

**Fortis Healthcare Limited**

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South City 1, Sector – 41, Gurgaon,
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FHL/SEC/2021-22

November 12, 2021

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

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

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

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. November 12, 2021, *inter-alia*, considered and approved standalone and consolidated un-audited financial results of the Company for the period ended on September 30, 2021.

Accordingly, please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for period ended on September 30, 2021. Further, a copy of the press release and investor presentation being issued in this regard is also enclosed.

The meeting commenced at 1200 Hours IST and concluded at 1855 Hours IST.

This is for your information and records please.

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

**Sumit Goel
Company Secretary
ICSI Membership: F6661**

FORTIS HEALTHCARE LIMITED

Regd. Office : Fortis Hospital, Sector 62, Phase – VIII, Mohali – 160062
Tel : 0172-5096001, Fax : 0172-5096221, CIN : L85110PB1996PLC045933

B S R & Co. LLP

Chartered Accountants

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

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

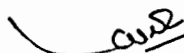
1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited (“the Company”) for the quarter ended 30 September 2021 and year to date results for the period from 1 April 2021 to 30 September 2021 (“the Statement”).
2. This Statement, which is the 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. Based on our review conducted as 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.
5. We draw attention to the following Notes in the Statement:
 - i. Note 8 and 9 of the Statement which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office (“SFIO”) and ongoing adjudication proceedings by Securities and Exchange Board of India (“SEBI”) on Fortis Healthcare Limited and its subsidiaries (“the Group”) regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel) and SEBI laws and regulations. These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and the Company has responded to the SEBI notice and is also cooperating in the regulatory investigations/ proceedings.

As explained in the said note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the previous year for any contingency that may arise from the aforesaid issues. As per the management, any further financial impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- ii. Note 7 of the of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement.
- iii. As explained in Note 6 of the 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. Further, as mentioned in Note 7 of the statement, the tenure of brand license agreement entered by the Company has expired and the Company has filed an application before the Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo. The matter is currently sub-judice.

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

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



Rajesh Arora
Partner
Membership No. 076124
UDIN: 21076124AAAADT7388

Place: Gurugram
Date: 12 November 2021

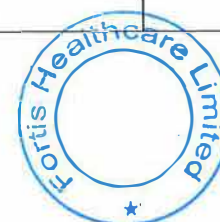
FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933

Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	22,087	20,352	15,313	42,439	25,369	63,287
2. Other income	3,345	3,349	5,450	6,694	10,805	19,198
3. Total income (1+2)	25,432	23,701	20,763	49,133	36,174	82,485
4. Expenses						
(a) Purchases of medical consumable and drugs	5,047	5,616	3,638	10,663	5,885	14,919
(b) Changes in inventories of medical consumable and drugs	192	(485)	55	(293)	94	139
(c) Employee benefits expense	3,736	4,095	3,372	7,831	6,832	14,765
(d) Finance costs	3,206	3,272	3,612	6,478	7,147	14,145
(e) Hospital service fee expense	1,522	1,393	1,058	2,915	1,818	4,482
(f) Professional charges to doctors	4,015	3,501	2,331	7,516	4,327	10,580
(g) Depreciation and amortization expense	2,798	2,793	2,759	5,591	5,475	11,078
(h) Other expenses	4,287	3,750	3,367	8,037	5,987	15,610
Total expenses	24,803	23,935	20,192	48,738	37,565	85,718
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	629	(234)	571	395	(1,391)	(3,233)
6. Exceptional gain / (loss) (refer note 3)	-	-	-	-	5,072	5,646
7. Profit / (loss) before tax from continuing operations (5-6)	629	(234)	571	395	3,681	2,413
8. Tax expense / (credit)	212	(61)	156	151	1,276	1,993
9. Net profit / (loss) for the period from continuing operations (7-8)	417	(173)	415	244	2,405	420
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)	417	(173)	415	244	2,405	420
14. Other Comprehensive Income / (loss) (after tax)	(7)	(24)	92	(31)	37	86
15. Total comprehensive income / (loss) for the period (13+14)	410	(197)	507	213	2,442	506



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MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet						812,657
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	0.05	(0.02)	0.06	0.03	0.32	0.06
Diluted earnings / (loss) per share - In Rupees	0.05	(0.02)	0.06	0.03	0.32	0.06
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	0.05	(0.02)	0.06	0.03	0.32	0.06
Diluted earnings / (loss) per share - In Rupees	0.05	(0.02)	0.06	0.03	0.32	0.06
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	6,633	5,831	6,942	12,464	11,231	21,990

Notes to the results

- The above-unaudited Standalone Financial Results of Fortis Healthcare Limited ("the Company") for the quarter and six months ended September 30, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 11, 2021 and November 12, 2021 respectively. The unmodified limited 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.
- The Company has presented Earnings before finance costs, tax, depreciation and amortization (EBITDA) additionally in the financial results. In its measurement, the Company includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.



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

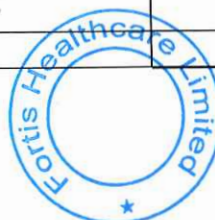
(Rupees in lacs)

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Allowance for investment in Subsidiary Company	-	-	-	-	-	(694)
b) Concession received due to COVID-19 (refer note 14)	-	-	-	-	5,072	6,340
Net exceptional gain	-	-	-	-	5,072	5,646

4. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	27,841	28,687
(b) Capital work-in-progress	1,391	632
(c) Right-of-Use Assets	48,853	52,562
(d) Goodwill	2,722	2,722
(e) Other intangible assets	1,160	1,313
(f) Intangible assets under development	48	42
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	886,894	889,847
(iii) Loans	31,133	30,816
(iv) Other financial assets	295	260
(h) Deferred tax assets (net)	6,671	6,665
(i) Non-current tax assets (net)	7,489	6,043
(j) Other non-current assets	143	82
Total non-current assets	1,014,640	1,019,671
Current assets		
(a) Inventories	1,172	879
(b) Financial assets		
(i) Trade receivables	6,997	6,343
(ii) Cash and cash equivalents	88	320
(iii) Bank balances other than (ii) above	-	31
(iv) Loans	21	1,337
(v) Other financial assets	26,470	28,619
(c) Other current assets	1,105	1,014
Total current assets	35,853	38,543
Total assets	1,050,493	1,058,214



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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	812,870	812,657
Total equity	888,366	888,153
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	55,419	66,378
(ii) Lease liabilities	51,994	54,833
(iii) Other financial liabilities	152	207
(b) Provisions	1,422	1,392
Total non-current liabilities	108,987	122,810
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	18,402	11,669
(ii) Trade payables	21,579	21,445
(iii) Lease liabilities	5,575	5,139
(iv) Other financial liabilities	2,962	4,253
(b) Provisions	3,045	2,995
(c) Current tax liabilities (net)	-	152
(d) Other current liabilities	1,577	1,598
Total current liabilities	53,140	47,251
Total liabilities	162,127	170,061
Total equity and liabilities	1,050,493	1,058,214



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5. Statement of Cash flows:

(Rupees in lacs)

Particulars	Six months ended	
	September 30, 2021	September 30, 2020
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before tax	395	3,681
Adjustments for:		
Exceptional Loss/(Gain) (net)	-	(5,072)
Finance cost	6,478	7,147
Interest income	(6,614)	(10,745)
Loss/(Gain) on disposal of property, plant and equipment (net)	12	(13)
Allowance for bad and doubtful trade receivables	272	228
Allowance for bad and doubtful advances	86	16
Depreciation and amortisation expense	5,591	5,475
Provision / liability no longer required written back	(64)	(45)
Financial guarantee income	(62)	(28)
Sub Total	5,699	(3,037)
Operating profit before changes in following assets and liabilities	6,094	644
Changes in operating assets and liabilities		
(Increase) / Decrease in trade and other receivables	(925)	2,032
(Increase) / Decrease in inventories	(293)	94
Decrease / (Increase) in loans, other assets and other financial assets	961	(587)
(Decrease) in other financial liabilities, provisions, other liabilities, and trade payables	(2,058)	(6,404)
Cash generated from operations	3,779	(4,221)
Income taxes paid (net)	(1,739)	(1,169)
Net cash generated from operating activities (A)	2,040	(5,390)
Cash flows from investing activities		
Interest received	4,847	9,733
Amount received against investments	2,954	621
Payments to acquire property, plant and equipment and intangible asset	(812)	(2,173)
Proceeds on sale of property, plant and equipment	4	45
Maturity of bank deposits (net)	31	41
Loan / advances given to subsidiaries	-	(15,406)
Loan / advances received back from subsidiaries	3,625	9,024
Net cash generated from investing activities (B)	10,649	1,885
Cash flows from financing activities		
Payment of lease liability	(2,403)	-
Proceeds from long-term borrowings	845	5,765
Repayment of long-term borrowings	(1,568)	(983)



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MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Six months ended	
	September 30, 2021	September 30, 2020
	Unaudited	Unaudited
(Repayments of) / Proceeds from short-term borrowings (net)	(4,000)	8,800
Interest paid*	(6,311)	(4,268)
Net cash generated (used in) / from financing activities (C)	(13,437)	9,314
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(748)	5,809
Cash and cash equivalents at the beginning of the period	(1,416)	(8,042)
Cash and cash equivalents at the end of the period	(2,164)	(2,233)

*Including interest on lease liability Rupees 3,290 lacs and Rupees 510 lacs for the period ended September 30, 2021 and September 30, 2020 respectively)

Cash and cash equivalents

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

(Rupees in lacs)

Particulars	Six months ended	
	September 30, 2021	September 30, 2020
	Unaudited	Unaudited
(a) Balances with banks		
- on current accounts	-	80
(b) Cash on hand	88	18
Cash and cash equivalents as per balance sheet	88	98
Bank overdrafts	(2,252)	(2,331)
Cash and cash equivalents as per statement of cash flows	(2,164)	(2,233)

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

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Third Party. The matter is pending adjudication before District Court, Delhi. The Third Party had 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



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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. The Company has filed an application for perjury against the Third Party and other entities which is pending before the Delhi High Court.

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

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

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

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

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

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

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for



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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. 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 shareholder's approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the unaudited Standalone Financial Results.

Further during the quarter ended September 30, 2020, in view of the aforesaid suo moto contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth Brand transition without any disruption to business. Subsequent to the year ended March 31, 2021, the Brand License Agreements have expired. The Company is awaiting order(s) of the Hon'ble Supreme court.

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

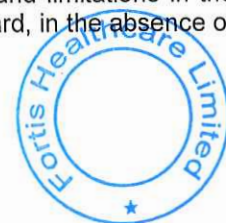
A. Background

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

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

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

- (ii) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of



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specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

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

B. Additional procedures/enquiries by the reconstituted Board

- (i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/ enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.
- (ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoter or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management, which had not been expensed or provided.
- (iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

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

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

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 9 on SEBI Order).



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As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

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

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

- (iv) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), purchased further 71% equity interest in Fortis Healthstaff Limited ("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, EHIRCL advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary



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companies and used for repayment of the ICDs / vendor advance to FHsL / Company. Further, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. EHIRCL also could not directly takeover the loan, as EHIRCL (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies (71% shareholders) to avoid making payment for its share, and place EHIRCL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by EHIRCL to Healthstaff was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters Group Company and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (vi) Remuneration to ex-chairman

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

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



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the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts, a provision of Rupees 2,002 lacs was made in the Standalone Financial Results for the year ended March 31, 2018. The Company has filed a complaint against the erstwhile Executive Chairman before EOW on account of both of the above payments and EOW is investigating the matter.

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

- (a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.
- (b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex-promoter entity under this agreement.
- (vii) During the financial year 2014-15, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), acquired 100% stake in Birdie & Birdie Realtors Pvt; Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

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



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- (D) Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the standalone financial results of the Company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

9. Matters in relation to Regulatory Authorities:

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

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

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHsL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified



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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, ("Confirmatory Order") SEBI confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

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

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

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

On April 09, 2021, SEBI issued another Show cause notice to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said show cause notice, with respect to EHIRCL, it has been alleged that Rupees 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said Show cause notice that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years



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ending on July 31, 2015. In this respect, the Company and FHSL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the Show cause Notice dated April 9, 2021 EHIRCL has been clubbed along with the other noticees, and has been painted with the same brush as the other notices in alleging that certain noticees, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

Based on legal advice received from external counsel, given the merits of the case, the likelihood of financial penalty being imposed against the Company, FHSL and EHIRCL for the acts of the erstwhile promoters is low, especially given the fact that the erstwhile promoters are no longer involved in the affairs of the Company, FHSL and EHIRCL in any manner. The Company believes that EHIRCL as well as the Company is a victim of the wrongdoings of the erstwhile promoters and not the perpetrator. The Company has suffered financial and reputational harm due to the acts of the erstwhile promoters and entities directly or indirectly owned/controlled by them. SEBI has itself noted that the frauds committed by the erstwhile promoters were deliberate and that they derived benefit at the cost of FHL, FHSL and EHIRCL. The acts alleged in the show cause notice dated April 9, 2021 were actions done under the control and direction of the erstwhile promoters, who are no longer connected to EHIRCL in any manner. Further, EHIRCL is a wholly owned subsidiary of FHL and it has not caused any loss to it. In response to the said show cause notice a reply was filed by EHIRCL in June 2021 praying for quashing of the SCN. Oral submissions were made in a personal hearing before the Chief General Manager and Adjudicating Officer, SEBI and written submissions were filed. Order of SEBI is awaited.

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

- (b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.
- (c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, *inter alia*, initiated an investigation and sought information in relation to the Company, its subsidiaries, joint ventures and associates. The Company has submitted requisite information in this regard with SFIO, as requested from time to time. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of the investigation.

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.

Based on management's analysis, a provision has been made and recognised in the quarter ended March 31, 2021 for any contingency that may arise from the aforesaid issues. This is not to be regarded as admission in any manner whatsoever by the Company of any of the violations, as alleged by any of the authorities or otherwise, against it. Further, as per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.

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



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

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

11. 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'.
12. 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 year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the year ended March 31, 2020 was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the Company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the Company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the quarter ended September 30, 2020 the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. During the quarter ended March 31, 2021 RBI advised the Company to submit to it the financial results for the quarter ended June 30 2020, September 30, 2020 and December 31, 2020 which was duly submitted. Further, as evident from those financial results, the criteria for principal business test is not met as at March 31, 2021.
13. During the current quarter, the operational performance of the Company further improved as compared to previous quarter. As at September 30, 2021, the Company has funds available of Rupees 88 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 10,614 lacs. Further, in respect of the cash put option issued to minority shareholder of subsidiary, in accordance with the amendment agreement to the shareholders' agreement entered between the parties which also incorporated the new proposed exit rights, the minority shareholders of subsidiary have agreed not to exercise the cash put option for a further period of 36 months from a relevant date (February 5 2021) as defined in the amendment agreement in lieu of the new proposed exit rights. The Company's current liabilities are higher than its current assets by Rupees 17,287 lacs. Further, the Company also has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. Additionally, as explained in note 7, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities, which could further strengthen the financial position of the Company.



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

14. During the early part of the previous year, the COVID – 19 pandemic impacted the revenues and profitability of the Company. The Company took various initiatives to support operations and optimize the cost. With a slew of these measures, the Company was able to significantly reduce the negative impact on its business and moved towards its normalization.

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.

As a part of its strategy to counter the impact of COVID-19 pandemic, with cost saving measures the Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain subsidiaries under the Hospital & Medical Service Agreements (HMSA) entered with the said subsidiaries for at least two quarters (April-June 2020 and July-Sep 2020) assuming that the hospital operations, occupancy and footfall will return to normalcy by October 2020. However, if the business did not recover to normal levels by October 2020, then the waiver period could be extended until business became normal with the consent of both the Company and its subsidiaries. Accordingly 50% waiver of fixed service fee for the third quarter (Oct-Dec 2020) was approved by the subsidiaries keeping in view the continued exceptional and unforeseen circumstances. In line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 6,340 lacs for the year ended March 31, 2021.

Going forward, the actual impact of the Covid-19 pandemic may still be different from that what has been estimated. However, the Company is and will continue to closely monitor any material changes to future economic conditions.

15. During the quarter ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs 350 crores. During the previous quarter, the said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited, which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% subsidiary of SRL Group.
16. Previous period figures have been regrouped/ reclassified wherever necessary to conform to current period classification.

Date: November 12, 2021

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh
Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637



B S R & Co. LLP

Chartered Accountants

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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 Parent” or “the Company”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”), and its share of the net profit after tax and total comprehensive income of its associates and joint ventures for the quarter ended 30 September 2021 and year to date results for the period from 1 April 2021 to 30 September 2021 (“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

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- (v) Fortis Global Healthcare (Mauritius) Limited
- (vi) Fortis Malar Hospitals Limited
- (vii) Malar Stars Medicare Limited
- (viii) Fortis Health Staff 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 ('FHPL')
- (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
- (xxix) DDRC SRL Diagnostics Private Limited (with effect from 5 April 2021)

Joint ventures:

- (i) Fortis Cauvery
- (ii) Fortis C- Doc Healthcare Limited
- (iii) SRL Diagnostics (Nepal) Private Limited
- (iv) DDRC SRL Diagnostics Private Limited (till 4 April 2021)

Associates:

- (i) Sunrise Medicare Private Limited (till 17 August 2021)
- (ii) Lanka Hospitals Corporate Pte
- (iii) THR Infrastructure Pte Ltd
- (iv) RHT Health Trust

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, 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.

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

- i. Note 7 and 8 of the Statement which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") and ongoing adjudication proceedings by Securities and Exchange Board of India ("SEBI") on Fortis Healthcare Limited and its subsidiaries regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel) and SEBI laws and regulations. These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and the Company has responded to the SEBI notice and is also cooperating in the regulatory investigations/ proceedings.

As explained in the said note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the previous year for any contingency that may arise from the aforesaid issues. As per the management, any further financial impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- ii. 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-moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on 14 December 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.

- iii. As explained in Note 12 of the Statement, a Civil Suit claiming Rs. 25,344 laes 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. Further, as mentioned in Note 13 of the Statement, the tenure of brand license agreement entered by the Company has expired and the Company has filed an application before the Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo. The matter is currently sub-judice.

- iv. Note 9(a) and 9(c) of the Statement, relating to the outcome of civil suit 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.

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Based on the advice given by external legal counsel, no provision / adjustment has been considered necessary by the management with respect to the above matters in the Statement, considering the uncertainty relating to the outcome of these matters.

- v. Note 10 of the Statement, which describes in detail the matter relating to the termination of hospital lease agreement by Navi Mumbai Municipal Corporation vide order dated 18 January 2017 of Hiranandani Healthcare Private Limited ("HHPL"), one of the subsidiaries in the Group. HHPL has filed a writ petition before the Hon'ble Supreme Court of India challenging the Termination Order, which is pending hearing and disposal. Based on the opinion obtained from the legal counsel, the management is confident that HHPL will be able to successfully defend the termination order. However, due to uncertainties involved, the ultimate outcome will be ascertained on disposal of the said petition.

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

7. The Statement includes the interim financial information of sixteen subsidiaries which have not been reviewed, whose interim financial information (before intercompany elimination and consolidation adjustments) reflects total assets of Rs. 45,351 lacs as at 30 September 2021 and total revenue of Rs. 957 lacs and Rs. 1,598 lacs, total net loss after tax of Rs. 1,382 lacs and Rs. 3,282 lacs and total comprehensive loss of Rs. 1,405 lacs and Rs. 3,285 lacs for the quarter ended 30 September 2021 and for the period from 1 April 2021 to 30 September 2021, respectively, and cash outflows (net) of Rs. 579 lacs for the period from 1 April 2021 to 30 September 2021, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 423 lacs and Rs. 1,214 lacs and total comprehensive income of Rs. 423 lacs and Rs. 1,214 lacs for the quarter ended 30 September 2021 and for the period from 1 April 2021 to 30 September 2021, respectively, as considered in the consolidated unaudited financial results, in respect of four associates and three joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/ W-100022



Rajesh Arora

Partner

Membership No. 076124

UDIN: 21076124AAAADU3950

Place: Gurugram

Date: 12 November 2021

FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year Endod
	September 30, 2021 Unaudited	June 30, 2021 Unaudited	September 30, 2020 Unaudited	September 30, 2021 Unaudited	September 30, 2020 Unaudited	March 31, 2021 Audited
1. Revenue from operations	146,254	141,031	99,470	287,285	160,065	403,012
2. Other income	802	784	2,560	1,586	3,005	4,656
3. Total income (1+2)	147,056	141,815	102,030	288,871	163,070	407,668
4. Expenses						
(a) Purchases of medical consumable and drugs	33,974	39,699	24,496	73,673	40,074	97,448
(b) Changes in inventories of medical consumable and drugs	1,110	(4,739)	134	(3,629)	(656)	142
(c) Employee benefits expense	23,566	24,830	19,792	48,396	40,414	84,901
(d) Finance costs	4,034	3,843	4,208	7,877	8,316	16,588
(e) Professional charges to doctors	27,757	24,481	18,467	52,238	34,801	80,897
(f) Depreciation and amortisation expense	7,454	7,291	7,433	14,745	14,598	29,060
(g) Other expenses	31,412	29,235	24,581	60,647	43,761	99,180
Total expenses	129,307	124,640	99,111	253,947	181,308	408,216
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	17,749	17,175	2,919	34,924	(18,238)	(548)
6. Add: Share in profit of associate companies and joint ventures	424	850	825	1,274	1,111	4,756
7. Net profit / (loss) before exceptional items and tax (5+6)	18,173	18,025	3,744	36,198	(17,127)	4,208
8. Exceptional gain (refer note 6)	30	30,614	61	30,644	106	121
9. Profit / (loss) before tax from continuing operations (7+8)	18,203	48,639	3,805	66,842	(17,021)	4,329
10. Tax expense	5,143	5,578	2,258	10,721	220	9,946
11. Net profit / (loss) for the period from continuing operations (9-10)	13,060	43,061	1,547	56,121	(17,241)	(5,617)
12. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-
14. Net profit / (loss) for the period from discontinued operations (12-13)	-	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	13,060	43,061	1,547	56,121	(17,241)	(5,617)
16. Profit / (loss) from continuing operations attributable to:						



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(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year Ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Owners of the Company	10,686	26,355	(391)	37,041	(18,283)	(10,976)
Non-Controlling Interest	2,374	16,706	1,938	19,080	1,042	5,359
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')	(294)	(107)	896	(401)	1,271	1,034
19. Other comprehensive Income/(Loss) attributable to:						
Owners of the Company	(273)	(96)	835	(369)	1,249	1,002
Non Controlling interest	(21)	(11)	61	(32)	22	32
20. Total comprehensive Income/(Loss) (15+18)	12,766	42,954	2,443	55,720	(15,970)	(4,583)
21. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	10,413	26,259	444	36,672	(17,034)	(9,974)
Non-Controlling interest	2,353	16,695	1,999	19,048	1,064	5,391
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet						536,485
24. Earnings per equity share for continuing operations (not annualised)						
Basic earnings/ (loss) per share - In Rupees	1.42	3.49	(0.05)	4.91	(2.42)	(1.45)
Diluted earnings/ (loss) per share - In Rupees	1.42	3.49	(0.05)	4.91	(2.42)	(1.45)
25. Earnings per equity share for discontinued operations (not annualised)						



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year Ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Basic earnings/ (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings/ (loss) per share - In Rupees	-	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations						
Basic earnings/ (loss) per share - In Rupees	1.42	3.49	(0.05)	4.91	(2.42)	(1.45)
Diluted earnings/ (loss) per share - In Rupees	1.42	3.49	(0.05)	4.91	(2.42)	(1.45)
27. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit/(loss) of associate companies and joint ventures (EBITDA) (Refer note 3)	29,237	28,309	14,560	57,546	4,676	45,100

Notes to the results

1. The above unaudited Consolidated Financial Results of Fortis Healthcare Limited ("the Company") and its subsidiaries (Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the quarter and six months ended September 30, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 11, 2021 and November 12, 2021. The unmodified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. Segment Reporting

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



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Rupees in lacs)

S. No	Particulars	Quarter ended			Six months ended		Year Ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment value of sales and services (revenue)						
	- Healthcare	109,843	100,630	74,636	210,473	123,475	312,368
	-Diagnostics	40,270	44,142	28,238	84,412	42,273	103,463
	Gross value of sales and services	150,113	144,772	102,874	294,885	165,748	415,831
	Less : inter segment sales and services	(3,859)	(3,741)	(3,404)	(7,600)	(5,683)	(12,819)
	Revenue from operations	146,254	141,031	99,470	287,285	160,065	403,012
2	Segment results						
	- Healthcare	12,871	8,912	(494)	21,783	(15,062)	(865)
	-Diagnostics	8,110	11,322	5,061	19,432	2,135	12,250
	Total segment profit / (loss) before interest and tax	20,981	20,234	4,567	41,215	(12,927)	11,385
	(i) Finance cost	(4,034)	(3,843)	(4,208)	(7,877)	(8,316)	(16,588)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	832	31,398	2,621	32,230	3,111	4,776
	(iii) Share of profit / (loss) of associates and joint ventures (net)	424	850	825	1,274	1,111	4,756
	Profit / (loss) before tax	18,203	48,639	3,805	66,842	(17,021)	4,329
3	Segment assets						
	- Healthcare	874,834	876,782	876,933	874,834	876,933	871,304
	-Diagnostics	179,972	180,646	113,767	179,972	113,767	110,455
	-Unallocable assets	137,123	128,919	136,436	137,123	136,436	147,679
	Total assets	1,191,929	1,186,347	1,127,136	1,191,929	1,127,136	1,129,438
	Less : inter segment assets	(2,758)	(3,640)	(15,918)	(2,758)	(15,918)	(13,970)
	Total segment assets	1,189,171	1,182,707	1,111,218	1,189,171	1,111,218	1,115,468
4	Segment liabilities						
	- Healthcare	301,999	262,929	225,260	301,999	225,260	273,473
	-Diagnostics	35,870	35,364	25,923	35,870	25,923	27,367
	-Unallocable liabilities	164,155	173,282	171,442	164,155	171,442	156,817
	Total liabilities	502,024	471,575	422,625	502,024	422,625	457,657
	Less : inter segment liabilities	(2,758)	(3,640)	(15,918)	(2,758)	(15,918)	(13,970)
	Total segment liabilities	499,266	467,935	406,707	499,266	406,707	443,687

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



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4. Statement of Assots and Liabilities

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	391,280	390,957
(b) Capital work-in-progress	17,974	16,314
(c) Right-of-use	112,080	110,580
(d) Goodwill	413,552	372,171
(e) Other intanglbe assets	33,091	6,200
(f) Intanglbe assets under development	224	178
(g) Financial assets		
(i)Investments in associates/Joint venture	14,470	18,603
(ii)Loans	38	22
(iii)Other financial assets	4,852	3,485
(h) Non current tax assets (Net)	47,614	50,755
(i) Deferred tax assets (Net)	37,885	37,023
(j) Other non-current assets	6,090	5,500
Total non-current assets	1,079,150	1,011,788
Current assets		
(a) Inventories	11,305	7,676
(b) Financial assets		
(i)Trade receivables	45,867	38,989
(ii)Cash and cash equivalents	8,450	26,123
(iii)Bank balances other than (ii) above	27,368	15,535
(iv)Loans	131	131
(v)Other financial assets	10,035	9,170
(d) Other current assets	6,539	5,696
	109,695	103,320
Assets classified as held for sale	326	360
Total current assets	110,021	103,680
Total assets	1,189,171	1,115,468
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,496
(b)Other equity	535,817	536,485
Equity attributable to owners of the Company	611,313	611,981
Non-controlling interests	78,592	59,800
Total equity	689,905	671,781



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Particulars	(Rupees in lacs)	
	Consolidated	
	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
Non-current liabilities		
(i) Borrowings	83,904	96,773
(ii) Lease liability	25,133	23,158
(iii) Other financial liabilities	200,104	162,812
(b) Provisions	10,162	8,761
(c) Deferred tax liabilities (Net)	37,043	28,873
(d) Other non-current liabilities		
Total non-current liabilities	356,346	320,384
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	39,950	30,303
(ii) Lease liability	3,243	2,821
(iii) Trade payables	61,159	54,820
(iv) Other financial liabilities	14,828	12,238
(b) Provisions	9,680	9,312
(c) Current tax liabilities (Net)	2,650	603
(d) Other current liabilities	11,282	13,078
	142,792	123,175
Liabilities directly associated with assets classified as held for sale	128	128
Total current liabilities	142,920	123,303
Total liabilities	499,266	443,687
Total equity and liabilities	1,189,171	1,115,468



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5. Consolidated Statement of Cash Flows

	Six months ended September 30, 2021 (Rupees in Lacs)	Six months ended September 30, 2020 (Rupees in Lacs)
Cash flows from operating activities		
Profit/ (Loss) before tax for the year	66,842	(17,021)
Adjustments for:		
Exceptional gain (net)	(30,644)	(106)
Finance cost	7,877	8,316
Interest income	(1,070)	(2,753)
(Profit) on disposal of property, plant and equipment (net)	(263)	(24)
Allowance for bad and doubtful trade receivables	1,829	3,000
Allowance/ write-off for bad and doubtful advances	1,100	116
Depreciation and amortisation expense	14,745	14,598
Provision for contingencies and litigation	-	5
Expense recognised in respect of equity-settled share-based payments	4	(104)
Share of associate and joint ventures	(1,274)	(1,111)
Provisions/ liabilities no longer required written back	(1,038)	(873)
Unrealised foreign exchange gain	(130)	34
Operating profit before changes in following assets and liabilities	57,978	4,077
Changes in operating assets and liabilities		
(Increase)/ decrease in trade and other receivables	(7,908)	4,485
Increase in inventories	(2,837)	(656)
Increase in loans, other assets and other financial assets	(1,986)	(4,282)
Increase/ (decrease) in trade payables	6,672	(9,077)
Increase in provisions	943	571
Decrease in other liabilities and other financial liabilities	(3,853)	(4,635)
Cash generated/ (used in) from operations	49,009	(9,517)
Income taxes (paid)/ refund (net)	(5,003)	15,151
Net cash generated by operating activities	44,006	5,634
Cash flows from Investing activities		
Interest received	1,017	2,502
Investment in bank deposits (net)	(12,439)	(1,652)
Payments for property, plant and equipment & intangible assets	(8,586)	(10,540)
Proceeds from disposal of property, plant and equipment	545	225
Repayment of loan given	30	-
Dividends received from associates/ joint ventures	1,284	300



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	Six months ended September 30, 2021 (Rupees in Lacs)	Six months ended September 30, 2020 (Rupees in Lacs)
Payment on acquisition of DDRC SRL Diagnostics Private Limited	(32,500)	-
Net cash used in investing activities	(50,649)	(9,165)
Cash flows from financing activities		
Proceeds from long-term borrowings	5,821	4,348
Repayment of lease liability	(1,492)	(1,367)
Repayments of long-term borrowings	(5,778)	(329)
(Repayments of)/ Proceeds from short-term borrowings (net)	(4,568)	11,528
Interest paid (including interest on lease liability of Rupees 1495 lacs (PY Rs. 1295 lacs))	(7,519)	(8,690)
Net cash (used in)/ generated by financing activities	(13,536)	5,490
Effect of exchange rate changes	(169)	936
Net (decrease)/ increase in cash and cash equivalents	(20,348)	2,895
Cash and cash equivalents at the beginning of the year	21,913	711
Add: Cash and cash equivalents in respect of subsidiaries acquired during the period	1,371	-
Cash and cash equivalents at the end of the year	2,936	3,606

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

Particulars	(Rupees in lacs)	
	September 30, 2021	September 30, 2020
(a) Balances with banks		
- on current accounts	5,052	4,031
- deposits with original maturity of less than three months	2,938	7,054
(b) Cheques, drafts on hand	11	46
(c) Cash on hand	449	388
Cash and cash equivalents as per balance sheet	8,450	11,519
Bank overdrafts and cash credit facility	(5,514)	(7,913)
Cash and cash equivalents as per statement of cash flows	2,936	3,606



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

S. No	Particulars	(Rupees in lacs)					
		Quarter ended			Six Month Ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
(a)	Concession received due to Covid-19	-	-	61	-	106	121
(b)	Gain on remeasurement of previously held equity interest (refer note 17)	-	30,614	-	30,614	-	-
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	30	-	-	30	-	-
	Net exceptional gain / (loss)	30	30,614	61	30,644	106	121

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

A. Background

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

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

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

- (ii) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific



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declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

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

B. Additional procedures/enquiries by the reconstituted Board

- (i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("Additional Procedures/ Enquiries") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.
- (ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoters or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.
- (iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

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

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



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The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate, and without specific authorization by the Board of FHsL. (Also refer note 8 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters, in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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



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

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

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

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

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (vi) Remuneration to ex-chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Since the LoA was treated as non-est, the Company received legal advice



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

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

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

- (a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent ~ Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent ~ Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to ~ Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of ~ Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.
 - (b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent ~ Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex- promoter entity under this agreement.
- (vii) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661



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lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

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

- D. Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels. Further, during the current quarter a First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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



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ENDED SEPTEMBER 30, 2021**8. Matters in relation to Regulatory Authorities:**

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

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

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

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

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

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the



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

On April 09, 2021, SEBI issued another Show cause notice to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said show cause notice, with respect to EHIRCL, it has been alleged that INR 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said Show cause notice that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the Show cause Notice dated April 9, 2021 EHIRCL has been clubbed along with the other noticees, and has been painted with the same brush as the other noticees in alleging that certain noticees, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

Based on legal advice received from external counsel, given the merits of the case, the likelihood of financial penalty being imposed against the Company, FHsL and EHIRCL for the acts of the erstwhile promoters is low, especially given the fact that the erstwhile promoters are no longer involved in the affairs of the Company, FHsL and EHIRCL in any manner. The Company believes that EHIRCL as well as the Company is a victim of the wrongdoings of the erstwhile promoters and not the perpetrator. The Company has suffered financial and reputational harm due to the acts of the erstwhile promoters and entities directly or indirectly owned/controlled by them. SEBI has itself noted that the frauds committed by the erstwhile promoters were deliberate and that they derived benefit at the cost of FHL, FHsL and EHIRCL. The acts alleged in the show cause notice dated April 9, 2021 were actions done under the control and direction of the erstwhile promoters,



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who are no longer connected to EHIRCL in any manner. Further, EHIRCL is a wholly owned subsidiary of FHL and it has not caused any loss to it. In response to the said show cause notice a reply was filed by EHIRCL in June 2021 praying for quashing of the SCN. Oral submissions were made in a personal hearing before the Chief General Manager and Adjudicating Officer, SEBI and written submissions were filed. Order of SEBI is awaited.

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

- (b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.
- (c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, *inter alia*, initiated an investigation and sought information in relation to the Company, its subsidiaries, joint ventures and associates. The Company has submitted requisite information in this regard with SFIO, as requested from time to time. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of the investigation.

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.

Based on management's analysis, a provision has been made and recognised in the quarter ended March 31, 2021 for any contingency that may arise from the aforesaid issues. This is not to be regarded as admission in any manner whatsoever by the Company of any of the violations, as alleged by any of the authorities or otherwise, against it. Further, as per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.

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 believes that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the unaudited Consolidated Financial Results.
- b) Further, there was tax demand against EHIRCL of Rupees 6,793 lacs [(after adjusting Rupees 16,176 lacs as at Sep 30, 2021) (As at March 31, 2021 Rupees 7,064 lacs (after adjustment Rupees 15,905 lacs as at March 31, 2021))] 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 2,264 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



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Appellate Tribunal (ITAT) and during the year ended March 31, 2020, ITAT decided the case in favour of EHIRCL.

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

- c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to patients of economic weaker section, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS gave an intimation basis the calculation of the appointed Firm, which as per their method of calculations was Rupees 73,266 lacs for the period 1984-85 to 2011-12 and sought hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and raised objections to the said calculations. During the year ended 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 has a good case for success 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. Corporate Social Responsibility (CSR) activities of the company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF) (erstwhile promoter entity) with whom dealings have been stopped.

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

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



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

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

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

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

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

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

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



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continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

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

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

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

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

Further during the quarter ended September 30, 2020, in view of the aforesaid suo moto contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth Brand transition without any disruption to business. Subsequent to the year ended on March 31, 2021, the Brand License Agreements have expired. The Company is awaiting order(s) of the Hon'ble Supreme court.

14. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the year ended March 31, 2020 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



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ENDED SEPTEMBER 30, 2021

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 45-1(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the quarter ended September 30, 2020 the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. During the quarter ended March 31, 2021 RBI advised the Company to submit to it the financial results for the quarter ended June 30 2020, September 30 2020 and December 31 2020 which was duly submitted. Further, as evident from those financial statements, the criteria for principal business test is not met as at March 31, 2021.

15. During the current quarter the operational performance of the group further improved as compared to previous quarter. As at September 30, 2021, the Group has funds available of Rupees 35,818 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 64,278 lacs. Further, in respect of the cash put option issued to minority shareholder of subsidiary, in accordance with the amendment agreement to the shareholders' agreement entered between the parties which also incorporated the new proposed exit rights the minority shareholders of subsidiary have agreed not to exercise the cash put option for a further period of 36 months from a relevant date (February 5, 2021) as defined in the amendment agreement in lieu of the new proposed exit rights. Accordingly, the financial liability for cash put option was classified as non-current liability as at March 31 2021 and as at September 30, 2021 the Group's current liabilities are higher than its current assets by Rupees 32,899 lacs. Further, the Group also has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. 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 which could further strengthen the financial position of the Group.

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

16. During the earlier part of the previous year, the COVID – 19 pandemic impacted the revenues and profitability of the Group. The Group took various initiatives to support operations and optimize the cost. With a slew of these measures, the Group was able to significantly reduce the negative impact on its business and moved towards its normalization.

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.

The Group has considered internal and external information while finalizing various estimates in relation to these financial results. Going forward, the actual impact of the Covid-19 pandemic may still be different from that what has been estimated. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

17. During the quarter ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2021

SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs. 350 crores. During the previous quarter the said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% subsidiary of SRL Group. Accordingly post consummation of the transaction the income and expenses of DDRC SRL forms part of the unaudited consolidated results for the quarter and six months ended September 30, 2021, hence the figures for the quarter and six months ended September 30, 2020 and for the year ended March 31, 2021 are not strictly comparable with the current periods.

The Group remeasured its previously held equity interest in DDRC SRL at its fair value on acquisition of the additional 50% stake and recognised the resultant gain as an exceptional item during the previous quarter in accordance with the applicable Indian Accounting Standard. Further, a preliminary purchase price allocation of the purchase consideration has been done at the acquisition date and adjusted in the unaudited consolidated financial results.

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

Date: November 12, 2021

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh
Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637



ce *g* *sr*

Fortis Healthcare reports Q2 FY 22 Financial Results

Performance in Q2 led by an accelerated business momentum

- Consolidated Revenues for Q2FY22 at INR 1,463 Crs, up 47%
- EBITDA doubles to INR 292 Crs versus INR 146 Crs in Q2FY21
- PAT at INR 131 Crs versus INR 16 Crs in Q2FY21

Consolidated Financial Snapshot

Particulars (INR Crs)	Q2FY22	Q2FY21	% Change YoY	H1FY22	H1FY21	% Change YoY
Revenue	1,462.5	994.7	47%	2,872.9	1,600.6	79.5%
EBITDA	292.4	145.6	100.8%	575.5	46.7	-
EBITDA margin	20.0%	14.6%	-	20.0%	2.9%	-
Profit Before Tax <i>(Before exceptional item)</i>	181.7	37.4	-	362.0	(171.3)	-
Profit After Tax*	130.6	15.5	-	561.2	(172.4)	-
Profit After Tax after Minority Interest *	106.9	(3.9)	-	370.4	(182.8)	-

* Includes an exceptional gain of INR 306 Crs in H1 FY22 on remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

Gurugram, November 12, 2021: Fortis Healthcare Ltd. (“Fortis” or the “Company”), amongst India’s leading healthcare delivery companies, today announced its unaudited consolidated financial results for the quarter and half year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- Q2FY22 hospital business revenues grew 47.2% YoY to INR 1,098.5 Crs versus INR 746.4 Crs in Q2 FY21. Revenues in Q1FY22 were at INR 1,006.5 Crs.
- Covid revenue contribution to overall hospital revenues declined to 3% versus 21% in Q2 FY21 and 27% in Q1 FY22.
- The hospital business EBITDA was at INR 189.1 Crs versus INR 78.2 Crs in Q2FY21. EBITDA in Q1 FY22 stood at 149.6 Crs. This was primarily as a result of higher procedure volumes witnessed across key specialties.
 - Margins of 17.2% in Q2 FY22 versus 10.5% in Q2 FY21 and 14.9% in Q1 FY22



- Q2 FY22 diagnostics business gross revenues grew 42.6% YoY to INR 402.7 Crs versus INR 282.4 Crs in Q2FY21. Revenues in Q1FY22 were at INR 441.4 Crs.
 - Non-covid revenues grew 65% versus Q2FY21. Covid contribution to overall diagnostics revenues was at 18% versus 28% in Q2FY21 and 26% in Q1FY22.
- The diagnostics business EBITDA was at INR 103.3 Crs versus INR 70.5 Crs in Q2 FY21. EBITDA in Q1 FY22 stood at INR 134.9 Crs.
 - Margins at 25.7% in Q2 FY22 versus 25% in Q2 FY21 and 30.6% in Q1 FY22
- Net debt to EBITDA was at 0.74x for Q2FY22 versus 1.04x for Q4FY21. This was post the acquisition of the balance 50% stake in the DDRC – SRL JV in April 2021, which was funded entirely through internal accruals.
- Net debt was at INR 869 Crs as on September 30, 2021 reflecting a net debt to equity of 0.13x. Net debt stood at INR 849 Crs as on March 31, 2021.

HOSPITAL BUSINESS HIGHLIGHTS

- Overall occupancy for the quarter was at 64% versus 57% in Q2 FY21. Non covid occupancy improved to 62% in Q2FY22 versus 39% in Q1FY22. Non Covid revenue contribution to overall hospital revenues stood at 97% in Q2FY22 vs 73% in Q1FY22.
- Higher complex procedure volumes across key specialties contributed to the highest ever quarterly ARPOB at INR 1.87 Crs. This compares to an ARPOB of INR 1.49 Crs in Q2 FY21 and INR 1.62 Crs in Q1 FY22.
- The Company is progressing speedily to expand and further invest in its medical infrastructure and technologies. State of the art advanced equipment such as MR LINAC, Gamma Knife, Cath Labs, PET CTs and Bone Marrow Transplant Units are in the process of being commissioned in select facilities such as FMRI, Mohali. Mulund, Shalimar Bagh, Noida and Jaipur.
- The clinical talent pool of the Company was further augmented with eminent clinicians in specialties of cardiology, oncology, neurosciences, gastroenterology and orthopedics across key facilities.
- The Company continues to leverage digital and technology enablers to increase its patient footfalls. For the quarter, OPD Footfalls through digital channels more than doubled as compared to Q2FY21 and increased 21% versus Q1FY22.



DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL has successfully integrated its acquisition of the DDRC- SRL JV, post the acquisition of the balance 50% stake in the said JV in Q1 FY22.
- SRL conducted approx. 11.6 Mn tests in Q2 FY22, a growth of 95% versus Q2 FY21 and 9.1% versus Q1 FY22. However, average revenue per test (ARPT) witnessed a decline largely as a result of the reduction in pricing of covid and covid allied tests.
- The Company added 107 net new collection centers to its network in Q2 FY22 taking the total number of collection centers to 1948.
- Aided by its collection center expansion and the acquisition of the DDRC – SRL JV, SRL's B2C: B2B revenue mix strengthened to 54 : 46 in the quarter (*Q2 FY 21 at 45 : 55*).
- Home collection revenues grew 40% versus Q2FY21.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “The quarter gone by has seen a healthy improvement in our operations led by robust growth in the non-covid business. With operations returning to near normal, we have refocussed on our strategic priorities to further strengthen our medical programs in key facilities in Delhi- NCR and Mumbai. We continue to review our portfolio of facilities and our efforts to turnaround underperforming but high potential facilities such as Fortis Escorts (FEHI) are seeing encouraging results. Investments for brownfield expansion should augment our existing operational bed capacity of close to 3900 beds by another approx. 250-300 beds in FY22. In addition, leveraging Information Technology via mediums such as the myFortis app, upgrading ERP systems, utilizing advanced business intelligence tools and digitization of medical processes would ensure a seamless experience for all our patients. The diagnostics business performance has been aided by its network expansion strategy coupled with the successful integration of the DDRC acquisition. With a strong Balance Sheet we remain well positioned to evaluate opportunities of growth and consolidation for value enhancement of all stakeholders.”

Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “We are quite pleased with our performance in Q2 having witnessed a healthy business momentum with operations returning rapidly to normal. Our occupancy in the hospital business is similar to Q1 at approx. 64%, but what is noteworthy is the improvement in the quality of revenues with a robust uptick seen in high end procedures across key medical specialties. This has led to the highest ever ARPOB for the hospital business at INR 1.87 Crs, a growth of 26% over Q2 FY21 and 15% over Q1 FY22. The diagnostics business continues its upward trajectory with non-covid revenues increasing 65%. Our efforts are now towards strengthening our medical talent and to that effect we have onboarded reputed clinicians in oncology, cardiac and neurosciences specialties across major facilities. We also continue to expand and upgrade our medical infrastructure and programs with state-of-the-art medical equipment's such as MR LINAC, Gamma



Knife, PET CTs, Cath Labs and Bone Marrow Transplant units in select facilities. These along with our ongoing bed expansion should augur well for us and drive future growth. All in all, as Covid has abated significantly and the probability of an impactful third wave seems lower, business is expected to progressively strengthen”.

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 27 healthcare facilities (including JVs and O&M facilities). The Company’s network comprises approximately 4,100 operational beds and 419 diagnostics centres.

DISCLAIMER

This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.

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FORTIS HEALTHCARE LIMITED

EARNINGS PRESENTATION— Q2 FY22 & H1 FY22

November 12, 2021

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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. Performance Highlights
 - Earnings and Financial Summary – Q2FY22 & H1FY22
2. Performance Review - Hospital Business
3. Performance Review - Diagnostics Business
4. Appendix



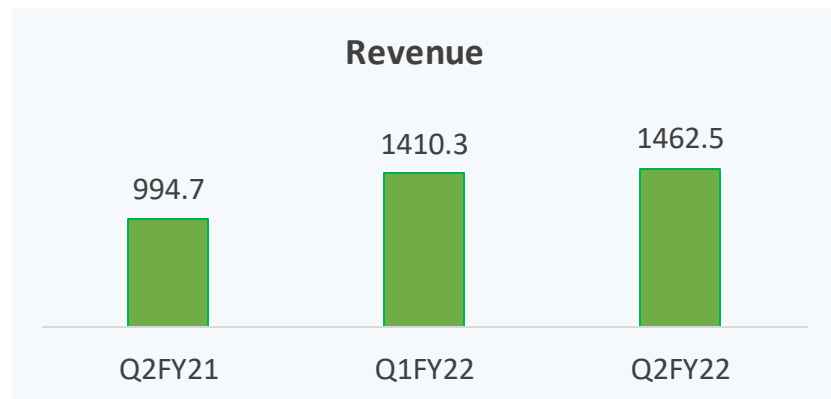


Q2FY22 & H1FY22

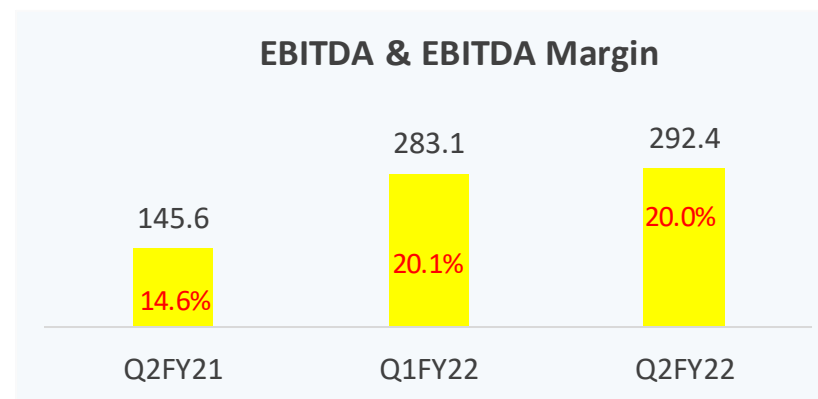
PERFORMANCE HIGHLIGHTS

CONSOLIDATED EARNINGS SUMMARY – Q2FY22

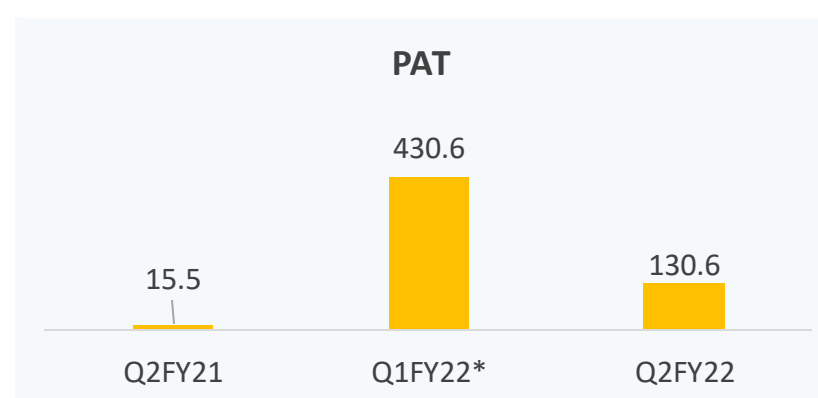
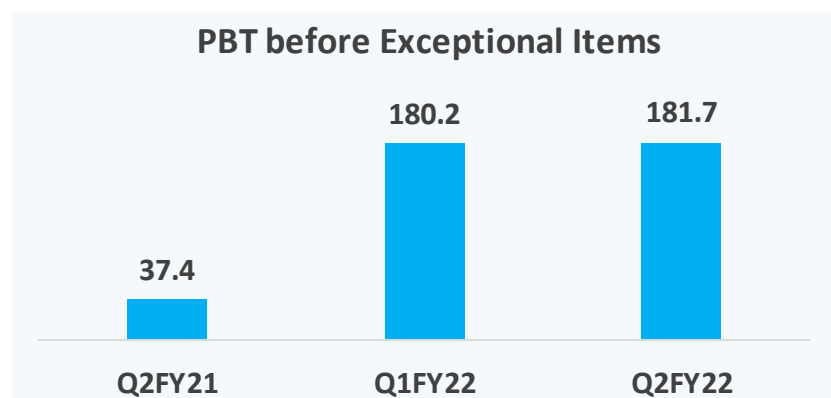
All figures in INR Crs.



Up 47%



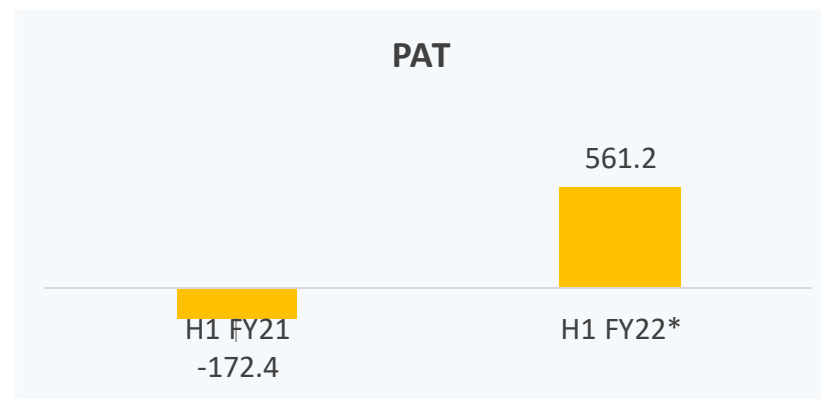
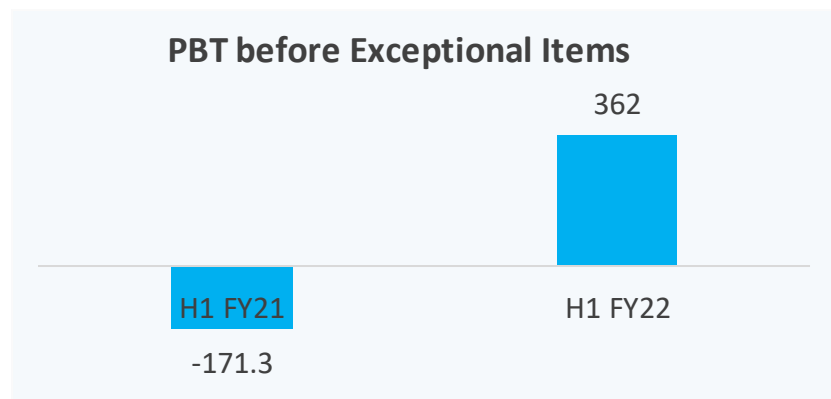
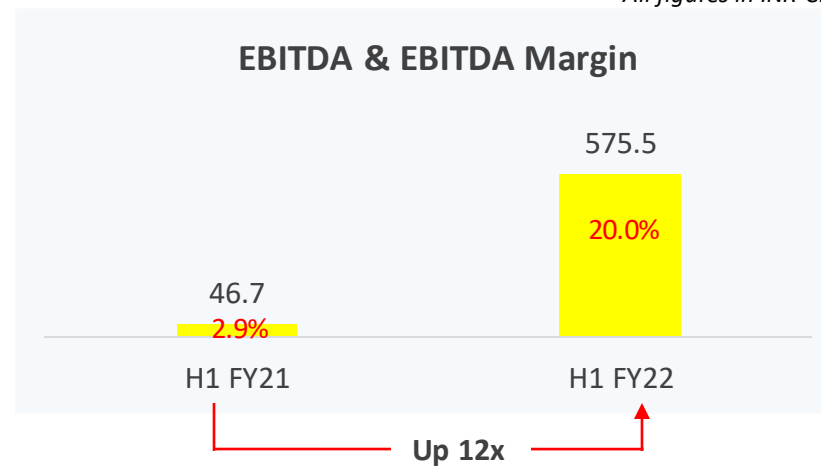
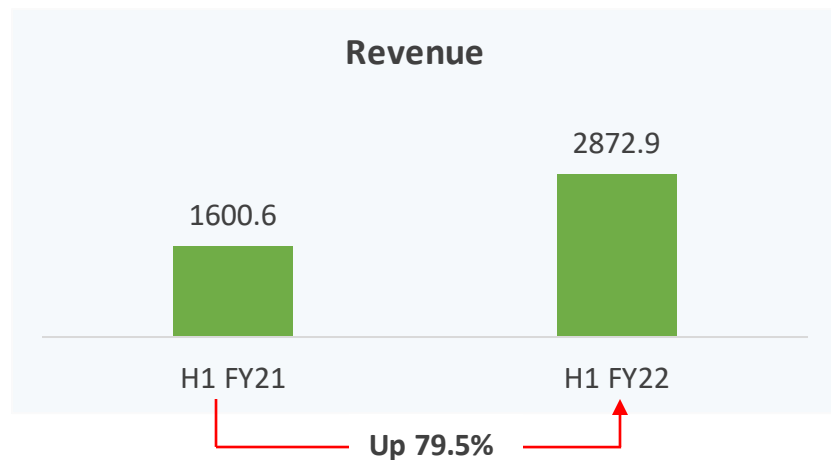
Up 101%



- Q1 FY22 PAT includes exceptional gain of INR 306.1 Cr related to remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

CONSOLIDATED EARNINGS SUMMARY – H1FY22

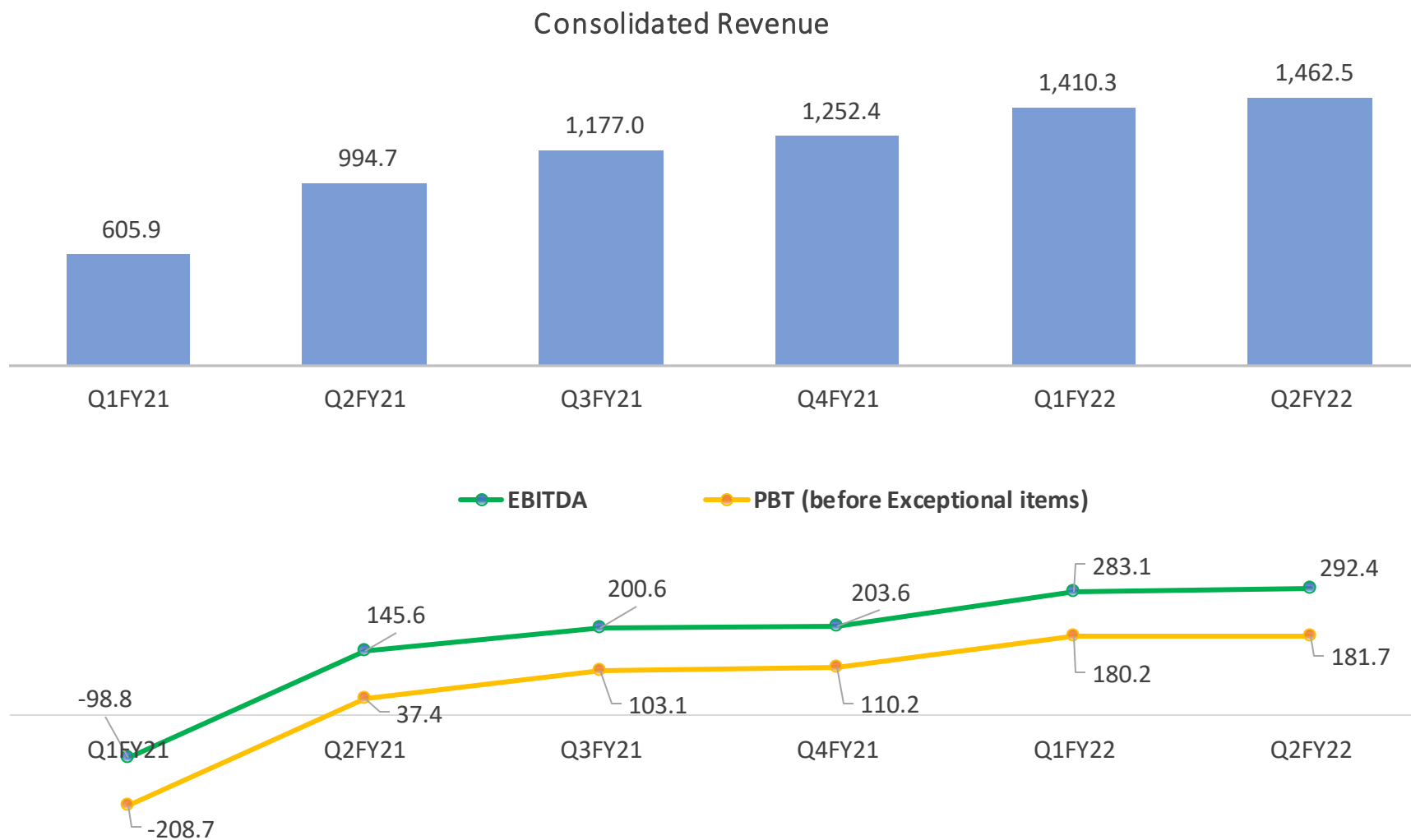
All figures in INR Crs.



- H1 FY22 PAT includes exceptional gain of INR 306.1 Cr related to remeasurement of the previously held equity interest of SRL in the SRL-DDRCJV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

CONSOLIDATED EARNINGS SUMMARY

All figures in INR Crs.



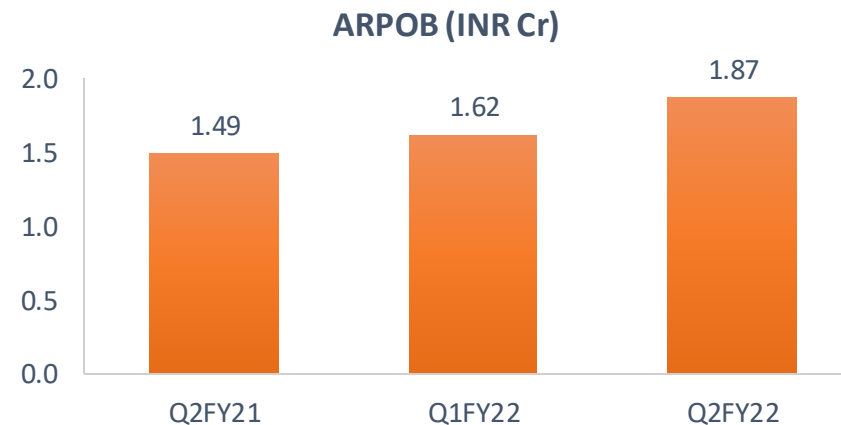
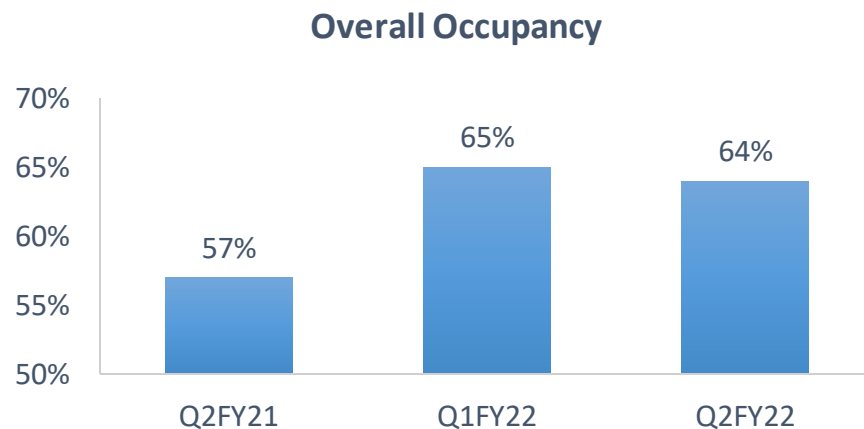
EBITDA includes other income and forex gain / (loss)

Q2FY22

HOSPITAL BUSINESS HIGHLIGHTS

- Revenues grew 47% to INR 1,099 Cr versus INR 746 Cr in Q2FY21. Revenues for Q1 FY22 were at INR 1,006.5 Cr.
- EBITDA stood at INR 189.1 Cr versus INR 78.2 Cr in Q2FY21 and INR 149.6 Cr in Q1FY22. Margins at 17.2% in Q2 FY22 versus 10.5% in Q2 FY21 and 14.9% in Q1FY22
- Significant traction witnessed in non-covid business in the quarter versus Q1FY22. Non covid occupancy improved to 62% in Q2FY22 versus 39% in Q1FY22. Non Covid revenue contribution stood at 97% in Q2FY22 vs 73% in Q1FY22.
- Increase in non covid business was primarily driven by higher volumes of complex surgical procedures resulting in relatively higher ARPOB at INR 1.87 Cr for Q2.

Key Performance Indicators



Q2FY22

HOSPITAL BUSINESS HIGHLIGHTS (CONT.)

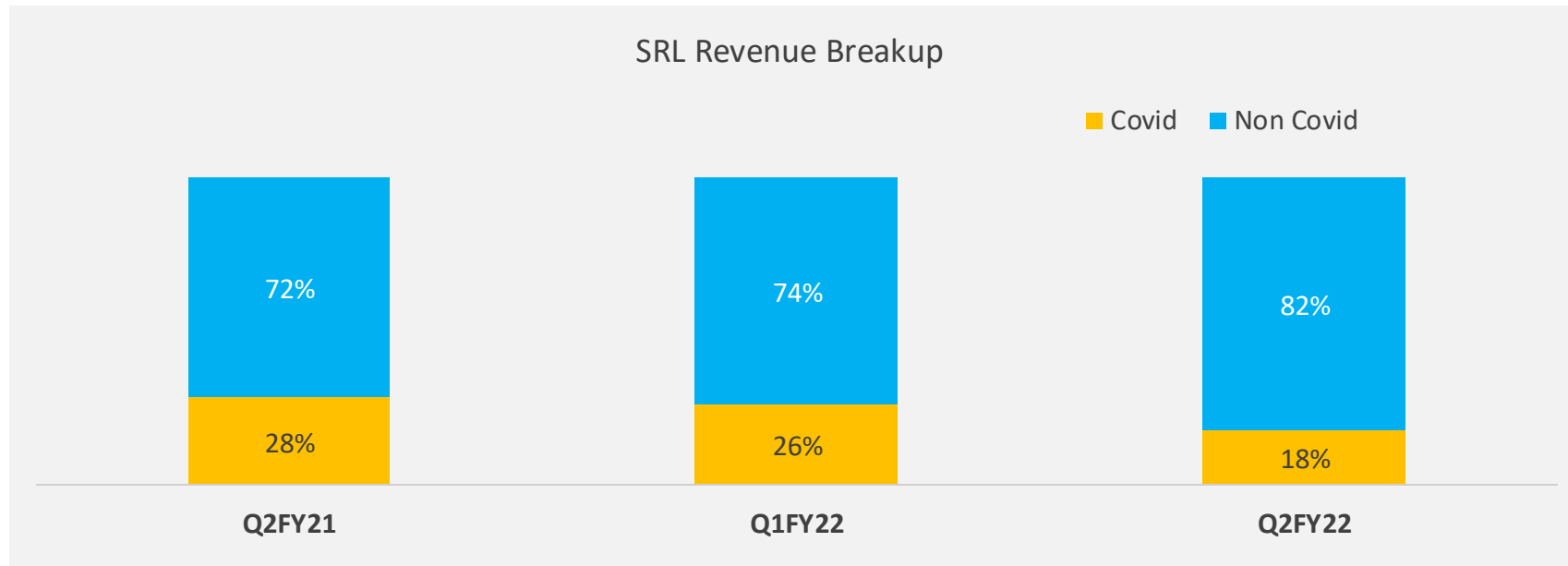
- Select hospitals such as Noida, Faridabad, Kalyan, Amritsar, FEHI, La Femme witnessed an increase in occupancy versus Q1FY22.
- The company further strengthened its Clinical talent base with on-boarding eminent clinicians in the areas of Oncology, Cardiac Sciences, Neuro-Sciences, Gastro and Orthopedics.
- In addition, the company continues to augment its service offerings with the purchase and installation of high end medical equipment & infrastructure across various facilities.
- Medical tourism revenues in Q2FY22 remained similar at 3.8% versus Q1FY22 due to continuing travel restrictions during the quarter. For H1FY22 the revenue contribution increased to 3.8% versus 2.2% in H1FY21.
- Investments on track to add 250-300 beds in FY22 across Shalimar Bagh, Mulund, BG Road and Vadapalani



Q2FY22

DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL revenues grew 42.6% to INR 402.7 Cr versus INR 282.4 Cr in Q2FY21. Revenues for Q1 FY22 were at INR 441.4 Cr.
- EBITDA for the quarter stood at INR 103.3 Cr versus INR 70.5 Cr in Q2FY21 and INR 134.9 Cr in Q1FY22. Margins of 25.7% in Q2FY22 versus 25.0% in Q2FY21 and 30.6% in Q1FY22.
- Non Covid revenues grew 65% in Q2FY22 to INR 331 Cr vs the corresponding quarter



Note: Q1FY22 & Q2FY22 financials include DDRC SRL



OPERATING PERFORMANCE

HOSPITAL BUSINESS

Particulars (INR Cr)	Hospital Business				
	Q2FY21	Q1FY22	Q2FY22	H1 FY21	H1 FY22
Operating Revenue	746.4	1,006.5	1,098.5	1,234.8	2,105.0
Revenue Growth vs LY	-	106.1%	47.2%	-	70.5%
Reported EBITDA	78.2	149.6	189.1	-6.8	338.7
EBITDA growth vs LY	-	-	141.8%	-	-
Margin	10.5%	14.9%	17.2%	-0.6%	16.1%
Adj: Other Income	21.8	6.2	5.2	23.2	11.4
Operating EBITDA	56.4	143.4	183.9	(30.0)	327.2
Margin	7.6%	14.2%	16.7%	-2.4%	15.5%

- Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.
- Adjusted for the newly commissioned hospital in Chennai, reported EBITDA margin in Q2Y22 stood at 18.0% vs 15.4% in Q1FY22

OPERATING PERFORMANCE

DIAGNOSTIC BUSINESS

Particulars (INR Cr)	Diagnostic Business				
	Q2FY21	Q1FY22	Q2FY22	H1 FY21	H1 FY22
Operating Revenue*	282.4	441.4	402.7	422.7	844.1
Revenue Growth vs LY	-	214.5%	42.6%	-	99.7%
Reported EBITDA	70.5	134.9	103.3	59.9	238.2
EBITDA growth vs LY	-	-	46.5%	-	297.3%
Margin	25.0%	30.6%	25.7%	14.2%	28.2%
Adj: Other Income incl FX	7.0	3.0	2.8	13.3	5.8
Operating EBITDA	63.5	131.9	100.5	46.7	232.4
Margin	22.5%	29.9%	25.0%	11.0%	27.5%

- Diagnostics business revenue is on Gross Basis; Diagnostic business Q2FY22 net revenue (net of inter company elimination) stood at INR 364 Cr versus INR 248.3 Cr in Q2FY21 and INR 403.8 Crs in Q1FY22.
- Q1FY22 & Q2FY22 financials include DDRC.

BALANCE SHEET

SEPT 30, 2021

Balance Sheet (INR Cr)	Sept 30, 2020	Mar 31, 2021	Sept 30, 2021
Shareholder's Equity	7,045	6,718	6,899
Debt	1,413	1,271	1,239
Lease Liabilities (Ind AS 116)*	250	260	284
Total Capital Employed	8,708	8,249	8,422
Net Fixed Assets (including intangibles & CWIP)	5,288	5,242	5,546
Goodwill	3,722	3,722	4,136
Investments	182	186	145
Cash and Cash Equivalents	300	422	369
Net Other Assets	(784)	(1,323)	(1,774)
Total Assets	8,708	8,249	8,422
Net Debt / (cash)	1,113	849	869
Net Debt to Equity	0.16x	0.13x	0.13x

- *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.
- Increase in net Fixed Assets and Goodwill primarily due to DDRC acquisition by SRL during Q1FY22
- Net debt to EBITDA was at 0.74x versus 1.04x in Q4 FY21 and 0.90x in Q1FY22 (on annualized basis)



PERFORMANCE REVIEW

HOSPITALS BUSINESS

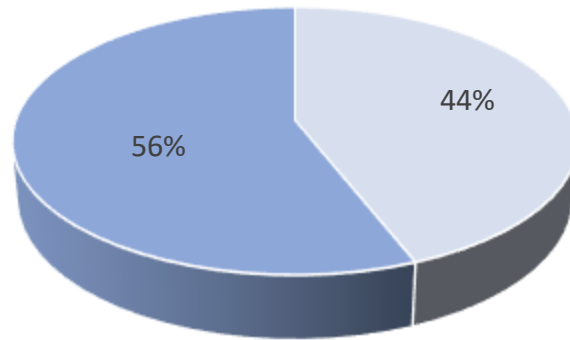
STRENGTHENING MEDICAL PROGRAMS

- Bolstered the Oncology program at select key facilities of **FMRI & Shalimar Bagh** with onboarding of highly skilled and respected clinicians
- Augmented the Cardiac Sciences program at **FMRI & Noida** with eminent clinicians, further adding to the existing medical talent.
- Neuro-Sciences program strengthened at **Mohali and FMRI**
- Expanded the Gastro Sciences program at **Jaipur**; augmented the Paediatric Liver Transplant program at **FMRI**
- Expanding service offerings through state of the art medical equipment and infrastructure
 - MR LINAC
 - Gamma Knife
 - PET CT and SPECTC
 - Bone Marrow Transplant program
 - Advanced Cardiac Cath Labs
 - Neuro Interventional Cath Lab

REVENUE MIX

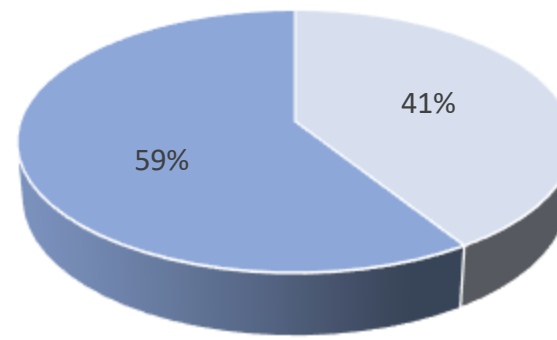
Q2 FY21

Gross Revenue : INR 781 CR



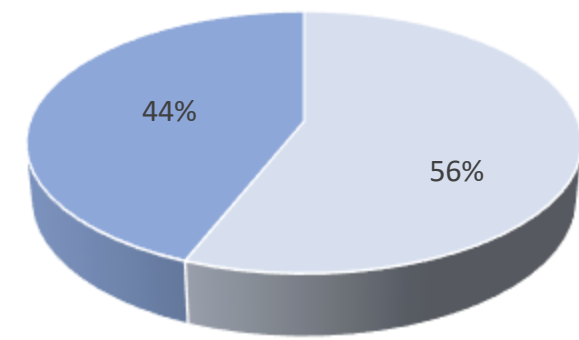
Q1 FY22

Gross Revenue : INR 1064 CR



Q2 FY22

Gross Revenue : INR 1160 CR

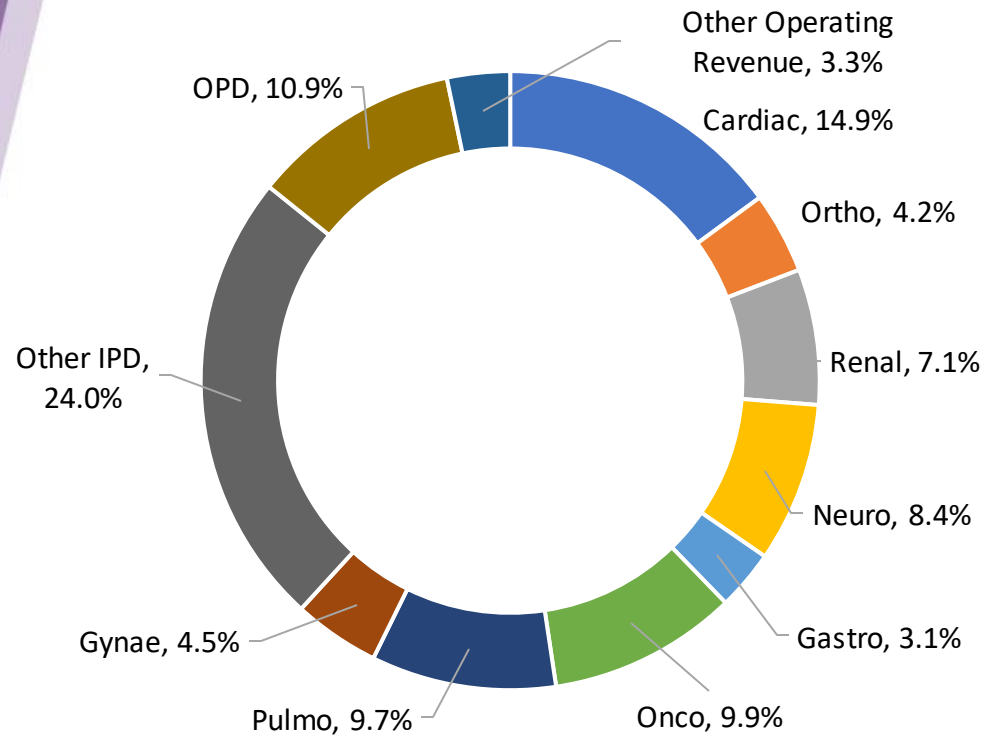


■ NonSurgical Revenue ■ Surgical Revenue

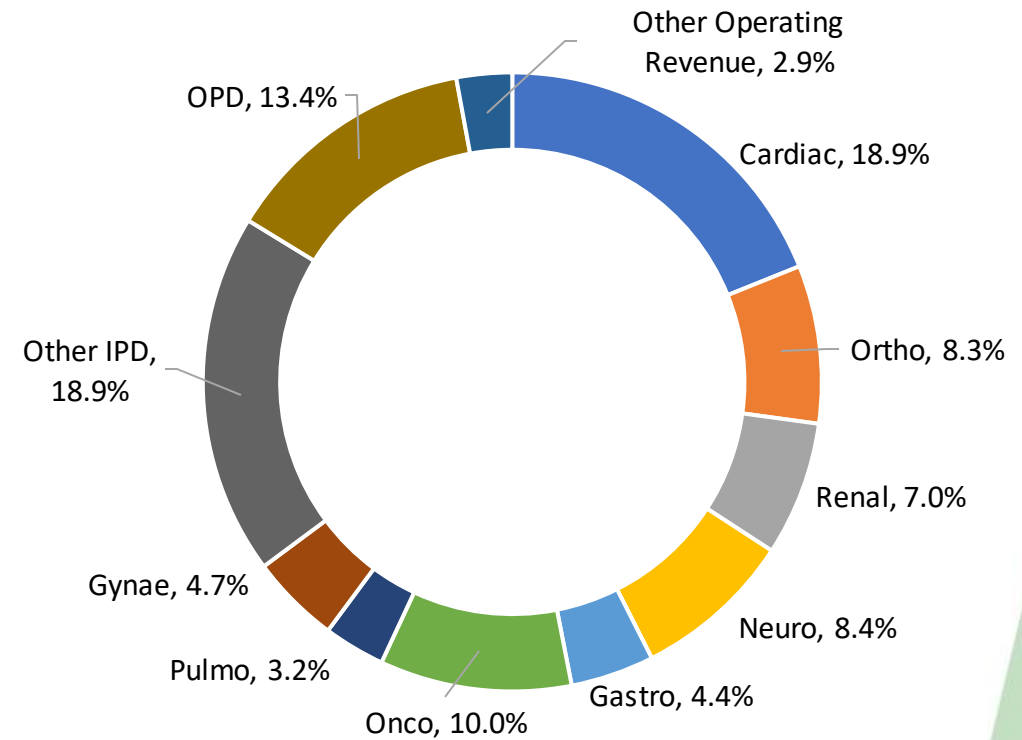
- Healthy traction in high end surgical procedures witnessed during Q2FY22.
- Contribution from surgical revenue stood at 56% compared to 44% in Q2FY21 & 41% in Q1FY22

SPECIALTY MIX

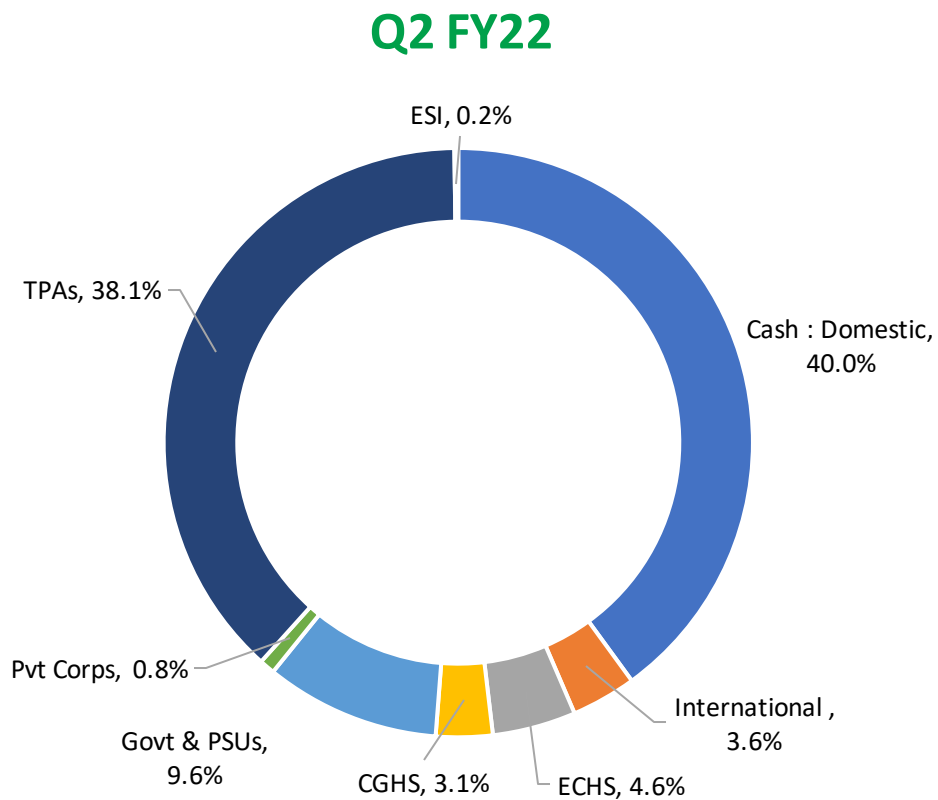
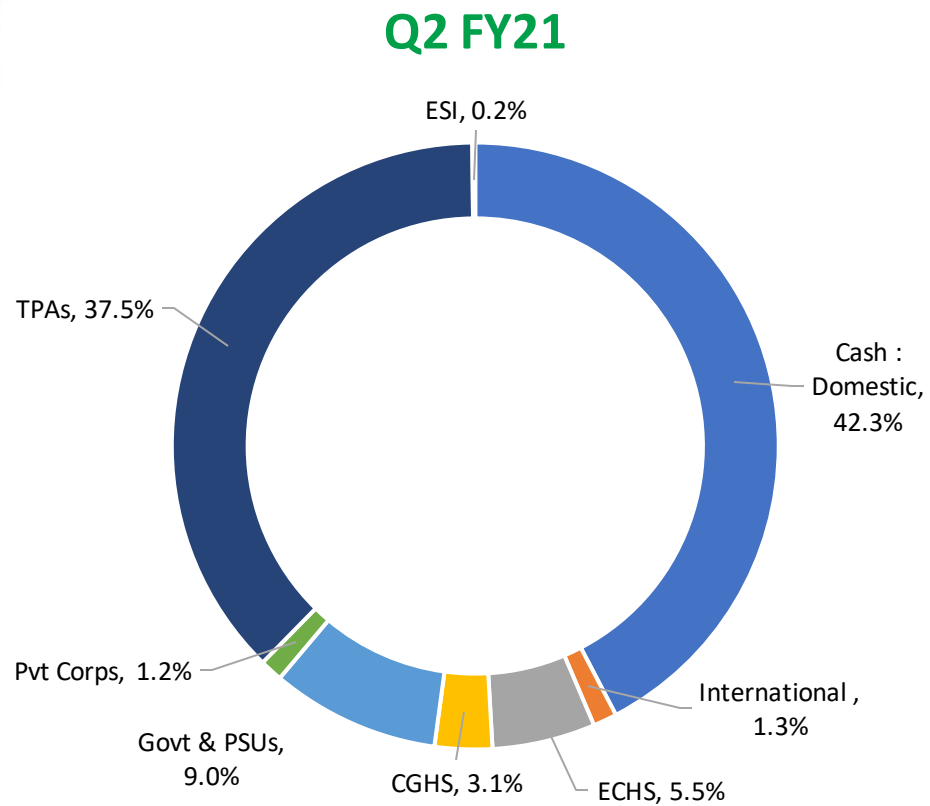
Q2 FY21



Q2 FY22



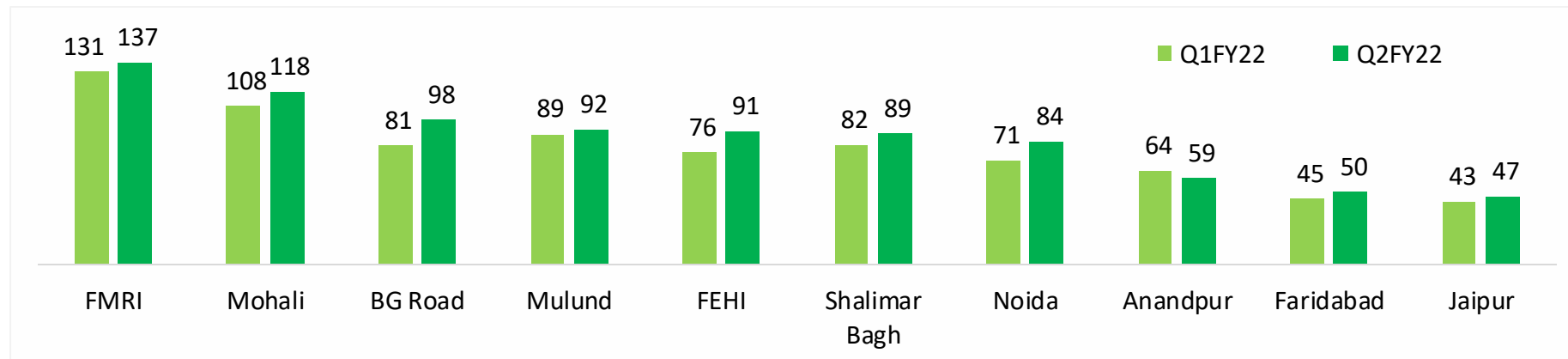
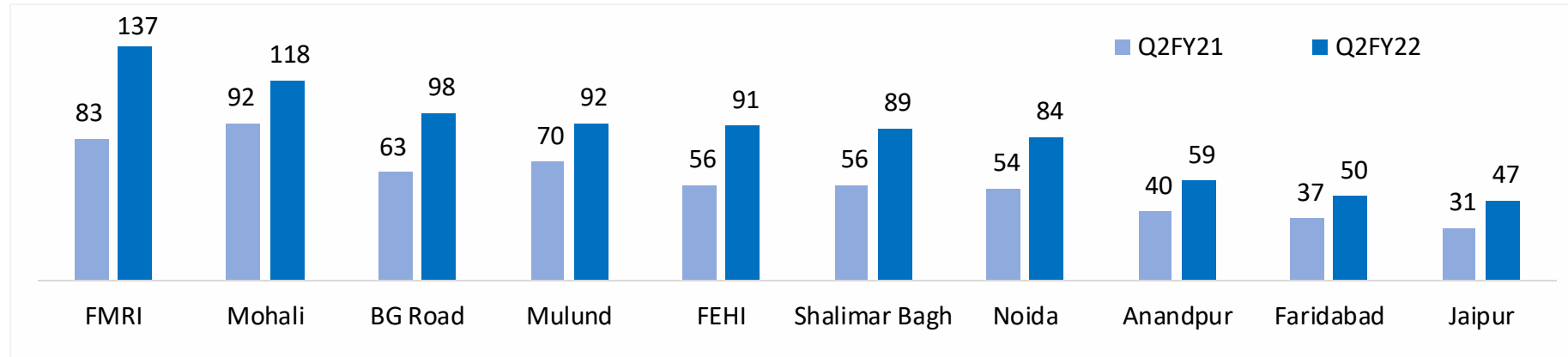
PAYOR MIX



Decline in Cash business being primarily compensated by TPAs, Medical Tourism and Govt business

HOSPITAL BUSINESS PERFORMANCE

Facilities across the network witnessed a healthy growth in revenues



All figures in INR Crs.

HOSPITAL MARGIN MATRIX

Q2 FY22

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	6	39%	1,288	2.13	66%
20% - 25%	5	14%	722	1.21	73%
15% - 20%	3	17%	490	2.40	67%
10% - 15%	4	22%	805	1.98	64%
<10%	5	8%	553	1.39	47%

Q4 FY21

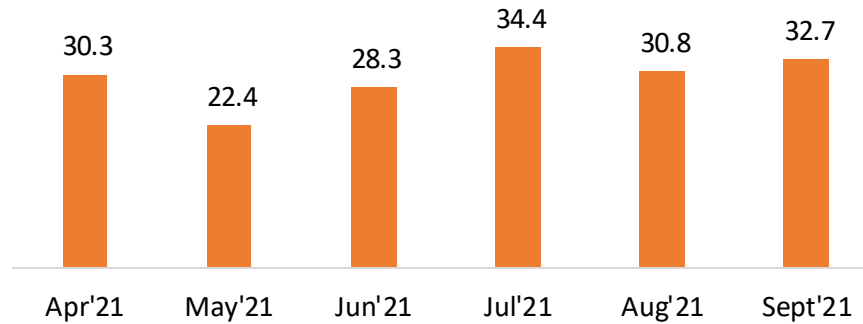
EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	7	42%	1,428	1.79	67%
20% - 25%	3	19%	588	2.05	65%
15% - 20%	4	23%	897	1.54	71%
10% - 15%	3	6%	220	2.12	52%
<10%	6	10%	674	1.17	52%

- EBITDA margins are prior to corporate cost allocation and IndAS adjustments

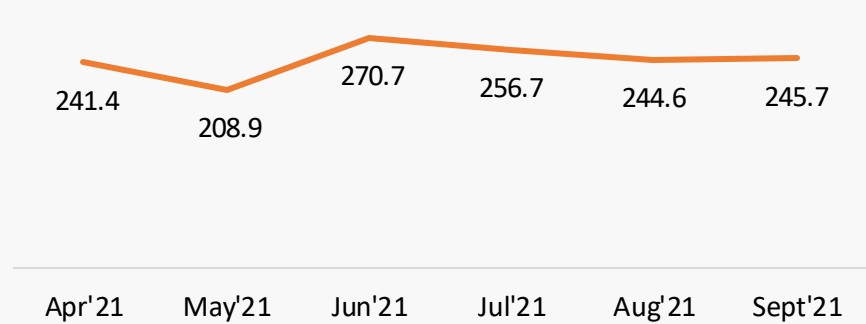


HOSPITAL BUSINESS – PATIENT VOLUME

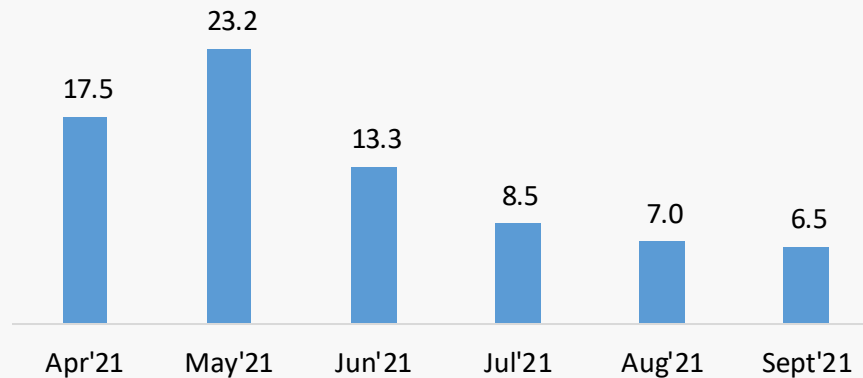
OPD Footfalls (through digital channels) ('000)



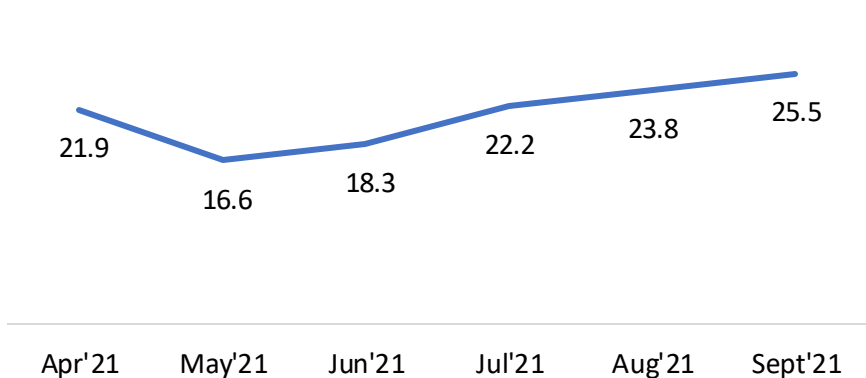
OPD Footfalls ('000)



Tele-consults ('000)



IPD Admission ('000)



Decline in covid cases and ease in travel restriction led to an increase in In-patient admissions

CLINICAL EXCELLENCE

- In a first of its kind case in India, a team of doctors at **Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi**, removed a cancerous tumour from the pancreas of a 6-months pregnant, without moving the womb.
- A Tanzanian patient received India's largest 3D printed customised hip prosthesis at **Fortis Memorial Research Institute, Gurugram**.
- A complex laparoscopic surgery was performed at **Fortis Malar, Chennai**, to remove a 93-year-old patient's pus filled gallbladder.
- Doctors at **Fortis Vadapalani, Chennai**, used minimally invasive surgery to extract a tomato-sized tumour lodged near a 10-year-old's heart.
- A 27-year-old female from Kabul successfully underwent a high risk bowel transplant at **Fortis BG Road, Bengaluru**.



AWARDS AND ACCREDITATIONS

- **Fortis Hospital, Mulund**, received the prestigious JCI accreditation for the sixth time in a row.
- **Fortis Escorts, New Delhi**, received the AHPI Award 2021 for Excellence in Healthcare.
- **Fortis Noida** received the WSO Angels Diamond Category Award for Brain Stroke Management from World Stroke Organisation.
- **Fortis Anandapur, Kolkata**, received the INFUZE certification for best practices in Infusion Therapy.





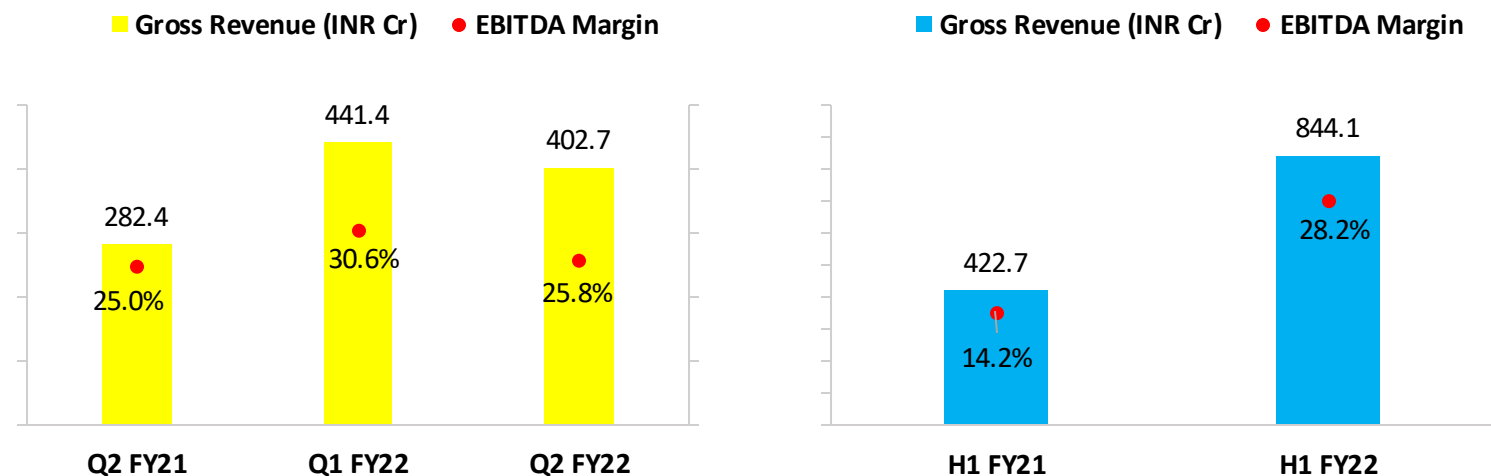
PERFORMANCE REVIEW

DIAGNOSTICS BUSINESS

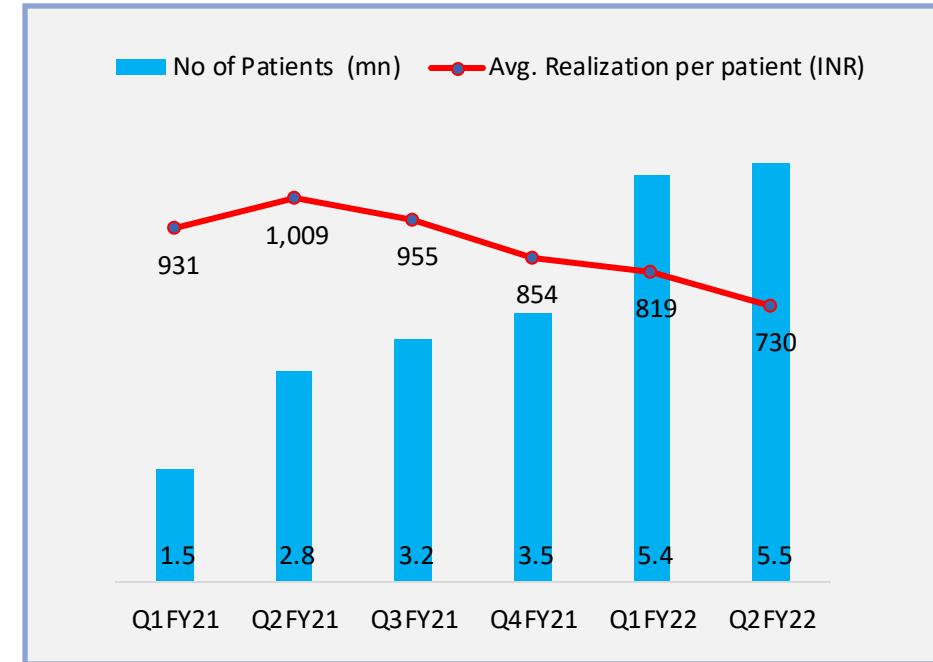
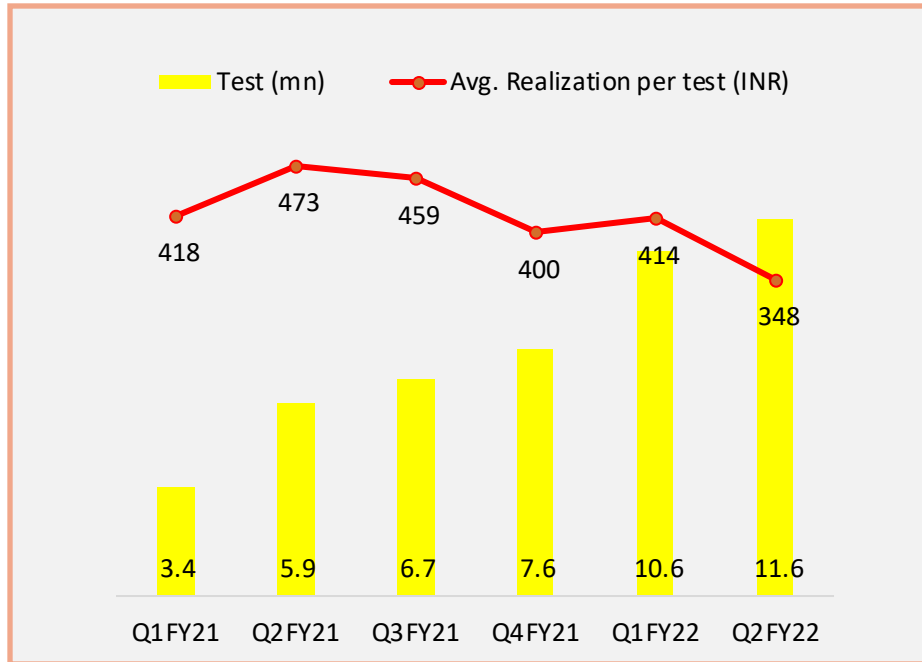


DIAGNOSTICS BUSINESS – Q2FY22

- SRL conducted approx. 11.6 Mn tests in Q2 FY22, a growth of 95% versus Q2 FY21 and 9.1% versus Q1 FY22
- Company added 107 net new collection centers to its network in Q2 FY22 taking the total number of collection centers to 1948.
- Aided by its Collection Center expansion and the acquisition of the DDRC – SRL JV, SRL's B2C: B2B revenue mix significantly strengthened to 54 : 46 in the quarter (Q2 FY 21 at 45 : 55).
- Home collection revenues grew 40% versus Q2FY21.



KEY PERFORMANCE METRICS – Q2FY22

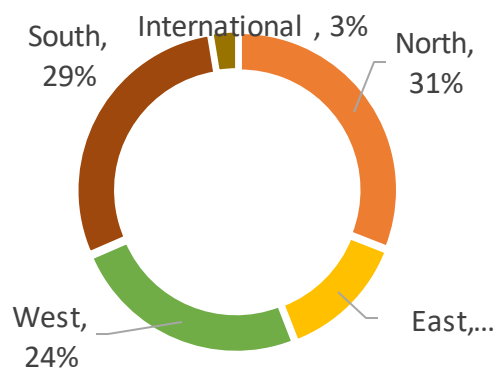


Decline in covid test volumes as well as average price related to covid and covid allied tests resulted in decline in overall average realisation per test and average realisation per patient

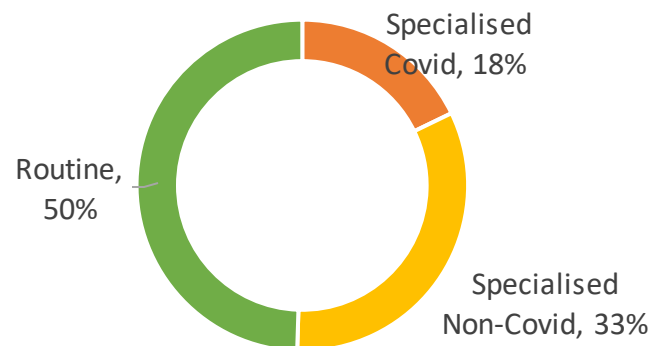
REVENUE MIX

Well diversified Geographic mix

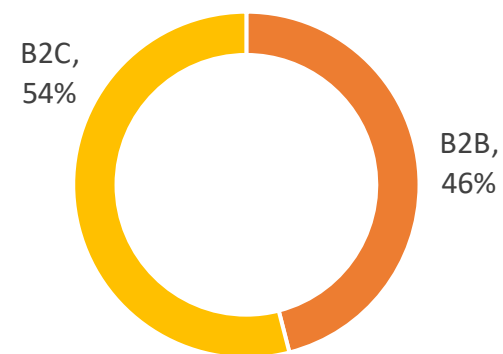
Q2 FY22



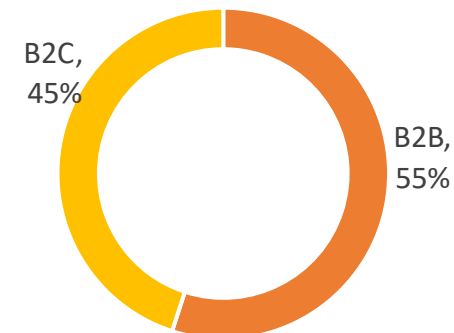
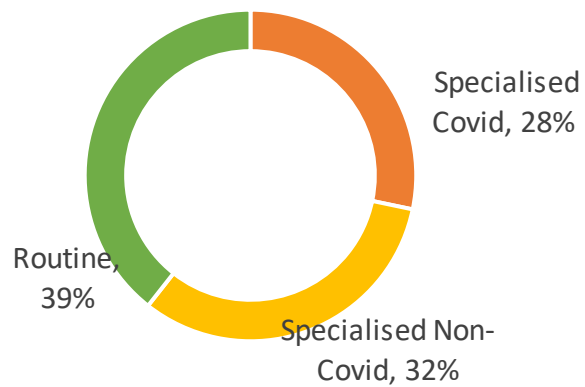
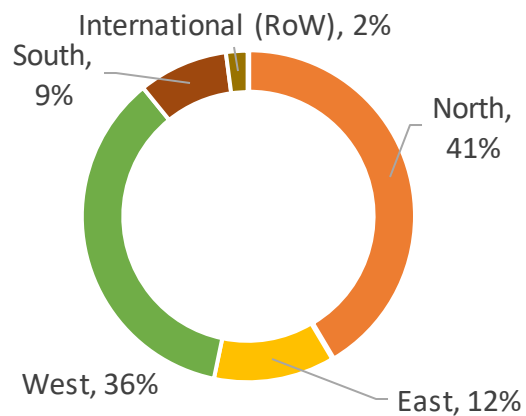
Improving Specialized test product mix



Increasing B2C segment contribution



Q2 FY21





APPENDIX



GROUP CONSOLIDATED P&L – Q2 FY22

Particulars (INR Cr)	Q2FY21	Q1FY22	Q2FY22
Revenue from operations	994.7	1,410.3	1,462.5
Other income	25.6	7.8	8.0
Total income	1,020.3	1,418.2	1,470.6
Expenses	874.7	1,135.1	1,178.2
EBITDA*	145.6	283.1	292.4
Margin	14.6%	20.1%	20.0%
Finance costs	42.1	38.4	40.3
Depreciation and amortisation expense	74.3	72.9	74.5
PBT	29.2	171.7	177.5
Share of profit / (loss) of associates and joint ventures (net)	8.3	8.5	4.2
Net profit / (loss) before exceptional items and tax	37.4	180.3	181.7
Exceptional gain	0.6	306.1	0.3
Profit / (loss) before tax from continuing operations	38.0	486.4	182.0
Tax expense / (credit)	22.6	55.8	51.4
Net profit / (loss) for the period from continuing operations	15.5	430.6	130.6
Profit / (loss) from continuing operations attributable to Owners of the company	-3.9	263.5	106.9

- *EBITDA includes other income, forex and exceptional/non-recurring expenses
- Exceptional gain of INR 306.1 Crs in Q1FY22 related to remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

GROUP CONSOLIDATED P&L – H1 FY22

Particulars (INR Cr)	H1FY21	H1FY22
Revenue from operations	1,600.7	2,872.9
Other income	30.1	15.9
Total income	1,630.7	2,888.7
Expenses	1,583.9	2,313.3
EBITDA*	46.8	575.5
Margin	2.9%	20.0%
Finance costs	83.2	78.8
Depreciation and amortisation expense	146.0	147.5
PBT	-182.4	349.2
Share of profit / (loss) of associates and joint ventures (net)	11.1	12.7
Net profit / (loss) before exceptional items and tax	-171.3	362.0
Exceptional gain	1.1	306.4
Profit / (loss) before tax from continuing operations	-170.2	668.4
Tax expense / (credit)	2.2	107.2
Net profit / (loss) for the period from continuing operations	-172.4	561.2
Profit / (loss) from continuing operations attributable to Owners of the company	-182.8	370.4

- *EBITDA includes other income, forex and exceptional/non-recurring expenses
- Exceptional gain of INR 306.1 Crs in H1FY22 related to remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.



THANK YOU

