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

FHL/SEC/2020-21 **August 14, 2020**

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

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

Sub: Outcome of the Board Meeting.

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. August 14, 2020, *inter-alia*, considered and approved:

1. Standalone and consolidated un-audited financial results of the Company for the quarter ended on June 30, 2020 along with limited review report thereon;

   Accordingly, please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for quarter ended on June 30, 2020 and copy of the press release and investor presentation being issued in this regard.

2. Appointment of Mr. Takeshi Saito (DIN- 08823345), as an Additional Director (Non-Executive) of the Company with effect from September 1, 2020. He will hold the office up to the next Annual General Meeting and will be regularized subject to the approval of the shareholders. Brief Profile of Mr. Takeshi Saito is attached as **Annexure 1**.

   Further, there is no inter-se relationship between Mr. Takeshi Saito and other Directors. Mr. Takeshi Saito has declared that he is not debarred from accessing the capital markets and / or restrained from holding any position / office of Director in a Company pursuant to order of SEBI or any other such authority.

The Board Meeting commenced at 1100 Hours and concluded at 17:50 Hours.

This is for your information and record please.

Thanking You
For Fortis Healthcare Limited

SUMIT GOEL
Digitally signed by SUMIT GOEL
Date: 2020.08.14 17:50:19 +05'30'

Sumit Goel
Company Secretary
F6661

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

Annexure-1

Work Experience:

Appointed to the Board of IHH Healthcare Berhad (IHH) in 2019, Mr Takeshi Saito was an alternate director to Mr Satoshi Tanaka and Mr Koji Nagatomi, former Directors of IHH, between June 2015 and March 2019. He also serves on the Boards of a few IHH subsidiaries. Mr Saito currently serves as Chief Executive Officer (CEO) of MBK Healthcare Management Pte Ltd (MHM), a wholly-owned subsidiary of Mitsui & Co., Ltd (Mitsui) based in Singapore, which manages the healthcare assets within the portfolio of Mitsui.

Preceding his appointment as CEO of MHM, he served as General Manager of Healthcare Business 1st Department in Healthcare Business Division of Mitsui. In 2017, he was an Executive Assistant to a Representative Director and Executive Vice President of Mitsui. Between 2015 and 2016, he was the General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit of Mitsui and also sat on the Board and Executive Committee of Parkway Pantai Limited, a wholly-owned subsidiary of IHH, as an alternate director. In 2011, Mr Saito was seconded to Parkway Group Healthcare as Vice President of Strategic Planning, following his appointment as Director of the Medical Healthcare Business Department at Mitsui, where he led the investment in IHH.

Prior to this in 2007, Mr Saito was appointed Manager of the Strategic Planning/Business Development Department of the Life Science Division at Mitsui, which subsequently became the Medical Healthcare Division in 2008.

Academic / Professional Qualification(s)
Bachelor of Political Science, Keio University, Japan
Master of Business Administration, Kellogg School of Management Northwestern University

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

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

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

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Fortis Healthcare Limited ("the Company" or "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/ loss after tax and total comprehensive income of its associates and joint ventures for the quarter ended 30 June 2020 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

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

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

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

   Parent:
   (i) Fortis Healthcare Limited

   Subsidiaries:

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

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, Mahalaxmi
Mumbai - 400 011

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

Joint ventures:

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

Associates:

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

5. (i) As explained in Note 14 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 6, 7 and 14 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 14 and 15 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 14 (f) of the Statement, the management has also initiated additional procedures/ enquiries, which are ongoing, of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the financial results is yet to be concluded.

Also, as explained in Note 11 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

In view of the above, we are unable to comment on further adjustments/ disclosures which may become necessary as a result of findings arising out of the ongoing additional procedures/ enquiries/ investigations required, if any, and outcome of civil suit on the Statement including completeness/accuracy of the related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/ directors in the year ended 31 March 2018, the regulatory non-compliances, if any, and the consequential impact of the above adjustments, if any, on the Statement.

(ii) As explained in Note 16 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

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

6. We draw attention to Note 21 of the Statement, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Till date no response has been received from the RBI on either of the two letters to RBI. The Company is evaluating its future course of action, in consultation with its legal counsel.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the period ended 30 June 2020.

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

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

    a) Note 9(a) and 9(c) relating to the outcome of the civil suit/arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.

    b) Note 10 regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation (NMMC) vide order dated 18 January 2017.

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

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

9. We draw attention to note 13 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement. Our conclusion on the Statement is not modified in respect of this matter.

10. We draw attention to note 23 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Group. Our conclusion on the Statement is not modified in respect of this matter.

11. Attention is drawn to the facts that the figures for the 3 months ended 31 March 2020, as reported in these financial results, are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

12. The Statement includes the interim financial information of twelve subsidiaries, which have not been reviewed, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total revenues of Rs. 388 lacs, total net loss after tax of Rs. 1,980 lacs and total comprehensive loss of Rs. 2,034 lacs for the quarter ended 30 June 2020, respectively, as considered in the Statement. The Statement also include the Group's share of net profit after tax of Rs. 176 lacs and total comprehensive income of Rs. 225 lacs for the quarter ended 30 June 2020, as considered in the consolidated unaudited financial results, in respect of four associates and four joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 20076124AAAADB8058

Place: Gurugram
Date: 14 August 2020

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rupees in lacs)

Particulars	Consolidated			
	Quarter ended			Year ended
	30 June 2020	31 March 2020	30 June 2019	31 March 2020
	Unaudited	Audited (refer note 2)	Unaudited	Audited
1. Income from operations	60,595	111,292	113,831	463,232
2. Other income	445	1,841	1,956	5,264
3. Total income (1+2)	**61,040**	**113,133**	**115,787**	**468,496**
4. Expenses				
(a) Cost of material consumed	14,788	23,368	24,211	96,385
(b) Employee benefits expenses	20,622	21,870	23,591	91,603
(c) Finance costs	4,108	5,695	5,092	20,506
(d) Professional charges to doctors	16,334	23,972	23,936	97,589
(e) Depreciation and amortisation	7,165	8,008	7,095	29,173
(f) Other expenses	19,180	29,504	27,865	116,703
Total expenses	**82,197**	**112,417**	**111,790**	**451,959**
5. Net profit/(loss) from continuing operations before share in profit/ (loss) of associates and joint ventures, exceptional items and tax (3-4)	**(21,157)**	**716**	**3,997**	**16,537**
6. Add:Share in profit of associate companies and joint ventures	286	202	282	1,216
7. Net profit/(loss) before exceptional items and tax (5+6)	**(20,871)**	**918**	**4,279**	**17,753**
8. Exceptional items (refer note 5)	45	-	950	6,183
9. Profit/(loss) before tax from continuing operations (7+8)	**(20,826)**	**918**	**5,229**	**23,936**
10. Tax expense/ (credit)	(2,038)	5,042	(2,572)	14,787
11. Net Profit/(Loss) for the period from continuing operations (9-10)	**(18,788)**	**(4,124)**	**7,801**	**9,149**
12. Profit from discontinued operations before tax	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-
14. Net Profit / (Loss) for the period from discontinuing operations (12-13)	-	-	-	-
15. Net Profit/(Loss) for the period (11+14)	**(18,788)**	**(4,124)**	**7,801**	**9,149**
16. Profit/ (Loss) from continuing operations attributable to:				
Owners of the Company	(17,892)	(4,451)	6,781	5,794
Non Controlling Interest	(896)	327	1,020	3,355
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')	375	(1,521)	49	11

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rupees in lacs)

Particulars	Consolidated			
	Quarter ended			Year ended
	30 June 2020	31 March 2020	30 June 2019	31 March 2020
	Unaudited	Audited (refer note 2)	Unaudited	Audited
19. Other comprehensive Income/(Loss) attributable to:				
Owners of the Company	414	(1,338)	49	153
Non Controlling interest	(39)	(183)	-	(142)
20. Total comprehensive Income/(Loss) (15+18)	**(18,413)**	**(5,645)**	**7,850**	**9,160**
21. Total comprehensive Income/(Loss) attributable to:				
Owners of the Company	(17,478)	(5,789)	6,830	5,947
Non Controlling interest	(935)	144	1,020	3,213
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet				590,613
24. Earnings per equity share for continuing operations (not annualised)				
Basic earnings per share - In Rupees	(2.37)	(0.59)	0.90	0.77
Diluted earnings per share - In Rupees	(2:37)	(0.59)	0.90	0.77
25. Earnings per equity share for discontinued operations (not annualised)				
Basic earnings per share - In Rupees	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations				
Basic earnings per share - In Rupees	(2.37)	(0.59)	0.90	0.77
Diluted earnings per share - In Rupees	(2.37)	(0.59)	0.90	0.77
27. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (Refer note 4)	(9,884)	14,419	16,184	66,216

Notes to the results

1. The above unaudited Consolidated Financial Results for the quarter ended June 30, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on August 13, 2020 and August 14, 2020 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

Fortis Healthcare Limited

2. Figures for the quarter ended March 31, 2020, included in the consolidated financial results, are the balancing figures between audited figure in respect of the full financial year ended March 31, 2020 and the unaudited published year to date figures up to December 31, 2019 being the end of the third quarter of the financial year.

3. **Segment Reporting**

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

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year Ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		Unaudited	Audited (refer note 2)	Unaudited	Audited
1	**Segment value of sales and services (revenue)**				
	- Healthcare	48,839	91,338	91,307	375,320
	-Diagnostics	14,035	23,188	25,845	101,633
	Gross value of sales and services	62,874	114,526	117,152	476,953
	Less : inter segment sales and services	(2,279)	(3,234)	(3,321)	(13,721)
	Revenue from operations	**60,595**	**111,292**	**113,831**	**463,232**
2	**Segment results**				
	- Healthcare	(14,568)	3,521	3,230	19,840
	-Diagnostics	(2,926)	1,048	3,903	11,938
	Total segment profit / (loss) before interest and tax	(17,494)	4,569	7,133	31,778
	(i) Finance cost	(4,108)	(5,695)	(5,092)	(20,506)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	490	1,842	2,906	11,448
	(iii) Share of profit / (loss) of associates and joint ventures (net)	286	202	282	1,216
	Profit / (loss) before tax	**(20,826)**	**918**	**5,229**	**23,936**
3	**Segment assets**				
	- Healthcare	871,973	881,319	900,094	881,319
	-Diagnostics	112,345	113,268	118,255	113,268
	-Unallocable assets	153,107	157,260	159,250	157,260
	Total assets	1,137,425	1,151,847	1,177,599	1,151,847
	Less : inter segment assets	(16,142)	(17,065)	(20,478)	(17,065)
	Total segment assets	**1,121,283**	**1,134,782**	**1,157,121**	**1,134,782**
4	**Segment liabilities**				
	- Healthcare	227,948	238,297	232,223	238,297
	-Diagnostics	26,031	25,619	17,833	25,619

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year Ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		Unaudited	Audited (refer note 2)	Unaudited	Audited
	-Unallocable liabilities	181,247	167,372	208,452	167,372
	Total liabilities	435,226	431,288	458,508	431,288
	Less : inter segment liabilities	(16,142)	(17,065)	(20,478)	(17,065)
	Total segment liabilities	**419,084**	**414,223**	**438,030**	**414,223**

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

5. Exceptional gain / (loss) included in the above audited Consolidated Financial Results include:

S. No.	Particulars	Quarter ended			Year ended
		30 June 2020	31 March 2020	30 June 2019	31 March 2020
		Unadited	Audited (refer note 2)	Unadited	Audited
(a)	Gain on disposal of an associate (refer note 18)	-	-	-	3,857
(b)	Reversal of allowance for loan given to body corporate [refer note 8]	-	-	900	2,276
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	-	-	50	50
(d)	Concession received due to Covid-19	45	-	-	-
	Net exceptional gain / (loss)	**45**	**-**	**950**	**6,183**

Fortis Healthcare Limited

6. Fortis Hospitals Limited (FHsL), a wholly owned subsidiary of the Company, had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414 lacs on July 1, 2017 for a term of 90 days. Further, FHsL received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018. subsequent to which the shareholding of the erstwhile Promoter Group in the Company was reduced to 0.77%.

   In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party ('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 June 30, 2020, ICDs aggregating to Rupees 44,503 lacs including interest accrued thereon of Rupees 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the outstanding amount of Rupees 44,503 lacs was fully provided during the year ended March 31, 2018.

   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 current quarter and period subsequent to March 31, 2018 amounting to Rupees 1,405 lacs and Rupees 12,688 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. During the year ended March 31, 2020, FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities.

   Reference is invited to note 14 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 during the financial year 2017-18 without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 14 (g) on SEBI Order).

7. The Company and its subsidiary SRL Limited ('SRL') had paid security deposits and advances aggregating to Rupees 2,676 lacs in the financial year 2013-14 and 2017-18 respectively, to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were either terminated by the Company or expired during the financial year 2017-18. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. Additionally, expenditure aggregating to Rupees 2,843 lacs was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the private company under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives were directed to appear before District Court. The Hon'ble District Court has directed the Directors of Lessor to deposit 20% of the cheque amount. SRL has also initiated arbitration proceeding against the Lessor for recovery of Rupees 460 lacs paid towards Security Deposit and Rupees 304 lacs incurred pertaining to the office space. Vide order dated February 20, 2019 Hon'ble Delhi High Court appointed an arbitrator before whom SRL has filed its claim. Further, Company and SRL have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 5,333 lacs in the Consolidated Financial Results for the year ended March 31, 2018 (also refer note 14(d)(v)) and a further provision of Rupees 186 lacs was made in respect of expenditure accrued during the quarter ended June 30, 2018.

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

   In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018 (also refer note 14(d)(v)).

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

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

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

   b) Further, EHIRCL also has open tax demands of Rupees 7,608 lacs ((after adjusting Rupees 15,361 lacs as at June 30, 2020) (As at March 31, 2020 Rupees 7,759 lacs (after adjustment Rupees 15,210 lacs as at March 31, 2020)) of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL) for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,536 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before Income Tax Appellate Tribunal (ITAT) and during the year ended March 31, 2020, ITAT decided the case in favour of EHIRCL.

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

   c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to patients of economic weaker section, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-

Fortis Healthcare Limited

compliance. During the year ended March 31, 2014, the Special Committee of DoHS gave an intimation basis the calculation of the appointed Firm, which as per their method of calculations was Rupees 73,266 lacs for the period 1984-85 to 2011-12 and sought hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and raised objections to the said calculations. During the year ended March 31, 2016, EHIRCL received another notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006-2007, against which EHIRCL again responded explaining errors and raised objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 set aside the demand and disposed off the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing a demand of Rupees 50,336 lacs. This order was challenged by EHIRCL before the Delhi High Court and the Court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of Rupees 500 lacs before the concerned authority. EHIRCL deposited Rupees 500 lacs on June 20, 2018. Matter is sub judice before Delhi High Court. Based on its internal assessment and advice from its counsels on the basis of the documents available, the Company believes that EHIRCL is in compliance of conditions of free treatment and free beds to the patients of economic weaker section and expects the demand to be set aside. Accordingly no adjustment is required to the unaudited Consolidated Financial Results.

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

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

11. A party (to whom the ICDs were assigned – refer note 6 above) ("Plaintiff" or "Assignee") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a third party, the Company is liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit (also refer note 14).

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

Fortis Healthcare Limited

Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

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

Separately, the third party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has also been filed in the civil suit, seeking substitution of its name in place of Plaintiff / Assignee.

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

During the year ended March 31, 2019, the Party also filed an application for being impleaded as party to the Civil Suit by the Plaintiff. The matter is pending adjudication before District Court, Delhi.

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

12. 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 was approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the quarter ended June 30, 2019, the Company received approval from SEBI for re-classification of erstwhile promoters as "public shareholder". SEBI has also reclassified the erstwhile promoters as "public shareholder".

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

Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in

Fortis Healthcare Limited *

regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

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

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

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

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

(a) During the year ended March 31, 2018, there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("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 on this matter.

(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 6 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 11 and 6 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer note 17 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 information

Fortis Healthcare Limited

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 indicated that erstwhile 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 erstwhile 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 6). 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 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. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

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.

Fortis Healthcare Limited

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. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investments (also refer note 17 below).

Other Matters:

(e) 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 14 (d) (i), (ii), (iii), (iv), (v) and (vi) 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, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

(f) 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 included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Company's Board of Directors had also initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. The additional procedures/ enquiries are in progress.

(g) In the above backdrop, it is pertinent to mention that during financial year 2017-18 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 required 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 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, and undertaken through the Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim directions that *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had

Fortis Healthcare Limited

also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters 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 had been granted opportunity for filing their respective replies/objections within 21 days.

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

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

The matter before SEBI is *sub-judice* and the investigation is ongoing, 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.(also refer note 6 above).

(h) As per the assessment of the Board of Directors, based on the investigation carried out through the external legal firm, 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.

Further, based on the SEBI orders and the information available at this stage, no further adjustments are required to be made in unaudited Consolidated Financial Results for the quarter ended June 30, 2020. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

15. Investigation by Various Other Regulatory Authorities:

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

Fortis Healthcare Limited *

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

c) The Investigation Report of the external legal firm was 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.

16. 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 replied to the same through its legal counsel denying any liability and stated that the demand was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received. (Also refer note 14(g) on SEBI Order). Accordingly, no adjustment has been made in these unaudited Consolidated Financial Results with respect to these claims.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs was 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 amounts, a provision of Rupees 2,002 lacs was made which was shown as an exceptional item in the Consolidated Financial Results for the year ended March 31, 2018.

17. 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 year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investments in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in the Consolidated Financial Results for the year ended March 31, 2018 (also refer note 14).

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

Fortis Healthcare Limited *

19. The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions specified in the said section. The Group has taken provision for taxation for the year ended March 31, 2020 and the quarter ended June 30, 2020 based on the new tax rates for certain group companies.

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

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

22. As at 30 June 2020, the Group's current liabilities are higher than its current assets by Rupees 190,678 lacs (which includes financial liability for cash put option issued to minority shareholders of subsidiary amounting to approx. Rupees 118,000 lacs). Further, the decline in business due to impact of COVID-19 (as explained in note 23) has affected the performance and cash flow position of the Group. Additionally, as explained in note 13, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities.

Fortis Healthcare Limited

While, Group's operations and cash flows were adversely impacted during the quarter, the Management believes that the events stated above do not affect the Group's ability to continue as a going concern due to the following:

(a) As at 30 June 2020, the Group has funds available of Rupees 16,256 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 21,085 lacs.

(b) The exercise period for cash put option (financial liability) has been extended till 30 September 2020. he management believes that based on the ongoing discussion with the existing PE investors the put option is unlikely to be exercised.

(c) The Group has sufficient unencumbered assets that can be utilized for any additional funding requirements in future;

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

23. The COVID – 19 pandemic has impacted the revenues and profitability of the Group with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The diagnostics business of the Group also witnessed a significant drop in volumes. The Group has taken various initiatives to support operations and optimize the cost. With a slew of these measures, the Group has been able to partially reduce the significant negative impact on business.

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

With the lockdown restrictions easing, the Group has begun to witness signs of gradual improvement in operations but continues to see an impact on its financials. However, it expects to gradually move towards normalization of business during the course of the current financial year. The Group has considered internal and external information while finalizing various estimates in relation to these financial results. The actual impact of the global health pandemic may be different from that what has been estimated, as the COVID-19 situation evolves in India and globally. However, the Group will continue to closely monitor any material changes to future economic conditions.

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

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

(a) With regard to the comments of the statutory auditors in paragraph 5 (i) 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 , December 21, 2018 and confirmed vide order dated March 19, 2019 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 has been done and corrective action plans have been implemented. 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

Fortis Healthcare Limited

investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to notes 6,7,11,14,15 and 17.

(b) With regard to the comments of the statutory auditors in paragraph 5 (ii) of Limited Review Report, pertaining to the amounts paid 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 16.

(c) With regard to the comments of the statutory auditors in paragraph 6 of Limited Review Report, pertaining to NBFC registration, it has been explained in Note 21 of the financial results, as per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 21 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

The Company also has made a representation to the RBI in November 2019, i.e. more than 9 months ago, that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31st March 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. However, till date no response (including any adverse response) has been received from the RBI on either of the letters.

Date: August 14, 2020

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Fortis Healthcare Limited

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

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

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

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited ("the Company") for the quarter ended 30 June 2020 ("the Statement").

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

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

4. (i) As explained in Note 9 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 5 and 9 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

   Further, as explained in Note 9 and 10 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

   As explained in Note 9 (f) of the Statement, the management has also initiated additional procedures/ enquiries, which are ongoing, of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the financial results is yet to be concluded.

Also, as explained in Note 6 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

In view of the above, we are unable to comment on further adjustments/ disclosures which may become necessary as a result of findings arising out of the ongoing additional procedures/ enquiries/ investigations, if any, and outcome of civil suit on the Statement including completeness/accuracy of the related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018, the regulatory non-compliances, if any, and the consequential impact of the above adjustments, if any, on the Statement.

(ii) As explained in Note 11 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

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

5. We draw attention to Note 17 of the Statement, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Till date no response has been received from the RBI on either of the two letters to RBI. The Company is evaluating its future course of action, in consultation with its legal counsel.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the period ended 30 June 2020.

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

7. We draw attention to note 8 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement. Our conclusion on the Statement is not modified in respect of this matter.

8. We draw attention to note 19 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Company. Our conclusion on the Statement is not modified in respect of this matter.

9. Attention is drawn to the facts that the figures for the 3 months ended 31 March 2020, as reported in these financial results, are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 20076124AAAADA1868

Place: Gurugram
Date: 14 August 2020

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rupees in lacs)

Particulars	Standalone			
	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited (refer note 2)	Unaudited	Audited
1. Revenue from operations	10,056	16,779	17,880	70,185
2. Other income	5,355	5,632	67,593	93,834
3. Total income (1+2)	**15,411**	**22,411**	**85,473**	**164,019**
4. Expenses				
(a) Cost of materials consumed	2,286	3,499	3,729	14,747
(b) Employee benefits expense	3,460	3,937	4,083	15,544
(c) Finance costs	3,535	4,181	4,396	16,017
(d) Hospital service fee expense	760	1,190	1,270	4,980
(e) Professional charges to doctors	1,996	3,090	3,062	12,641
(f) Depreciation and amortisation expense	2,716	2,466	2,393	9,681
(g) Other expenses	2,620	4,246	3,570	15,478
Total expenses	**17,373**	**22,609**	**22,503**	**89,088**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**(1,962)**	**(198)**	**62,970**	**74,931**
6. Exceptional gain / (loss) (refer note 4)	5,072	638	(4,523)	(12,863)
7. Profit / (loss) before tax from continuing operations (5-6)	**3,110**	**440**	**58,447**	**62,068**
8. Tax expense / (credit)	1,120	(372)	11,239	10,735
9. Net profit / (loss) for the period from continuing operations (7-8)	**1,990**	**812**	**47,208**	**51,333**
10. Profit / (loss) before tax from discontinued operations	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-
12. Net profit / (loss) for the period from discontinued operations (10-11)	-	-	-	-
13. Net profit / (loss) for the period (9+12)	**1,990**	**812**	**47,208**	**51,333**
14. Other Comprehensive Income / (loss) (after tax)	(55)	(8)	(44)	(12)
15. Total comprehensive income / (loss) for the period (13+14)	**1,935**	**804**	**47,164**	**51,321**
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet				812,151

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rupees in lacs)

Particulars	Standalone			
	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited (refer note 2)	Unaudited	Audited
18. Earnings per equity share for continuing operations (not annualised)				
Basic earnings / (loss) per share - In Rupees	0.26	0.11	6.25	6.80
Diluted earnings / (loss) per share - In Rupees	0.26	0.11	6.25	6.80
19. Earnings per equity share for discontinued operations (not annualised)				
Basic earnings / (loss) per share - In Rupees	-	-	-	-
Diluted earnings / (loss) per share - In Rupees	-	-	-	-
20. Earnings per equity share from continuing and discontinued operations (not annualised)				
Basic earnings / (loss) per share - In Rupees	0.26	0.11	6.25	6.80
Diluted earnings / (loss) per share - In Rupees	0.26	0.11	6.25	6.80
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 3)	4,289	6,449	69,759	100,629

Notes to the results

1. The above unaudited Standalone Financial Results for the quarter ended June 30, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on August 13, 2020 and August 14, 2020 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on standalone results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. Figures for the quarter ended March 31, 2020, included in the Standalone Statement, are the balancing figures between audited figure in respect of the full financial year ended March 31, 2020 and the unaudited published year to date figures up to December 31, 2019 being the end of the third quarter of the respective financial year.

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

Fortis Healthcare Limited

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

(Rupees in lacs)

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Unaudited	Audited (refer note 2)	Unaudited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	-	638	(4,523)	(12,863)
b) Concession received due to COVID-19 (refer note 19)	5,072	-	-	-
Net exceptional gain/ (loss)	**5,072**	**638**	**(4,523)**	**(12,863)**

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

   In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rupees 4,743 lacs in the Standalone Financial Results for the year ended March 31, 2018 (also refer note 9(d)(v)).

6. A party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL')) ("Plaintiff" or "Assignee") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia,* claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a third party, the Company is liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favor of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit (also refer note 9).

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

Fortis Healthcare Limited

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

Separately, the third party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has also been filed in the civil suit, seeking substitution of its name in place of Plaintiff / Assignee .

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

During the year ended March 31, 2019, the Party also filed an application for being impleaded as party to the Civil Suit by the Plaintiff. The matter is pending adjudication before District Court, Delhi.

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

7. 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 was approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the quarter ended June 30, 2019, the Company received approval from SEBI for re-classification of erstwhile promoters as "public shareholder". SEBI has also reclassified the erstwhile promoters as "public shareholder".

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

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

Fortis Healthcare Limited

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

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

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

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

(a) During the year ended March 31, 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter-corporate loans ("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 on this matter.

(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 6 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 note 6 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

(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

Fortis Healthcare Limited

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 indicated that erstwhile 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 erstwhile 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 6). 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 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. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

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.

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. During the year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investments.

Fortis Healthcare Limited

Other Matters:

(e) 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 9 (d) (i), (ii), (iii), (iv), (v) and (vi) 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, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

(f) 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 included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Company's Board of Directors had also initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. The additional procedures/ enquiries are in progress.

(g) In the above backdrop, it is pertinent to mention that during financial year 2017-18 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 required 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 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, and undertaken through the Company which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim directions that *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited.Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters 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 had been granted opportunity for filing their respective replies/ objections within 21 days.

Fortis Healthcare Limited

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

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

The matter before SEBI is sub-judice and the investigation is ongoing, 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.

(h) As per the assessment of the Board, based on the investigation carried out through the external legal firm, 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.

Further, based on the SEBI orders and the information available at this stage no further adjustments are required to be made in Unaudited Standalone Financial Results for the quarter ended June 30, 2020. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

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

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

c) 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.

Fortis Healthcare Limited *

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.

11. **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 replied to the same through its legal counsel denying any liability and stated that the demand was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received (also refer note 9 (g) on SEBI Order). Accordingly, no adjustment has been made in these Unaudited Standalone Financial Results with respect to these claims.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs was 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 Statement of Standalone Financial Results for the year ended March 31, 2018.

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

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

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

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

16. 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'.

17. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the previous year ended 31 March 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended 31 March 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at 31 March 2020 (mainly investment and financing in

Fortis Healthcare Limited *

wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the previous year was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)"Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business,, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Till date no response has been received from the RBI on either of the two letters to RBI. The Company is evaluating on appropriate future course of action in accordance with applicable law, including discussions with the RBI (if required), in consultation with its legal counsels.

18. As at 30 June 2020, the Company's current liabilities are higher than its current assets by Rupees 19,682 lacs. Further, there is decline in business due to impact of COVID-19 (as explained in note 19). This has affected the performance and cash flow position of the Company. Additionally, as explained in note 8, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Company to carry out planned restructuring activities.

    While the Company's operations and cash flows were adversely impacted during the quarter, the Management believes that the events stated above do not affect the Company's ability to continue as a going concern due to the following:

(a) As at 30 June 2020, the Company has funds available of Rupees 248 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 7,614 lacs.

(b) The exercise period for cash put option (financial liability) has been extended till 30 September 2020. he management believes that based on the ongoing discussion with the existing PE investors the put option is unlikely to be exercised.

(c) The Company along with its wholly owned subsidiaries has sufficient unencumbered assets that can be utilized for any additional funding requirements in future;

Considering the above factors and expected positive cash flows in foreseeable future periods, the management believes that the going concern assumption in these Unaudited Standalone Financial Results is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these Unaudited Standalone Financial Results on a going concern basis.

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

Fortis Healthcare Limited *

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

With the lockdown restrictions easing the Company has begun to witness signs of gradual improvement in operations but continues to see an impact on its financials. However, it expects to gradually move towards normalization of business during the course of the current financial year. The Company has considered internal and external information while finalizing various estimates in relation to these financial results. The actual impact of the global health pandemic may be different from that what has been estimated, as the COVID-19 situation evolves in India and globally. However, the Company will continue to closely monitor any material changes to future economic conditions.

As a part of its strategy to counter the impact of COVID-19 pandemic, with cost saving measures the Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain subsidiaries under the Hospital & Medical Service Agreements (HMSA) entered with the said subsidiaries for at least two quarters (April-June 2020 and July-Sep 2020) assuming that the hospital operations, occupancy and footfall will return to normalcy by October 2020.However, if the business does not recover to normal levels by October 2020, then the waiver period may be extended until business becomes normal with the consent of both the company and its subsidiaries. The waiver was approved by the subsidiaries keeping in view the exceptional and unforeseen circumstances. Accordingly, in line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 5,072 lacs for the quarter ended June 30, 2020.

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

(a) With regard to the comments of the statutory auditors in paragraph 4(i) 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 confirmed vide order dated March 19, 2019 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 has been done and corrective action plans have been implemented. 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. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to note 5, 6, 9 and 10.

(b) With regard to the comments of the statutory auditors in paragraph 4(ii) of Limited review report, pertaining to the amounts paid 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 11.

(c) With regard to the comments of the statutory auditors in paragraph 5 of Limited review report, pertaining to NBFC registration, it has been explained in Note 17 of the financial results, as per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 17 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend

Fortis Healthcare Limited

received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

The Company also has made a representation to the RBI in November 2019, i.e. more than 9 months ago, that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31st March 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business,, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. However, till date no response (including any adverse response) has been received from the RBI on either of the letters.

Date: August 14, 2020

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Fortis Healthcare Limited

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Press Release

August 14, 2020

Fortis Healthcare announces Q1 FY21 Consolidated Financial Results

Results reflect the impact of Covid-19 in both the Hospitals and the Diagnostics business

Operating Revenue at INR 605.9 Crs vs INR 1,138.3 Crs in Q1 FY20

Company incurs loss (PATMI) of INR 178.9 Crs versus a profit of INR 67.8 Crs in corr. Q

Company appoints Anand K. as the new Chief Executive Officer of SRL Ltd. in August ’20

- *Q1 FY 21 Hospital Business revenues at INR 488.3 Crs versus INR 913.0 Crs over the corresponding previous quarter. The hospital business incurred an EBITDA loss of INR 79.6 Crs versus a profit of INR 112.2 Crs in Q1FY20*

- *Q1 FY 21 Diagnostics Business gross revenues at INR 140.4 Crs versus INR 258.4 Crs over the corresponding previous quarter. The diagnostics business incurred an EBITDA loss of INR 10.6 Crs versus a profit of INR 54.8 Crs in Q1FY20*

Gurugram, August 14, 2020: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its un-audited consolidated financial results for the quarter ended June 30, 2020.

COVID IMPACT

The results in the quarter reflect the impact of the Covid-19 pandemic that began in February and the subsequent nationwide lockdown that was witnessed. With the gradual opening up of the economy in May, the business momentum improved and saw initial signs of gradual uptick in progressive months. However, given the increase in cases across the country, the international travel restrictions still in-force, the limited period lockdowns in select states and the ongoing regulatory uncertainty; the Company continues to face challenges resulting in the pace of recovery being slower than expected.

For the hospital business, both OPD and IPD volumes have shown a month on month improvement resulting in a gradual recovery of non-covid patient flow in the Company’s facilities. While encouraging, majority patients are still choosing to further postpone elective surgeries. This is reflected in the hospital occupancy which witnessed a buoyant rise from 29% in the month of April ’20 to 47% in June and stood at 51% for the month of July. Initial occupancy trends in August are similar to July.

The overall diagnostic business revenues reached 80% & 86% of pre-covid revenues in June'20 and July'20, respectively. Covid test volumes continue to witness a robust increase and contributed approx. 29% to overall diagnostic revenues in the quarter.

Despite the constrained environment, the Company has been able to successfully manage its liquidity position by extending its cost rationalization initiatives including voluntary salary reductions, lower administrative and sales and marketing costs and undertaking only necessary capex allocation. In addition to this, better working capital management, availability of bank funding and a gradual improvement in business momentum is enabling the Company to navigate the temporary challenges due to the current pandemic.

FINANCIAL HIGHLIGHTS

- Net debt to equity ratio stood at 0.18x as of 30 June 2020 compared to 0.14x as of 30 June 2019 (0.14x as of 31 March 2020). Net debt (excluding lease liabilities) stood at INR 1,238 Crs versus INR 1,004 Crs as of 31 March 2020

- Finance costs witnessed a decline of 19.3% to INR 41.1 Crs primarily as a result of reduction in borrowing costs

HOSPITAL BUSINESS HIGHLIGHTS

- Hospital occupancy for the quarter was at 37% versus 66% in Q1 FY20.

- Average revenue per occupied bed (ARPOB) for the quarter stood at INR 1.51 Crs versus INR 1.58 Crs in Q1 FY20 while Average length of stay (ALOS) was at 3.31 days versus 3.17 days in the corresponding previous period

- The Company presently has approx. 1,260 beds across its network for COVID patients and continues to undertake all efforts to ensure that operations are run smoothly with ongoing initiatives like Flu Clinics, Flu Kiosks, Tele and Video Consults and Home healthcare.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- SRL conducted ~3.35 million tests in the quarter versus ~7.80 Mn in the corresponding previous period. Covid test volumes have witnessed a significant increase with the Company having conducted a total of ~3.2 lakhs tests so far (including JVs).

- SRL is also working on expanding its covid testing facilities in addition to its current presence in Mumbai, Delhi / NCR and Kerala. Plans are afoot to open covid testing facilities in places like Bengaluru, Chennai, Hyderabad, Jharkhand and Kolkata.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “The quarter has expectedly witnessed a muted performance though initial signs of green shoots in the business are being witnessed. I believe this is a temporary situation and Fortis has done well to navigate successfully the current environment. Given all our efforts in the past year to strengthen the fundamentals of the Company both in terms of clinical excellence and business imperatives, the Company is well positioned to quickly rebound and I expect an improving business momentum as we move forward. I also take this opportunity to welcome Anand K. as the new Chief Executive Officer of SRL. I am optimistic that with his extensive experience in the diagnostics industry and under his able leadership, SRL should be able to progressively exhibit a robust performance and add value for all its stakeholders.”

Commenting on the quarter results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “The quarter has seen a host of challenges both in terms of business and regulations. Despite this, we have been able to ensure the sustainability of our business by adapting measures in terms of significant cost rationalization and making sure that our liquidity position remains comfortable. Initial signs of business recovery are being witnessed and I believe we should see a steady but gradual improvement in operations both for the hospitals and the diagnostics business. Under Anand’s leadership as the new CEO of SRL, I am confident that SRL would reach its full potential. I would also like to express my gratitude for the ongoing efforts of our healthcare workforce and their dedication to work unabatedly in these trying times.”

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 and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 4,000 operational beds and over 400 diagnostics centres.

For further details please contact:

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

Ajey Maharaj
Corporate Communication
+91-9871798573
Fortis Healthcare Limited

Fortis Healthcare Limited

Earnings Presentation – Q1FY21

August 14, 2020

Disclaimer

This presentation may not be copied, published, distributed or transmitted. The presentation has been prepared solely by the company.

Any reference in this presentation to “Fortis Healthcare Limited” shall mean, collectively, the Company and its subsidiaries. This presentation has been prepared for informational purposes only. This presentation does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. Furthermore, this presentation is not and should not be construed as an offer or a solicitation of an offer to buy securities of the company for sale in the United States, India or any other jurisdiction.

Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering in the United States may be made only by means of an offering document that may be obtained from the Company and that will contain detailed information about the Company and its management, as well as financial statements. Any offer or sale of securities in a given jurisdiction is subject to the applicable laws of that jurisdiction.

This presentation contains 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 or industry 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 presentation 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. Unless otherwise stated in this presentation, the information contained herein is based on management information and estimates. 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 presentation, without obligation to notify any person of such revision or changes.

By attending or assessing this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Agenda

1. COVID - 19 - Update
2. Brand Transition Proposal
3. Q1FY21 – Performance Highlights
    - Earnings and Financial Summary – Q1FY 21
4. Performance Review - Hospitals Business
5. Performance Review - Diagnostics Business
6. Appendix

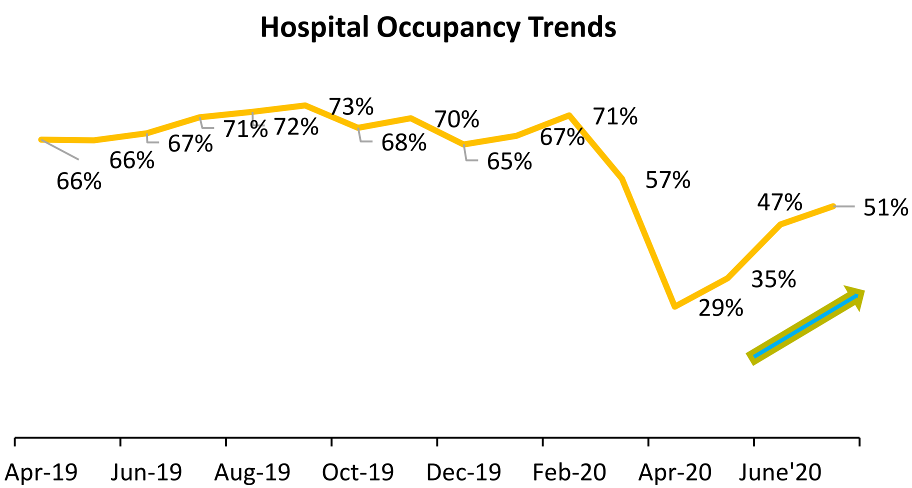
1. COVID-19 - Update

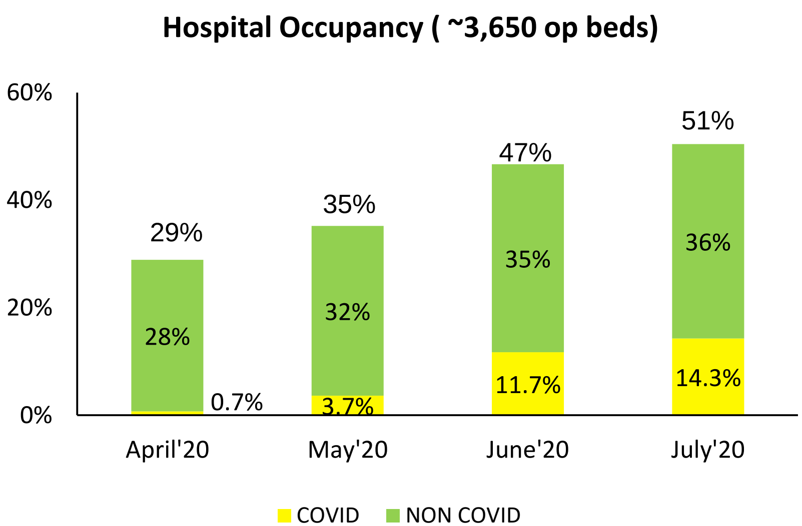
Covid-19 – Industry Update

- Exponential rise in the number of cases in the country i.e. daily average of 50,000 new cases registered over last one week.
- Economy opening up gradually; however international travel restrictions and limited period lockdowns in select states continue to pose a challenge
- Regulatory uncertainty persists from state to state for both hospitals and diagnostics segment
- Select geographies witnessing plateauing of cases and less hospital admissions resulting in low covid bed occupancy
- Slower than expected pick up in elective surgeries as patients further postponing procedures
- Ramp up in covid testing volumes being encouraged by most states leading to more Companies entering and/or expanding existing Covid testing facilities *(~6.5 lac tests being conducted daily)*

Fortis

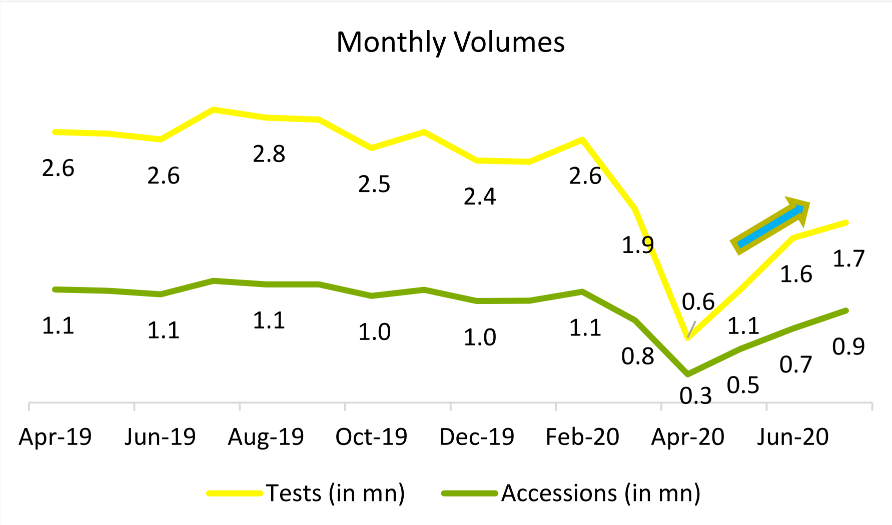
Covid-19 – Update (Hospitals Business)

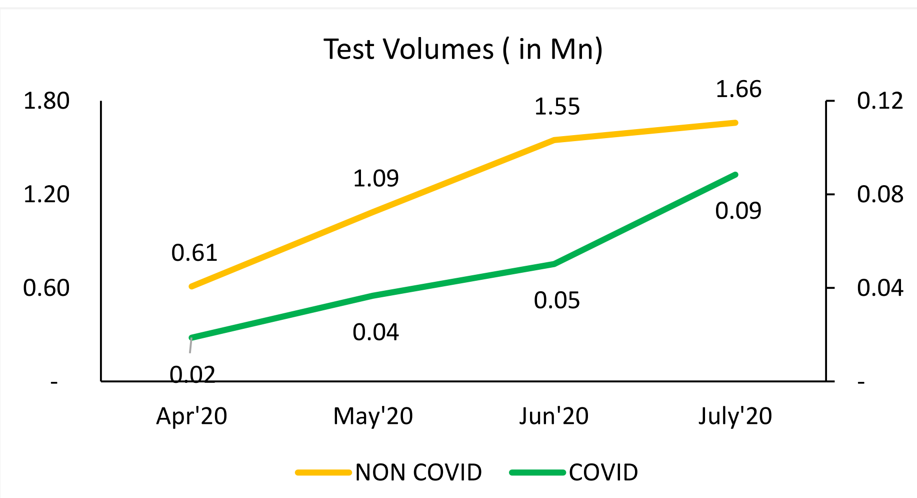




- Steady ramp-up in occupancy from 29% in April’20 to 51% in July’20
- Occupancy on non-Covid beds increased from 28% in April’20 to 36% in July’20
- Progressively improving profitability
- COVID revenues at approx. 8% of hospital revenues
- North India facilities (>60% of revenues) witnessing higher non-covid occupancy as covid cases reduce

Covid-19 – Update (Diagnostics Business)





- Steady ramp up in volumes and revenues
- Overall business reaches 80% and 86% of pre-covid revenues in June '20 and July '20 respectively
- COVID revenues at approx. 29% to diagnostics revenues
- Scaling up testing facilities to capitalize on increasing Covid testing

Covid-19: Initiatives

Operational Initiatives

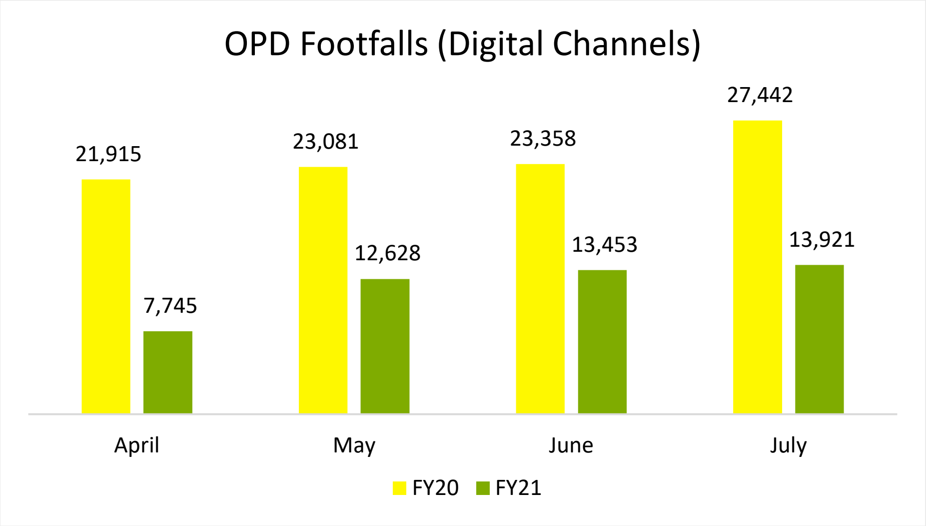
- Hospitals in the network continue to take appropriate measures to ensure business continuity and patient & staff safety
- Covid bed capacity scaled up to approx. 1260 beds presently across Fortis facilities
- Launched e-Consultations for remote patient care in 23 hospitals across the network. Other initiatives such as Home Healthcare , Post Covid rehabilitation packages being implemented.
- Fortis Hospital, Bannerghatta Road, Bengaluru, introduced robots for COVID -19 screening and FMRI, Gurugram , deployed an indoor disinfection Robot to disinfect premises without any human intervention.

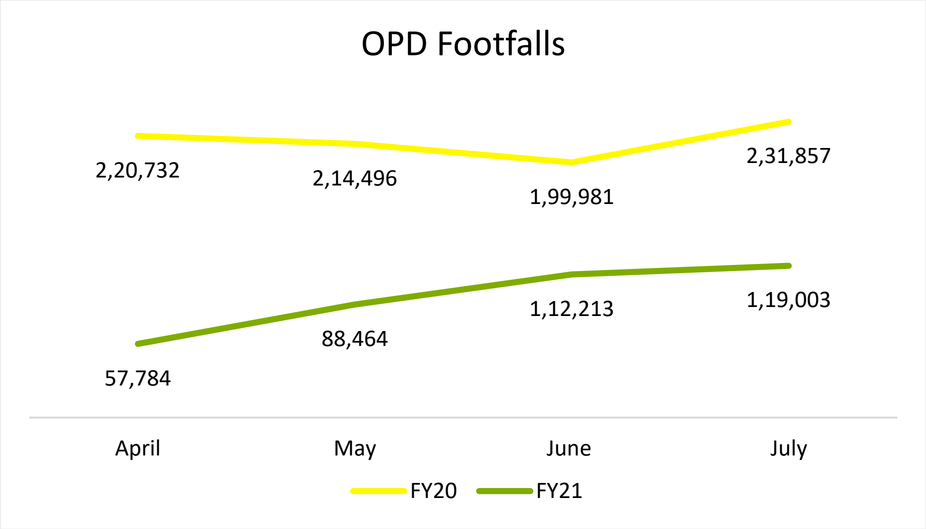
Cost Optimisation Initiatives

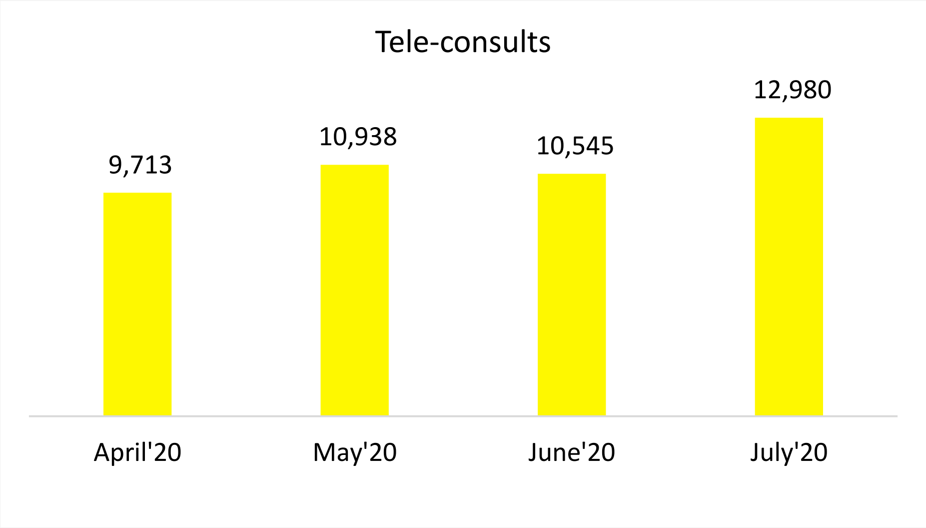
- Cost optimization initiatives continues with ~25% reduction in fixed cost getting extended for further period.
- Judicious allocation of capex & reduction of other operational expenses continue to be the focus areas
- The company has adequate liquidity in place driven by cost optimization initiatives and better working capital management

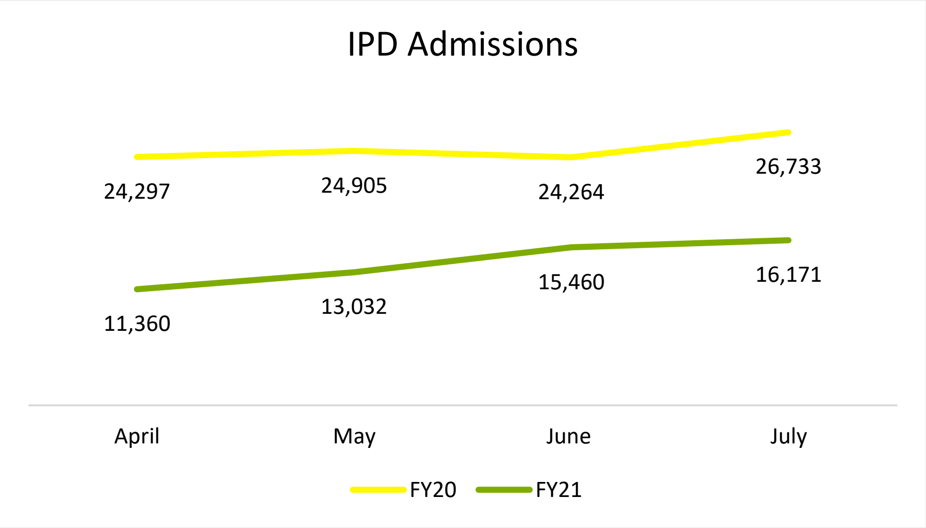
Fortis

Gradual Business Recovery









2. Brand Transition Proposal

Proposed Fortis and SRL's brand transition

- Board provides an in-principle approval for the change in the name, brand and logo of the Company and its subsidiaries both for Fortis and SRL
  - Brand license agreement expires in April / May 2021
  - Reinforces complete disassociation of the company from erstwhile promoters
- Proposal to obtain a license to use the name and brand 'Parkway' together with its associated logo for the hospital business. For SRL, a new neutral name & logo unrelated to IHH group and the Fortis brand would be considered.
  - Parkway brand is a renowned and internationally recognised brand in the healthcare space
- IHH nominee directors on the board of Fortis abstained from voting on the said proposal for the 'Parkway' Brand
- Application for consent to proceed with the proposal filed with the Honourable Supreme Court of India; the above is subject to directions of Hon'ble Supreme Court and the receipt of all requisite approvals

3. Q1FY21 - Performance Highlights

Q1FY21 – Performance Highlights

Hospital Business Performance

- Occupancy down from 66% in Q1FY20 to 37% in Q1FY21; impacted due to country-wide lockdown in April – May'20.
- Gradual ramp up in occupancy being witnessed (47% & 51% in June'20 & July'20, respectively)
- ARPOB down 4.5% from INR 1.58 Cr in Q1FY20 to INR 1.51 Cr in Q1FY21 *(Non-Covid bed ARPOB at INR 1.62 Cr versus COVID bed ARPOB at INR 0.84 Cr)*

Diagnostics Business Performance

- Test volumes decline 57% to 3.35 mn vs 7.80 mn Q1FY20;
- Average realisation per test higher at INR 417 vs INR 329 in Q1FY20 due to COVID tests; excluding COVID tests, avg realization per test declined to INR 306.
- ~85% of the collection centers and 75% of the direct clients are now active

Balance Sheet

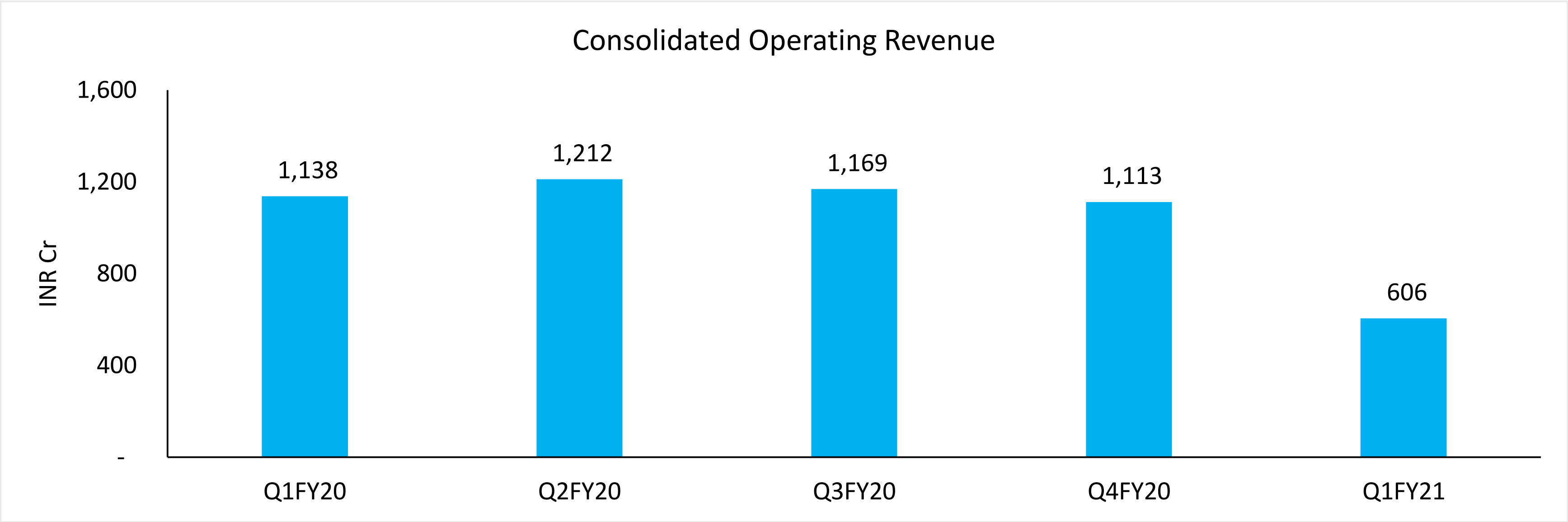
- Net debt to equity stood at 0.18x vs 0.14x in Q4FY20.
- Net debt as of June 30, 2020 was at INR 1,238 Crs vs INR 1,004 Crs as on March '20
- Company's finance expense reduced by 19% to INR 41.1 Crs from INR 50.9 Crs in Q1FY20

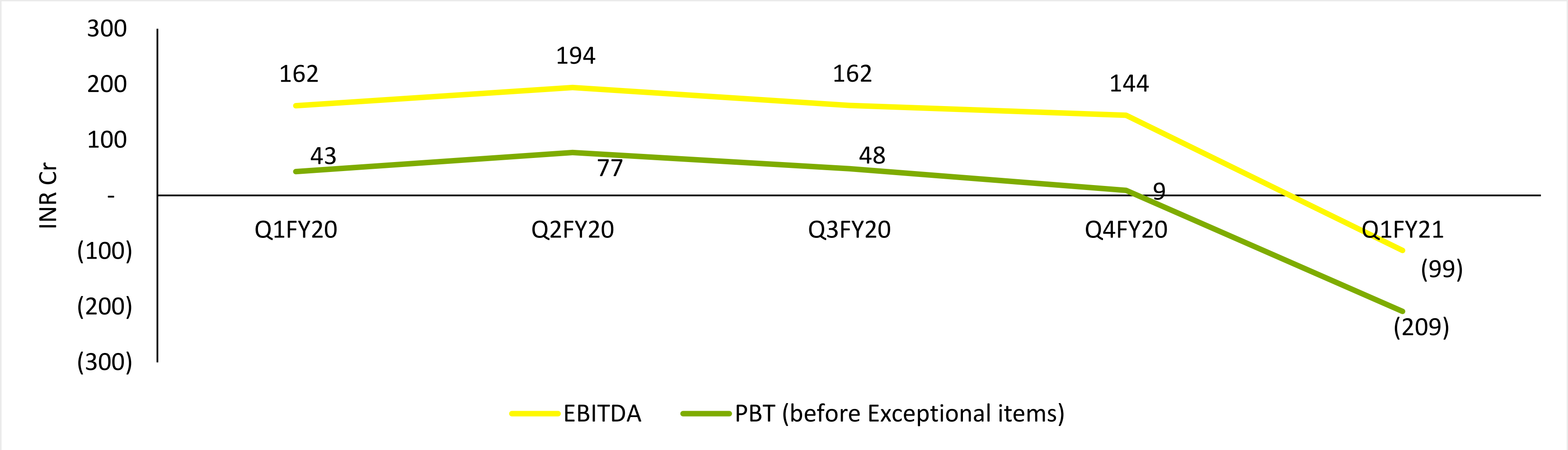
Consolidated Earnings Summary – Q1FY21

- Consolidated Operating Revenues for Q1FY21 stood at INR 605.9 Crs compared to INR 1138.3 Crs reported in Q1FY20. Consolidated EBITDA for the quarter was a loss of INR 98.8 Crs versus a profit of INR 161.8 Cr.
  - Hospital business revenues stood at INR 488.3 Crs vs INR 913.0 Crs
  - The hospital business incurred an EBITDA loss of INR 79.6 Crs vs a profit of INR 112.2 Crs
  - Diagnostic business revenues^ (Gross) were at INR 140.4 Crs vs INR 258.4 Crs
  - The diagnostic business incurred an EBITDA^ loss of INR 10.6 Crs vs a profit of INR 54.8 Crs
- PBT before exceptional items was a loss of INR 208.7 Crs vs a profit of INR 42.8 Crs
- The company reported a net loss (PATMI*) for the quarter at INR 178.9 Crs. This compares with a net profit of INR 67.8 Crs in Q1 FY20.

^ *Diagnostic business net revenue stood at INR 117.5 Cr versus INR 225.1 Cr in Q1FY20*

Consolidated Earnings Summary – Q1 FY 21





EBITDA includes other income and forex gain / (loss)

.

Operating Performance

Particulars (INR Cr)	Hospital Business			Diagnostic business		
	Q1FY20	Q4FY20	Q1FY21	Q1FY20	Q4FY20	Q1FY21
Operating Revenue	913.0	913.3	488.3	258.4	231.9	140.4
Reported EBITDA	**112.2**	**104.2**	**(79.6)**	**54.8**	**33.7**	**(10.6)**
Margin	**12.3%**	**11.4%**	**-16.3%**	**21.2%**	**14.5%**	**-7.5%**
Adj: Non Recurring expenses	-	0.5	-	-	-	-
Adj: Other Income incl FX	20.1	2.3	1.2	1.3	7.8	6.6
Operating EBITDA	**92.1**	**101.9**	**(80.8)**	**53.5**	**25.9**	**(17.1)**
Margin	**10.1%**	**11.2%**	**-16.6%**	**20.7%**	**11.2%**	**-12.2%**

Diagnostics business revenue is on Gross Basis

Balance Sheet – June 30, 2020

Balance Sheet (INR Cr)	June 30, 2019	Mar 31, 2020	June 30, 2020
Shareholder's Equity	7,191	7,206	7,022
Debt	1,388	1,354	1,505
Lease Liabilities (Ind AS 116)*	196	240	235
Total Capital Employed	**8,775**	**8,800**	**8,763**
Net Fixed Assets (includes CWIP)	5,351	5,285	5,262
Goodwill	3,721	3,721	3,722
Investments	189	175	180
Cash and Cash Equivalents	358	350	267
Net Other Assets	(843)	(732)	(668)
Total Assets	**8,775**	**8,800**	**8,763**
Net Debt / (cash)	**1,031**	**1,004**	**1,238**
Net Debt to Equity	**0.14x**	**0.14x**	**0.18x**

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

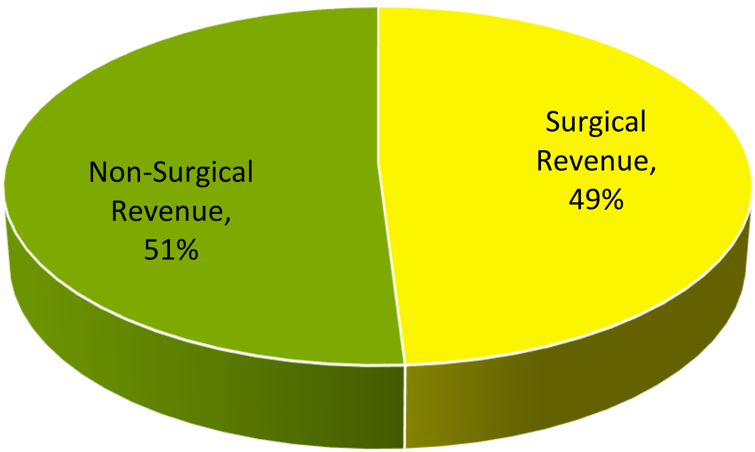
Fortis

4. Performance Review – Hospitals Business

Revenue Mix – Q1FY21 vs Q1FY20

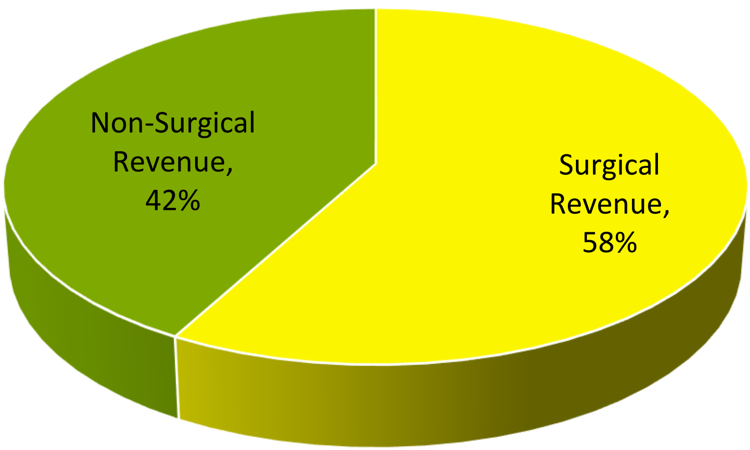
Q1FY21

Revenue : INR 488 CR



Q1FY20

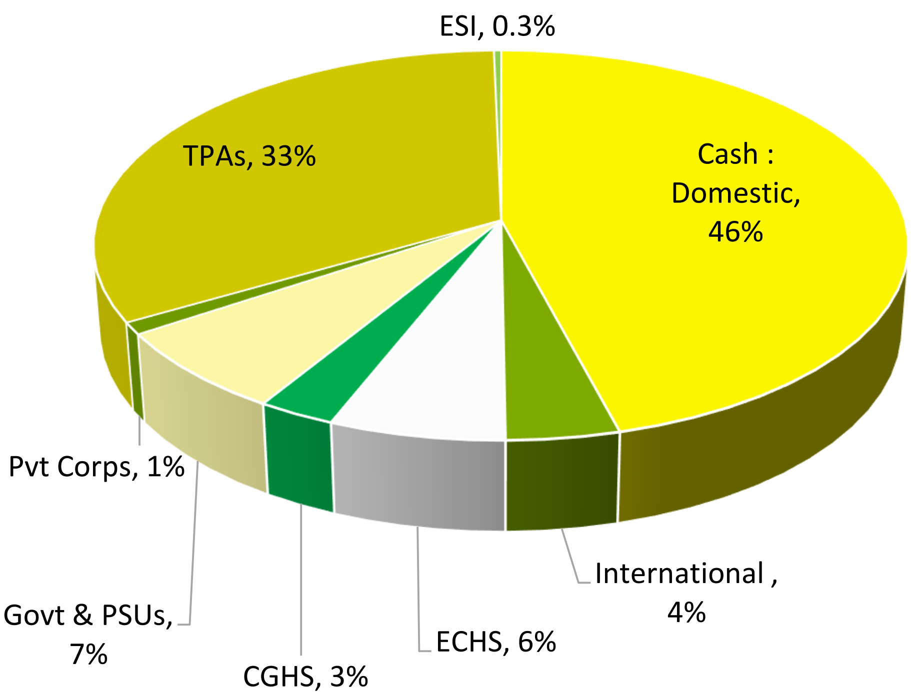
Revenue : INR 913 CR



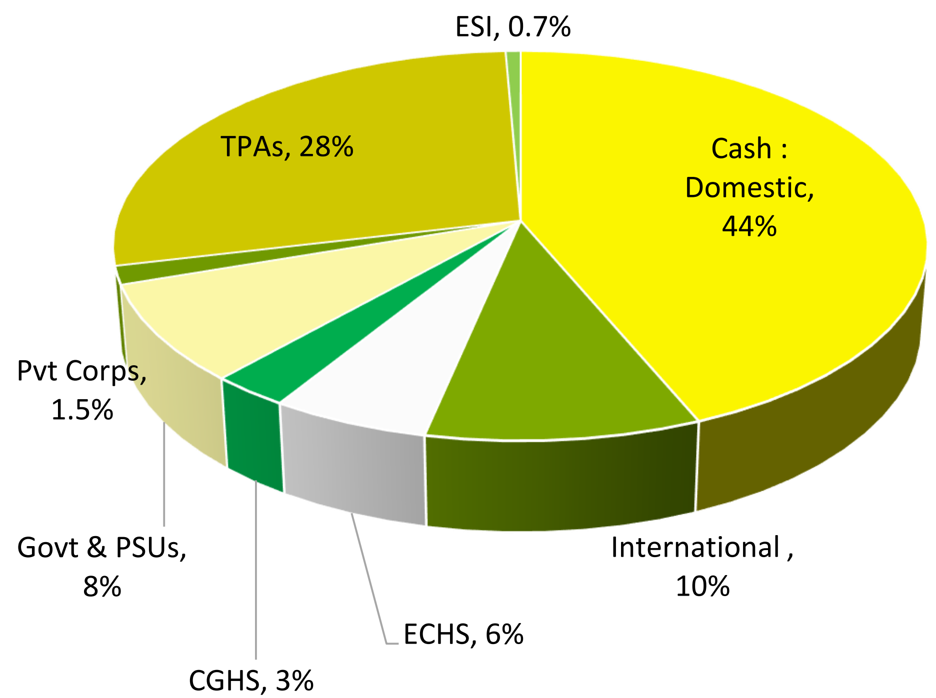
- Decline in surgical revenue contribution in Q1FY21 primarily due to delay in elective surgeries on account of Covid
- Covid related occupancy also impacted the contribution from surgical procedures

Payor Mix – Q1FY21 vs Q1FY20

Q1FY21

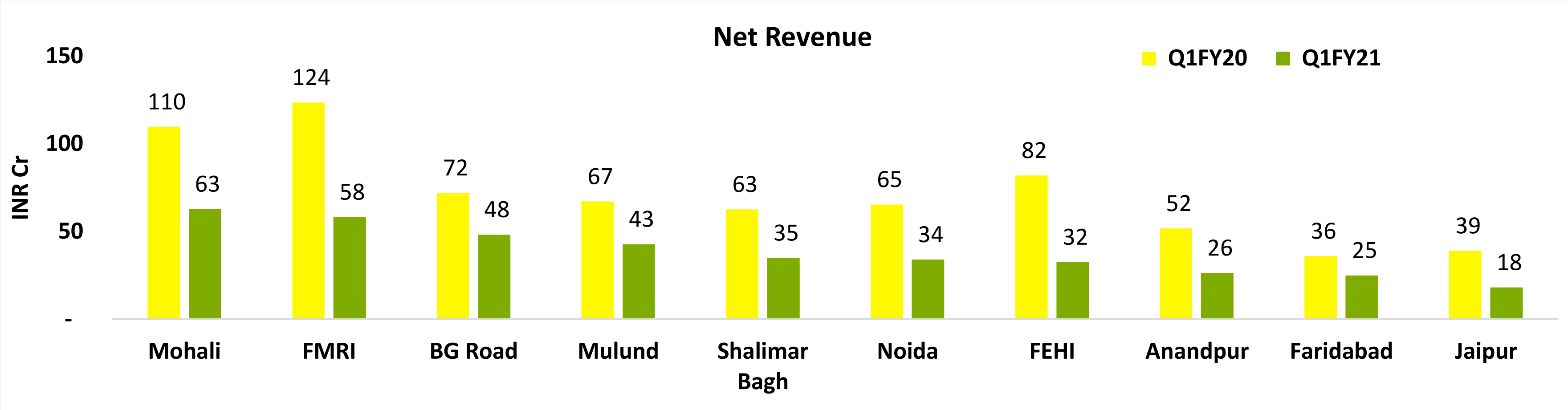


Q1FY20



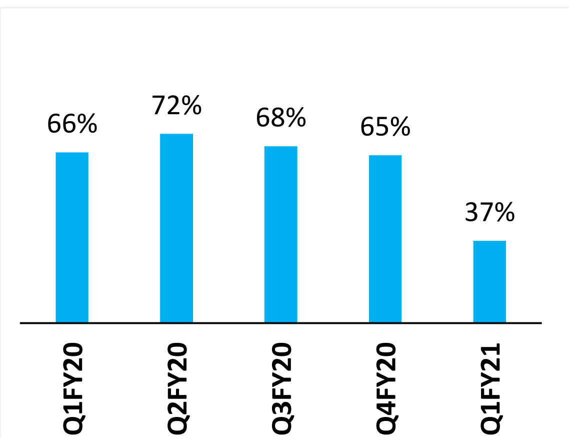
Hospitals Business Performance – Q1FY21

Hospital Wise Performance

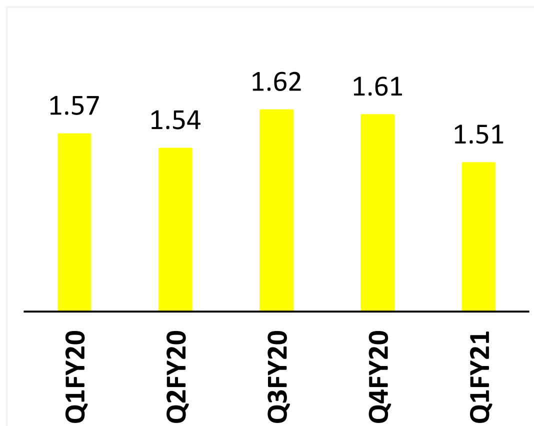


Key Performance Indicators

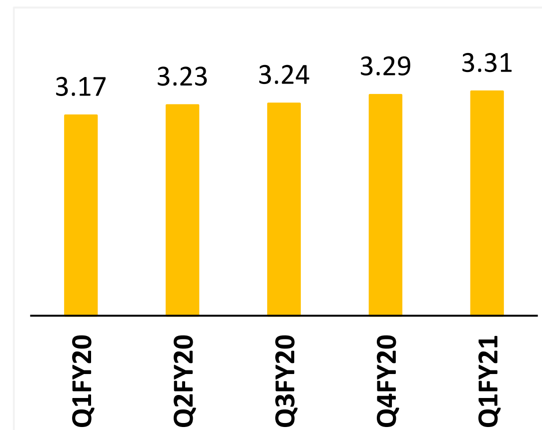
Occupancy (%)



ARPOB (INR Cr per annum)



ALOS (Days)



Key Initiatives – Q1FY21

- **FMRI, Gurugram** in association with Healthcare at Home, launched a Home Isolation Support Programme for COVID -19 positive patients who are asymptomatic / with mild symptoms.
- To enhance patient safety during COVID-19, **Fortis Hospital, Noida,** launched a first-of-its-kind drive-in clinic that helps patients to do all the necessary activities such as doctor consultation, providing samples, collecting medication etc. without entering hospital building.
- The Department of Mental Health and Behavioural Sciences launched a special series of webinars for school students, parents, principals, teachers and counsellors to enhance emotional well-being during COVID-19. Sessions were conducted along the themes of Coping Mechanisms in Uncertain Times, Keeping Children Engaged During Lockdown and Positive Social Media Use

Clinical Excellence – Q1FY21

An 82-year-old patient with underlying lung and heart conditions, hypertension and diabetes recovered from COVID-19 infection after treatment at Fortis Hospital, Anandapur, Kolkata. The patient stayed in the hospital for 24 days, which included two extremely critical stints in the ICU.

A 43-year-old patient, a known case of hypertension, presented with bilateral pneumonia due to COVID 19 infection, requiring mechanical ventilation was successfully treated. The patient needed intensive monitoring and supportive care & had a difficult clinical course. He was cautiously weaned off the ventilator after 11 days. The patient was discharged after he was asymptomatic with normal oxygen saturation and 3 successive negative COVID tests.

Two critically ill patients with severe COVID-19 infection were successfully treated at FMRI, Gurugram. One patient had bilateral pneumonia with severe breathing problems and had intractable hypoxemia (low oxygen in blood) requiring care in the prone position. Another case presented with severe Acute Kidney Injury with very high creatine count, requiring hemodialysis. Predominant severe kidney injury is a rare presentation of COVID-19 infection.

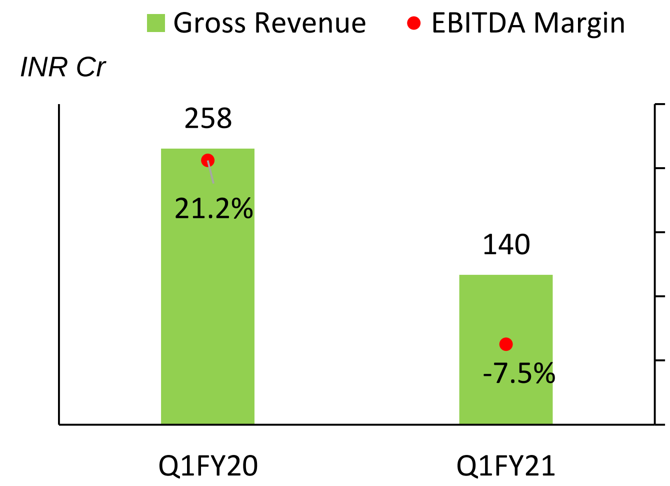
A 27-day-old baby became the youngest patient at Hiranandani Hospital, Vashi - A Fortis Network Hospital to beat COVID-19. The infant was admitted with mild symptoms, after he tested positive for COVID-19. The baby's parents, along with the entire family comprising of 14 members, tested positive and were admitted to the hospital.

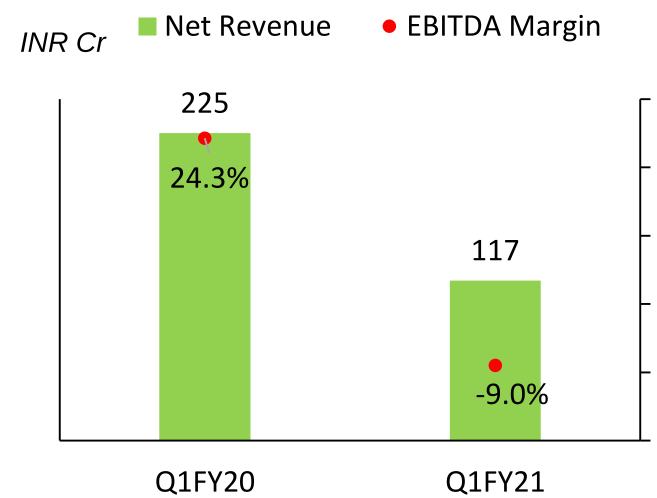
Fortis

5. Performance Review – Diagnostics Business

Diagnostics Business – Q1 FY21

- SRL conducted approximately 3.3 Mn* tests during Q1FY21, a decline of 57.0%. Launched 6 new labs and added 25 collection centers to its network in Q1FY21
- Month on month acceleration in revenues from Collection Centers ahead of other channels
- In addition to Covid testing facilities in NCR, Mumbai and Kerala; work for 5 new Labs underway at Bengaluru, Chennai, Hyderabad, Jharkhand and Kolkata.
- Initiated new product promotions in Q1 to address current hospital and patient needs .i.e. immune check panel, smart plus health report, etc
- Achieved significant cost rationalization with ~19% reduction in fixed costs



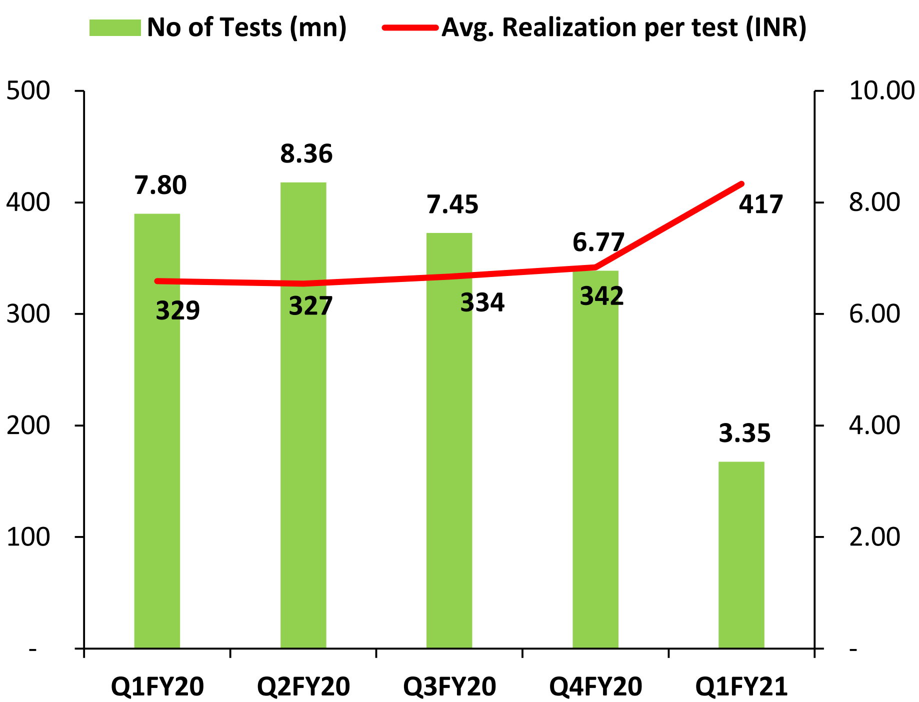


** Excluding JVs*

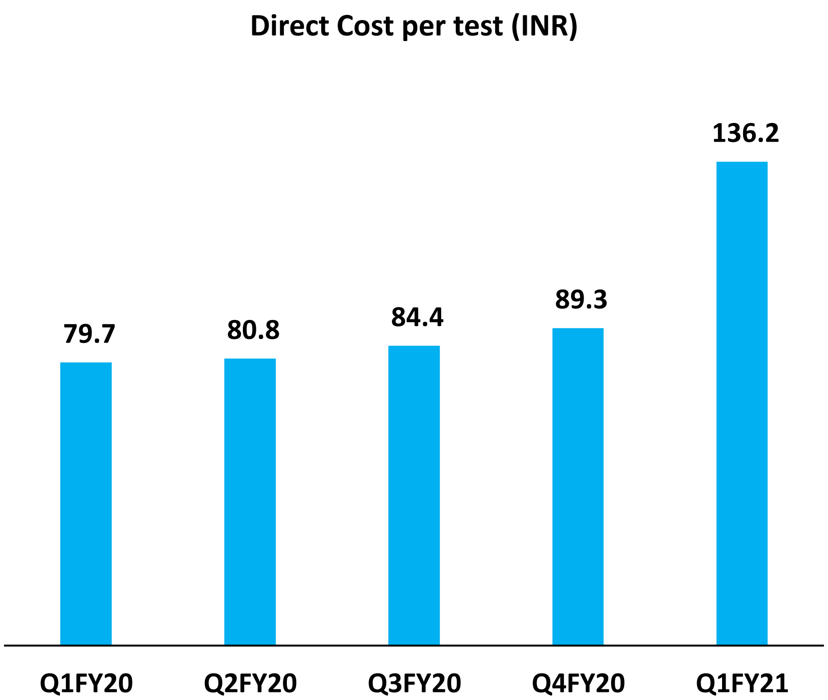
- *EBITDA includes other income*

Key Performance Metrics

Number of Tests and Average Realizations*



Direct Cost per test



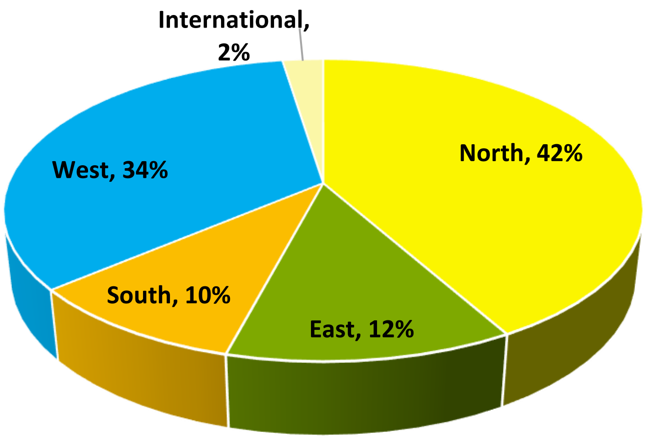
Higher average realisation per test in Q1FY21 is primarily due to COVID tests; higher direct cost for COVID tests along with lower volumes in non COVID tests negatively impacted direct costs

*Excluding joint ventures

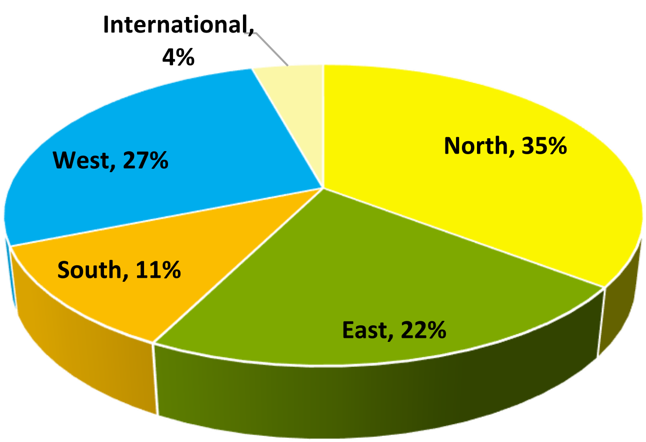
Revenue Mix

Geographic Mix*

Q1 FY21

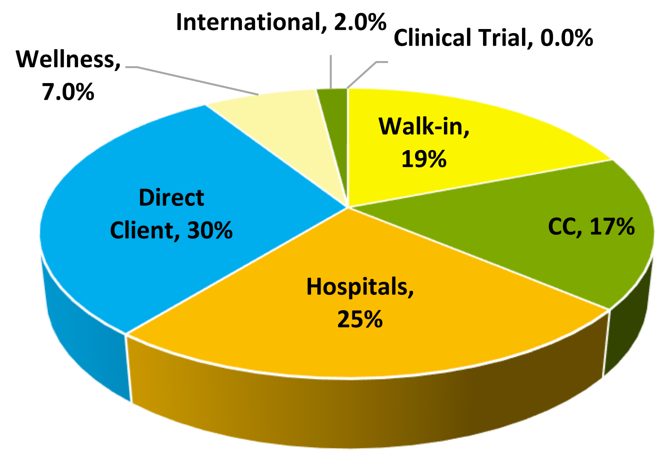


Q1 FY20

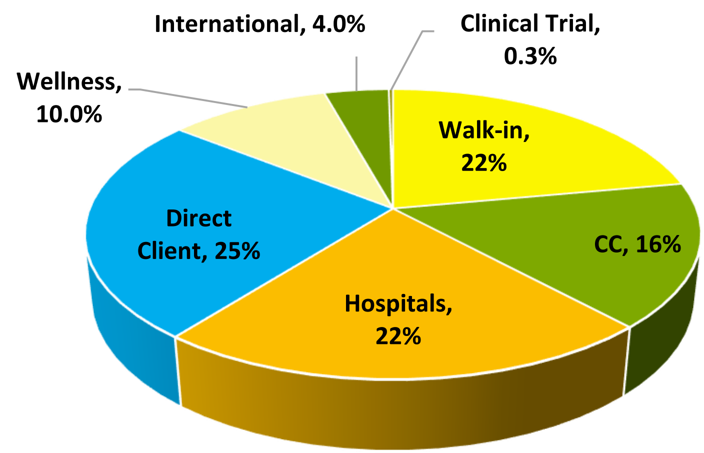


Customer Mix*

Q1 FY21



Q1 FY20



** Excluding JVs*

6. Appendix

Group Consolidated P&L – Q1FY21

Particulars (INR Cr)	Q1FY20 Unaudited	Q4FY20 Audited	Q1FY21 Unaudited
Revenue from operations	**1,138.3**	**1,112.9**	**605.9**
Other income	19.6	18.4	4.4
Total income	**1,157.9**	**1,131.3**	**610.4**
Expenses	996.0	987.1	709.2
EBITDA*	**161.8**	**144.2**	**(98.8)**
Margin	**14.2%**	**12.7%**	**-16.3%**
Finance costs	50.9	57.0	41.1
Depreciation and amortisation expense	71.0	80.1	71.6
PBT	**40.0**	**7.2**	**(211.6)**
Share of profit / (loss) of associates and joint ventures (net)	2.8	2.0	2.9
Net profit / (loss) before exceptional items and tax	**42.8**	**9.2**	**(208.7)**
Exceptional gain / (loss)	9.5	-	0.4
Profit / (loss) before tax from continuing operations	**52.3**	**9.2**	**(208.3)**
Tax expense / (credit)**	(25.7)	50.4	(20.4)
Net profit / (loss) for the period from continuing operations	**78.0**	**(41.2)**	**(187.9)**
Profit / (loss) from continuing operations attributable to Owners of the company	**67.8**	**(44.5)**	**(178.9)**

*EBITDA includes other income, forex and exceptional/non-recurring expenses
**Tax credit in Q1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

For further details please contact:

Anurag Kalra / Gaurav Chugh

Investor Relations

+91-9810109253 / 9958588900

Fortis Healthcare Limited

Thank You