated January 18, 2017 (Termination Order') for certain alleged contravention of the Hospital Lease agreement. HHPL has filed a Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition has been tagged with Special Leave Petition which has also been filed by HHPL for *inter alia* challenging the actions of State Government, City Industrial Development Corporation and NMMC which led to the passing of the said Termination Order. The Hon'ble Supreme Court of India in the hearing held on January 30, 2017 ordered "Status Quo'. SLP has been admitted on January 22, 2018 and "Status Quo" has been continuing. Based on external legal counsel opinion, management is confident that HHPL is in compliance of conditions of Hospital Lease Agreement and accordingly considers that no adjustment is required to the unaudited Consolidated Financial Results.

9. Corporate Social Responsibility (CSR) activities of the company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF) (erstwhile promoter entity) with whom dealings have been stopped.

Amounts were paid by the Company and its subsidiaries to FCF for CSR activities. FCF was required to utilize the money so received strictly in various CSR programs.

However, there are unutilized amounts lying with FCF which have not been spent and neither refunded by FCF despite several reminders and notices. Accordingly, civil recovery action has been initiated for recovery of unutilized amount of Rupees 182 lacs.

10. A party (to whom the ICD's were assigned) ("Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a Third Party, the Company is liable for claims owed by the Plaintiff to the Third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. A Third Party has sought to be impleaded as a Plaintiff in the District Court proceedings.

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Third Party. The matter is pending adjudication before District Court, Delhi. The Third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This Third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said Third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

In addition to the above, the Company has also received four notices from the Plaintiff claiming (i) Rupees 1,800 lacs as per notices dated May 30, 2018 and June 1, 2018 (ii) Rupees 21,582 lacs as per notice dated June 4, 2018; and (iii) Rupees 1,962 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the Third Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Allegations made by the Third party have been duly responded to by the Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever.

Based on external legal advice, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these unaudited Consolidated Financial Results with respect to these claims.

11. The Board of Directors, after seeking inputs from reputed investment bankers, had approved an equity infusion of Rupees 400,000 lacs at a price of Rupees 170 per equity share into the Company by Northern TK Venture Pte Ltd Singapore (NTK) ("Acquirer"), a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals which constituted 31.1% share capital of the Company. The shareholders of the Company approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The Acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, had appointed 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained, the Mandatory Open offer was kept in abeyance and continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

The Company has filed a detailed reply to the show cause notice issued in the suo- moto contempt, praying inter alia, that the suo- moto contempt proceedings be dropped and ex- parte status quo order dated December 14, 2018 be modified/ vacated such that Open Offer may proceed.

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. NTK has also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

While the matter is currently *sub-judice* and we await the orders/ directions of the Hon'ble Supreme Court in this regard, in view of the legal positions/claim(s) made and defence(s) raised by the Company, basis external legal advice, the management believes that it has a strong case on merits. It is the view of the Company these transactions were, at all times, conducted in a fair and transparent manner after obtaining all relevant regulatory and shareholders approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly at present, no adjustment is required in the unaudited Consolidated Financial Results.

Further during the previous quarter, the Company filed an application before Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo.

12. During the year ended March 31, 2020, the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care, Mauritius (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders. The sale resulted in a gain of Rupees 3,857 lacs, effect of which was given during the quarter ended September 30, 2019.

13. The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions specified in the said section. The Group has taken provision for taxation for the year ended March 31, 2020 and the quarter and nine months ended December 31, 2020 based on the new tax rates for certain group companies.

14. During the year ended March 31, 2020, among others, in respect of one of the subsidiaries of the group, deferred tax amounting to Rupees 19,209 lacs has been derecognised due to lack of reasonable certainty of future taxable profits on a conservative basis. The Company has also recognised Deferred tax assets (DTA) of Rupees 12,411 lacs in respect of certain entities of the group based on future taxable profits of these entities. The management continues to reassess the DTA recoverability on brought forward losses at each period end.

15. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the previous year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the previous year was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's '*Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016*', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "*company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act* ***and*** meeting the Principal Business Criteria (Financial Asset/ income pattern)" Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. Till date no response has been received from the RBI on either of the letters to RBI.

16. During the current quarter both the operational performance and cash flows of the group have improved substantially as compared to earlier period during the year which was due to impact of COVID-19 (as explained in Note 17). As at December 31, 2020, the Group has funds available of Rupees 31,284 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 45,596 lacs. However, primarily due to the financial liability for cash put option issued to minority shareholders of subsidiary amounting to approx. Rupees 140,200 lacs as at December 31, 2020, the Group's current liabilities are higher than its current assets by Rupees 167,240 lacs. Further, the exercise period for cash put option has been extended till March 31, 2021. In addition to this the PE investors have also agreed to keep the put option in abeyance till 31st March 2024, documentation for the same is in execution stage. This will be followed with the necessary Board and Shareholder's approval. The Group has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. Additionally, as explained in note 11, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities which could further strengthen the financial position of the Group.

Considering the above factors, continuous improved business performance and expected positive cash flows in foreseeable future periods, the management believes that the going concern assumption in these unaudited consolidated financial results is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these unaudited consolidated financial results on a going concern basis.

17. During the earlier part of the current year, the COVID – 19 pandemic impacted the revenues and profitability of the Group with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The diagnostics business of the Group also witnessed a significant drop in volumes during the earlier part of the year. The Group took various initiatives to support operations and optimize the cost. With a slew of these measures, the Group has been able to significantally reduce the negative impact on its business.

Fortis Healthcare Limited *

The Group has a well- capitalized Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and external funding.

During the current quarter, the Group has further witnessed improvement in both hospital and diagnostic business. It is gradually moving towards normalization of business during the course of the current financial year. The Group has considered internal and external information while finalizing various estimates in relation to these financial results. Going forward, the actual impact of the Covid-19 pandemic may still be different from that what has been estimated, as the COVID-19 situation further evolves in India and globally. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

18. The Board of Directors of the Company at their meeting held on February 5, 2021 gave its approval to SRL Limited, a material subsidiary to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL), subject to approval of the shareholders of the Company for a cash consideration upto Rs. 350 crores equity valuation. The acquisition is being made by SRL Limited which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL shall be 100% subsidiary of SRL Limited.

19. Previous period figures have been regrouped/ reclassified wherever necessary to conform to current period classification.

20. Management's response to comments of the statutory auditors in the Audit/ Limited Review Report

(a) With regard to the comments of the statutory auditors in paragraph 5 of Limited Review Report, pertaining to the independent investigation carried out by the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company through external legal firm and subsequently the additional procedures/enquiries performed by the management in the recent period through independent experts to address the limitations,qualifications and disclaimers of the investigation carried out, it is submitted that, based on the reports of the independent investigation carried out through the external legal firm and additional procedures/enquiries through independent experts ,SEBI Interim orders dated October 17, 2018 , December 21, 2018 and confirmed vide order dated March 19, 2019, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report and the additional procedures/enquiries, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which the assessment work was done and corrective action plans were implemented. The company continues to assess the legal compliances on all matters stated in the report of external legal firm and report of independent experts,Further,various regulatory authorities are currently undertaking their own investigation. In respect of the Show-Cause Notice (SCN) issued by SEBI to various entities including the Company and its subsidiary on November 20, 2020 a joint representation/reply was filed by the Company and its subsidiary on December 28, 2020 praying for quashing of the SCN on various grounds. Any further adjustments/ disclosures, if required, would be made in the books of account, as and when the results of the various regulatory investigations are known. For more details, please refer to note 5 and 6.

(b) With regard to the comments of the statutory auditors in paragraph 5 of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company,having considered all necessary facts, decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman. Further,as a result of the additional procedures/ enquiries, the Company identified certain other payments made to the erstwhile executive chairman/ ex-promoter entity.The company has taken suitable legal measures to recover the said payments made as well as the Company's assets in his possession. For more details, please refer to note 5 C (vi).

(c) With regard to the comments of the statutory auditors in paragraph 6 of Limited Review Report, pertaining to NBFC registration, it has been explained in Note 15 of the financial results, as per the RBI's 'Master

Fortis Healthcare Limited

Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 15 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

The Company also has made a representation to the RBI in November 2019, i.e. more than a year ago, that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the previous quarter the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. Till date no response has been received from the RBI on either of the letters to RBI.

Date: February 5, 2021

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

Press Release

February 5, 2021

Fortis Healthcare reports Q3 FY21 Consolidated Financial Results

Overall Consolidated revenues at INR 1,177 Cr, +18% versus trailing quarter

Consolidated EBITDA at INR 201 Cr, +38% versus trailing quarter (+24% QoQ)

Consolidated Financials

Particulars (INR Crs)	Q3FY21	Q3FY20	% QoQ	Q2FY21	% QotQ
Revenue	1,177.0	1,168.9	0.7%	994.7	18.3%
EBITDA	200.6	161.9	23.9%	145.6	37.8%
Profit Before Tax	103.1	48.2	114.2%	37.4	175.5%
Profit After Tax	53.9	(69.3)		15.5	248.5%

- *Q3FY21 Hospital Business revenues at INR 906.8 Crs versus INR 953.5 Crs in Q3FY20. As compared to Q2FY21 revenues grew 21.5%.*

- *The hospital business EBITDA was at INR 138.7 Crs versus INR 133.8 Crs in Q3FY20 (15.3% margin versus 14.0%). EBITDA increased 64% compared to Q2FY21.*

    - *Excluding the impact of the Arcot Road, Chennai hospital commissioned in October 2020, EBITDA was at INR 146.2 Crs (16.2% margin)*

- *Q3 FY21 Diagnostics Business gross revenues increased 22.8% to INR 306.2 Crs, (the highest ever quarterly revenues for SRL) versus INR 249.4 Crs in Q3FY20. As compared to Q2FY21 revenues grew 8.4%.*

- *The diagnostics business EBITDA increased 83.3% to INR 73.0 Crs (the highest ever quarterly EBITDA for SRL) versus INR 39.8 Crs in Q3FY20. The EBITDA for Q2FY21 stood at INR 70.5 Crs.*

Gurugram, February 5, 2021: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its un-audited consolidated financial results for the quarter and nine-month period ended December 31, 2020.

The Board of Directors of the Company, today also approved the acquisition of the balance 50% stake in DDRC SRL Diagnostics Private Limited (DDRC-SRL) by SRL Limited. DDRC-SRL is an existing 50:50 JV in Kerala between the DDRC group and SRL Diagnostics Private Limited (a wholly owned subsidiary of SRL Limited). Consummation of the transaction will be subject to the Company's shareholders approval and other regulatory approvals as required.

Hospital Business

The quarter has witnessed a robust performance in both the hospitals and the diagnostics business segments. The pandemic has receded significantly over the past few months allowing for an accelerated recovery and pick up in business momentum. The hospital business occupancy saw a steady improvement with encouraging signs of increase in non-covid occupancy versus the trailing quarter. While overall occupancy improved to 64% (57% in Q2FY20), Non-Covid occupancy was at 46% in Q3 versus 38% in Q2. Patients returning for elective surgery treatments have seen surgical volumes grow reflecting further normalization in the business environment and an improved product mix. With further economic relaxations and the vaccination program gaining momentum, international travel restrictions have eased resulting in increasing business from the medical tourism segment. Given the improving environment, the company is well positioned to augment its resources for further growth and expansion. However, it continues to be cautiously optimistic with the pandemic in select countries seeing signs of different strains of the virus and resulting in lockdowns.

Diagnostics Business

The diagnostics business has seen a robust improvement in performance and recorded its highest ever quarterly revenues and EBITDA. For the quarter, non-covid revenues were at 93.5% of the pre-covid levels. The covid contribution to revenues has also seen a decline from 28% in Q2FY21 to 24% in Q3FY21. Covid test volumes i.e. RT-PCR tests for the quarter were 8.38 lakh versus 5.17 lakh (including JVs) in Q2FY21. The business continues to focus on improving the B2C:B2B revenue mix and executing on its channel and product strategy in order to further accelerate business momentum.

The Company has a comfortable liquidity position with net debt to equity of 0.15x as on December 31, 2020 and is re-initiating its growth and expansion plans with judicious capital commitments. At the same time, with business expected to return to full normalization going forward the Company is also evaluating further cost optimization measures across the network.

Balance 50% acquisition in the existing DDRC- SRL JV

SRL’s acquisition of the balance 50% stake in the DDRC-SRL JV would be for a total purchase consideration of INR 350 Crs inclusive of the ownership of the DDRC brand. The JV has a string of diagnostic laboratories in the state of Kerala and commands the majority market share in the organised diagnostics segment in the state. The JV recorded revenues of INR 160 Crs in FY20. The proposed acquisition provides SRL Limited an opportunity to consolidate its leadership position in Kerala. It further complements its strategy of growing the B2C business segment and expanding the product portfolio comprising lifestyle diseases tests, specialized tests and preventive packages. Post the consummation of the transaction, the JV would be entirely consolidated with SRL which is currently being shown as Share in associate for SRL’s existing 50% stake.

FINANCIAL HIGHLIGHTS

- The company has a comfortable leverage position with net debt (excluding lease liabilities) at INR 1,041 Crs as of December 31, 2020 versus INR 1,113 Crs as of September 30, 2020

- Finance costs in the quarter witnessed a decline of 12% to INR 42.1 Crs primarily as a result of reduction in borrowing costs

- For YTD Nine months ended 31 Dec 2020, the Company recorded consolidated revenues of INR 2,777.7 Crs compared to INR 3,519.4 Crs in the corresponding previous period. EBITDA stood at INR 247.3 Crs versus INR 518 Crs in the corresponding previous period while Profit after Tax (PAT) was at a loss of INR 118.6 Crs as compared to a profit INR 132.7 Crs for YTD Nine months ended 31 Dec 2019.

HOSPITAL BUSINESS

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Overall Hospital Occupancy	68%	65%	37%	57%	64%

- Average revenue per occupied bed (ARPOB) for the quarter stood at INR 1.58 Crs versus INR 1.62 Crs in Q3FY20. Average length of stay (ALOS) was at 3.81 days versus 3.24 days in the corresponding previous period

- The Company commissioned a 250 bed multi-specialty facility at Arcot Road, Chennai in October 2020. This is the Company’s second facility in Chennai comprising state of the art medical infrastructure and offering high-end quaternary care services.

- The Company’s revenues from medical tourism contributed 5.0% to total revenues as compared to 1.3% in Q2FY21 and 10.7% in Q3FY20.

DIAGNOSTICS BUSINESS

- SRL conducted 6.67 million tests in the quarter versus 7.45 Mn in the corresponding previous period and versus 5.92 million in Q2 FY21.

- The Company increased its contribution from the B2C segment with approx. 46% revenue contribution as compared to 42% in the corresponding previous quarter.

- The Company expanded its covid testing across 15 laboratories. Covid test volumes i.e. RT-PCR tests continue to see a significant increase with the Company having conducted a total of 8.38 lakhs tests in the quarter as compared to 5.17 lakhs conducted in Q2 FY21 (including JVs).

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "The Company's Q3 results have shown a robust earnings performance with margins in the both businesses witnessing a healthy improvement. With the appreciable efforts of our medical workforce, we have and would continue to be at the forefront of the battle against the pandemic as long as its required. At the same time, we believe the time is apt for us to re-initiate investments in the business whether it be in increasing bed capacity or expanding medical programs. We would focus on further strengthening our talent base and enhancing our efforts towards digitization across the network. Our growth imperative also encapsulates inorganic efforts as reflected in SRL's announcement of the acquisition of the 50% stake in the DDRC – SRL JV. This we believe will further complement SRL's existing strategy and also provide it a platform for expanding its presence in other markets in South India. As we approach the next fiscal we remain optimistic that both our businesses would exhibit a progressively better performance and add value for all our stakeholders."

Commenting on the quarter results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "The quarter's performance has re-iterated our belief that we are progressing towards normalization by the start of the next fiscal. Both the businesses have witnessed an uptick in their performance led by the recovery in non-covid business metrics. Our OPD consults are approaching pre-covid levels and the medical tourism segment is also seeing signs of a rebound. As restrictions are further eased and the vaccination drive gathers momentum, we expect further traction in our surgical and testing volumes in the hospital and diagnostics business respectively. Both businesses are well placed for future growth and expansion. SRL's acquisition of the balance stake in DDRC-SRL consolidates it leadership in Kerala and fits well into SRL's overall strategy. While we are taking the necessary steps to augment our bed capacities in select facilities, we are also strengthening our medical talent by onboarding eminent clinicians who have joined our network in specialties of cardiology and urology. All in all, this has been a positive quarter on many counts and we expect the momentum to sustain. The challenges of the past few quarters have made us more resilient and flexible in adapting to the changing needs of the business and the overall environment"

About Fortis Healthcare Limited

Fortis Healthcare Limited – an IHH Healthcare Group Company – is a leading integrated healthcare services provider in India. It is one of the largest healthcare organizations in the country with 36 healthcare facilities (including projects under development), 4,000 operational beds and over 400 diagnostics centres (including JVs). Fortis is present in India, United Arab Emirates (UAE) & Sri Lanka. The Company is listed on the BSE Ltd and National Stock Exchange (NSE) of India. It draws strength from its partnership with global major and parent company, IHH, to build upon its culture of world-class patient care and superlative clinical excellence. Fortis employs 23,000 people (including SRL) who share its vision of becoming the world's most trusted healthcare network. Fortis offers a full spectrum of integrated healthcare services ranging from clinics to quaternary care facilities and a wide range of ancillary services.

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Fortis Healthcare Limited

Earnings Presentation – Q3FY21

February 5, 2021

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Agenda

1. COVID - 19 - Update
2. Q3FY21 – Performance Highlights
    - Earnings and Financial Summary – Q3 FY21
    - Earnings and Financial Summary – YTD nine month Dec 2020
3. Performance Review - Hospitals Business
4. Performance Review - Diagnostics Business
5. Appendix

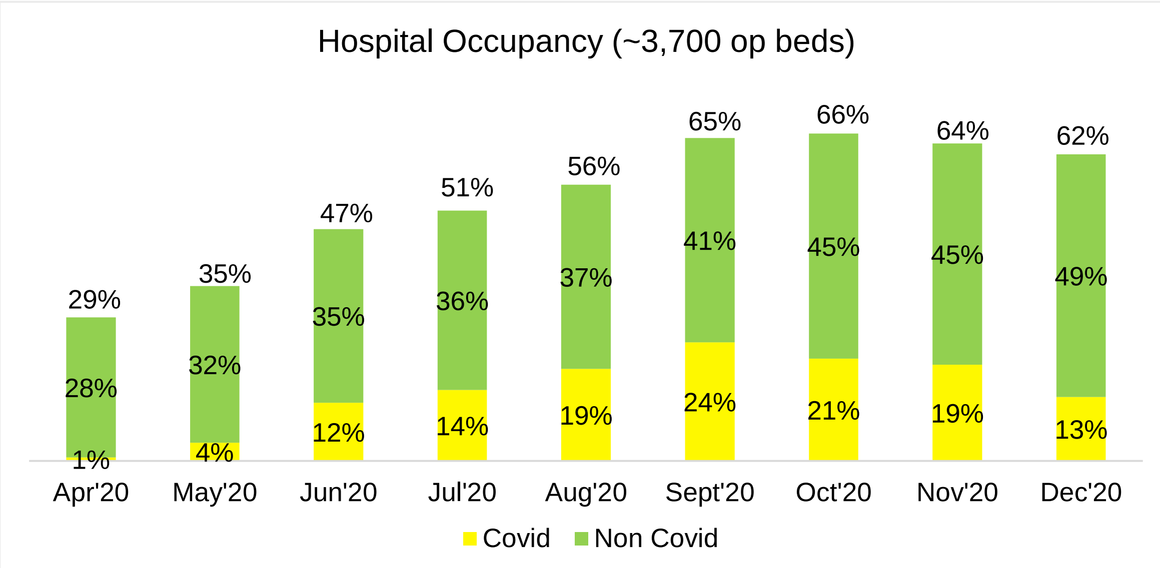
1. COVID-19 - Update

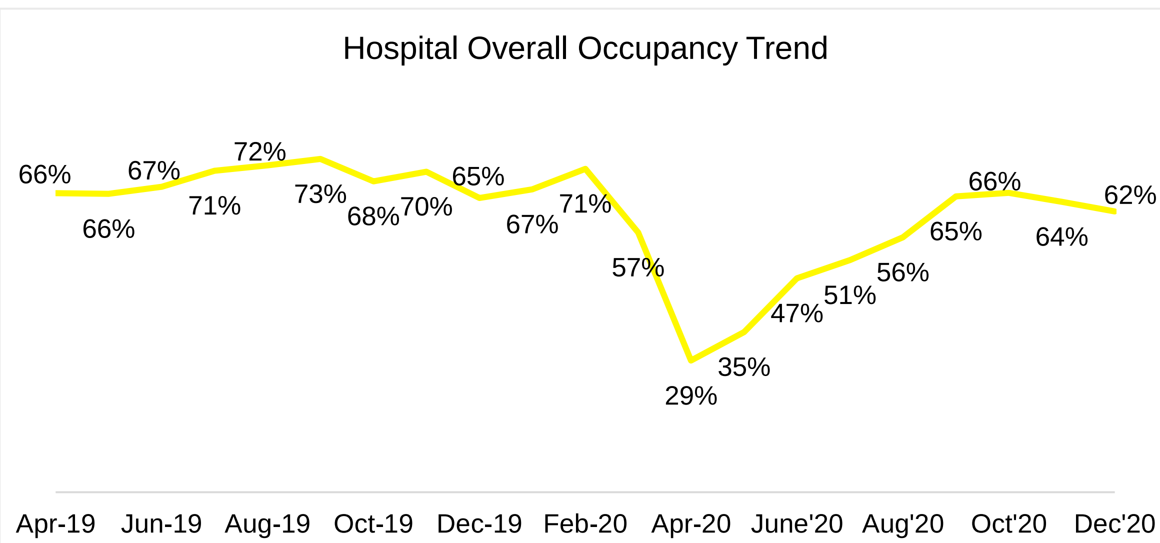
Covid-19 – Industry Update

- The quarter witnessed a declining trend in daily Covid cases over the last 4 months. Versus an average high of daily cases between 90,000 - 98,000 in mid Sept'20, India is now witnessing an average of ~10,000 daily cases
- The recovery rate reached ~97% as compared to 79% in September with ~1.7 lakh active COVID cases currently as against ~10 lakh active cases in mid Sept'20
- Vaccination drive for frontline healthcare workers began in mid Jan'21 and over 3.4 million healthcare workers have been vaccinated to date
- Elective surgery procedures volumes have begun to increase compared to the trailing quarters
- With the economy opening up, international travel restrictions being eased and the vaccination roll out globally, many industries are seeing signs of a strong rebound and pick up in growth

While business is expected to witness normalization by start of FY22, the pandemic in select countries is again seeing lockdowns due to the emergence of different strains of the virus

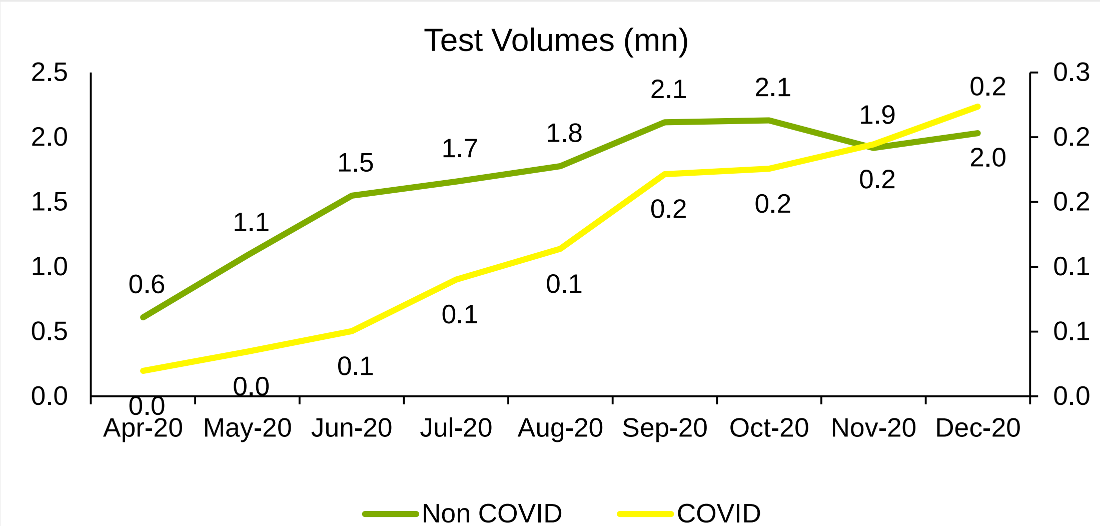
Covid-19 – Update (Hospitals Business)

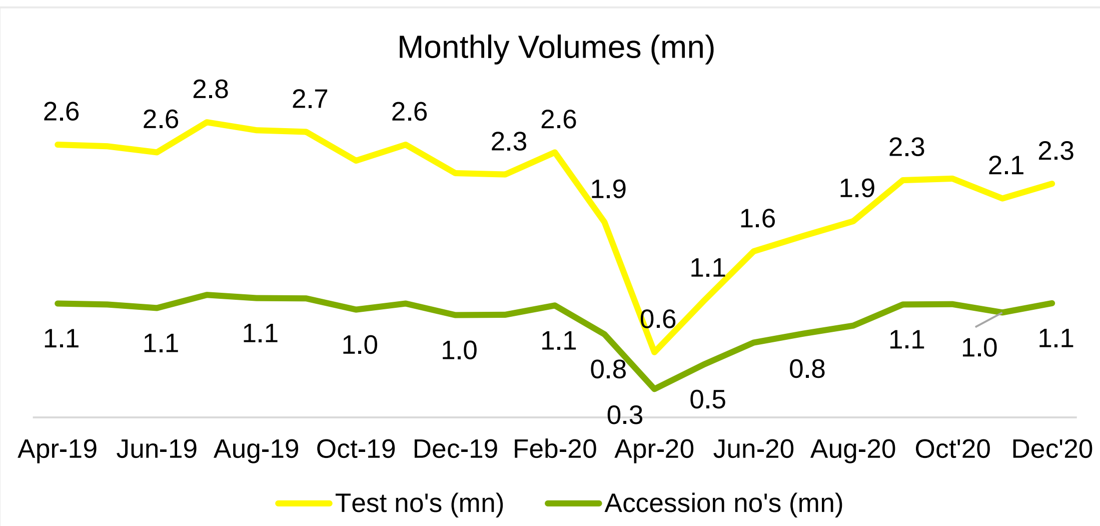




- In line with the national trend, COVID occupancy across Fortis declined post Sep'20 while Non-COVID occupancy witnessed a rise.
- While the Covid occupancy declined marginally from 19% in Q2FY21 to 18% in Q3FY21, Non-Covid occupancy rose from 38% in Q2 to 46% in Q3.
- Improving Non-Covid occupancy with recovery in elective surgery volumes led the hospital business to register healthy growth in revenues & profitability in the quarter

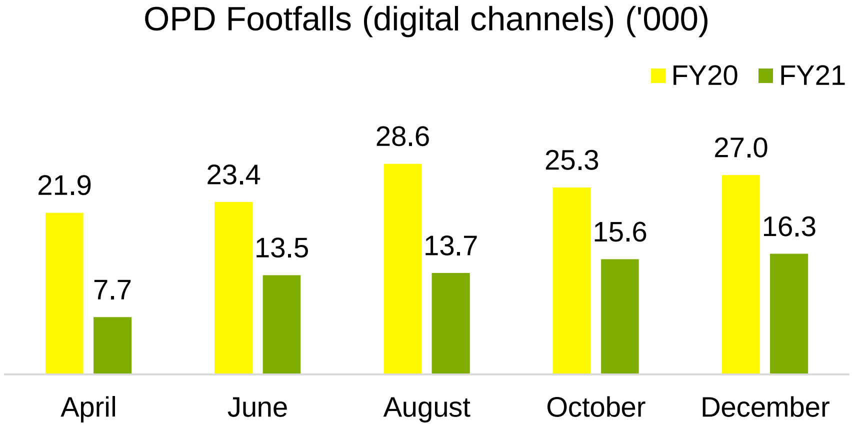
Covid-19 – Update (Diagnostics Business)

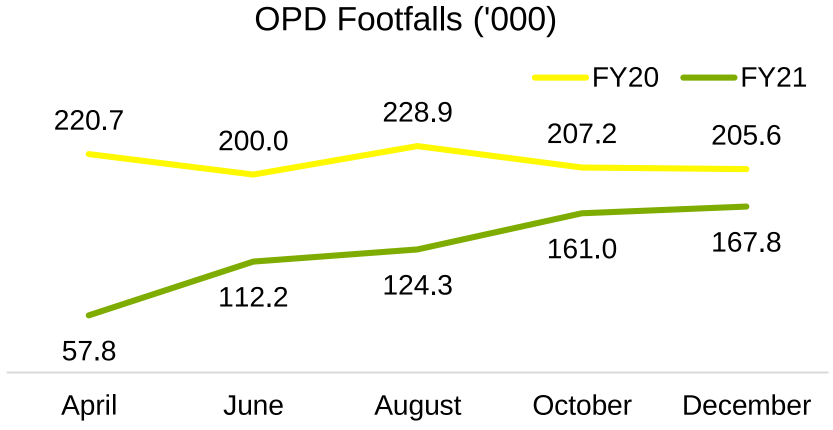


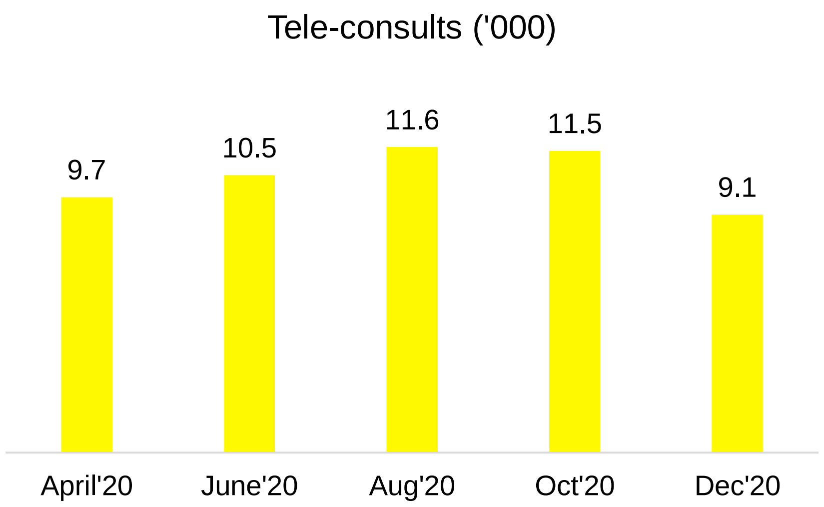


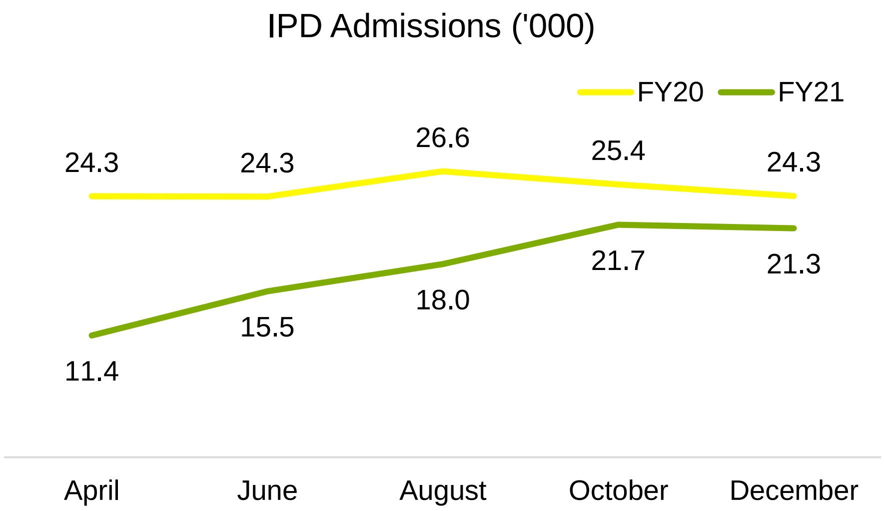
- An increasing trend was witnessed in Covid RT PCR test volumes with 1.76 lakh test in Oct'20 to 2.24 lakh in Dec'20. (Q2 at 3.8 lakh tests versus 5.9 lakh in Q3)
- However, Covid contribution to revenues declined from 25% in Oct'20 to 20% in Dec'20 largely due to price caps by Govt. (Q3 contribution at 24% versus 28% in Q2)
- Non Covid revenues reached 93.5% of pre-Covid levels in Q3 as compared to 73% in Q2 versus respective corr. quarters

Gradual Business Recovery









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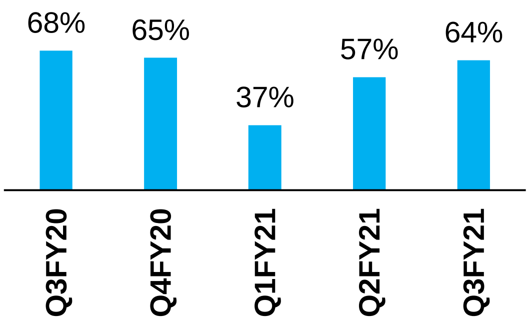
2. Q3FY21 - Performance Highlights

Q3FY21 – Performance Highlights (Hospital Business)

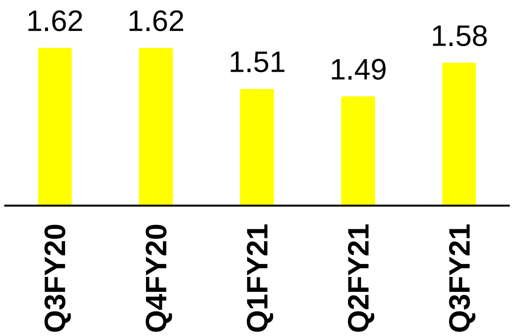
- Business momentum accelerates with Non-covid occupancy rising to 46% in Q3FY21 vs 38% in Q2FY21.
- Growth in specialty surgical volumes led to a higher ARPOB in the quarter at INR 1.58 Crs, +6%
- Key hospitals witnessed significant jump in occupancy versus Q2FY21. Hospitals such as Shalimar Bagh, Noida, Faridabad, Mulund, Anandapur, FMRI and Mohali reported occupancy levels at 71%, 69%, 81%, 74%, 74%, 68% and 65% respectively in Q3FY21.
- IP revenues from specialties such as Oncology, Renal , Cardiac & Neuros Sciences are at 80% + to 100% of pre-covid levels
- The Medical tourism business revenues improved from 1.3% of total revenues in Q2FY21 to 5.0% in Q3FY21 (~10% in FY20)

Key Performance Indicators

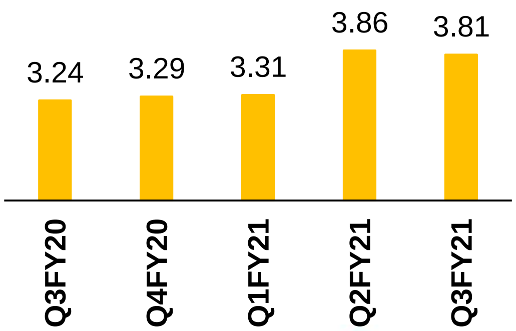
Occupancy (%)



ARPOB (INR Cr per annum)



ALOS (Days)



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Q3FY21 – Performance Highlights

Diagnostics Business Performance

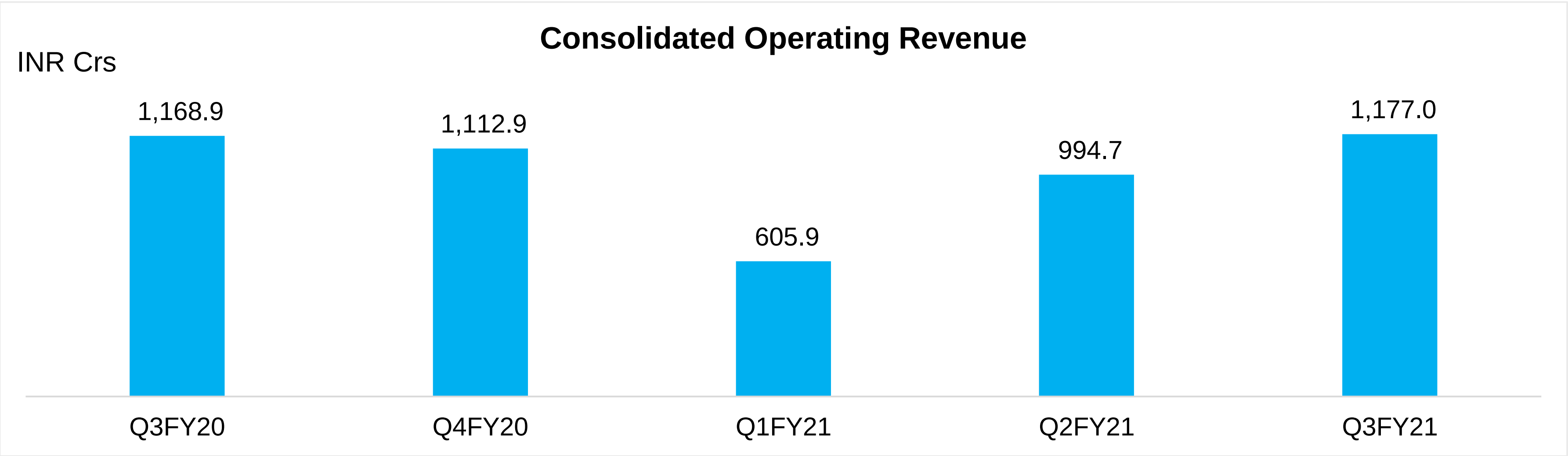
- B2C revenue growth versus Q3FY20 was at 35% while B2B revenues grew 14%
- B2C : B2B revenue mix at 46 : 54 in Q3FY21 (Q3FY20 → 42 : 58)
- Home collection revenues gained traction growing 141% vs Q3FY20 and contributing 6% to overall revenues in Q3FY21
- Expanded Covid testing across 15 laboratories covering over 210 districts
- Significant increase in covid tests* (8.4 Lakh tests in Q3FY21 vs 5.2 lakh in Q2FY21)

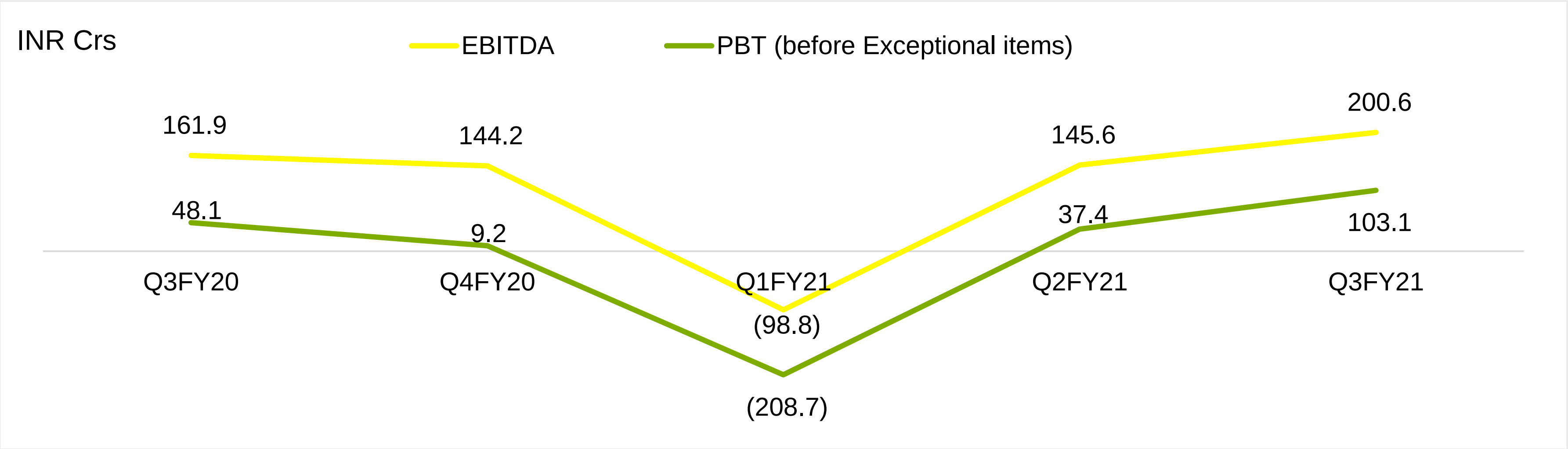
Balance Sheet

- Balance Sheet with a DE ratio of 0.15x and a net debt of INR 1,041 Crs
- Comfortable liquidity & operational cash flows enabling re-initiation of expansion plans across key facilities
- Interest cost reduction by 12% versus Q3FY20

*Including JVs

Consolidated Earnings Summary – Q3FY21





EBITDA includes other income and forex gain / (loss)

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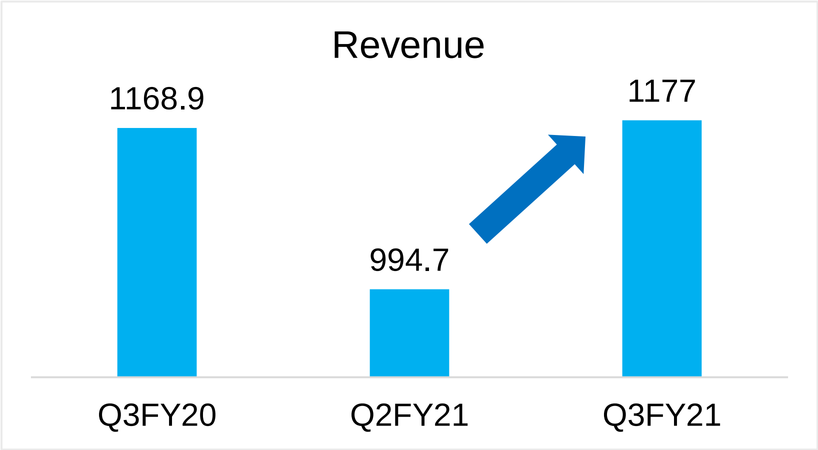
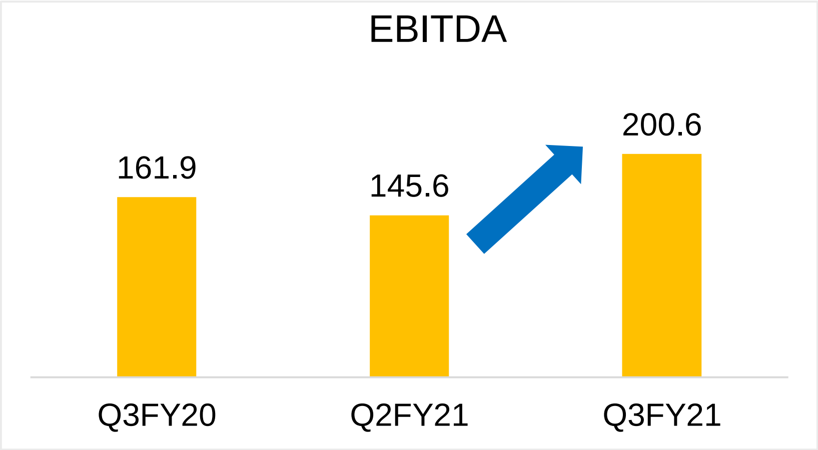
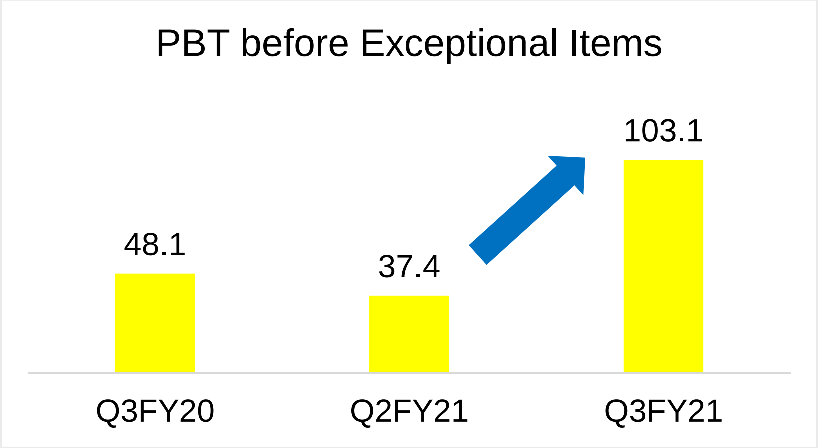
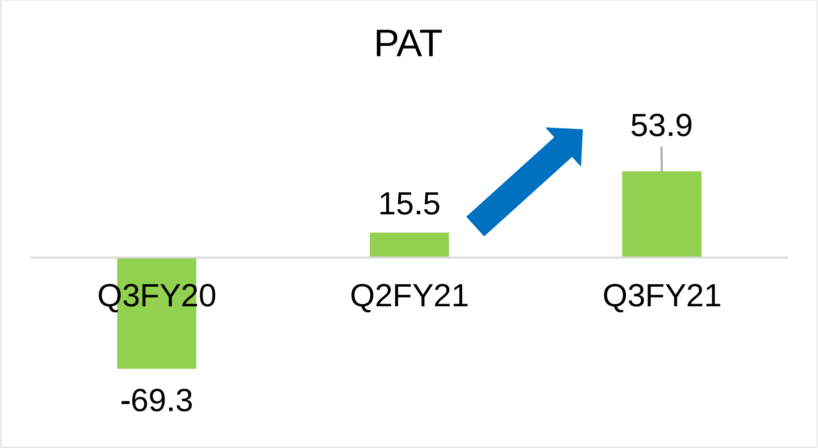
Consolidated Earnings Summary – Q3FY21

Significant improvement in Company's profitability both versus the trailing & corresponding quarter



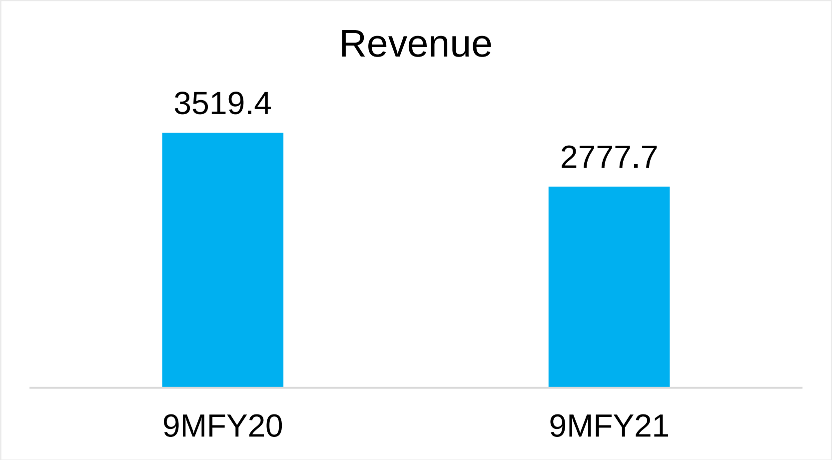


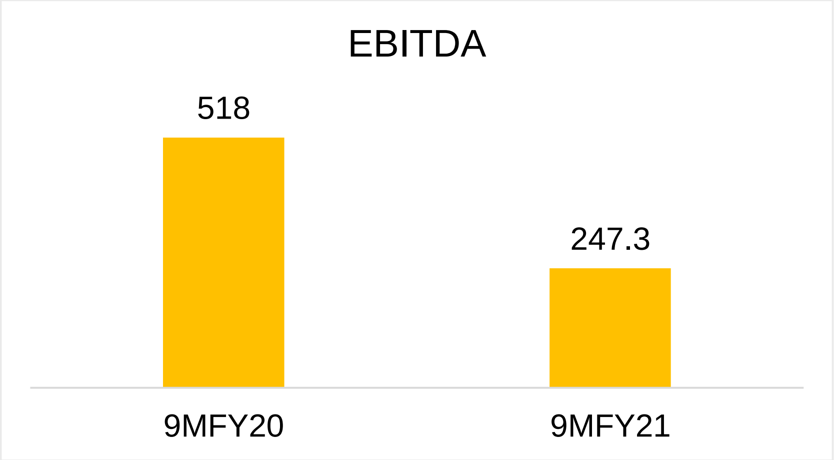


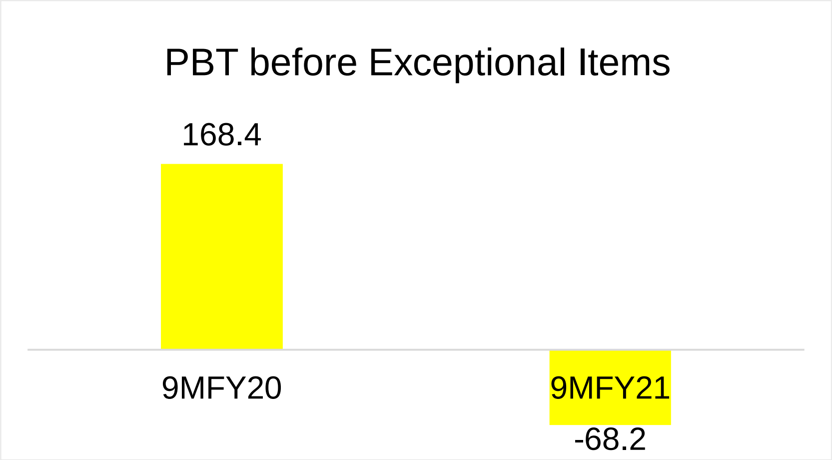


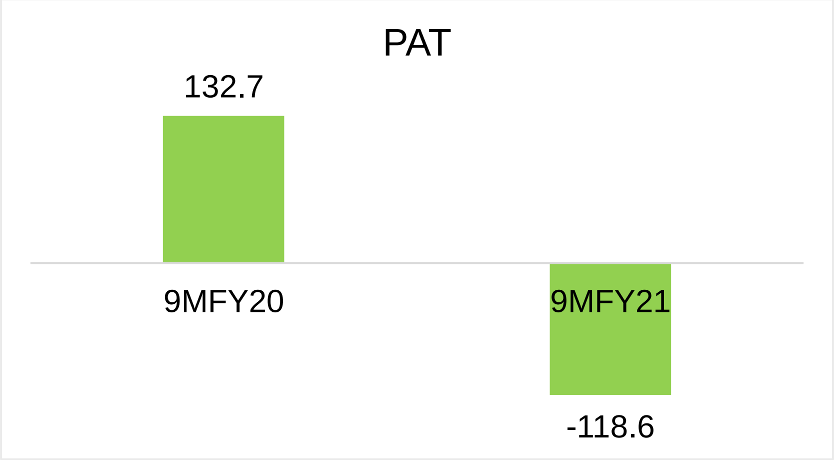
All figures in INR Crs

Consolidated Earnings Summary – 9MFY21









9MFY21 performance includes impact of Covid in Q1 & Q2 FY21

All figures in INR Crs

Operating Performance – Hospital Business

Particulars (INR Cr)	Hospital Business				
	Q3FY20	Q2FY21	Q3FY21	9MFY20	9MFY21
Operating Revenue	953.5	746.3	906.8	2,838.8	2,141.3
Reported EBITDA*	133.8	84.4	138.7	371.4	143.5
Margin*	14.0%	11.3%	15.3%	13.1%	6.7%
Adj: Other Income incl FX	8.6	21.7	6.4	31.1	29.5
Operating EBITDA	125.3	62.6	132.3	340.3	114.1
Margin	13.1%	8.4%	14.6%	12.0%	5.3%

*Adjusted for the newly commissioned hospital in Chennai, margin in Q3FY21 stood at 16.2% vs 14.3% in Q3FY20

Operating Performance – Diagnostic Business

Particulars (INR Cr)	Diagnostic Business				
	Q3FY20	Q2FY21	Q3FY21	9MFY20	9MFY21
Operating Revenue*	249.4	282.4	306.2	784.4	728.9
Reported EBITDA	39.8	70.5	73.0	163.6	133.0
Margin	16.0%	25.0%	23.9%	20.9%	18.2%
Adj: Other Income incl FX	6.3	7.0	6.9	12.5	20.2
Operating EBITDA	33.5	63.5	66.1	151.1	112.8
Margin	13.4%	22.5%	21.6%	19.3%	15.5%

** Diagnostics business revenue is on Gross Basis; Diagnostic business Q3FY21 net revenue stood at INR 270.1 Cr versus INR 214.6 Cr in Q3FY20 and INR 248.3 Crs in Q2FY21. Net revenue for 9MFY21 stood at INR 636 Cr vs INR 679.4 Cr during 9MFY20*

SRL to acquire balance 50% stake in DDRC-SRL JV

- The Board of Directors of the Company approved the acquisition of the balance 50% stake in the existing Joint Venture company of SRL Ltd “DDRC SRL Diagnostics Pvt. Ltd” (DDRC SRL) by SRL Ltd.
- The total purchase consideration for the transaction would be INR 350 Crs (inclusive of the ownership of the DDRC brand)
- DDRC is the largest organized chain of Diagnostic centres in Kerala with 202 labs and 5 collection centres
- The 50% stake in the JV would be acquired from Dr Ajith Joy and Ms Elsy Joseph (JV partner) in an all cash transaction
- Consummation of the transaction will be subject to the Company’s shareholders approval and other regulatory approvals as required

✓ Acquisition provides SRL an opportunity to consolidate its leadership position in Kerala & a platform to enhance its presence in other markets in South India

✓ Further complements its strategy of growing the B2C business segment and expanding its product portfolio (lifestyle diseases tests, specialized tests and preventive packages)

SRL + DDRC JV (100%)

Particulars (INR Cr)	FY20	
	SRL	DDRC*
Operating Revenue*	1,016.3	160.4
Reported EBITDA	197.3	26.4
Margin	19.4%	16.4%
Adj: Other Income incl FX	20.3	0.2
Operating EBITDA	177.0	26.1
Margin	17.4%	16.3%

- *Normalising the impact of lockdown due to pandemic in March'20, FY20 revenue of DDRC stood at INR 165 Cr with an EBITDA of ~INR 31 Crs (margin of ~18%)
- For the 9MFY21, DDRC SRL reported revenues stood at INR 205 Cr, aided partly by increased Covid-19 tests during the period.
- Post the consummation of the transaction, the JV would be entirely consolidated with SRL (currently being shown as Share in associate for SRL's existing 50% stake)

Balance Sheet – December 31, 2020

Balance Sheet (INR Cr)	Mar 31, 2020	Sept 30, 2020	Dec 31, 2020
Shareholder’s Equity	7,206	7,045	6,883
Debt	1,354	1,413	1,359
Lease Liabilities (Ind AS 116)*	240	250	251
Total Capital Employed	**8,800**	**8,708**	**8,493**
Net Fixed Assets (includes CWIP)	5,285	5,288	5,285
Goodwill	3,721	3,722	3,721
Investments	175	182	193
Cash and Cash Equivalents	350	300	318
Net Other Assets	(732)	(784)	(1,024)
Total Assets	**8,800**	**8,708**	**8,493**
Net Debt / (cash)	**1,004**	**1,113**	**1,041**
Net Debt to Equity	**0.14x**	**0.16x**	**0.15**

- *Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
- Net debt excludes lease liabilities.

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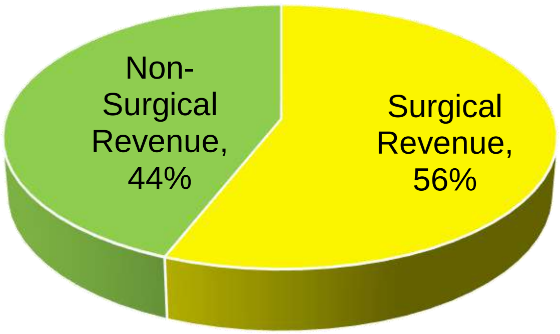
3. Performance Review – Hospitals Business

Revenue Mix

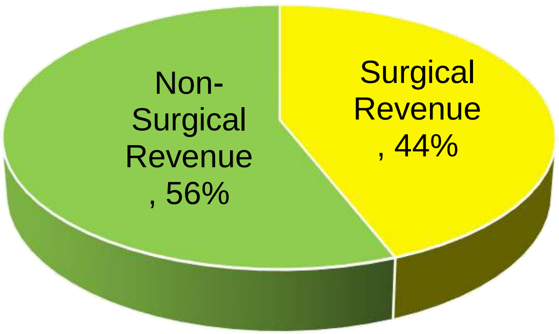
Q3FY20

Gross Revenue : INR 1001 CR



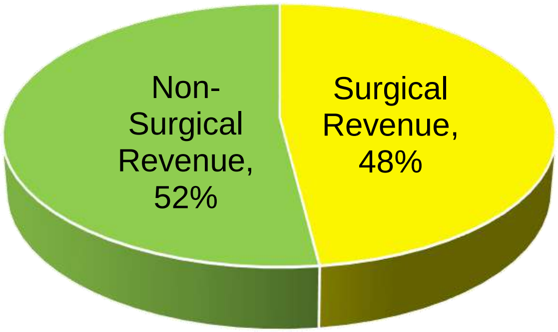
Q2FY21

Gross Revenue : INR 781 CR



Q3FY21

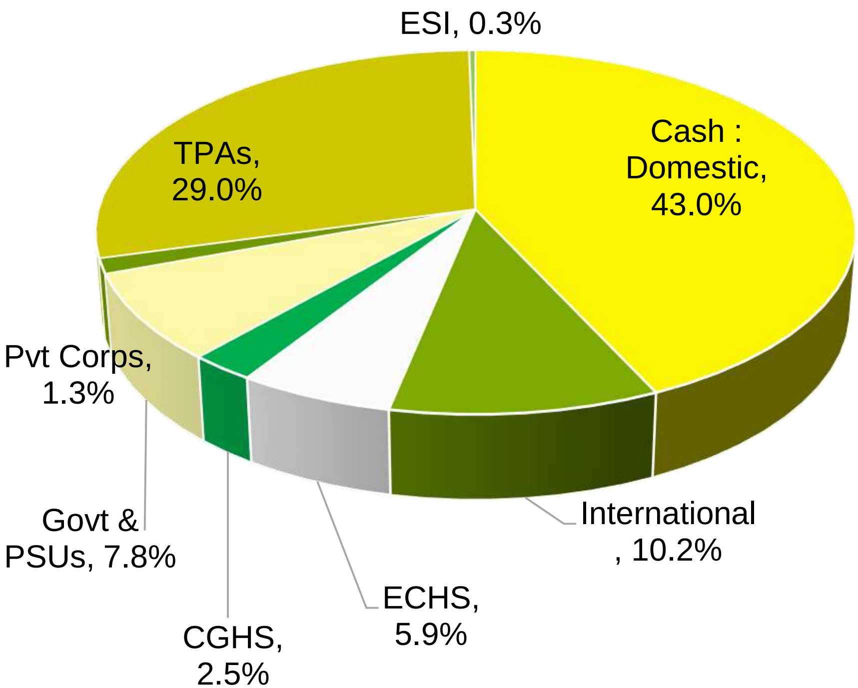
Gross Revenue : INR 955 CR



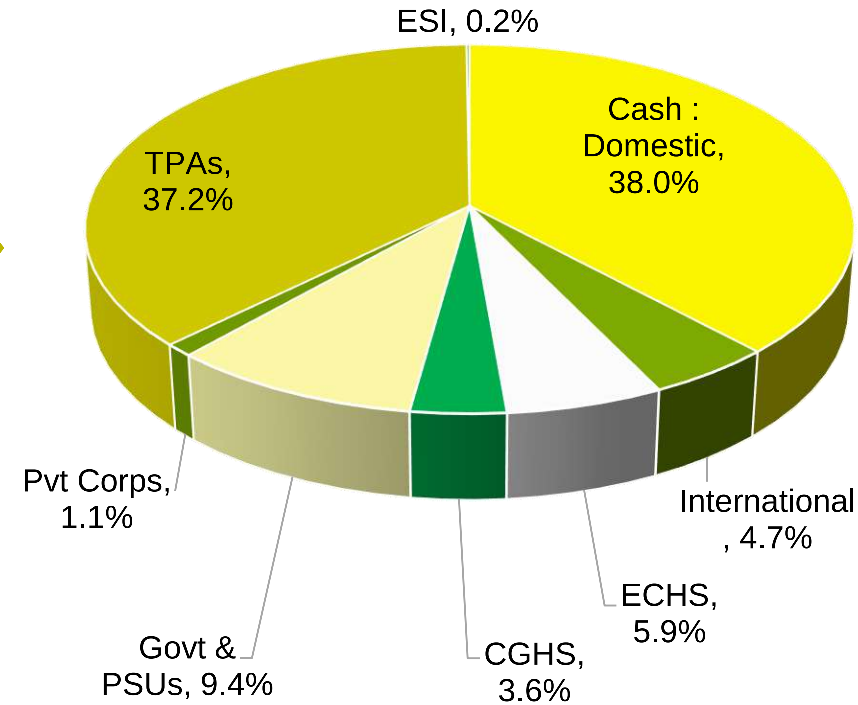
- Elective surgery revenues have grown 33% compared to the trailing quarter

Payor Mix

Q3FY20



Q3FY21



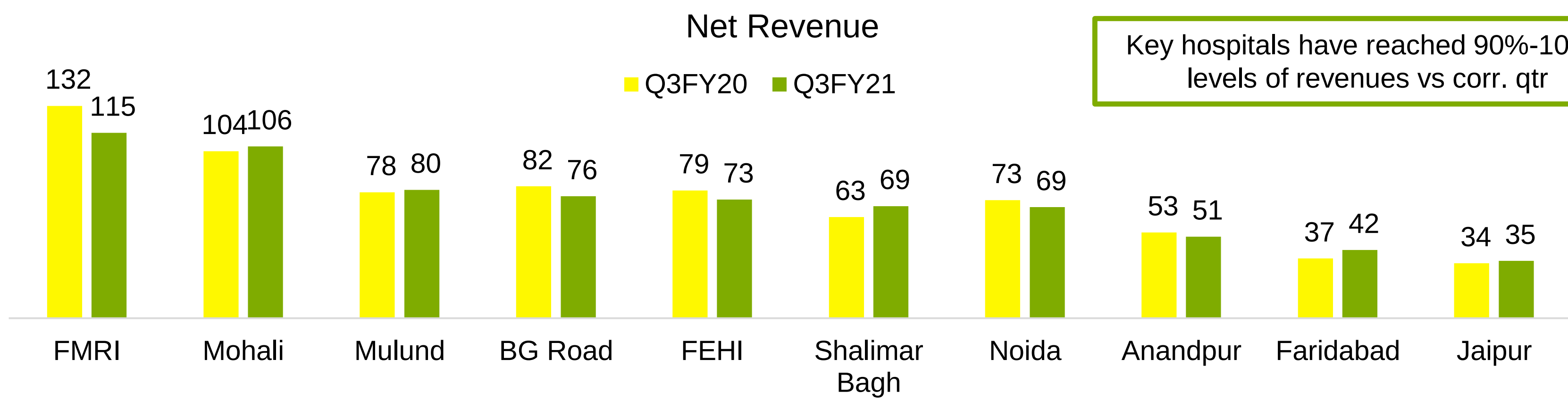
Decline in Domestic Cash and International patients business being compensated by TPAs and Govt. / PSUs business

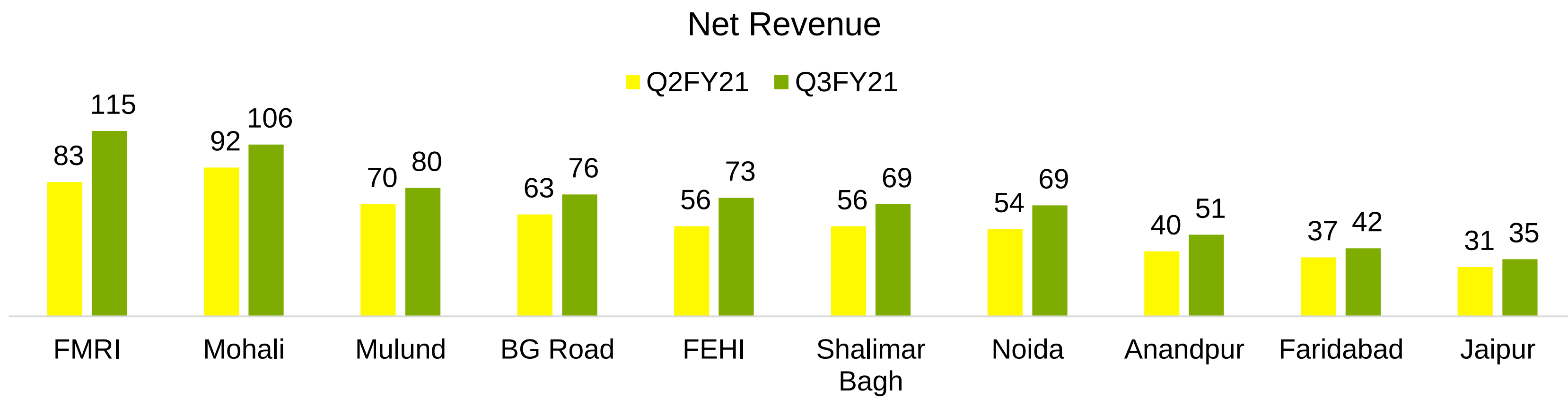
Hospitals Business Performance – Q3FY21 (QoQ & QotQ)

Hospital Wise Performance

INR Crs

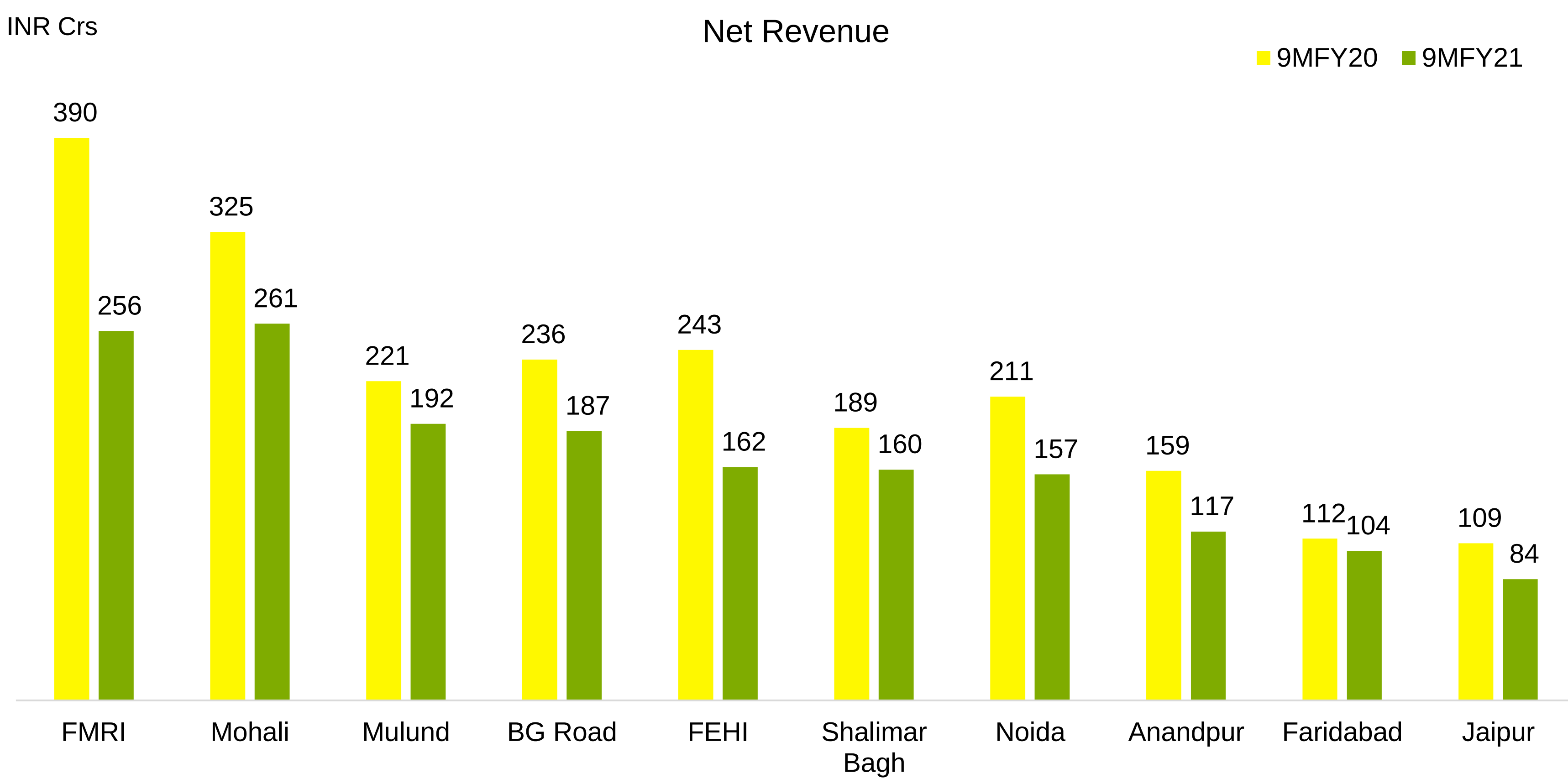
Key hospitals have reached 90%-100% levels of revenues vs corr. qtr





Hospitals Business Performance – 9MFY21

Hospital Wise Performance



Clinical Excellence – Q3FY21

A team led by doctors from the Obstetrics & Gynaecology and Neuro Surgery departments at Fortis Hospital, Mulund, conducted a simultaneous delivery and brain decompression procedure on a 40-year-old expectant mother who was also suffering from a brain tumour.

A multi-disciplinary team comprising of doctors from Surgical Oncology, Neurosurgery, Skull base Surgery and Internal Medicine at Fortis BG Road, Bengaluru successfully conducted a rare and lifesaving surgery on a 66-year-old male suffering from teratocarcinosarcoma or Sinonasal Teratocarcinosarcoma, an extremely rare malignant growth that arises in the nasal cavity.

A team of Doctors at FMRI, Gurgaon successfully treated a 48-year-old female patient from Mauritius who underwent simultaneous robotic removal of a rare pancreatic tail tumour along with robotic total abdominal hysterectomy. This is one of the first cases to be operated completely robotically in Delhi NCR and second in North India.

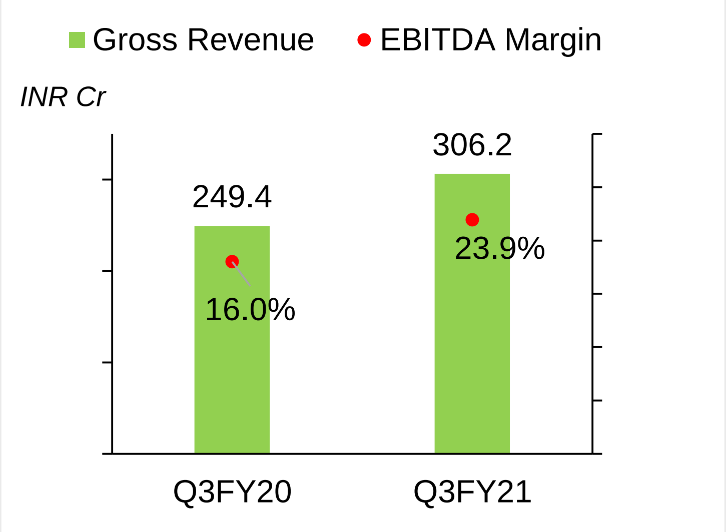
A 40-year-old female COVID positive patient who was also suffering from Refractory Anti-Neutrophil Cytoplasmic Antibody (ANCA) associated Vasculitis (Wegener's Granulomatosis), a severe autoimmune disease affecting the small blood vessels in her eyes, was successfully treated by a team at FMRI, Gurugram.

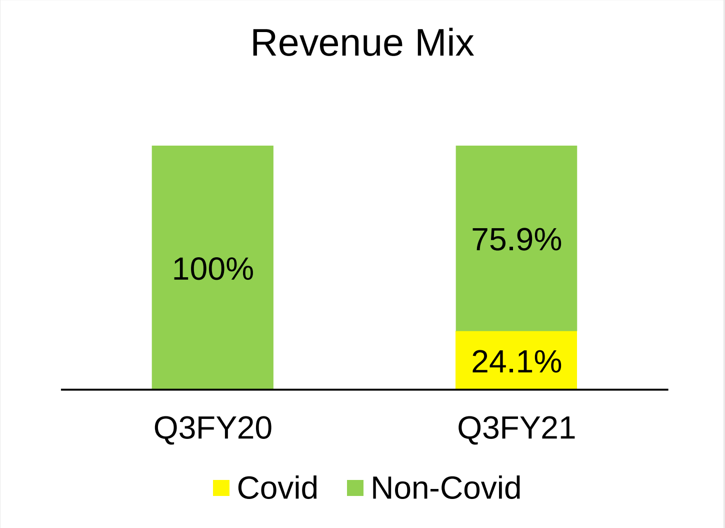
A team of doctors at FMRI, Gurugram, successfully treated a 32-year-old male patient who had severe bilateral COVID pneumonia with acute respiratory distress requiring mechanical ventilation. He had developed recurrent bilateral pneumothorax and surgical emphysema (accumulation of air within the lungs and subcutaneous tissue) due to the rupture of the lung alveoli. He also had recurrent episodes of severe sepsis with shock and multi-organ dysfunction.

4. Performance Review – Diagnostics Business

Diagnostics Business – Q3 FY21

- SRL achieved 300 Cr+ quarterly revenue mark for the first time, revenues grew 22.8% in Q3 FY21.
- SRL conducted approximately 6.7 Mn tests during Q3 FY21, a growth of 12.7% versus Q2 FY21. (7.45 Mn tests in Q3 FY20)
- Average Revenue Per Test (ARPT) increased by 37% versus Q3FY20, driven by COVID RT-PCR tests. Average Revenue Per Accession (ARPA) also grew by 20%
- Launched 8 new labs (including JVs) and added 167 new collection centers to its network in Q3 FY21.
- Company witnessed a QoQ acceleration in revenues from both B2C and B2B segments with increase in B2C salience to 46% of overall revenue versus 42% in Q3FY20
- SRL doubled the Home collection visits versus Q3 FY20.

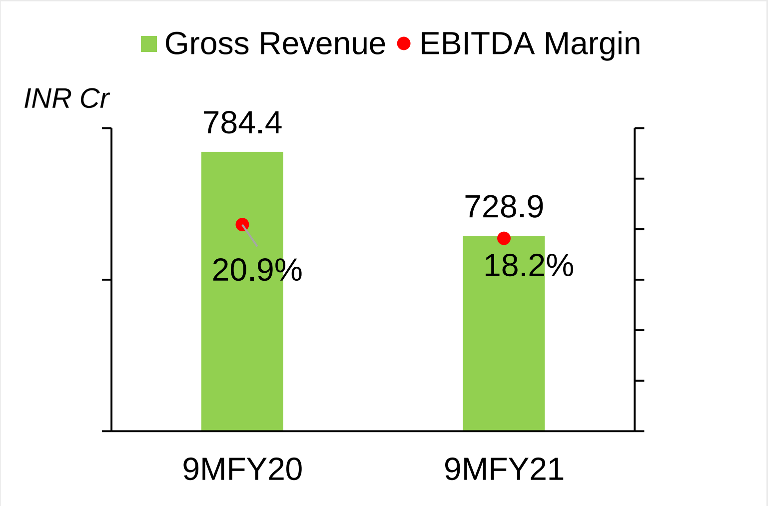


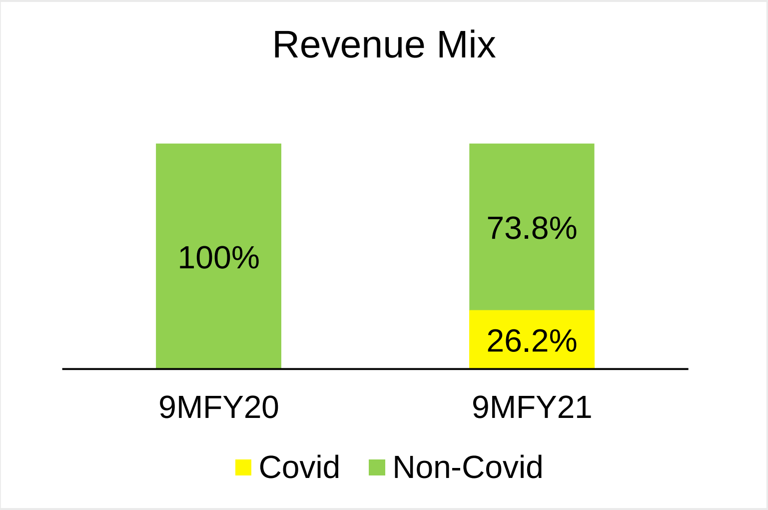


- *EBITDA includes other income*

Diagnostics Business – 9M FY21

- SRL launched its 15th RTPCR Lab* in Pune (as on date). This adds to its existing network of RTPCR labs in Delhi NCR, Mumbai, Kerala, Hyderabad, Chennai, Bangalore, Raipur, Ludhiana, Guwahati, Kolkata, Deogarh (Jharkhand) and Dubai.
- COVID: SRL conducted 8.4 lacs tests in Q3 FY21 vs. 5.2 lacs tests in Q2 FY21. Till Date, SRL has serviced more than 17.5 lacs consumers (including JVs).
- Enhanced focus on COVID allied tests & Infection Recovery Panels to address demands by hospitals during COVID.





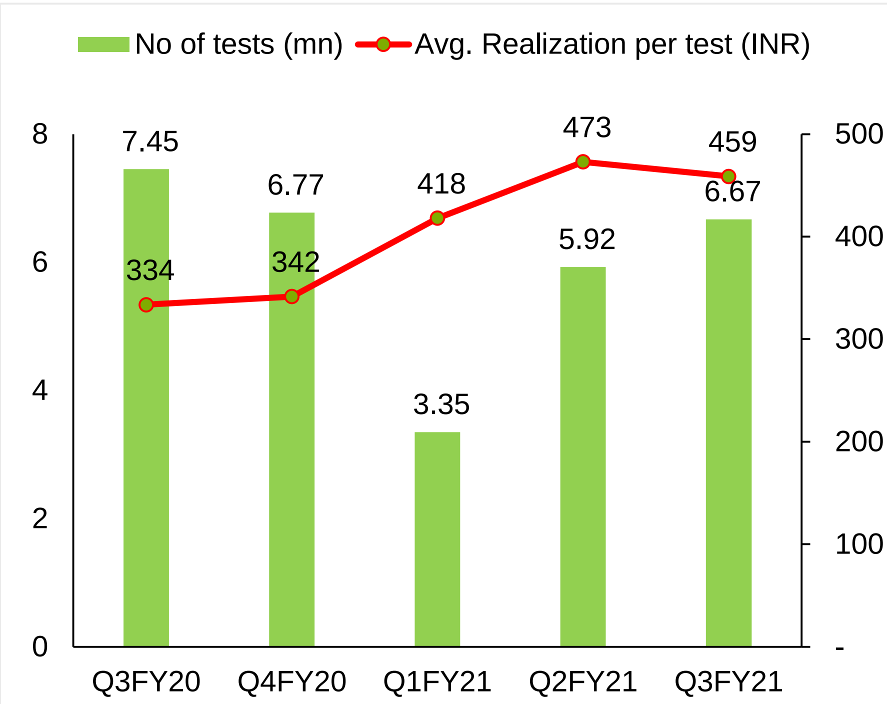
* *Including JVs*

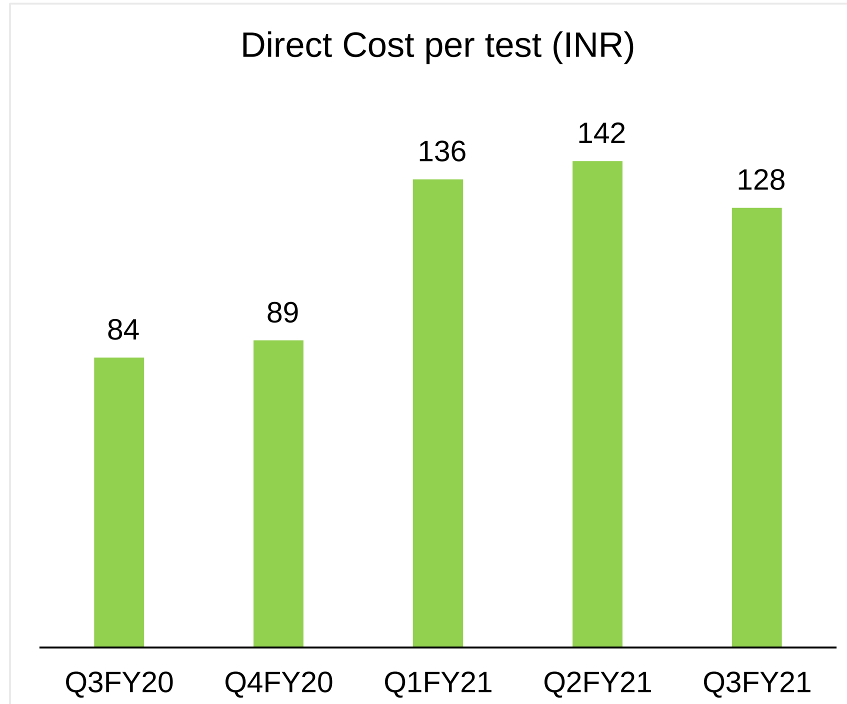
- *EBITDA includes other income*

Key Performance Metrics

Number of Tests and Average Realizations*

Direct Cost per test





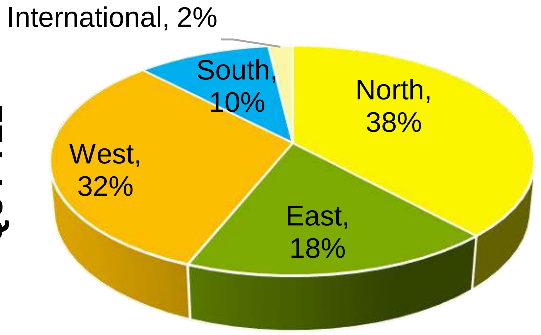
Average realisation & Direct Cost per test in previous quarters have been impacted primarily by Covid pricing & test volumes

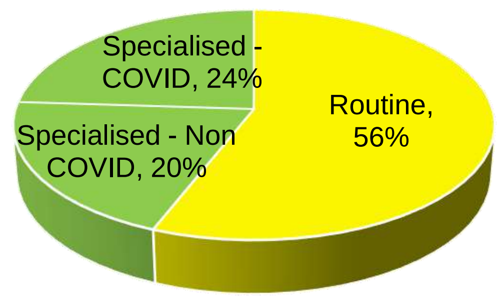
*Excluding joint ventures

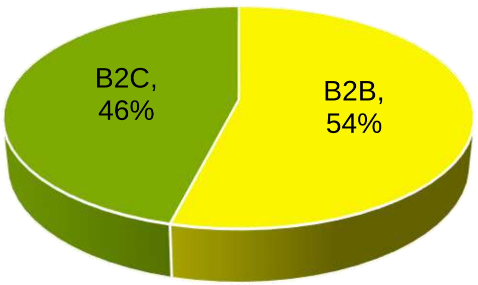
Revenue Mix

Geographic Mix | Product Mix | Segment Mix

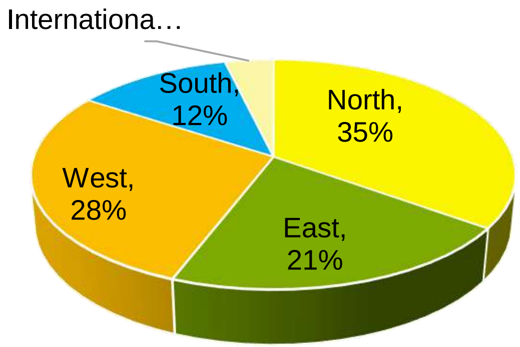
Q3 FY21

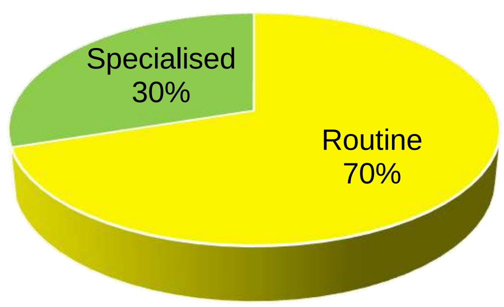


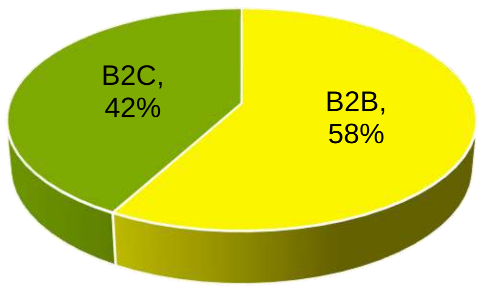




Q3 FY20







5. Appendix

Group Consolidated P&L – Q3FY21

Particulars (INR Cr)	Q3FY20 Unaudited	Q2FY21 Unaudited	Q3FY21 Unaudited
Revenue from operations	**1,168.9**	**994.7**	**1,177.0**
Other income	4.9	25.7	10.3
Total income	**1,173.8**	**1,020.3**	**1,187.2**
Expenses	1,012.0	874.7	986.6
EBITDA*	**161.9**	**145.6**	**200.6**
Margin	**13.8%**	**14.6%**	**17.0%**
Finance costs	48.0	42.1	42.1
Depreciation and amortisation expense	69.9	74.3	73.1
PBT	**44.0**	**29.2**	**85.4**
Share of profit / (loss) of associates and joint ventures (net)**	4.2	8.2	17.7
Net profit / (loss) before exceptional items and tax	**48.1**	**37.4**	**103.1**
Exceptional gain	-	0.6	-
Profit / (loss) before tax from continuing operations	**48.1**	**38.0**	**103.1**
Tax expense / (credit)^	117.5	22.6	49.3
Net profit / (loss) for the period from continuing operations	**-69.3**	**15.5**	**53.9**
Profit / (loss) from continuing operations attributable to Owners of the company	**-76.3**	**-3.9**	**29.9**

*EBITDA includes other income, forex and exceptional/non-recurring expenses
**Share of profit of associate in Q3FY21 due to joint ventures of SRL, primarily DDRC-SRL
^During Q3FY20, the Company on a conservative basis chose to derecognize net deferred tax asset (DTA) amounting to INR 102 Crs in certain entities. This non-cash adjustment has been reflected in the company's tax charge

Fortis

Group Consolidated P&L – 9MFY21

Particulars (INR Cr)	9MFY20 Unaudited	9MFY21 Unaudited
Revenue from operations	**3,519.4**	**2,777.7**
Other income	34.2	40.2
Total income	**3,553.6**	**2,817.9**
Expenses	3,035.7	2,570.5
EBITDA*	**518.0**	**247.3**
Margin	**14.7%**	**8.9%**
Finance costs	148.1	125.3
Depreciation and amortisation expense	211.7	219.1
PBT	**158.2**	**-97.0**
Share of profit / (loss) of associates and joint ventures (net)**	10.1	28.8
Net profit / (loss) before exceptional items and tax	**168.4**	**-68.1**
Exceptional gain^	61.8	1.1
Profit / (loss) before tax from continuing operations	**230.2**	**-67.1**
Tax expense / (credit)	97.5	51.5
Net profit / (loss) for the period from continuing operations	**132.7**	**-118.6**
Profit / (loss) from continuing operations attributable to Owners of the company	**102.5**	**-152.9**

*EBITDA includes other income, forex and exceptional/non-recurring expenses
^Exceptional gain in 9MFY20 was primarily due to profit on divestment of MSCL, Mauritius
**Share of profit of associate in 9MFY21 due to joint ventures of SRL, primarily DDRC-SRL

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Thank You