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/STEX/ 2018-19 **February 13, 2019**

The National Stock Exchange of India Ltd.
Corporate Communications Department
"Exchange Plaza", 5th Floor, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051

Scrip Symbol: FORTIS

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Scrip Code:532843

Sub: <u>Outcome of the Board Meeting</u>

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. on February 13, 2019, *inter-alia*, considered and approved:

1. Un-Audited Financial Results and Limited Review Report(s) along with the opinion expressed by the Statutory Auditor of the Company for the quarter and period ended on December 31, 2018; and

2. Appointment of Mr. Vivek Kumar Goyal as Chief Financial Officer of the Company and designating him as one of the Key Managerial Personnel of the Company. The effective date of appointment will be separately informed, which shall be on or before May 1, 2019

   Vivek is a seasoned professional with over 25 years of experience in Finance. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a Company Secretary from the Institute of Company Secretaries of India. He also holds an LLB Degree from University of Delhi. Prior to joining Fortis, Vivek was the Chief Finance Officer with the Tata Housing and Development Company since April 2015. He has previously worked with Ballarpur Industries Limited, Saw Pipes Limited and Indo Asian Fusegear Limited.

   Further, for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange, following are the authorized Key Managerial Personnel of the Company: -

Name	Designation	Contact Details	E-mail id
Mr. Bhavdeep Singh	CEO (upto March 17, 2019)	+91 124 4921021	secretarial@ fortishealthcare.com
Dr. Ashutosh Raghuvanshi	CEO (w.e.f March 18, 2019)		

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

Mr. Vivek Kumar Goyal	Chief Financial Officer (post effective date of appointment)		
Mr. Sumit Goel	Company Secretary & Compliance Officer		

Copy of the un-audited financial results, limited review report and press release being issued in this regard are attached for your reference and records.

The Board Meeting commenced at 1400 Hours and concluded at 1900 Hours.

This is for your information and records please.

Thanking you,

Yours faithfully,
For **Fortis Healthcare Limited**

SUMIT GOEL

Digitally signed by SUMIT GOEL
Date: 2019.02.13 19:17:26 +05'30'

Sumit Goel
Company Secretary
Membership No.: F6661

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Nine Months Ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	Unaudited	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited (Refer note 2)
1. Income from operations	110,327	113,990	112,065	328,521	347,443	456,081
2. Other income	4,324	1,065	4,262	8,240	12,102	13,973
3. Total income (1+2)	**114,651**	**115,055**	**116,327**	**336,761**	**359,545**	**470,054**
4. Expenses						
(a) Cost of material consumed	23,665	23,104	25,063	68,995	76,909	99,902
(b) Employee benefits expenses	22,278	22,063	23,182	67,402	69,299	89,911
(c) Finance costs	11,098	8,462	6,320	27,200	19,364	25,779
(d) Hospital service fee	9,571	9,611	9,442	28,490	28,652	37,862
(e) Professional charges to doctors	22,154	22,635	22,420	65,901	68,195	89,214
(f) Net depreciation/ impairment & amortisation	6,014	5,586	5,902	17,294	17,868	23,896
(g) Other expenses	28,858	30,164	26,799	86,711	78,343	111,880
Total expenses	**123,638**	**121,625**	**119,128**	**361,993**	**358,630**	**478,444**
5. Net profit / (loss) from continuing operations before share in profit/ (loss) of associates and joint ventures, exceptional items and tax (3-4)	**(8,987)**	**(6,570)**	**(2,801)**	**(25,232)**	**915**	**(8,390)**
6. Add : Share in profit of associate companies and joint ventures	1,700	508	1,170	3,108	5,010	5,316
7. Net profit / (loss) before exceptional items and tax (5+6)	**(7,287)**	**(6,062)**	**(1,631)**	**(22,124)**	**5,925**	**(3,074)**
8. Exceptional loss (refer note 6)	(12,767)	(9,607)	(20)	(22,263)	(4,753)	(88,103)
9. Profit / (loss) before tax from continuing operations (7+8)	**(20,054)**	**(15,669)**	**(1,651)**	**(44,387)**	**1,172**	**(91,177)**
10. Tax expense/ (credit)	(2,043)	(1,470)	259	(6,897)	3,182	2,265
11. Net loss for the period from continuing operations (9-10)	**(18,011)**	**(14,199)**	**(1,910)**	**(37,490)**	**(2,010)**	**(93,442)**
12. Profit from discontinued operations before tax	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-

B S R & Co. LLP
GURUGRAM
Chartered Accountants

Fortis Healthcare Ltd.

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Nine Months Ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	Unaudited	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited (Refer note 2)
14. Net profit / (loss) for the period from discontinuing operations (12-13)	-	-	-	-	-	-
15. Net loss for the period (11+14)	**(18,011)**	**(14,199)**	**(1,910)**	**(37,490)**	**(2,010)**	**(93,442)**
16. Profit/ (loss) from continuing operations attributable to:						
Owners of the Company	(19,707)	(16,672)	(3,676)	(43,453)	(7,719)	(100,921)
Non Controlling Interest	1,696	2,473	1,766	5,963	5,709	7,479
17. Profit/ (loss) from discontinuing operations attributable to:						
Owners of the Company	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-
18. Other Comprehensive Income/(loss) (including OCI relating to associates and joint venture (after tax)) ('OCI')	(4,902)	(1,019)	973	(4,497)	(993)	367
19. Total comprehensive Loss (15+18)	**(22,913)**	**(15,218)**	**(937)**	**(41,987)**	**(3,003)**	**(93,075)**
20. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	(24,597)	(17,716)	(2,691)	(47,976)	(8,652)	(100,541)
Non Controlling interest	1,684	2,498	1,754	5,989	5,649	7,466
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,495	51,908	51,852	75,495	51,852	51,866
22. Earnings per equity share for						

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Nine Months Ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	Unaudited	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited (Refer note 2)
continuing operations (not annualised)						
Basic earnings (loss) per share - In Rupees	(3.06)	(3.21)	(0.71)	(7.75)	(1.49)	(19.46)
Diluted earnings (loss) per share - In Rupees	(3.06)	(3.21)	(0.71)	(7.75)	(1.49)	(19.46)
23. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-	-	-
24. Earnings per equity share from continuing and discontinued operations						
Basic earnings (loss) per share - In Rupees	(3.06)	(3.21)	(0.71)	(7.75)	(1.49)	(19.46)
Diluted earnings (loss) per share - In Rupees	(3.06)	(3.21)	(0.71)	(7.75)	(1.49)	(19.46)
25. 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 5)	8,125	7,478	9,421	19,262	38,147	41,285

Notes to the results

1. The above consolidated unaudited financial results for the quarter and nine months ended December 31, 2018 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their meetings held on February 13, 2019.
2. The predecessor auditor had issued a modified opinion on the unaudited consolidated financial results for the quarter and six months ended 30 September 2018, and year ended 31 March 2018. Also, the predecessor auditors report on the results for quarter and nine months ended December 31, 2017 contained a disclaimer of conclusion on the consolidated unaudited financial results.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

3. Limited review on the consolidated unaudited financial results for the quarter and nine month ended December 31, 2018, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the statutory auditor's of the Group on which the statutory auditor's have issued a modified opinion.

4. **Segment Reporting**
During the current quarter, the Group has presented healthcare and diagnostic as two separate reportable segments in accordance with "Ind As 108 Operating segments". Consequently numbers for all periods presented in the unaudited consolidated results conform to current quarter presentation.

(Rupees in lacs)

S.No	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018*
1	**Segment Value of Sales and Services (Revenue)**						
	- Healthcare	89,390	90,518	91,480	262,465	283,190	370,630
	-Diagnostics	24,257	26,856	23,901	75,908	74,480	98,948
	Gross Value of Sales and Services	113,647	117,374	115,381	338,373	357,670	469,578
	Less : Inter Segment Sales	3,320	3,384	3,316	9,852	10,227	13,497
	Income from Operations	**110,327**	**113,990**	**112,065**	**328,521**	**347,443**	**456,081**
2	**Segment Results**						
	- Healthcare	(4,940)	(3,593)	(3,359)	(16,390)	(1,232)	(8,336)
	-Diagnostics	2,729	4,419	2,617	10,119	9,409	11,753
	Total Segment Profit \ (Loss) Before Interest and Tax	(2,211)	826	(742)	(6,271)	8,177	3,417
	(i) Finance Costs	(11,098)	(8,462)	(6,320)	(27,200)	(19,364)	(25,779)
	(ii) Exceptional Items and Unallocable expenditure (Net of Unallocable Income)	(8,444)	(8,542)	4,241	(14,024)	7,349	(74,131)
	(iii) Share of profit of associate companies and joint ventures	1,699	509	1,170	3,108	5,010	5,316
	Profit \ (Loss) Before Tax	**(20,054)**	**(15,669)**	**(1,651)**	**(44,387)**	**1,172**	**(91,177)**
3	**Segment Assets**						
	- Healthcare	483,247	495,288	601,141	483,247	601,141	500,897
	-Diagnostics	110,534	111,407	106,636	110,534	106,636	111,897
	-'Unallocable Assets	608,651	241,318	267,954	608,651	267,954	264,008
	Total Assets	1,202,432	848,013	975,731	1,202,432	975,731	876,802
	Less : Inter Segment Assets	(20,663)	(19,003)	(12,002)	(20,663)	(12,002)	(14,633)
	Total Segment Assets	**1,181,769**	**829,010**	**963,729**	**1,181,769**	**963,729**	**862,169**
4	**Segment Liabilities**						
	- Healthcare	118,336	115,458	127,611	118,336	127,611	115,403

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

	-Diagnostics	17,483	17,454	15,959	17,483	15,959	11,947
	-Unallocable Liabilities	173,442	198,837	209,702	173,442	209,702	217,758
	Total Liabilities	309,261	331,749	353,272	309,261	353,272	345,108
	Less : Inter Segment Liabilities	(20,663)	(19,003)	(12,002)	(20,663)	(12,002)	(14,633)
	Total Segment Liabilities	**288,598**	**312,746**	**341,270**	**288,598**	**341,270**	**330,475**

*Above numbers have been derived from the audited consolidated financial statement of the company and SRL Limited (subsidiary), as adjusted for segment disclosure requirement.

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

6. Exceptional loss included in the above unaudited consolidated financial results include:

(Rupees in lacs)

Sr No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Period ended	Period ended	Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Impairment of goodwill on consolidation in books pertaining to certain cash generating units (CGU's) and impairment on closure of one hospital facility.	(12,767)	(4,031)	-	(16,798)	-	(27,764)
(b)	Impairment of investment in an associate	-	(5,586)	-	(5,586)	-	(4,905)
(c)	Reversal of impairment of assets of a CGU	-	7	-	307	-	-
	Impairment of investment & Goodwill (A)	**(12,767)**	**(9,610)**	**-**	**(22,077)**	**-**	**(32,669)**
(a)	Allowance for Inter-corporate deposits and interest thereon [refer note 7]	-	-	-	-	-	(44,503)
(b)	Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 8]	-	-	-	(186)	-	(5,333)
(c)	Allowance for loan given to body corporate and interest thereon [refer note 9]	-	-	-	-	-	(2,549)
(d)	Allowance for loan given to an associate and interest thereon	-	-	-	-	-	(1,623)
(e)	Expenses on composite scheme of arrangement and amalgamation	-	3	(20)	-	(164)	(159)
(f)	Exceptional gain on recovery of salary & other reimbursements paid in previous year (refer note 20)	-	-	-	-	-	735

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Sr No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Period ended	Period ended	Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(g)	Allowance for amount recoverable for salary and other reimbursement of expenses (refer note 20)	-	-	-	-	-	(2,002)
(h)	Loss on closure of hospital Facility	-	-	-	-	(4,589)	-
	Other provisions & exceptional item (B)	-	3	(20)	(186)	(4,753)	(55,434)
	Net exceptional gain/ (loss) [Total (A)+(B)]	(12,767)	(9,607)	(20)	(22,263)	(4,753)	(88,103)

7. 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 (of which Rupees 40,243 lacs remained outstanding as of March 31, 2018). 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 reduced to 0.77% till March 31, 2018.

   In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party ('Assignee company'). Such assignments were subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a charge on the present and future assets of the Borrowers.

   As on March 31, 2018 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 amounts due, including interest thereon accrued and recognised in the books of account until March 31, 2018, aggregating to Rupees 44,503 lacs was fully provided during the quarter ended and year ended March 31, 2018. There has been no movement during the current quarter and nine months ended December 31, 2018.

B S R & Co. LLP
GURUGRAM
Chartered Accountants

Fortis Healthcare Ltd.

On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs till March 2018 for the purpose of including the same in the legal claim on the borrowers. However, in line with applicable accounting norms, interest thereon for the quarter and nine months ended December 31, 2018 amounting to Rupees 1,420 lacs and Rupees 4,245 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the three parties and is taking recourse to available legal remedies for recovery of not only the Principal but also accrued interest thereon.

Reference is invited to Note 18 regarding the findings in the Investigation Report which indicate 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 18 (h) on recent SEBI Order).

8. The Company and its subsidiary SRL Limited 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 terminated by the Company or expired during the previous year. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to Rupees 2,676 lacs. Additionally, expenditure aggregating to Rupees 2,843 lacs (as at March 31, 2018 Rupees 2,657 lacs) was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which amount 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 have not yielded any results. The Company is evaluating legal action for recovery in consultation with external legal counsels. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the body corporate under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives have been directed to appear before court.

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 (also refer to note 18(d)(vi)) and a further provision of Rupees 186 lacs has been made in respect of expenditure accrued during the quarter ended 30 June 2018. There has been no further movement during the current quarter and nine months ended December 31, 2018.

9. 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, a balance of Rupees 2,375 lacs was outstanding as of March 31, 2018. Post-dated cheques received from the entity were dishonoured, and FHsL initiated legal proceedings in this regard. FHsL has 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. There has been no movement during the current quarter and nine months ended 31st December 2018. However, in line with applicable accounting norms, interest thereon for the nine months ended December 31, 2018 amounting to Rupees 215 lacs has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the entity and is taking recourse to available legal remedies for recovery of not only the Principal but also accrued interest thereon.

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

BSR & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

amounts due, including interest, in the consolidated financial results for the year ended March 31, 2018. (also refer to note 18(d)(vi).

During the previous quarter on August 9, 2018, the matter was heard in the District Court at Gurugram and the Ld. Judge issued notice to the entity and its Directors for appearance in Court. Subsequent mediation attempts as directed by Court has failed. Next hearing is scheduled in March 2019.

10. 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. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These matters are currently pending before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer. Based on the external legal counsel opinions, the Company is of the understanding that EHIRCL will be able to suitably defend the termination order and eviction proceedings and accordingly considers that no adjustments are required to the Consolidated Financial Results.

b) Further, EHIRCL also has open tax demands of Rupees 8,934 lacs (after adjusting Rupees 14,035 lacs (As at March 31, 2018 Rupees 9,627 lacs (after adjustment Rupees 13,342 lacs) 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 2,978 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 has filed an appeal before Income Tax Appellate Tribunal (ITAT), and the matter is currently pending at ITAT. Based on management assessment, Group believes that it has good chance of success in these cases.

c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to poor, 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 stated that before giving a hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed Firm, which as per their method of calculations amounts to Rupees 73,266 lacs for the period 1984-85 to 2011-12, seeking hospital's comments and inputs, if any. The company responded to the said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, EHIRCL received 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 the Company again responded explaining errors and 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 of the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing the penalty of Rupees 50,337 lacs. This order was challenged 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 has

BSR & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

deposited Rupees 500 lacs on June 20, 2018. Next hearing in this matter is scheduled in March 2019. 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 poor and expects the demand to be set aside.

11. 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 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 Consolidated Financial Results.

12. A third party (to whom the ICDs were assigned – refer note 7 above) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Company is liable for claims owed by the Claimant to the certain 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 Claimant shall be subject to orders passed in the said suit (also refer note 18).

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 certain party.

In addition to the above, the Company has also received four notices from the Claimant 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 4 June 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, a certain 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 aforesaid certain party has been duly responded to by the Company denying (i) execution of any binding agreement with the certain party and (ii) liability of any kind whatsoever. Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

During the quarter ended June 20, 2018, the said certain party has also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi

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

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

13. The Board of Directors of the Company at their meeting held on August 19, 2016 had earlier approved a proposal to demerge its diagnostic business including that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("FMHL") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme").

During the current year on June 13, 2018, the Board of the Company, SRL and FMHL decided to withdraw from the scheme, subject to the approval of National Company Law Tribunal ("NCLT"). The approval of the NCLT for withdrawal of the Composite Scheme was received on June 15, 2018.

14. Pursuant to the earlier announcements on the restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company, the parties in August 2018, entered into an amendment agreement to modify certain terms of the definitive agreement, including extension of the Long Stop Date of the transaction to December 31 2018. The amendments were approved by shareholders of the Company and RHT had received its unit holder's approval. On December 31, 2018, the Board of Directors of the Company approved the extension of the long stop date of December 31, 2018 to March 26, 2019 as per mutual agreement, and on the same terms and conditions undertaken for the earlier extension vide amendment agreement entered in August 2018. The extension of the long stop date was accepted and approved by RHT also. Subsequent to the current quarter in January 2019, the Company consummated the transaction by acquisition of relevant sale securities and payment of required consideration. Consequently, International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and Fortis Hospotel Limited became wholly-owned subsidiaries (direct/indirect) of the Company.

15. During the quarter ended June 30, 2018, Fortis Cancer Care Limited (FCCL), a step-down subsidiary of the Company entered into definitive agreements in relation to sale of its entire shareholding in Lalitha Healthcare Private Limited (LHPL) another step down subsidiary of the Company, representing 79.43% of the total issued and paid up equity share capital of LHPL, to the remaining promoters of LHPL. With the consummation of the transaction, LHPL ceased to be a step-down subsidiary of the Company and therefore LHPL has not been consolidated w.e.f. June 30, 2018. The gain on sale/deconsolidation aggregating to Rupees 307 lacs has been shown as an exceptional item for the nine months ended December 31, 2018 including Rupees 7 lacs shown as an exceptional item during the previous quarter.

16. As on December 31, 2017, the erstwhile Promoters and erstwhile Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the erstwhile Promoters / erstwhile Promoter Group entities. In a matter relating to the erstwhile Promoters and the erstwhile Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo be maintained over the shares pledged by the erstwhile Promoter and erstwhile Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the erstwhile promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Consequent to the Banks invoking their rights on the shares of the Company that were pledged by the erstwhile Promoters / erstwhile Promoter Group entities, the holding of the erstwhile Promoters and erstwhile Promoter Group entities in the Company have reduced to 0.16% of the paid-up capital of the Company as at December 31, 2018 (0.77% of the paid-up capital of the Company as at March 31, 2018). Further the Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This has been approved by the

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

shareholders at their Extra Ordinary General Meeting dated August 13, 2018. Application for re classification of erstwhile promoter is pending for regulatory approvals.

17. The Board of Directors 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, 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. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer has 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, have the right to appoint 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, it was decided not to proceed with Mandatory Open offer. The Company has accordingly filed application for modification of the said order.

The Company has used Rupees 34,240 lacs towards repayment of debt and general corporate purposes with remaining amount lying unutilised as at December 31, 2018. Subsequent to the current quarter, the amount has been utilised in full for the acquisition as described in note 14.

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

(a) During the previous year there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.

(b) 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 (refer Note 7 above); (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 (refer Notes 12 and 7 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 7 and 8 above); (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) (refer Note 22 below); (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.

(c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

(d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.

i. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

   Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the erstwhile promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.

iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company. (Refer note 8) Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

iv. During the previous year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited 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.

v. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, 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 have been made in this regard.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

vi. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. The investment was realized at a discount in April 2018 with no loss in the principal value of investments.

(e) **Other Matters:**

In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")) acquired equity interest in Fortis Emergency Services Limited from an erstwhile promoter group company during the previous year ended March 31, 2018. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said erstwhile promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said erstwhile promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

(f) 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 (Refer Notes 18 (d) (i), (ii), (vi) and (vii) above) 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, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

(g) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects include 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 to regulatory requirements and systems design & control enhancement. The assessment work is being done and corrective action plans are being implemented. Board continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Company's Board of Director have also initiated an enquiry of the management of the certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

(h) It is in the above backdrop, that it is pertinent to mention that during the previous year the Company received a communication dated February 16, 2018 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 summoned the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 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 all requisite information and documents requested by SEBI.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

In furtherance of the above, 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, which were *prima facie* fictitious and fraudulent in nature resulting 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 *inter alia* directing the Company shall 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. The said entities have been directed to jointly and severally repay Rupees 40,300 lacs (approx.) along with due interest to Company within three months of the order. 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 has 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 have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order have 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) 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 has been accordingly removed. 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 are evaluating all further appropriate steps to be taken in this matter for recovery of dues from the erstwhile-promoters and various other entities, in consultation with external counsels.

The matter before SEBI is *sub-judice* and the investigation being conducted by it not yet concluded, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. 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 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.

(i) As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Consolidated Financial Results for the year ended March 31, 2018.

No further adjustments have been required to be made in Consolidated Financial Results for the quarter and nine months ended December 31, 2018. Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

19. Investigation by Various Other Regulatory Authorities:

a) During the previous year 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.

b) During the previous year the Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company has submitted all requisite information in this regard with SFIO. Subsequently another letter received from SFIO on June 7, 2018 and the requisite information in this regard has been submitted. Further, during the current year the Company has received email requisitions on September 6, 2018 and September 28, 2018; and the reverts in this regard have been submitted. During the current quarter the Company has received email requisition on October 26, 2018, November 9, 2018, November 26, 2018, December 19, 2018 and December 26, 2018 and all information / documents have been submitted. Subsequent to the quarter, on January 25, 2019 the Company has received a letter from SFIO office, the reply whereof has been partially submitted

The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

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.

20. Letter of Appointment of erstwhile Executive 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. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him., 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 has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Consolidated Financial Results with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received vehicles which were being used by him except for IT assets and excess amounts paid to him.(Also refer Note 18(h) on recent SEBI Order)

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 (comprising reversal of FY 2016-17 expenditure of Rupees 735 lacs, which has been disclosed as an exceptional income in the Consolidated Financial Results for the year ended March 31 2018, and expenditure of Rupees 1,267 lacs relating to FY 2017-18) was shown 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

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

amounts a provision of Rupees 2,002 lacs was made which has been shown as an exceptional item in the Consolidated Financial Results for the year ended March 31, 2018.

21. SRL, a subsidiary of the Company, had paid Rupees 603 lacs managerial remuneration to its Executive Chairman, Malvinder Mohan Singh, which was in excess of the limits set out under Section 197 of the Companies Act 2013. The amount paid in excess of the limits aggregating to Rupees 48 lacs was shown as advances recoverable as part of other financial assets in the Consolidated Financial Results for the year ended March 31, 2018. As the Executive Chairman was associated with the subsidiary Company in his capacity of a Whole Time Director till May 27, 2018, during the previous quarter the subsidiary Company has adjusted the excess amounts paid to him for the year ended March 31, 2018 from the amounts payable to him for the period April 1, 2018 to May 27, 2018.

22. 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. During the previous quarter, 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 investment 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 (Also refer to note 18).

23. Going Concern

The Group incurred a net loss of Rupees 93,442 lacs during the previous year ended March 31, 2018 consequent to various events during the year, which necessitated creating one-time provisions in the financial results (refer Notes 6 and 22). These events have adversely impacted the Group's working capital position and its credit rating. Further, the Group's current liabilities exceeded its current assets by Rupees 85,329 lacs as at March 31, 2018.

Further during the current nine months ended, the Group has further incurred a net loss of Rupees 37,490 lacs.

However, the Group's operations during the current year and previous year continued to generate positive cash flows from operations and the Management believes that the events stated above do not impact the entity's ability to continue as a going concern due to the following:

(a) The capital infusion was done into the Group of Rupees 4,000 crores as described in note 17. Further, the consummation of the transaction relating to consolidation of the entire Indian assets portfolio of RHT would result in significant saving of cash flow outside the Group.
(b) During the nine months ended in December 2018, the Company has secured new line of credit of Rupees 144,400 lacs (including non-fund-based line of credit Rupees 11,500 lacs) out of which Rupees 95,260 lacs was drawn during the nine months ended December 31 2018.
(c) Subsequent to the current quarter, the Company availed a term loan facility of Rs. 110,000 lacs which was utilized for its due purpose.

Accordingly, the Group's unaudited financial results have been prepared on a going concern basis.

24. During quarter ended September 30, 2018, the Group has sold 18.2 million units of RHT Health Trust, an associate of the Company for a consideration of 13.65 million Singapore Dollars.

25. The Group has adopted the new revenue accounting standard "Ind AS 115- "Revenue from Contracts with Customers" with effect from April 1,2018. Based on the assessment carried out, other than

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

reclassification of certain items of the profit & loss account, there is no material impact consequent to the adoption of new standard.

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

27. Management's response to comments of the statutory auditors in the Limited Review Report

(a) With regard to the comments of the statutory auditors in paragraph- i of the Basis for Qualified Conclusion of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018 and December 21 2018 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work is being done and corrective action plans are being implemented. The Board continues to evaluate other areas to strengthen processes and it continues to build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. For more details please refer to Note 18.

(b) With regard to the comments of the statutory auditors in paragraph-ii of the Basis for Qualified conclusion of Limited Review Report, pertaining to related party transactions, please refer to Note 18.

(c) With regard to the comments of the statutory auditors in paragraph-iii of the Basis for Qualified conclusion of Limited Review Report, pertaining to the recognition of interest income and provision thereof, please refer to Notes 7, 8 and 9. The Company is also evaluating other legal actions for recovery in consultation with external legal counsels.

(d) With regard to the comments of the statutory auditors in paragraph-iv of the Basis for Qualified conclusion of Limited Review Report, pertaining to the foreseeable loss in the value in the overseas fund, the consequential foreseeable loss of Rupees 5,510.14 lacs, was recorded and considered in the consolidated financial results for the year ended March 31 2018. For more details, please refer to Note 22.

(e) With regard to the comments of the statutory auditors in paragraph-v of the Basis for Qualified conclusion of Limited Review Report, pertaining to the acquisition of equity interest in Fortis Healthstaff Limited, this is a part of the investigation referred to in point no. (a) above. Please refer to Note 18 for more details.

(f) With regard to the comments of the statutory auditors in paragraph-v of the Basis for Qualified conclusion of Limited Review Report, pertaining to matters relating to acquisition of equity interest in Fortis Emergency Services Limited, please refer to Note 18.

(g) With regard to the comments of the statutory auditors in paragraph-vi of the Basis for Qualified conclusion of Limited Review Report, pertaining to certain claims against the Company, the Company has filed appropriate submissions in the court denying all allegations and praying for dismissal of the suit. For more details, please refer to Note 12.

B S R & Co. LLP * Gurugram * Chartered Accountants

Fortis Healthcare Ltd. *

(h) With regard to the comments of the statutory auditors in paragraph-vii of the Basis for Qualified conclusion of Limited Review Report, pertaining to the LoA issued to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 20.

Date: February 13, 2019
Place: Gurugram

For and on behalf of the Board of Directors

Fortis Healthcare Ltd. *

B S R & Co. LLP * GURUGRAM * Chartered Accountants

Ravi Rajagopal
Chairman
DIN: 00067073

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine Months ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	Unaudited	Unaudited (refer note 2)	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited (refer note 2)
1. Income from operations	16,971	16,255	16,619	48,859	50,490	65,948
2. Other income	7,088	6,432	3,229	17,248	10,511	13,789
3. Total income (1+2)	**24,059**	**22,687**	**19,848**	**66,107**	**61,001**	**79,737**
4. Expenses						
(a) Cost of material consumed	3,399	3,237	3,332	9,882	10,516	13,556
(b) Employee benefits expenses	3,756	3,843	4,317	11,593	12,971	16,134
(c) Finance costs	7,012	4,362	1,322	14,310	4,675	6,374
(d) Hospital service fee expense	3,565	3,526	3,482	10,588	10,522	13,927
(e) Professional charges to doctors	2,879	2,791	2,799	8,436	8,404	10,665
(f) Net depreciation & amortisation	666	711	745	2,068	2,119	2,888
(g) Other expenses	6,791	4,974	3,786	16,168	11,253	15,428
Total expenses	**28,068**	**23,444**	**19,783**	**73,045**	**60,460**	**78,972**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**(4,009)**	**(757)**	**65**	**(6,938)**	**541**	**765**
6. Exceptional gain/ (loss) (refer note 5)	-	(5)	(21)	(8)	(164)	(6,795)
7. Profit / (loss) before tax from continuing operations (5+6)	**(4,009)**	**(762)**	**44**	**(6,946)**	**377**	**(6,030)**
8. Tax expense/ (credit)	902	(133)	133	3	393	343
9. Net profit / (loss) for the period from continuing operations (7-8)	**(4,911)**	**(629)**	**(89)**	**(6,949)**	**(16)**	**(6,373)**
10. Profit from discontinued operations before tax	-	-	-	-		-
11. Tax expense of discontinued operations	-	-	-	-		-
12. Net profit / (loss) for the period from discontinuing operations (After Tax) (10-11)	-	-	-	-		-
13. Net profit / (loss) for the period (9+12)	**(4,911)**	**(629)**	**(89)**	**(6,949)**	**(16)**	**(6,373)**

B S R & Co. LLP ★ GURUGRAM ★ Chartered Accountants

Fortis Healthcare Ltd. ★

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine Months ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	Unaudited	Unaudited (refer note 2)	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited (refer note 2)
14. Other Comprehensive Income/(loss) (after tax)) ('OCI')	(46)	24	36	18	25	32
15. Total comprehensive Income/(Loss) (13+14)	**(4,957)**	**(605)**	**(53)**	**(6,931)**	**9**	**(6,341)**
16. Paid-up equity share capital (Face Value Rupees10 per Share)	75,495	51,908	51,852	75,495	51,852	51,866
17. Earnings per equity share for continuing operations (Annualised)						
Basic earnings (loss) per share - In Rupees	(0.76)	(0.12)	(0.02)	(1.24)	(0.00)	(1.23)
Diluted earnings (loss) per share - In Rupees	(0.76)	(0.12)	(0.02)	(1.24)	(0.00)	(1.23)
18. Earnings per equity share for discontinued operations						
Basic earnings (loss) per share - In Rupees	-	-	-	-		-
Diluted earnings (loss) per share - In Rupees	-	-	-	-		-
19. Earnings per equity share from continuing and discontinued operations (Annualised)						
Basic earnings (loss) per share - In Rupees	(0.76)	(0.12)	(0.02)	(1.24)	(0.00)	(1.23)
Diluted earnings (loss) per share - In Rupees	(0.76)	(0.12)	(0.02)	(1.24)	(0.00)	(1.23)
20. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses (EBITDA) (refer note 4)	3,669	4,316	2,132	9,440	7,335	10,027

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

Notes to the results

1. The above standalone unaudited financial results for the quarter and nine months ended December 31, 2018 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 13, 2019.

2. The predecessor auditor had issued a modified opinion on the standalone unaudited financial results for the quarter and six months ended 30 September 2018, and year ended 31 March 2018. Also, the predecessor auditors report on the results for quarter and nine months ended December 31, 2017 contained a disclaimer of conclusion on the standalone unaudited financial results.

3. The Limited review on the standalone unaudited financial results for the quarter and nine months ended December 31, 2018, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the statutory auditor's of the Company on which the statutory auditor's have issued a modified opinion..

4. The Company has presented Earnings before Interest, 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 expenses.

5. Exceptional gain/ (loss) included in the above standalone financial results include:

(Rupees in lacs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Expenses on Composite Scheme of Arrangement and Amalgamation (Refer Note 8)	-	-	(21)	-	(164)	(159)
b) Allowance for doubtful advance and security deposit given to body corporate along with impairment of Capital work-in-progress (Refer Note 6)	-	-	-	-	-	(4,743)
c) Impairment in investment and allowance for doubtful loan given to Subsidiary Company	-	(5)	-	(8)	-	(55)
d) Impairment of goodwill of CGU	-	-	-	-	-	(571)
e) Exceptional gain on recovery of salary & other reimbursements paid in previous year (Refer Note 14)	-	-	-	-	-	735
f) Allowance for doubtful amount recoverable for salary & other reimbursement of expenses (Refer Note 14)	-	-	-	-	-	(2,002)
Net exceptional gain/ (loss)	-	**(5)**	**(21)**	**(8)**	**(164)**	**(6,795)**

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

6. 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 was terminated by the Company. 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 as at March 31, 2018 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. There has been no subsequent movement during the quarter and nine months ended December 31, 2018. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yielded any results. The Company is also evaluating other legal action for recovery in consultation with external legal counsels.

   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 (also refer to note 12(d)(vi)).

7. A third party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL')) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and have, *inter alia,* claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Company is liable for claims owed by the Claimant to the certain 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 Claimant shall be subject to orders passed in the said suit (also refer note 12).

   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 binding Term Sheet with certain party.

   In addition to the above, the Company has also received four notices from the Claimant 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, a certain 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 aforesaid party has been duly responded to by the Company denying (i) execution of any binding agreement with the certain party and (ii) liability of any kind whatsoever. The Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

   During the quarter ended June 30, 2018, the said certain party has also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi.

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

8. The Board of Directors of the Company at their meeting held on August 19, 2016 had earlier approved a proposal to demerge its diagnostic business including that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("FMHL") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme").

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

During the current year on June 13, 2018, the Board of the Company, SRL and FMHL decided to withdraw from the scheme, subject to the approval of National Company Law Tribunal ("NCLT"). The approval of the NCLT for withdrawal of the Composite Scheme was received on June 15, 2018.

9. Pursuant to the earlier announcements on the restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company, the parties in August 2018, entered into an amendment agreement to modify certain terms of the definitive agreement, including extension of the Long Stop Date of the transaction to December 31 2018. The amendments were approved by shareholders of the Company and RHT had received its unit holder's approval. On December 31, 2018, the Board of Directors of the Company approved the extension of the long stop date of December 31, 2018 to March 26, 2019 as per mutual agreement, and on the same terms and conditions undertaken for the earlier extension vide amendment agreement entered in August 2018. The extension of the long stop date was accepted and approved by RHT also. Subsequent to the current quarter in January 2019, the Company consummated the transaction by acquisition of relevant sale securities and payment of required consideration. Consequently, International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and Fortis Hospotel Limited became wholly-owned subsidiaries (direct/indirect) of the Company.

10. As on December 31, 2017, the erstwhile Promoters and erstwhile Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the erstwhile Promoters / erstwhile Promoter Group entities. In a matter relating to the erstwhile Promoters and the erstwhile Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo be maintained over the shares pledged by the erstwhile Promoter and erstwhile Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the erstwhile promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Consequent to the Banks invoking their rights on the shares of the Company that were pledged by the erstwhile Promoters / Promoter Group entities, the holding of the erstwhile Promoters and erstwhile Promoter Group entities in the Company have reduced to 0.16% of the paid-up capital of the Company as at December 31, 2018 (0.77% of the paid-up capital of the Company as at March 31, 2018). Further the Board of Directors at its meeting held on July 13, 2018, approved re-classification of then promoter holding under the category of 'Public Shareholding'. This has been approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. Application for re classification of erstwhile promoter is pending for regulatory approvals.

11. The Board of Directors 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, 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. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer has 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, have the right to appoint 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, it was decided not to proceed with Mandatory Open offer. The Company has accordingly filed application for modification of the said order.

BSR & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

The Company has used Rupees 34,240 lacs towards repayment of debt and general corporate purposes with remaining amount lying unutilised as at December 31, 2018. Subsequent to the current quarter, the amount has been utilised in full for the acquisition as described in note 9 above.

12. **Investigation initiated by the erstwhile Audit and Risk Management Committee**

(a) During the previous year there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company, FHsL. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.

(b) 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 (refer Note 7 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 6 above); (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 a promoter group company, and subsequent repayment of loan by said subsidiary to the promoter group company.

(c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

(d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.

i. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

iii. Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the erstwhile promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

iv. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (Refer Note 7). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

v. During the previous year ended 31 March 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited 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.

vi. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, 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 have been made in this regard.

vii. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. The investment was realized at a discount in April 2018 with no loss in the principal value of investments

(e) Other Matters:

In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")) acquired equity interest in Fortis Emergency Services Limited from an erstwhile promoter group company during the previous year ended March 31, 2018. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said erstwhile promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said erstwhile promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

(f) 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 (Refer Notes 12 (d) (i), (ii) (vi) and (vii) above) 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 till March 31, 2018. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

(g) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects include 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 to regulatory requirements and systems design & control enhancement. The

S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

assessment work is being done and corrective action plans are being implemented. Board continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Company's Board of Director have also initiated an enquiry of the management of the certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

(h) It is in the above backdrop, that it is pertinent to mention that during the previous year the Company received a communication dated February 16, 2018 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 summoned the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had also appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries have furnished all requisite information and documents requested by SEBI.

In furtherance of the above, 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, which were *prima facie* fictitious and fraudulent in nature resulting 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 *inter alia* directing the Company shall 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. The said entities have been directed to jointly and severally repay Rupees 40,300 clacs (approx.) along with due interest to Company within three months of the order. 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 has 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 have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order have 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) 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 has been accordingly removed. 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 are evaluating all further appropriate steps to be taken in this matter for recovery of dues from the erstwhile-promoters and various other entities, in consultation with external counsels.

The matter before SEBI is *sub-judice* and the investigation being conducted by it not yet concluded, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. 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 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.

B S R & Co. LLP GURUGRAM Chartered Accountants

Fortis Healthcare Ltd.

(i) As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Standalone Financial Results for the year ended March 31, 2018.

No further adjustments have been required to be made in Standalone Financial Results for the quarter and nine months ended December 31, 2018. Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

13. **Investigation by Various Other Regulatory Authorities**

a) During the previous 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.

b) During the previous year ended March 31, 2018, the Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company has submitted all requisite information in this regard with SFIO. Subsequently another letter received from SFIO on June 7, 2018 and the requisite information in this regard has been submitted. Further, during the current year the Company has received email requisitions on September 6, 2018 and September 28, 2018; and the reverts in this regard have been submitted. During the current quarter the Company has received email requisition on October 26, 2018, November 9, 2018, November 26, 2018, December 19, 2018 and December 26, 2018 and all information / documents have been submitted. Subsequent to the quarter, on January 25, 2019 the Company has received a letter from SFIO office, the reply whereof has been partially submitted

The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

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.

14. **Letter of Appointment of erstwhile Executive 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. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him., 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 has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Consolidated Financial Results with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received vehicles which were being

B S R & Co. LLP
GURUGRAM
Chartered Accountants

Fortis Healthcare

used by him except for IT assets and excess amounts paid to him. (Also refer Note 12(h) on recent SEBI Order)

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 (comprising reversal of FY 2016-17 expenditure of Rupees 735 lacs, which has been disclosed as an exceptional income in the Consolidated Financial Results for the year ended March 31 2018, and expenditure of Rupees 1,267 lacs relating to FY 2017-18) was shown 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 which has been shown as an exceptional item in the Consolidated Financial Results for the year ended March 31, 2018.

15. **Going concern assumption**

The Company has incurred a net loss of Rupees 6,373 lacs during the year ended March 31, 2018 consequent to various events during the year, which necessitated creating one-time provisions in the financial results (refer note 5). These events have adversely impacted the Company's working capital position and its credit rating. Further, the Company's current liabilities exceeded its current assets by Rupees 14,666 lacs as at March 31, 2018.

During the current nine months ended December 31, 2018, the Company has further incurred a net loss of Rupees 6,949 lacs.

However, the Company's operations during the current year and previous year continued to generate positive cash flows from operations and the Management believes that the events stated above do not impact the entity's ability to continue as a going concern due to the following:

(a) The capital infusion was done into the Company of Rupees 400,000 lacs as described in note 11. Further, the consummation of the transaction relating to consolidation of the entire Indian assets of portfolio of RHT would result in significant saving of cash flow outside the Company.
(b) During the nine months ended December 2018, the Company has secured new line of credit of Rupees 99,700 lacs (including non-fund-based line of credit Rupees 11,500 lacs) out of which Rupees 80,631 lacs was drawn during the nine months ended December 31, 2018.
(c) Subsequent to current quarter, the Company availed a term loan facility of Rs. 110,000 lacs which was utilized for its due purpose.

Accordingly, the standalone unaudited financial results have been prepared on a going concern basis.

16. During the quarter ended September 30, 2018, the Company has received dividend of Rupees 2,459 lacs from its wholly owned subsidiary, Fortis Healthcare International Limited.

17. The Company has adopted the new revenue accounting standard "Ind AS 115- "Revenue from Contracts with Customers" with effect from April 1, 2018. Based on the assessment carried out, there is no material impact consequent to the adoption of new standard.

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

19. 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'.

B S R & Co. LLP * GURUGRAM * Chartered Accountants

Fortis Healthcare Ltd *

20. **Management's response to comments of the statutory auditors in the Audit Report**

(a) With regard to the comments of the statutory auditors in paragraph-i of the Basis for Qualified Conclusion of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim order dated October 17, 2018 and December 21 2018 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work is being done and corrective action plans are being implemented. The Board continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. For more details please refer to Note 12.

(b) With regard to the comments of the statutory auditors in paragraph-ii of the Basis for Qualified conclusion of Limited Review Report, pertaining to related party transactions, please refer to Note 12.

(c) With regard to the comments of the statutory auditors in paragraph-iii of the Basis for Qualified conclusion of Limited Review Report, pertaining to certain provisions made by the Company due to uncertainty in recovery, the Company is exploring resolution of the issues. The Company is also evaluating other legal actions for recovery in consultation with external legal counsels. For more details, please refer to Note 6.

(d) With regard to the comments of the statutory auditors in paragraph-iv of the Basis for Qualified conclusion of Limited Review Report, pertaining to certain claims against the Company, the Company has filed appropriate submissions in the court denying all allegations and praying for dismissal of the suit. For more details, please refer to Note 7.

(e) With regard to the comments of the statutory auditors in paragraph-v of the Basis for Qualified conclusion of Limited Review Report, pertaining to the LoA issued to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 14.

Date: February 13, 2019
Place: Gurugram

For and on behalf of the Board of Directors

Ravi Rajagopal
Chairman
DIN: 00067073

Fortis Healthcare Ltd.

B S R & Co. LLP
GURUGRAM
Chartered Accountants

B S R & Co. LLP
Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

Review Report to the Board of Directors of Fortis Healthcare Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results ("the Consolidated Statement") of **Fortis Healthcare Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group"), its joint ventures and its associates for the quarter and nine months ended 31 December 2018, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Consolidated Statement are the responsibility of the Company's Management and have been approved by the Board of Directors on 13 February 2019. Our responsibility is to issue a report on these consolidated unaudited financial results based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated unaudited financial results are 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.

3. **Basis for Qualified Conclusion**

   i. As explained in Note 18 of the Consolidated Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm on matters relating to systematic lapses/override of internal controls and as described in note 18(b). The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

   Further, various regulatory authorities are currently undertaking their own investigations, details of which are described in note 18(h) and 19.

   SEBI has initiated an investigation in respect of the various issues. On October 17, 2018 and December 21, 2018, SEBI passed Interim Orders and further investigation is still continuing. In its Interim Orders SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Company, with some identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting in inter alia

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

diversion of funds from the Group for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Group. Further, SEBI issued certain interim directions inter alia directing the Company and FHsL to take all necessary steps to recover Rs 40,300 lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. The aforesaid ICDs have been fully provided for in the books. SEBI, in its interim order further directed erstwhile promoters and the said entities not to dispose of their assets without the permission of SEBI. Further, the erstwhile promoters have been directed not to associate themselves with the Company and FHsL.

Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, had initiated an investigation and has been seeking information in relation to the Company, its material subsidiaries, joint ventures and associates.

The Company has been regularly submitting all the information required by the various investigating agencies and is fully cooperating in the investigations/ inquiries.

While investigations and enquiries have been carried out by the ARMC and the Board of Directors, the investigation and enquiries carried out by regulators is currently ongoing. Accordingly, need for additional enquiries, if any, and an overall assessment of the impact of the investigations and enquiries by the Board of Directors is still not concluded.

The Company's Board of Directors had also initiated an enquiry of the management of certain entities in the Group that were impacted consequent to the findings of the external legal firm.

Based on investigations carried through external legal firm, interim orders by SEBI and the information as available currently, as per the management all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in the Consolidated Ind AS Financial Statements for the year ended 31 March 2018. Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board/ regulatory investigations, as and when the outcome of the above is known.

Due to the ongoing nature of the various inquiries/investigations, we are unable to comment on the regulatory non-compliances, if any, and the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing or future regulatory/ internal investigations and the consequential impact, if any, on the Consolidated Statement.

ii. As explained in Note 18(f) of the Consolidated Statement, Related party relationships prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018 were identified by the management taking into account the information available with the management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, there exists a possibility that there may be additional related parties of erstwhile promoters/directors whose relationships may not have been disclosed to the Group and, hence, not known to the Management.

In view of the above, we are unable to comment on the completeness/accuracy of the related party disclosures in the consolidated financial statements for the year ended 31 March 2018, compliance with the applicable regulations and the consequential impact, if any, on the Consolidated Statement with regard to transactions which relate to or which originated before the change in control of the Group.

iii. As explained in Notes 7, 8 and 9 of the Consolidated Statement:

a) The Group had recognized provisions aggregating to Rs 44,503 lacs against the outstanding ICDs placed (including interest accrued thereon of Rs 4,260 lacs), Rs 5,519 lacs (comprising amounts paid as security deposits and advances towards lease of office space and expenditure incurred towards capital work-in-progress) and Rs 2,549 lacs against property advance (including interest accrued thereon of Rs 174 lacs), due to uncertainty of recovery of these balances. As the Group is in the process of evaluating the legal alternatives available to it to recover the aforesaid balances and interest thereon, we are unable to evaluate adjustments, if any, are required against the provisions made towards these balances.

b) During the year ended 31 March 2018, interest income of Rs 4,434 lacs comprising Rs 4,260 lacs (on the outstanding ICDs given) and Rs 174 lacs (relating to property advance) had been recognized. A provision was however created against the entire amount in the year ended 31 March 2018 and disclosed as an exceptional item. Consequently, interest income and exceptional items (net) were overstated to that extent during the year ended 31 March 2018 and interest income was overstated to the extent of Rs 1,772 lacs and Rs 2,877 lacs during the quarter and nine months ended 31 December 2017 as given the uncertainty, the income ought not to have been recognized.

iv. As explained in Note 22 of the Consolidated Statement, the Company had, through its overseas subsidiaries, made investments in an overseas fund. Subsequent to the year ended 31 March 2018, investments held in the fund were sold at a discount. We are unable to determine whether these transactions were at fair values and at arm's length, therefore, are unable to comment on the appropriateness and reasonability of the discount (Rs 5,510 lacs) recorded in the year ended 31 March 2018.

v. As explained in Note 18(d)(v) of the Consolidated Statement, during the year ended 31 March 2018, the Company through its subsidiary, Escorts Heart Institute and Research Centre Limited ("EHIRCL") acquired controlling equity interest in Fortis Healthstaff Limited (an erstwhile promoter group company) at a nominal consideration of Rs 3.46 lacs. Subsequently, EHIRCL advanced loan of Rs 794 lacs Fortis Healthstaff Limited. Certain document suggest, these funds were then used to repay the outstanding unsecured loans to ex-promoter group companies who in turn allegedly may have used the funds through various intermediary companies for repayment of the ICDs /vendor advance to the Group.

Further, during the year ended 31 March 2018, the Company FHsL acquired controlling equity interest in Fortis Emergency Services Limited (an ex-promoter group company) at a nominal consideration of Rs 0.25 lacs. Subsequently, FHsL advanced loan of Rs 208 lacs to Fortis Emergency Services Limited. Certain document suggest, these funds were then used to repay the outstanding unsecured loans to ex-promoter group companies who in turn allegedly may have used the funds through various intermediary companies for repayment of the ICDs/vendor advance to the Group.

With regard to above acquisitions, while pre-approval from the Audit Committee was obtained for acquiring the equity interest, loans granted to these subsidiaries did not have an Audit Committee approval.

In view of the above, we are unable to determine whether these transactions are prejudicial to the interests of the Group.

vi. As explained in Note 12 of the Consolidated Statement, during the year ended 31 March 2018, a Civil Suit was filed by a third party (to whom ICDs were assigned – refer Note 7 of the Consolidated Statement) ('Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi claiming, inter alia, implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing decree that consequent to a term sheet with a certain party, the Company is liable for claims due to the Claimant from that certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by Defendants, in favor of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit. Additionally, the said certain party with whom the term sheet had been allegedly signed has also claimed that the Company has not abided by the aforementioned term sheet and has claimed ownership over the brands apart from the claim to right to invest in the Company.

The Company has filed a written statement denying all allegations made against the Company and sought for dismissal of the Civil Suit. Allegations made by the said certain party have been duly responded to by the Company denying (i) execution of any binding agreement with certain party and (ii) liability of any kind whatsoever.

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

Based on advice of external legal counsel, the management believes that the claims are without legal basis and are not tenable and accordingly, no adjustment has been made in the Consolidated Statement, with respect to these claims.

Since the Civil Suit is sub-judice, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on these Consolidated Statement.

vii. As explained in Note 20 of the Consolidated Statement, during the year ended 31 March 2018, the Company having considered all necessary facts and taking into account external legal advice, had decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013.

In view of the above the Company has taken requisite action to recover the amounts paid to him during his tenure 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 Rs 2,002 lacs.

The erstwhile Executive Chairman has claimed an amount of Rs. 4,610 lacs from the Company towards his terms of employment. The Company has responded denying any liability whatsoever in this regard.

During the period, the Company has also filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi in the above matter.

Due to the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claimed, the provision made for the uncertainty in recovery of the amounts and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on these Consolidated Statement.

The corresponding figures for the period ended 31 December 2017 quarter and nine months are extracted from the consolidated financial results of the aforesaid period for which the predecessor auditor had given a disclaimer of opinion in their limited review report. The consolidated financial results for the quarter ended 30 September 2018 and the audited consolidated financial results for the year ended 31 March 2018 were subject to qualifications made by the predecessor auditor in then limited review report and auditors' report respectively.

4. **Emphasis of Matter**

i. We draw attention to the following Notes in the Consolidated Statement:

a) Note 10(b) relating to outcome of income tax assessments in respect of Escorts Heart Institute and Research Centre Limited (EHIRCL), one of the subsidiaries in the Group, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.

b) Note 10(a) and 10(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 Honorable High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.

c) Note 11 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 2018.

Based on the advice given by external legal counsel, no provision/adjustment has been considered necessary by the management with respect to the above matters in the consolidated unaudited financial results.

ii. We draw attention to Note 23 of the Consolidated Statement wherein it has been explained that the consolidated financial results have been prepared on a going concern basis for the reasons stated in the said Note.

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

5. **Other matters**

i. We did not review the financial information of one subsidiary, whose financial information reflects total revenue of Rs 757 lacs and Rs 2,229 lacs for the quarter ended and nine months ended 31 December 2018 respectively, as considered in the consolidated unaudited financial results.

The consolidated unaudited financial results also includes the Group's share of net loss (and other comprehensive loss) of Rs 7 lacs and Rs 525 lacs for the quarter and nine months ended 31 December 2018 respectively, in respect of one joint venture and one associate, whose financial information have not been reviewed by us.

These three entities are located outside India whose financial information have been prepared in accordance with accounting principles generally accepted in their respective countries ("local GAAP") which have been reviewed by other auditors. The Company's management has converted the financial information of the three entities located outside India from local GAAP to accounting principles generally accepted in India (Indian Accounting Standards). We have reviewed these conversion adjustments made by the Company's management. Our opinion to the extent they have been derived from financial information of these three entities located outside India is based on the report of such other auditors and the conversion adjustments prepared by the management of the Company and reviewed by us.

ii. We did not review the financial information of one joint venture, whose financial information reflects the Group's share of net profit (and other comprehensive income) of Rs 61 lacs and Rs 260 lacs for the quarter and nine months ended 31 December 2018 respectively, as considered in the consolidated unaudited financial results.

The financial information in respect of joint venture has been reviewed by other auditor whose report has been furnished to us, and our report on the consolidated unaudited financial results, to the extent they have been derived from such financial information in respect of the joint venture, is based solely on the report of the such other auditor.

iii. We did not review the financial information of certain other subsidiaries whose financial information reflect total revenue of Rs 5,119 lacs and Rs 23,114 lacs for the quarter and nine months ended 31 December 2018 respectively, as considered in the consolidated unaudited financial results, whose financial information have not been reviewed by us.

The consolidated unaudited financial results also include the Group's share of net profit (and other comprehensive income) of Rs 2,336 lacs and Rs 2,756 lacs for the quarter and nine months ended 31 December 2018 respectively, in respect of certain other joint ventures and associates.

The financial information in respect of these subsidiaries, associates and joint ventures is certified by the Company's management and have not been reviewed by the auditors of these entities. According to the information and explanations given to us by the management, these financial information are not material to the consolidated unaudited financial results.

iv. The consolidated financial results for the quarter and half year ended 30 September 2018, quarter and nine months ended 31 December 2017, and year ended 31 March 2018 are based on the previously issued consolidated financial results and annual consolidated financial statements that were reviewed/audited by the predecessor auditor (vide their modified limited review report dated 5 November 2018, modified limited review report dated 28 February 2018 and modified audit report dated 7 July 2018).

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

6. **Qualified Conclusion**

Based on our review conducted as above, except for the effects/ possible effects of the matters described in the paragraph 3 'Basis for Qualified Conclusion', nothing has come to our attention that causes us to believe that the accompanying statement of the consolidated unaudited financial results, prepared in accordance with applicable accounting standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, 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.

For **B S R & Co. LLP**
Chartered Accountants
Registration number: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 13 February 2019

B S R & Co. LLP
Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

Review Report to the Board of Directors of Fortis Healthcare Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ("the Standalone Statement") of **Fortis Healthcare Limited** ("the Company") for the quarter and nine months ended 31 December 2018, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Standalone Statement is the responsibility of the Company's Management and has been approved by the Board of Directors on 13 February 2019. Our responsibility is to issue a report on these standalone unaudited financial results based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone unaudited financial results are 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.

3. **Basis for Qualified Conclusion**

   i. As explained in Note 12 of the Standalone Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company had initiated an independent investigation by an external legal firm on matters relating to systematic lapses/override of internal controls and as described in note 12(b). The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

   Further, various regulatory authorities are currently undertaking their own investigations, details of which are described in note 12(h) and 13.

   SEBI has initiated an investigation in respect of the various issues. On October 17, 2018 and December 21, 2018, SEBI passed Interim Orders and further investigation is still continuing. In its Interim Orders SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Company, with some identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting in inter alia diversion of funds from the Group for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in the respective financial statements. Further, SEBI issued

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

certain interim directions inter alia directing the Company and FHsL to take all necessary steps to recover Rs 40,300 lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. The aforesaid ICDs have been fully provided for in the books. SEBI, in its interim order further directed erstwhile promoters and the said entities not to dispose of their assets without the permission of SEBI. Further, the erstwhile promoters have been directed not to associate themselves with the Company and FHsL.

Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, had initiated an investigation and has been seeking information in relation to the Company, its material subsidiaries, joint ventures and associates.

The Company has been regularly submitting all the information required by the various investigating agencies and is fully cooperating in the investigations/ inquiries.

While investigations and enquiries have been carried out by the ARMC and the Board of Directors, the investigation and enquiries carried out by regulators is currently ongoing. Accordingly, need for additional enquiries, if any, and an overall assessment of the impact of the investigations and enquiries by the Board of Directors is still not concluded.

The Company's Board of Directors had also initiated an enquiry of the management of certain entities in the Company and its subsidiaries (collected referred to as the "Group") that were impacted consequent to the findings of the external legal firm.

Based on investigations carried through external legal firm, interim orders by SEBI and the information as available currently, as per the management all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in the Standalone Ind AS Financial Statements for the year ended 31 March 2018. Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board/ regulatory investigations, as and when the outcome of the above is known.

Due to the ongoing nature of the various inquiries/investigations, we are unable to comment on the regulatory non-compliances, if any, and the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing or future regulatory/ internal investigations and the consequential impact, if any, on the Standalone Statement.

ii. As explained in Note 12(f) of the Standalone Statement, Related party relationships prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018 were identified by the management taking into account the information available with the management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, there exists a possibility that there may be additional related parties of erstwhile promoters/directors whose relationships may not have been disclosed to the Company and, hence, not known to the Management.

In view of the above, we are unable to comment on the completeness/accuracy of the related party disclosures in the standalone financial statements for the year ended 31 March 2018, compliance with the applicable regulations and the consequential impact, if any, on the Standalone Statement with regard to transactions which relate to or which originated before the change in control of the Company.

iii. As explained in Note 6 of the Standalone Statement, the Company had recognized provision aggregating to Rs 4,743 lacs (comprising amounts paid as security deposits and advances towards lease of office space and expenditure incurred towards capital work-in-progress) due to uncertainty of recovery of these balances. As the Company is in the process of evaluating the legal alternatives available to it to recover the aforesaid balances, we are unable to evaluate adjustments, if any, are required against the provisions made towards these balances.

iv. As explained in Note 7 of the Standalone Statement, during the year ended 31 March 2018, a Civil Suit was filed by a third party (to whom ICDs were assigned by FHsL) ('Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi claiming, inter alia, implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing decree that consequent to a term sheet with a certain party, the Company is liable for claims due to the Claimant from that certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by Defendants, in favor of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit. Additionally, the said certain party with whom the term sheet had been allegedly signed has also claimed that the Company has not abided by the aforementioned term sheet and has claimed ownership over the brands apart from the claim to right to invest in the Company

The Company has filed a written statement denying all allegations made against the Company and sought for dismissal of the Civil Suit. Allegations made by the said certain party have been duly responded to by the Company denying (i) execution of any binding agreement with certain party and (ii) liability of any kind whatsoever.

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

Based on advice of external legal counsel, the management believes that the claims are without legal basis and are not tenable and accordingly, no adjustment has been made in the Standalone Statement, with respect to these claims.

Since the Civil Suit is sub-judice, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on the Standalone Statement.

v. As explained in Note 14 of the Standalone Statement, during the year ended 31 March 2018, the Company having considered all necessary facts and taking into account external legal advice, had decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013.

In view of the above the Company has taken requisite action to recover the amounts paid to him during his tenure 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 Rs 2,002 lacs.

The erstwhile Executive Chairman has claimed an amount of Rs. 4,610 lacs from the Company towards his terms of employment. The Company has responded denying any liability whatsoever in this regard.

During the period, the Company has also filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi in the above matter.

Due to the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claimed, the provision made for the uncertainty in recovery of the amounts and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on the Standalone Statement.

The corresponding figures for the period ended 31 December 2017 quarter and nine months are extracted from the standalone financial results of the aforesaid period for which the predecessor auditor had given a disclaimer of opinion in their limited review report. The standalone financial results for the quarter ended 30 September 2018 and the audited standalone financial results for the year ended 31 March 2018 were subject to qualifications made by the predecessor auditor in the then limited review report and auditors' report respectively.

4. **Emphasis of matter**

   We draw attention to Note 15 of the Standalone Statement wherein it has been explained that the standalone unaudited financial results have been prepared on a going concern basis for the reasons stated in the said Note.

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

5. The standalone financial results for the quarter and half year ended 30 September 2018, quarter and nine months ended 31 December 2017, and year ended 31 March 2018 are based on the previously issued standalone financial results and annual standalone financial statements that were reviewed/audited by the predecessor auditor (vide their modified limited review report dated 5 November 2018, modified limited review report dated 28 February 2018 and modified audit report dated 7 July 2018).

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

6. Qualified Conclusion

Based on our review conducted as above, except for the effects/ possible effects of the matters described in the paragraph 3 'Basis for Qualified Conclusion', nothing has come to our attention that causes us to believe that the accompanying statement of the standalone unaudited financial results, prepared in accordance with applicable accounting standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, 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.

For **B S R & Co. LLP**
Chartered Accountants
Registration number: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Gurugram
Date: 13 February 2019

FORTIS HEALTHCARE LTD ANNOUNCES Q3 & 9M FY2019 RESULTS

FORTIS CONSUMMATED PREFERENTIAL ALLOTMENT OF RS 4000 CR TO IHH HEALTHCARE BERHAD IN NOVEMBER 2018

FORTIS COMPLETED THE ACQUISITION OF ALL THE INDIAN ASSETS OF RHT HEALTH TRUST IN JANUARY 2019

Hospital business continues to gain traction over the trailing quarter; SRL witnessed steady performance over the corresponding quarter

Operating EBITDA of the hospital business to improve significantly due to saving in clinical establishment fee with the acquisition of RHT's India assets

Gurugram, February 13, 2019: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery company, today announced its consolidated unaudited results for the quarter and nine-month period ended December 31, 2018 (Q3FY19 & 9MFY19).

Update on Transactions

Preferential Allotment to IHH Healthcare Berhad

- IHH through its wholly owned subsidiary NTK ventures Pte Ltd invested Rs 4,000 Cr into the company through a preferential allotment at Rs 170 per share
- The investment provides IHH a 31.1% stake in the company, becoming the single largest shareholder
- Pursuant to the above, IHH made an open offer (for acquiring upto 26% of expanded capital of Fortis at Rs 170 per share and upto 26% of the share capital of Fortis Malar at Rs. 58 per share) for a total consideration of c. Rs 3300 Cr. Funds have been placed by IHH in an escrow account.
- The Supreme Court order dated December 14, 2018 stating *"Status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained"* has put open offer in abeyance. Application has been filed with Supreme Court for an expedited hearing.
- FHL Board has inducted 5 IHH nominees on the company's board. Sub-committees of the board also stand reconstituted
    - Reconstituted board comprises of 5 IHH nominees and 3 independent directors

- Mr Shirish Moreshwar Apte has been appointed as Vice Chairman effective 31 Dec 2018

RHT Transaction

- In January 2019, the company completed the acquisition of the RHT Indian entities owning the entire portfolio of India assets held by RHT. The portfolio includes the following
    - 12 clinical establishments,
    - 2 operating hospitals,
    - 1 clinical establishment under construction and
    - 4 greenfield clinical establishments.
- The total consideration paid (EV) for the acquisition stood at Rs 4,666 Cr. The transaction was funded through a combination of equity and debt
- Going forward, the company would save the entire clinical establishment fee being paid to RHT. This is expected to result in improvement in profitability of the company.

On the financial results, the business continued to witness steady performance. The hospital business performance witnessed steady improvement despite a seasonable low quarter. Hospital business reported EBITDAC margin of 11.2% vs 9.7% in Q2FY19. Its revenue growth was marginally lower versus the trailing and the corresponding quarter. Occupancy remained steady at 67.6% vs 69% in Q2FY19 & 62% in Q1FY19. The Diagnostic business margins for the quarter was impacted due to seasonality. However, basis 9MFY19 financials margins of the business remained similar to the corresponding previous period.

Consolidated Key Financial Highlights for Q3FY19

- Revenues of Rs 1,103 Cr vs Rs 1,121 Cr in Q3 FY18 and Rs 1140 Cr in Q2FY19
- EBITDAC of Rs 137 Cr with a margin of 12.4% vs 13.6% in Q3FY18 and 12.5% in Q2FY19
- Operating EBITDA of Rs 68 Cr with a margin of 6.2% vs 7.6% Q3FY18 and 6.6% in Q2FY19
- Net Profit for the quarter at Rs (197) Cr vs Net Profit of Rs (37) Cr in Q3 FY18. Net profit for Q3FY19 primarily impacted by exceptional losses. These primarily pertain to impairments related to the goodwill and of certain assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions.

Key Segments Financial Highlights for Q3FY19

- Hospital Business Revenues of Rs 889 Cr vs Rs 909 Cr in Q3 FY18 and Rs 900 Cr in Q2FY19
- Hospital Business Operating EBITDAC of Rs 100 Cr with a margin of 11.2% vs 13.0% in Q3FY18 and 9.7% in Q2FY19
- Diagnostic Business Net Revenues of Rs 209 Cr vs Rs 206 Cr in Q3 FY18 and Rs 235 Cr in Q2FY19
- Diagnostic Business EBITDA of Rs 37 Cr with a margin of 17.6% vs 18.2% in Q3FY18 and 23.0% in Q2FY19

Consolidated Key Financial Highlights for 9MFY19

- Revenues of Rs 3,285 Cr vs Rs 3,474 Cr in 9MFY18
- EBITDAC of Rs 359 Cr with a margin of 10.9% vs 14.8% margin in previous year period
- Operating EBITDA of Rs 159 Cr with a margin of 4.8% vs 9.0% margin in previous year period
- Net Profit for the period stood at Rs (435) Cr vs Net Profit of Rs (77) Cr in previous period. Net profit for 9MFY19 primarily impacted by exceptional losses. These primarily pertain to impairments related to the goodwill and of certain assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions.

Key Segments Financial Highlights for 9MFY19

- Hospital Business Revenues of Rs 2,609 Cr vs Rs 2,815 Cr in 9MFY18
- Hospital Business Operating EBITDAC of Rs 229 Cr with a margin of 8.8% vs 14.0% in 9MFY18
- Diagnostic Business Net Revenues of Rs 660 Cr vs Rs 642 Cr in 9MFY18
- Diagnostic Business EBITDA of Rs 131 Cr with a margin of 19.9% vs 20.0% margin in 9MFY18

Commenting on the results, Mr Ravi Rajagopal, Chairman, Fortis Healthcare Ltd said, "The last quarter witnessed the reconstitution of the Board, with the appointment of five IHH nominees along with existing three independent directors. Going forward the association will prove to be synergetic and help us chart the next phase of growth for the organisation. In January 2019, the company completed the RHT acquisition. This acquisition is extremely significant as it will have a direct impact on our bottom line. We are committed to do what is best for the Company, our doctors, nurses, investors and employees."

Commenting on the results, Mr Bhavdeep Singh, CEO, Fortis Healthcare Ltd said, "We are happy to share that the business in the last quarter has witnessed steady improvement. The hospital business operating EBITDAC margin continued to witness an upward momentum over the last three quarters as the business has witnessed signs of stabilisation and growth. With partnership of IHH and the completion of RHT acquisition, we are confident of a progressive improvement in our performance in the ensuing quarters."

The Company had a net cash of Rs. 2,359 Cr as on December 31, 2018 compared to a net debt of Rs 1,497 Cr on on September 30, 2018 (net debt to equity ratio of 0.29 times) and a net debt of Rs 1,339 Cr on December 31, 2017 (net debt to equity ratio of 0.22 times).

Key Financial Highlights Consolidated Business – Q3 FY19

Particulars	Q3FY18	Q2FY19	Q3FY19	QoQ % Change	QotQ % Change
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)		
Revenue	1,120.7	1,139.9	1,103.3	-1.6%	-3.2%
Operating EBITDAC*	**152.6**	**142.1**	**136.6**	**-10.5%**	**-3.9%**
Operating EBITDAC margin	**13.6%**	**12.5%**	**12.4%**		
Operating EBITDA	85.4	75.1	68.3	-20.1%	-9.1%
Operating EBITDA margin	7.6%	6.6%	6.2%		
PBT pre-exceptional / FX	(4.1)	(52.7)	(57.5)		
PATMI	**(36.8)**	**(166.6)**	**(197.0)**		

Consolidated Business - Key Financial Highlights for 9M FY19

Particulars	9MFY18	9MFY19	Variance (%)
	(Rs Cr.)	(Rs Cr.)	
Revenue	3,474.4	3,285.2	-5.4%
Operating EBITDAC*	**515.6**	**359.2**	**-30.3%**
Operating EBITDAC margin	**14.8%**	**10.9%**	
Operating EBITDA	313.3	158.5	-49.4%
Operating EBITDA margin	9.0%	4.8%	
PBT pre-exceptional / FX	48.5	(216.5)	
PATMI	**(77.2)**	**(434.5)**	

*EBITDAC refers to EBITDA before net business trust costs

^Exceptional/extraordinary items in Q3FY19 / 9MFY19 primarily pertains to impairment of goodwill and assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions.

Key Highlights Hospital Business – Q3FY19

Particulars	Q3FY18	Q2FY19	Q3FY19	QoQ % Change	QotQ % Change
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)		
Operating Revenue	909.1	899.5	889.0	-2.2%	-1.2%
Operating EBITDAC*	117.8	**87.6**	99.6	**-15.5%**	**13.7%**
Operating EBITDAC margin	**13.0%**	**9.7%**	**11.2%**		
Net BT Costs	67.2	67.0	68.3	1.6%	2.0%
Operating EBITDA	**50.5**	**20.6**	**31.3**	**-38.2%**	**51.5%**
Other Income	28.3	11.8	40.7		
EBITDA	**78.9**	**32.4**	**72.0**	**-8.8%**	**121.9%**

Key Highlights Hospital Business – 9MFY19

Particulars	9MFY18 (Rs Cr.)	9MFY19 (Rs Cr.)	Variance (%)
Revenue	2,814.5	2,608.5	-7.3%
Operating EBITDAC*	394.5	229.0	**-41.9%**
Operating EBITDAC margin	**14.0%**	**8.8%**	
Net BT Costs	202.3	200.7	-0.8%
Operating EBITDA	**192.2**	**28.4**	**-85.2%**
Other Income	100.6	63.3	
EBITDA	**292.8**	**91.7**	**-68.7%**

- Key operational parameters in the Company's hospital business for the quarter are as follows:
  - The ARPOB (Average Revenue per Occupied Bed) grew to Rs 1.51 Cr compared to Rs 1.48 Cr in Q3FY18 and Rs 1.49 Cr in Q2FY19.
  - ALOS (Average length of stay) declined to 3.42 days from 3.46 days in Q3FY18
  - Occupancy for the quarter was 68% compared to 70% in Q3FY18 and 69% in Q2FY19
- FMRI, one of the company's largest facilities continues to be the highest ARPOB generating hospital in the Company's network of multi-specialty hospitals with an ARPOB of Rs 2.75 Cr
- International patient revenue at Rs 104 Cr recorded a 5% growth over trailing quarter and represented 11.7% of the overall hospital business
- Key hospitals that witnessed operating profitability (i.e. EBITDAC) growth over Q2FY19 are FMRI, Mohali, Mulund, Noida, Vashi, Malar, Amritsar and Ludhiana.
- During the quarter, the top 10 facilities contributed approx. 76.7% of the hospital business revenue.
- The Company introduced and expanded its clinical programs and service offerings in several facilities across its network during the quarter which includes:
  - For the first time in India, a team of doctors at Fortis Escorts successfully performed the catheter-based procedure of MitraClip to repair a leaking heart valve without surgery in a 69-years old patient who was suffering from repeated heart failure and in whom open heart surgery was not possible.

- Fortis Hospital, Vasant Kunj has become the first hospital in India to join hands with the National Association for Blind (NAB) to introduce a unique initiative at its centre where visually impaired women, trained as Medical Tactile Examiners (MTEs), carry out breast screening for early detection of cancer. The unique initiative is a brainchild of Discovering Hands, Germany, which trains visually impaired women to use their highly developed tactile sense to identify the minutest abnormalities in the breasts.
- Fortis Hospital, CG Road, Bengaluru, recently launched a one-year certification course in critical care nursing. Affiliated with ISCCM, the course, Indian Diploma in Critical Care Nursing (IDCCN), aims to impart quality education and expertise in the field of critical care nursing and introduce standardisation in patient care.
- A specialised shoulder clinic was recently launched at Fortis Hospital, CG Road, Bengaluru. Offering expertise in diagnosis, treatment, and research of all kinds of injuries and conditions affecting the shoulder and elbow, the clinic is poised to become an advanced treatment centre for sports injuries.
- A Neonatal Intensive Care Unit (NICU) was recently operationalised at Fortis Nagarbhavi, Bengaluru. The NICU team comprises of renowned neonatologists, specialised nurses and a multidisciplinary team of support specialists.
- Fortis Hospital, BG Road, Bengaluru, in collaboration with Philips India, launched an echocardiography training centre, focused to help doctors learn more about echocardiography.
- On the occasion of the World Heart Day 2018, Hiranandani Hospital, Vashi- A Fortis Network Hospital, launched a Heart Failure Clinic for providing specialist care to heart failure patients.
- As part of a continuing medical education initiative for skill enhancement and development, Fortis Hospital, BG Road, Bengaluru, recently launched Fortis Academy of Medical Education (FAME). A brainchild of the Medical Team and supported by the Marketing Team, FAME aims to impart quality training to medical professionals through workshops and seminars.

Key Highlights Diagnostics Business – Q3FY19

Particulars	Q3FY18 (Rs Cr.)	Q2FY19 (Rs Cr.)	Q3FY19 (Rs Cr.)	QoQ % Change	QotQ % Change
Net Revenue	206	234.8	209.2	1.6%	-10.9%
EBITDA	37.5	54.0	36.8	-2.0%	-31.9%
EBITDA Margin	18.2%	23.0%	17.6%		

Key Highlights Diagnostics Business – 9MFY19

Particulars	9MFY18 (Rs Cr.)	9MFY19 (Rs Cr.)	% Change
Net Revenue	642	660	2.9%
EBITDA	128	131	2.4%
EBITDA Margin	20.0%	19.9%	

- Q3FY19 revenue growth on a like to like basis stood at 3%
- No of accession stood at 3.92 million compared to 3.93 million accessions in Q3FY18
- SRL conducted over 9.35 million tests during Q3FY19 compared to 9.38 million tests conducted in Q3FY18
- As of December 31, 2018, SRL had 392 labs with 1058 collection centres and 6,806 direct clients.
- Improved efficiencies and process control across the value chain has helped us maintain our EBITDA margin despite flat revenue and inflation
- Conducted more than 130 Medical Conclaves in Q3, attended by more than 2,000 doctors as part of our Doctor Connect Program

Awards & Accolades – Q3FY19

- Fortis Hospital, Mulund, earned the JCI re-accreditation for the fifth time in a row.
- Four Fortis hospitals won laurels at the Advantage Healthcare India - Medical Value Travel Awards 2018. Fortis Escorts Heart Institute, Okhla Road, New Delhi, won the award in the Interventional Cardiology category. Fortis Malar Hospital, Chennai, won the award in Heart Transplant category. Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi, was recognized in the Kidney Transplants category. Fortis Memorial Research Institute, Gurugram, won the award in the Cosmetic Surgery category.
- Fortis Healthcare's MORETOGIVE ad film won a Bronze at the Indian Content Marketing Awards.
- Fortis Flt. Lt. Rajan Dhall Hospital, Vasant Kunj, was recently felicitated by Dr Shroff's Charity Eye Hospital (SCEH) & Eye Bank for its distinctive achievement in the field of eye donation.
- Fortis Anandapur won the 2nd prize for safety initiatives at the Infusion Nursing Society (INS) conference.
- SL Raheja Hospital, Mahim - A Fortis Associate, received Green OT certification from Bureau Veritas, with a performance score of 97%.
- Dr Sanjeev Gulati of Fortis Vasant Kunj was awarded a Fellowship for his contribution to Kidney Transplants.
- Dr Vikas Maurya of Fortis Shalimar Bagh was felicitated with 'Torch Bearer' award for his pioneering work on curbing air pollution.
- Dr Pradeep Moonot of SL Raheja Hospital, Mahim - A Fortis Associate received the prestigious Travelling Fellowship Award 2018 from American Orthopaedic Foot and Ankle Society.
- Dr Rahul Bhargava, Director, Clinical Haematology and Bone Marrow Transplant, Fortis Memorial Research Institute, Gurugram and Fortis Hospital, Shalimar Bagh, New Delhi, recently won the MedAchievers Healthcare Icon Award for his illustrious contribution to the field of Haematology.

Some Cases of Clinical Excellence at Fortis – Q3FY19

- A team of doctors at Fortis Hospital, Noida, performed a complex lifesaving surgery, wherein they surgically removed a large metallic machine fragment from the heart of a 32-year-old male. The patient worked in a factory where his job entailed the use of a high-speed drilling and cutting machine. In an unfortunate accident, a large metallic fragment measuring 4 centimetres broke off and penetrated his left chest, puncturing the heart. The piece lodged itself in his left ventricle and also damaged his lungs.

- A team of surgeon at Fortis Hospital, Ludhiana, treated a young patient aged 18 years who met with an industrial accident, leading to amputation of four fingers of the right hand. Very few centres in the region have the capability to treat such conditions.
- An 8-year-old boy from Iraq suffering from a rare bone cancer, Ewing's Sarcoma, got a fresh lease of life at Fortis Hospital, Mulund. Refusing to have their child undergo an amputation to treat the deadly disease in his tibia (shinbone), his parents had flown him to India and had sought further advise and treatment at Fortis Hospital, Mulund. The doctors decided treated the patient with Radical Resection, Extracorporeal Radiation Therapy and re-implantation to treat the cancer.

****

For further details please contact:

Ajey Maharaj
Corporate Communication
+91-9871798573
Fortis Healthcare Limited

Anurag Kalra / Gaurav Chugh
Investor Relations
+91-9810109253 / 9958588900
Fortis Healthcare Limited

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 43 healthcare facilities (including projects under development), approximately 9,000 potential beds and 392 diagnostic centres.

About IHH Healthcare Berhad

IHH Healthcare Berhad is a leading premium integrated healthcare provider in markets where the demand for quality care is strong and growing. We are one of the largest healthcare groups in the world by market capitalisation and are listed on the Main Market of Bursa Malaysia and the Main Board of SGX-ST.

Employing more than 35,000 people and operating over 10,000 licensed beds across 50 hospitals in 9 countries worldwide, the Group offers the full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services across our three operating subsidiaries:

- **Parkway Pantai Limited** is one of Asia's largest integrated private healthcare groups with a network of 29 hospitals throughout the region, including Malaysia, Singapore, India, China, Brunei and UAE. Its “Mount Elizabeth”, “Gleneagles”, “Parkway” and “Pantai” brands are among the most prestigious in Asia.
- **Acibadem Holdings** is Turkey’s leading private healthcare provider, offering integrated healthcare services across 21 hospitals in Turkey, Macedonia and Bulgaria. The “Acibadem” brand is renowned for its clinical excellence in the Central & Eastern Europe, Middle East and North Africa (“CEEMENA”) region.
- **IMU Health** is IHH’s medical education arm and oversees the established higher learning institutions of International Medical College (“IMC”) and International Medical University (“IMU”) in Malaysia.

IHH is the leading player in our home markets of Malaysia, Singapore, Turkey and India, and key growth markets of China and Hong Kong. For more information, please visit www.ihhhealthcare.com.

Press Release
For Immediate Publication

Fortis Healthcare appoints Mr Vivek Kumar Goyal as Chief Financial Officer

Gurgaon, February 13, 2019: Fortis Healthcare Limited (Fortis) announced the appointment of Mr. Vivek Goyal as its Chief Financial Officer. The effective date of appointment shall be on or before May 1, 2019. The Fortis board approved his appointment today. Vivek will be responsible for driving the entire gamut of the Finance function at Fortis and support value creation for the Organisation.

Vivek is a seasoned professional with over 25 years of experience in Finance. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and Company Secretary from the Institute of Company Secretaries of India. He also holds an LLB Degree from University of Delhi.

Prior to joining Fortis, Vivek was the Chief Finance Officer with the Tata Housing and Development Company since April 2015. He has previously worked with Ballarpur Industries Limited, Saw Pipes Limited and Indo Asian Fusegear Limited.

Speaking on his appointments, **Mr Ravi Rajagopal, Chairman, Fortis Healthcare** said, *"It gives me immense pleasure to welcome Mr Vivek Goyal into our company. As a CFO, we are confident that his proven track record as a top-notch finance professional will be an asset to the company. He is going to be a major player in unlocking value for all our stakeholders and strengthening the financial health of the company."*

For further details please contact:

Ajey Maharaj
Head Corporate Communication
+91-9871798573
Fortis Healthcare Limited

About Fortis Healthcare Limited
Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 43 healthcare facilities (including projects under development), approximately 9,000 potential beds and 378 diagnostic centres.

DISCLAIMER
This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks,

uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.